PUTNAM MUNICIPAL OPPORTUNITIES TRUST
Form N-CSR
June 26, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number:	(811-07626)
Exact name of registrant as specified in charter:	Putnam Municipal Opportunities Trust
Address of principal executive offices:	One Post Office Square, Boston, Massachusetts 02109
Name and address of agent for service:	Robert T Burns, Vice President One Post Office Square Boston, Massachusetts 02109
Copy to:	John W. Gerstmayr, Esq. Ropes & Gray LLP 800 Boylston Street Boston, Massachusetts 02199-3600
Registrant’s telephone number, including area code:	(617) 292-1000
Date of fiscal year end:	April 30, 2014
Date of reporting period:	May 1, 2013 – April 30, 2014

Item 1. Report to Stockholders:

The following is a copy of the report transmitted to stockholders pursuant to Rule 30e-1 under the Investment Company Act of 1940:

Putnam Municipal Opportunities Trust

Annual report
4 | 30 | 14

Message from the Trustees	**1**
About the fund	**2**
Performance snapshot	**4**
Interview with your fund's portfolio manager	**5**
Your fund's performance	**11**
Terms and definitions	**13**
Other information for shareholders	**14**
Important notice regarding Putnam's privacy policy	**15**
Summary of dividend reinvestment plans	**16**
Financial statements	**18**
Federal tax information	**47**
Shareholder meeting results	**48**
About the Trustees	**49**
Officers	**51**

Consider these risks before investing: Lower-rated bonds may offer higher yields in return for more risk. 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. Bond prices may fall or fail to rise over time for several reasons, including general financial market conditions and factors related to a specific issuer or industry. You can lose money by investing in the fund. The fund's shares trade on a stock exchange at market prices, which may be lower than the fund's net asset value.

Message from the Trustees

Dear Fellow Shareholder:

Global stock markets continue to advance, albeit at a slower pace than in 2013, as the recovery in economies around the world progresses.

In the United States, recent improvements in the vital areas of employment, manufacturing, and consumer sales appear to have returned the economy to its upward trajectory. Likewise, capital spending by businesses — a key variable needed to support continued economic expansion — has risen. This strength, along with the leadership transition at the Federal Reserve, has fueled debate about future monetary policy.

In this environment, we believe Putnam's commitment to active fundamental research and new ways of thinking can serve the best interests of investors. We also believe that it is worthwhile to meet with your financial advisor periodically to discuss the range of strategies that Putnam offers. Your advisor can help you assess your individual needs, time horizon, and risk tolerance — crucial considerations as you work toward your investment goals.

As always, thank you for investing with Putnam.

About the fund

Potential for income exempt from federal income tax

Municipal bonds can help investors keep more of their investment income while also financing important public projects such as schools, roads, and hospitals.

The bonds are typically issued by states and local municipalities to raise funds for building and maintaining public facilities, and they offer income that is generally exempt from federal, state, and local income tax.

Putnam Municipal Opportunities Trust has the flexibility to invest in municipal bonds issued by any state in the country or U.S. territory. The bonds are often backed by the issuing entity or by revenues collected from usage fees, and have varying degrees of credit risk — the risk that the issuer would not be able to repay the bond.

The fund also combines bonds of differing credit quality. In addition to investing in high-quality bonds, the fund's managers allocate a portion of the portfolio to lower-rated bonds, which may offer higher income in return for more risk. When deciding whether to invest in a bond, the managers consider factors such as credit risk, interest-rate risk, and the risk that the bond will be prepaid.

The managers are backed by Putnam's fixed-income organization, where municipal bond analysts are grouped into sector teams and conduct ongoing research. Once a bond has been purchased, the managers continue to monitor developments that affect the bond market, the sector, and the issuer of the bond.

The goal of this research and active management is to stay a step ahead of the industry and pinpoint opportunities for investors.

How closed-end funds differ from open-end funds

More assets at work Open-end funds are subject to ongoing sales and redemptions that can generate transaction costs for long-term shareholders. Closed-end funds, however, are typically fixed pools of capital that do not need to hold cash in connection with sales and redemptions, allowing the funds to keep more assets actively invested.

Traded like stocks Closed-end fund shares are traded on stock exchanges and, as a result, their prices fluctuate because of the influence of several factors.

They have a market price Like an open-end fund, a closed-end fund has a per-share net asset value (NAV). However, closed-end funds also have a "market price" for their shares — which is how much you pay when you buy shares of the fund, and how much you receive when you sell them.

When looking at a closed-end fund's performance, you will usually see that the NAV and the market price differ. The market price can be influenced by several factors that cause it to vary from the NAV, including fund distributions, changes in supply and demand for the fund's shares, changing market conditions, and investor perceptions of the fund or its investment manager.

Data are historical. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return and net asset value will fluctuate, 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. Fund returns in the bar chart are at NAV. See pages 5 and 11–12 for additional performance information, including fund returns at market price. Index and Lipper results should be compared with fund performance at NAV. Fund results reflect the use of leverage, while index results are unleveraged and Lipper results reflect varying use of, and methods for, leverage. Lipper calculates performance differently than the closed-end funds it ranks, due to varying methods for determining a fund's monthly reinvestment NAV.

Interview with your fund's portfolio manager

Thalia, how would you characterize the market environment for municipal bonds for the 12 months ended April 30, 2014?

Municipal bonds closed out the 12-month reporting period with relatively flat results, despite considerable month-to-month volatility stemming from headline and interest-rate fears. Interest rates and bond yields generally rose during the first half of the period, as investors grappled with the Federal Reserve's statements that it was considering a timetable for winding down its stimulative bond-buying program, known as quantitative easing [QE]. The markets were particularly volatile in the May–June 2013 time frame, despite assurances from the Fed that the scaling back of QE would be tied to improvements in the U.S. economy.

Negative returns for the municipal market continued during the summer months. Headline credit situations — most notably Detroit's bankruptcy and Puerto Rico's credit challenges — continued to spook investors, which in turn led to further fund outflows and downward pressure on municipal bond prices. Municipal bonds rallied after the Fed's September announcement that it would wait for further evidence of improvement in the labor market before setting a time frame for tapering the QE program. Municipal bonds continued this momentum into October, when lawmakers agreed to extend the U.S. borrowing authority, avoiding

This comparison shows your fund's performance in the context of broad market indexes for the 12 months ended 4/30/14. See pages 4 and 11–12 for additional fund performance information. Index descriptions can be found on page 13.

a possible debt default. However, the asset class slightly lost ground in November and December, as questions about the Federal Reserve's monetary policy caused investors to be cautious.

The municipal markets reversed course once again in January, posting a gain of almost 2% for the month, as measured by the Barclays Municipal Bond Index. This strong monthly return was sparked by a rise in interest rates, as investors moved to a risk-off mode around fears surrounding weaker-than-anticipated economic data and developing stress in emerging markets. In February, with the U.S. debt ceiling debate settled through March 2015, the environment for the credit markets improved. For the balance of the period, municipal bonds continued to post positive returns as broader economic data started to pick up and market technicals [supply/demand factors] helped to support prices.

What contributed to the improving technicals in the municipal market during the later part of the period?

Municipal bond issuance, which has been trending down in recent years, continued at a modest pace, and this was beneficial for municipal bond prices. The modest level of new supply has not kept pace with the solid demand from traditional tax-sensitive retail investors as well as from crossover taxable buyers drawn to the competitive yields and attractive relative value offered by this asset class. Meanwhile, inflows to tax-free mutual

Credit qualities are shown as a percentage of the fund's net assets (common and preferred shares) as of 4/30/14. A bond rated Baa or higher (MIG3/VMIG3 or higher, for short-term debt) is considered investment grade. The chart reflects Moody's ratings; percentages may include bonds or derivatives not rated by Moody's but rated by Standard & Poor's (S&P) or, if unrated by S&P, by Fitch ratings, and then included in the closest equivalent Moody's rating. Ratings may vary over time.

Credit quality includes bonds and represents only the fixed-income portion of the portfolio. Cash and net other assets, if any, represent the market value weights of cash, derivatives, short-term securities, and other unclassified assets in the portfolio. The fund itself has not been rated by an independent rating agency.

funds, an important measure of demand, turned slightly positive in the first quarter of 2014 — primarily in tax-free high-yield bond funds. All told, with interest rates still low and fundamental credit quality improving, there has been greater investor appetite for the yields offered by municipal bonds further out on the maturity spectrum as well as for those in the lower-rated, higher-yielding sectors.

How did Putnam Municipal Opportunities Trust perform in this environment?

The fund, much like the municipal bond market, basically finished the 12-month period ended April 30, 2014, where it began — belying the great volatility in between. Against this backdrop, the fund lagged its benchmark, the Barclays Municipal Bond Index, but slightly outperformed the average return of its Lipper peer group.

What are your key investment themes?

Our defensive strategies remain in place, since we expect continued pressure on interest rates over the longer term as the Fed unwinds its economic stimulus program and investors adjust their expectations about the central bank's monetary policy.

Top ten state allocations are shown as a percentage of the fund's net assets (common and preferred shares) as of 4/30/14. Investments in Puerto Rico represented 2.4% of the fund's net assets. Summary information may differ from the portfolio schedule included in the financial statements due to the differing treatment of interest accruals, the floating rate portion of tender option bonds, derivative securities, if any, and the use of different classifications of securities for presentation purposes. Holdings and allocations may vary over time.

Ten-year U.S. Treasury yields were especially volatile in January 2014, initially falling from a high of 3.03% to a low of 2.58% before trading in a fairly narrow range for the remainder of the first quarter. The release of some weaker-than-expected economic data, coupled with the Fed's announcement that it would taper bond purchases by an additional $10 billion per month in February fueled concern over the pace of economic growth in the United States. Higher-risk assets sold off as investors moved into safe-haven U.S. Treasuries. Comments by Fed Chair Janet Yellen following the central bank's March meeting seemed to come as somewhat of a surprise to the market, as she implied that interest-rate hikes could begin as early as the first quarter of 2015 if the pace of tapering bond purchases continues on its current path. However, those fears generally had eased by the end of the period.

Amid this volatility, we kept the fund's duration positioning, or interest-rate sensitivity, below that of its Lipper peer group. This included maintaining a slightly higher cash position in the portfolio to help shelter it from price pressures in an interest-rate environment that might be trending higher. We believe carrying slightly higher-than-average cash balances affords the fund greater flexibility to purchase attractively valued bonds even in a rising-rate environment. We continued to emphasize essential service revenue bonds, which are typically issued by state and local government entities to finance specific revenue-generating projects. While

This chart shows how the fund's top weightings have changed over the past six months. Allocations are shown as a percentage of the fund's net assets (common and preferred shares). Current period summary information may differ from the information in the portfolio schedule notes included in the financial statements due to the inclusion of derivative securities, any interest accruals, and the use of different classifications of securities for presentation purposes. Holdings and allocations may vary over time.

---

we believe that conditions are improving at the state and local levels — and we were vigilant for investment opportunities — we continued to underweight local G.O. [general obligation] bonds. These securities rely on the taxing power of the issuer and the health of the local economy to make payments on these bonds.

What did this cautious undertone mean for the fund's positioning at the security level?

We have maintained an overweight exposure relative to the benchmark to municipal bonds rated A and Baa. In terms of sectors, relative to the fund's Lipper peer universe, we favored transportation, higher education, utility, and continuing-care retirement community bonds. This credit positioning contributed to the fund's performance. The fund's underweight exposure to Puerto Rico bonds dampened results, as did its shorter-duration interest-rate positioning, which detracted from returns relative to its Lipper peer group as interest rates moved lower during the final months of the period.

The fund increased its distribution rate during the period. What led to that decision?

The fund's monthly distribution rate was increased in October to $0.0595 from $0.0559, mainly due to an increase in the amount of income earned by the portfolio, which resulted from rising yields in the marketplace generally.

How does the fund use leverage?

Leverage generally involves borrowing funds or raising additional capital [e.g., by issuing debt securities or preferred stock] and investing the proceeds with the expectation of producing a return that exceeds the cost of borrowing or of the additional capital. Unlike open-end funds, closed-end funds, such as your fund, are permitted to engage in leverage by raising additional capital. Preferred share leverage is your fund’s primary source of leverage. We also use tender option bonds as a supplemental source of leverage. Importantly, the purpose of leverage is to seek to enhance returns for the fund’s common shareholders. Leverage generally offers opportunities for increased investment yield and also amplifies common shareholders’ exposure to the effects of gains and losses in the fund’s investment portfolio.

Are there risks associated with the use of leverage?

We believe common shareholders generally have been well served by the fund’s use of leverage in recent years. However, the use of leverage presents certain risks for common shareholders. Because, as noted previously, leverage amplifies gains and losses, the net asset value of the common shares and the returns earned by common shareholders is generally more volatile in a leveraged fund than in a fund that does not use leverage. In addition, if the borrowing costs [which are typically based on short-term interest rates] associated with leverage rise, the costs of leverage will increase, most likely reducing the returns earned by common shareholders. We consider these risks regularly and may adjust the fund’s investment exposures, taking into account leverage and other factors, as appropriate under market conditions.

What is your near-term outlook for the municipal bond market?

Despite the strong start for municipal bonds in 2014, we remain cautious and believe that there could be some volatility surrounding supply/demand factors and interest rates in the coming months. Tax-exempt municipal fund outflows for 2013 topped $60 billion [Source: JPMorgan] — the most in 20 years — and put downward pressure on prices. Although we have seen fund flows improve and some direct retail buyers come into the market to help support prices, municipal bonds may remain vulnerable to potentially higher interest rates.

The credit outlook of municipal bonds appears solid, especially since we expect U.S. growth to improve. With regard to tax policy, we think comprehensive tax reform is unlikely at least until after the 2014 mid-term elections. Over the longer term, we believe federal deficits and pressures around entitlement programs will likely contribute to the ongoing debate for broader tax reform, which could affect the value of municipal bonds.

We will continue to position the portfolio for modest upticks in the overall interest-rate environment, avoiding the more interest-rate-sensitive sectors of the municipal bond market to make the most of less-than-favorable market conditions. Our efforts remain focused on the pursuit of steady income, the minimizing of volatility, and a competitive total return for the funds.

Thank you, Thalia, for your time and insights today.

The views expressed in this report are exclusively those of Putnam Management and are subject to change. They are not meant as investment advice.

Please note that the holdings discussed in this report may not have been held by the fund for the entire period. Portfolio composition is subject to review in accordance with the fund’s investment strategy and may vary in the future. Current and future portfolio holdings are subject to risk.

Portfolio Manager **Thalia Meehan** holds a B.A. from Williams College. She joined Putnam in 1989 and has been in the investment industry since 1983.

In addition to Thalia, your fund’s portfolio managers are Paul M. Drury, CFA, and Susan A. McCormack, CFA.

IN THE NEWS

An anticipated boom in capital spending by U.S. businesses may provide the nation's economy with a much-needed boost in 2014. Capital expenditures this year are expected to increase by 10.3% among manufacturing companies and 10.8% among non-manufacturers, according to a recent forecast by the Business Survey Committee of the Institute for Supply Management (ISM). A rise in business investment — upgrading factories and industrial buildings, as well as buying new equipment and machinery — could provide a major catalyst to economic and corporate earnings growth. Since the 2008 financial crisis, most companies with extra cash have deployed it to repair balance sheets or have returned it to shareholders through stock buybacks or higher dividends. Today, some investors would rather see companies devote that capital to expand their operations.

Your fund's performance

This section shows your fund's performance, price, and distribution information for periods ended April 30, 2014, the end of its most recent fiscal year. In accordance with regulatory requirements for mutual funds, we also include performance information as of the most recent calendar quarter-end. Performance should always be considered in light of a fund's investment strategy. Data represent past performance. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return, net asset value, and market price will fluctuate, and you may have a gain or a loss when you sell your shares.

Fund performance Total return and comparative index results for periods ended 4/30/14

	NAV	Market price	Barclays Municipal Bond Index	Lipper General & Insured Municipal Debt Funds (leveraged closed-end) category average*
Annual average (life of fund) (5/28/93)	6.13%	5.53%	5.47%	6.18%
10 years	79.16	72.88	60.22	83.06
Annual average	6.00	5.63	4.83	6.21
5 years	65.81	64.83	30.97	65.24
Annual average	10.64	10.51	5.54	10.51
3 years	34.62	29.40	17.72	35.76
Annual average	10.42	8.97	5.59	10.70
1 year	–0.52	–2.40	0.50	–0.78

Performance assumes reinvestment of distributions and does not account for taxes.

Index and Lipper results should be compared with fund performance at net asset value. Fund results reflect the use of leverage, while index results are unleveraged and Lipper results reflect varying use of, and methods for, leverage. Lipper calculates performance differently than the closed-end funds it ranks, due to varying methods for determining a fund's monthly reinvestment NAV.

* Over the 1-year, 3-year, 5-year, 10-year, and life-of-fund periods ended 4/30/14, there were 77, 72, 69, 68, and 39 funds, respectively, in this Lipper category.

Performance is shown net of expenses.

Fund price and distribution information For the 12-month period ended 4/30/14

Distributions — Common shares	
Number	12
Income [1]	$0.6960
Capital gains [2]	—
Total	**$0.6960**

Distributions — Preferred shares	**Series B (3,417 shares)**	**Series C (3,737 shares)**
Income [1]	$31.76	$30.32
Capital gains [2]	—	—
Total	**$31.76**	**$30.32**
Share value	**NAV**	**Market price**
4/30/13	$13.54	$12.66
4/30/14	12.73	11.61
Current rate (end of period)	**NAV**	**Market price**
Current dividend rate [3]	5.61%	6.15%
Taxable equivalent [4]	9.91	10.87

The classification of distributions, if any, is an estimate. Final distribution information will appear on your year-end tax forms.

1 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.

2 Capital gains, if any, are taxable for federal and, in most cases, state purposes.

3 Most recent distribution, including any return of capital and excluding capital gains, annualized and divided by NAV or market price at end of period.

4 Assumes maximum 43.40% federal tax rate for 2014. Results for investors subject to lower tax rates would not be as advantageous.

Fund performance as of most recent calendar quarter
Total return for periods ended 3/31/14

	NAV	**Market price**
Annual average (life of fund) (5/28/93)	6.06%	5.42%
10 years	70.06	54.41
Annual average	5.45	4.44
5 years	68.70	68.02
Annual average	11.03	10.94
3 years	35.43	26.03
Annual average	10.64	8.02
1 year	–0.81	–3.88

See the discussion following the Fund performance table on page 11 for information about the calculation of fund performance.

Terms and definitions

Important terms

Total return shows how the value of the fund’s shares changed over time, assuming you held the shares through the entire period and reinvested all distributions in the fund.

Net asset value (NAV) is the value of all your fund's assets, minus any liabilities, divided by the number of outstanding shares.

Market price is the current trading price of one share of the fund. Market prices are set by transactions between buyers and sellers on exchanges such as the New York Stock Exchange.

Fixed-income terms

Current rate is the annual rate of return earned from dividends or interest of an investment. Current rate is expressed as a percentage of the price of a security, fund share, or principal investment.

Yield curve is a graph that plots the yields of bonds with equal credit quality against their differing maturity dates, ranging from shortest to longest. It is used as a benchmark for other debt, such as mortgage or bank lending rates.

Comparative indexes

Barclays Municipal Bond Index is an unmanaged index of long-term fixed-rate investment-grade tax-exempt bonds.

Barclays U.S. Aggregate Bond Index is an unmanaged index of U.S. investment-grade fixed-income securities.

BofA Merrill Lynch U.S. 3-Month Treasury Bill Index is an unmanaged index that seeks to measure the performance of U.S. Treasury bills available in the marketplace.

S&P 500 Index is an unmanaged index of common stock performance.

Indexes assume reinvestment of all distributions and do not account for fees. Securities and performance of a fund and an index will differ. You cannot invest directly in an index.

Lipper is a third-party industry-ranking entity that ranks mutual funds. Its rankings do not reflect sales charges. Lipper rankings are based on total return at net asset value relative to other funds that have similar current investment styles or objectives as determined by Lipper. Lipper may change a fund's category assignment at its discretion. Lipper category averages reflect performance trends for funds within a category.

Other information for shareholders

Important notice regarding share repurchase program

In September 2013, the Trustees of your fund approved the renewal of a share repurchase program that had been in effect since 2005. This renewal allows your fund to repurchase, in the 12 months beginning October 8, 2013, up to 10% of the fund's common shares outstanding as of October 7, 2013.

Important notice regarding delivery of shareholder documents

In accordance with Securities and Exchange Commission (SEC) regulations, Putnam sends a single copy of annual and semiannual shareholder reports, prospectuses, and proxy statements to Putnam shareholders who share the same address, unless a shareholder requests otherwise. If you prefer to receive your own copy of these documents, please call Putnam at 1-800-225-1581, and Putnam will begin sending individual copies within 30 days.

Proxy voting

Putnam is committed to managing our mutual funds in the best interests of our shareholders. The Putnam funds' proxy voting guidelines and procedures, as well as information regarding how your fund voted proxies relating to portfolio securities during the 12-month period ended June 30, 2013, are available in the Individual Investors section of putnam.com, and on the Securities and Exchange Commission (SEC) website, www.sec.gov. If you have questions about finding forms on the SEC's website, you may call the SEC at 1-800-SEC-0330. You may also obtain the Putnam funds' proxy voting guidelines and procedures at no charge by calling Putnam's Shareholder Services at 1-800-225-1581.

Fund portfolio holdings

The fund will file a complete schedule of its portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Shareholders may obtain the fund's Forms N-Q on the SEC's website at www.sec.gov. In addition, the fund's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. You may call the SEC at 1-800-SEC-0330 for information about the SEC's website or the operation of the Public Reference Room.

Trustee and employee fund ownership

Putnam employees and members of the Board of Trustees place their faith, confidence, and, most importantly, investment dollars in Putnam mutual funds. As of April 30, 2014, Putnam employees had approximately $458,000,000 and the Trustees had approximately $110,000,000 invested in Putnam mutual funds. These amounts include investments by the Trustees' and employees' immediate family members as well as investments through retirement and deferred compensation plans.

Important notice regarding Putnam's privacy policy

In order to conduct business with our shareholders, we must obtain certain personal information such as account holders' names, addresses, Social Security numbers, and dates of birth. Using this information, we are able to maintain accurate records of accounts and transactions.

It is our policy to protect the confidentiality of our shareholder information, whether or not a shareholder currently owns shares of our funds. In particular, it is our policy not to sell information about you or your accounts to outside marketing firms. We have safeguards in place designed to prevent unauthorized access to our computer systems and procedures to protect personal information from unauthorized use.

Under certain circumstances, we must share account information with outside vendors who provide services to us, such as mailings and proxy solicitations. In these cases, the service providers enter into confidentiality agreements with us, and we provide only the information necessary to process transactions and perform other services related to your account. Finally, it is our policy to share account information with your financial representative, if you've listed one on your Putnam account.

Summary of Putnam Closed-End Funds' Amended and Restated Dividend Reinvestment Plans

Putnam High Income Securities Fund, Putnam Managed Municipal Income Trust, Putnam Master Intermediate Income Trust, Putnam Municipal Opportunities Trust and Putnam Premier Income Trust (each, a "Fund" and collectively, the "Funds") each offer **dividend reinvestment plan** (each, a "Plan" and collectively, the "Plans"). If you participate in a Plan, all income dividends and capital gain distributions are **automatically reinvested** in Fund shares by the Fund's agent, Putnam Investor Services, Inc. (the "Agent"). If you are not participating in a Plan, every month you will receive all dividends and other distributions in cash, paid by check and mailed directly to you.

Upon a purchase (or, where applicable, upon registration of transfer on the shareholder records of a Fund) of shares of a Fund by a registered shareholder, each such shareholder **will be deemed to have elected to participate** in that Fund's Plan. Each such shareholder will have all distributions by a Fund automatically reinvested in additional shares, unless such shareholder elects to terminate participation in a Plan by instructing the Agent to pay future distributions in cash. Shareholders who were not participants in a Plan as of January 31, 2010, will continue to receive distributions in cash but may enroll in a Plan at any time by contacting the Agent.

If you participate in a Fund's Plan, the Agent will automatically reinvest subsequent distributions, and the Agent will send you a confirmation in the mail telling you how many additional shares were issued to your account.

To change your enrollment status or to request additional information about the Plans, you may contact the Agent either in writing, at P.O. Box 8383, Boston, MA 02266-8383, or by telephone at 1-800-225-1581 during normal East Coast business hours.

How you acquire additional shares through a Plan If the market price per share for your Fund's shares (plus estimated brokerage commissions) is greater than or equal to their net asset value per share on the payment date for a distribution, you will be issued shares of the Fund at a value equal to the higher of the net asset value per share on that date or 95% of the market price per share on that date.

If the market price per share for your Fund's shares (plus estimated brokerage commissions) is less than their net asset value per share on the payment date for a distribution, the Agent will buy Fund shares for participating accounts in the open market. The Agent will aggregate open-market purchases on behalf of all participants, and the average price (including brokerage commissions) of all shares purchased by the Agent will be the price per share allocable to each participant. The Agent will generally complete these open-market purchases within five business days following the payment date. If, before the Agent has completed open-market purchases, the market price per share (plus estimated brokerage commissions) rises to exceed the net asset value per share on the payment date, then the purchase price may exceed the net asset value per share, potentially resulting in the acquisition of fewer shares than if the distribution had been paid in newly issued shares.

How to withdraw from a Plan Participants may withdraw from a Fund's Plan at any time by notifying the Agent, either in writing or by telephone. Such withdrawal will be effective immediately if notice is received by the Agent with sufficient time prior to any distribution record date; otherwise, such withdrawal will be effective with respect to any subsequent

---

distribution following notice of withdrawal. There is no penalty for withdrawing from or not participating in a Plan.

Plan administration The Agent will credit all shares acquired for a participant under a Plan to the account in which the participant's common shares are held. Each participant will be sent reasonably promptly a confirmation by the Agent of each acquisition made for his or her account.

About brokerage fees Each participant pays a proportionate share of any brokerage commissions incurred if the Agent purchases additional shares on the open market, in accordance with the Plans. There are no brokerage charges applied to shares issued directly by the Funds under the Plans.

About taxes and Plan amendments Reinvesting dividend and capital gain distributions in shares of the Funds does not relieve you of tax obligations, which are the same as if you had received cash distributions. The Agent supplies tax information to you and to the IRS annually. Each Fund reserves the right to amend or terminate its Plan upon 30 days' written notice. However, the Agent may assign its rights, and delegate its duties, to a successor agent with the prior consent of a Fund and without prior notice to Plan participants.

If your shares are held in a broker or nominee name If your shares are held in the name of a broker or nominee offering a dividend reinvestment service, consult your broker or nominee to ensure that an appropriate election is made on your behalf. If the broker or nominee holding your shares does not provide a reinvestment service, you may need to register your shares in your own name in order to participate in a Plan.

In the case of record shareholders such as banks, brokers or nominees that hold shares for others who are the beneficial owners of such shares, the Agent will administer the Plan on the basis of the number of shares certified by the record shareholder as representing the total amount registered in such shareholder's name and held for the account of beneficial owners who are to participate in the Plan.

Financial statements

A note about your fund's auditors

During your fund's fiscal year, between July 18, 2013, and December 16, 2013, a non-U.S. member firm in PricewaterhouseCoopers LLP's ("PwC") global network of firms had an investment in certain non-U.S. funds that became affiliated with Putnam Investments as a result of the acquisition of the funds' advisor by Putnam's parent company, Great-West Lifeco Inc. The investment consisted of pension plan assets for the benefit of the member firm's personnel. This investment is inconsistent with the SEC's independence rules applicable to auditors. Although upon the disposition of the investment by the member firm on December 16, 2013, PwC and its affiliates took all necessary steps to eliminate this issue, the requirements of the SEC's independence rules were not met for your fund's fiscal year because the SEC's rules require an audit firm to be independent for the entire fiscal year under audit. Based on its knowledge of the facts and its experience with PwC, the Audit and Compliance Committee of your fund's Board of Trustees concluded that the investment by the PwC member firm would not affect PwC's ability to render an objective audit opinion to your fund. Based on this conclusion and consideration of the potential risks that the disruption of a change of auditor could present, the Audit and Compliance Committee determined that PwC should continue to act as auditor for your fund.

These sections of the report, as well as the accompanying Notes, preceded by the Report of Independent Registered Public Accounting Firm, constitute the fund's financial statements.

The fund's portfolio lists all the fund's investments and their values as of the last day of the reporting period. Holdings are organized by asset type and industry sector, country, or state to show areas of concentration and diversification.

Statement of assets and liabilities shows how the fund's net assets and share price are determined. All investment and non-investment assets are added together. Any unpaid expenses and other liabilities are subtracted from this total. The result is divided by the number of shares to determine the net asset value per share. (For funds with preferred shares, the amount subtracted from total assets includes the liquidation preference of preferred shares.)

Statement of operations shows the fund's net investment gain or loss. This is done by first adding up all the fund's earnings — from dividends and interest income — and subtracting its operating expenses to determine net investment income (or loss). Then, any net gain or loss the fund realized on the sales of its holdings — as well as any unrealized gains or losses over the period — is added to or subtracted from the net investment result to determine the fund's net gain or loss for the fiscal year.

Statement of changes in net assets shows how the fund's net assets were affected by the fund's net investment gain or loss, by distributions to shareholders, and by changes in the number of the fund's shares. It lists distributions and their sources (net investment income or realized capital gains) over the current reporting period and the most recent fiscal year-end. The distributions listed here may not match the sources listed in the Statement of operations because the distributions are determined on a tax basis and may be paid in a different period from the one in which they were earned.

Financial highlights provide an overview of the fund's investment results, per-share distributions, expense ratios, net investment income ratios, and portfolio turnover in one summary table, reflecting the five most recent reporting periods. In a semiannual report, the highlights table also includes the current reporting period.

Report of Independent Registered Public Accounting Firm

To the Trustees and Shareholders of
Putnam Municipal Opportunities Trust:

In our opinion, the accompanying statement of assets and liabilities, including the portfolio, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Putnam Municipal Opportunities Trust (the "fund") at April 30, 2014, and the results of its operations, the changes in its net assets and the financial highlights for each of the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of investments owned at April 30, 2014 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Boston, Massachusetts
June 13, 2014

The fund's portfolio 4/30/14

Key to holding's abbreviations

ABAG Association Of Bay Area Governments
AGM Assured Guaranty Municipal Corporation
AGO Assured Guaranty, Ltd.
AMBAC AMBAC Indemnity Corporation
COP Certificates of Participation
FGIC Financial Guaranty Insurance Company
FHLMC Coll. Federal Home Loan Mortgage Corporation Collateralized
FNMA Coll. Federal National Mortgage Association Collateralized
FRB Floating Rate Bonds: the rate shown is the current interest rate at the close of the reporting period
FRN Floating Rate Notes: the rate shown is the current interest rate at the close of the reporting period
G.O. Bonds General Obligation Bonds
NATL National Public Finance Guarantee Corp.
SGI Syncora Guarantee, Inc.
U.S. Govt. Coll. U.S. Government Collateralized
VRDN Variable Rate Demand Notes, which are floating-rate securities with long-term maturities that carry coupons that reset and are payable upon demand either daily, weekly or monthly. The rate shown is the current interest rate at the close of the reporting period.

MUNICIPAL BONDS AND NOTES (140.9%)*	Rating**	Principal amount	Value
Alabama (0.2%)			
Selma, Indl. Dev. Board Rev. Bonds (Gulf Opportunity Zone Intl. Paper Co.), Ser. A, 5.8s, 5/1/34	BBB	$750,000	$812,955
			812,955
Arizona (3.2%)			
Casa Grande, Indl. Dev. Auth. Rev. Bonds (Casa Grande Regl. Med. Ctr.), Ser. A, 7 5/8s, 12/1/29	BB–/P	3,025,000	2,950,796
Coconino Cnty., Poll. Control Rev. Bonds (Tucson Elec. Pwr. Co. — Navajo), Ser. A, 5 1/8s, 10/1/32	Baa1	1,500,000	1,551,015
Glendale, Indl. Dev. Auth. Rev. Bonds (Midwestern U.), 5 1/8s, 5/15/40	A–	2,125,000	2,211,466
Maricopa Cnty., Poll. Control Rev. Bonds (El Paso Elec. Co.), Ser. A, 7 1/4s, 2/1/40	Baa1	2,400,000	2,696,040
Phoenix, Civic Impt. Corp. Arpt. Rev. Bonds, Ser. A, 5s, 7/1/40	A1	1,000,000	1,033,080
Phoenix, Civic Impt. Corp. Waste Wtr. Syst. Rev. Bonds, 5s, 7/1/29	AA+	500,000	584,105
Pima Cnty., Indl. Dev. Auth. Rev. Bonds			
(Tucson Elec. Pwr. Co.), 5 3/4s, 9/1/29	Baa1	800,000	814,904
(Horizon Cmnty. Learning Ctr.), 5.05s, 6/1/25	BBB	1,550,000	1,497,641
Pinal Cnty., Elec. Rev. Bonds (Dist. No. 3), 5 1/4s, 7/1/36	A	500,000	544,045
Salt Verde, Fin. Corp. Gas Rev. Bonds, 5 1/2s, 12/1/29	A–	1,350,000	1,555,781
U. Med. Ctr. Corp. AZ Hosp. Rev. Bonds, 6 1/2s, 7/1/39	Baa1	1,000,000	1,103,610
			16,542,483

California (29.2%)			
ABAG Fin. Auth. for Nonprofit Corps. Rev. Bonds			
(Episcopal Sr. Cmntys.), Ser. A, 5s, 7/1/32	BBB+/F	550,000	565,917
ABC Unified School Dist. G.O. Bonds, Ser. B, FGIC,			
zero %, 8/1/20	Aa3	1,500,000	1,263,435

MUNICIPAL BONDS AND NOTES (140.9%)* *cont.*	**Rating****	**Principal amount**	**Value**
California *cont.*			
Alameda, Corridor Trans. Auth. Rev. Bonds			
(Sr. Lien), Ser. A, 5s, 10/1/29	AA	$1,250,000	$1,398,063
Bay Area Toll Auth. of CA Rev. Bonds			
(San Francisco Bay Area), Ser. F-1, 5s, 4/1/39	AA	2,500,000	2,653,525
(Toll Bridge), Ser. S-4, 5s, 4/1/33	A1	1,200,000	1,327,956
Burbank, Unified School Dist. G.O. Bonds			
(Election of 1997), Ser. C, NATL, FGIC,			
zero %, 8/1/23	AA–	1,000,000	727,720
CA Edl. Fac. Auth. Rev. Bonds			
(Claremont Graduate U.), Ser. A, 5s, 3/1/42	Baa1	2,000,000	2,010,300
(U. of the Pacific), 5s, 11/1/21	A2	1,500,000	1,579,515
(Loyola-Marymount U.), NATL, zero %, 10/1/21	A2	1,300,000	998,868
CA Hsg. Fin. Agcy. Rev. Bonds (Home Mtge.)			
Ser. E, 4.8s, 8/1/37	A–	5,000,000	4,836,400
Ser. K, 4 5/8s, 8/1/26	A–	2,500,000	2,528,800
CA Muni. Fin. Auth. COP (Cmnty. Hosp. Central			
CA), 5 1/4s, 2/1/37	Baa1	1,800,000	1,818,126
CA Muni. Fin. Auth. Rev. Bonds (Biola U.),			
5s, 10/1/42	Baa1	500,000	513,955
CA Poll. Control Fin. Auth. Rev. Bonds			
(San Jose Wtr. Co.), 5.1s, 6/1/40	A	3,500,000	3,623,550
(Pacific Gas & Electric Corp.), Class D, FGIC,			

4 3/4s, 12/1/23	A3	2,500,000	2,653,874
CA Poll. Control Fin. Auth. Solid Waste Disp. FRB (Waste Management, Inc.), Ser. C, 5 1/8s, 11/1/23	A–	850,000	888,429
CA Poll. Control Fin. Auth. Wtr. Fac. Rev. Bonds (American Wtr. Cap. Corp.), 5 1/4s, 8/1/40	A–	1,000,000	1,020,160
CA State G.O. Bonds			
6 1/2s, 4/1/33	A1	12,000,000	14,604,960
5 1/2s, 3/1/40	A1	7,450,000	8,374,322
5s, 4/1/42	A1	4,000,000	4,285,480
5s, 10/1/29	A1	3,000,000	3,289,410
CA State Pub. Wks. Board Rev. Bonds			
Ser. I-1, 6 1/8s, 11/1/29	A2	1,000,000	1,187,100
Ser. A-1, 6s, 3/1/35	A2	1,600,000	1,861,088
(Dept. of Forestry & Fire), Ser. E, 5s, 11/1/32	A2	1,575,000	1,699,205
(Capital Projects), Ser. A, 5s, 4/1/29	A2	2,000,000	2,205,560
CA Statewide Cmnty. Dev. Auth. COP (The Internext Group), 5 3/8s, 4/1/30	BBB+	2,575,000	2,581,077
CA Statewide Cmnty. Dev. Auth. Rev. Bonds			
(Irvine, LLC-UCI East Campus), 6s, 5/15/40	Baa2	2,000,000	2,138,980
(Sutter Hlth.), Ser. A, 5s, 11/15/43	Aa3	2,485,000	2,524,760
Cathedral City, Impt. Board Act of 1915 Special Assmt. Bonds (Cove Impt. Dist.), Ser. 04-02, 5.05s, 9/2/35	BB+/P	770,000	767,952
Chula Vista, Indl. Dev. Rev. Bonds (San Diego Gas), Ser. B, 5s, 12/1/27	Aa2	1,915,000	1,999,011
Foothill-De Anza, Cmnty. College Dist. G.O. Bonds, Ser. C, 5s, 8/1/40	Aaa	2,250,000	2,449,035

MUNICIPAL BONDS AND NOTES (140.9%)* *cont.*	**Rating****	**Principal amount**	**Value**

California *cont.*			
Foothill/Eastern Corridor Agcy. Rev. Bonds, Ser. A			
6s, 1/15/53	BBB–	$1,500,000	$1,611,615
zero %, 1/1/28 (Escrowed to maturity)	Aaa	10,000,000	6,561,100
Golden State Tobacco Securitization			
Corp. Rev. Bonds			
Ser. A-2, 5.3s, 6/1/37	B3	1,000,000	782,990
Ser. A-1, 5s, 6/1/33	B3	100,000	79,740
(Enhanced Asset), Ser. A, 5s, 6/1/30	A2	500,000	537,320
(Enhanced Asset), Ser. A, 5s, 6/1/29	A2	1,400,000	1,521,142
Los Angeles, Dept. of Arpt. Rev. Bonds			
(Los Angeles Intl. Arpt.)			
Ser. D, 5s, 5/15/40	AA	3,500,000	3,751,580
5s, 5/15/30	AA	1,000,000	1,108,710
Los Angeles, Regl. Arpt. Impt. Corp. Lease Rev.			
Bonds (Laxfuel Corp.), 4 1/2s, 1/1/27	A	600,000	616,002
M-S-R Energy Auth. Rev. Bonds, Ser. B,			
6 1/2s, 11/1/39	A–	3,000,000	3,904,440
Metro. Wtr. Dist. Rev. Bonds (Southern CA Wtr.			
Wks.), 5 3/4s, 8/10/18	AAA	6,000,000	6,795,060
North Natomas, Cmnty. Fac. Special Tax Bonds			
(Dist. No. 4), Ser. E, 5s, 9/1/30	BBB+	1,250,000	1,307,750
Oakland, Unified School Dist. Alameda Cnty., G.O.			
Bonds (Election of 2012), 6 5/8s, 8/1/38	BBB/P	500,000	586,895
Orange Cnty., Trans. Auth Toll Road Rev. Bonds			
(91 Express Lanes), 5s, 8/15/30	A1	635,000	707,206
Port of Oakland, Rev. Bonds (Sr. Lien),			
Ser. P, 5s, 5/1/26	A+	4,000,000	4,462,200
Redwood City, Elementary School Dist. G.O.			
Bonds, FGIC, NATL, zero %, 8/1/21	AA–	1,990,000	1,598,428
Sacramento Cnty., Arpt. Syst. Rev.			
Bonds, 5s, 7/1/40	A	1,350,000	1,409,468

Sacramento, Special Tax Bonds (North Natomas Cmnty. Fac.), Ser. 97-01, 5s, 9/1/20	BB+/P	1,195,000	1,197,091
Sacramento, Special Tax Rev. Bonds (North Natomas Cmnty. Fac.), Ser. 97-01			
5s, 9/1/29	BB+/P	1,180,000	1,180,130
5s, 9/1/18	BB+/P	1,030,000	1,032,400
Sacramento, Regl. Trans. Dist. Rev. Bonds (Farebox)			
5s, 3/1/42	A2	2,110,000	2,212,314
5s, 3/1/20	A2	500,000	588,050
San Bernardino Cnty., COP (Med. Ctr. Fin.), Ser. A, NATL, 6 1/2s, 8/1/17	AA–	3,130,000	3,216,044
San Diego Cnty., Regl. Arpt. Auth. Rev. Bonds, Ser. A, 5s, 7/1/40	A2	3,750,000	3,921,375
San Diego, Unified School Dist. G.O. Bonds (Election of 2008), Ser. C			
zero %, 7/1/40	Aa3	5,000,000	1,370,500
zero %, 7/1/38	Aa3	5,000,000	1,545,550

MUNICIPAL BONDS AND NOTES (140.9%)* *cont.*	**Rating****	**Principal amount**	**Value**
California *cont.*			
San Francisco City & Cnty. Arpt. Comm. Intl. Arpt. Rev. Bonds, 5s, 5/1/28	A1	$575,000	$647,019
San Juan, Unified School Dist. G.O. Bonds, AGM, zero %, 8/1/19	Aa2	1,000,000	872,520
Semitropic, Impt. Dist. Wtr. Storage Rev. Bonds, Ser. A, 5s, 12/1/35	A+	150,000	158,892
Stockton, Pub. Wtr. Fin. Auth. Rev. Bonds (Delta Wtr. Supply), Ser. A, 6 1/4s, 10/1/40	A–	875,000	978,513

Sunnyvale, Cmnty. Fac. Dist. Special Tax Rev. Bonds, 7.65s, 8/1/21	B+/P	495,000	495,777
Tuolumne Wind Project Auth. Rev. Bonds (Tuolumne Co.), Ser. A, 5 7/8s, 1/1/29	A+	1,585,000	1,877,607
Turlock, Irrigation Dist. Rev. Bonds, Ser. A, 5s, 1/1/40	A+	4,000,000	4,151,240
Univ. of CA Rev. Bonds, Ser. AF, 5s, 5/15/36 **T**	AA	9,000,000	9,963,720
			153,126,921
Colorado (1.2%)			
CO Hsg. & Fin. Auth. Rev. Bonds (Single Family Mtge.), Ser. A-3, Class III, 5 1/4s, 5/1/33	A2	355,000	360,620
CO State Hlth. Fac. Auth. Rev. Bonds			
(Christian Living Cmntys.), Ser. A, 5 3/4s, 1/1/26	BB–/P	325,000	333,405
(Evangelical Lutheran Good Samaritan Society), 5 5/8s, 6/1/43	A3	600,000	638,310
(Evangelical Lutheran Good Samaritan Society), 5s, 12/1/33	A3	1,650,000	1,696,265
(Evangelical Lutheran), 5s, 6/1/29	A3	850,000	857,786
Denver City & Cnty., Arpt. Rev. Bonds (Sub. Syst.), Ser. A, 5 1/2s, 11/15/31	A2	950,000	1,046,140
E-470 CO Pub. Hwy. Auth. Rev. Bonds, Ser. C1, NATL, 5 1/2s, 9/1/24	AA–	1,250,000	1,304,763
			6,237,289
Delaware (0.4%)			
DE State Econ. Dev. Auth. Rev. Bonds (Delmarva Pwr.), 5.4s, 2/1/31	Baa1	1,100,000	1,190,530
DE State Hsg. Auth. Rev. Bonds (Single Family Mtge.), Ser. B, zero %, 1/1/40	A3	4,455,000	863,468
			2,053,998
District of Columbia (1.4%)			
DC Rev. Bonds (Howard U.), Ser. A, 6 1/2s, 10/1/41	Baa1	3,000,000	3,315,150
DC U. Rev. Bonds (Gallaudet U.), 5 1/2s, 4/1/34	A+	1,000,000	1,085,290

Metro. Washington, Arpt. Auth. Dulles Toll Rd. Rev. Bonds			
(First Sr. Lien), Ser. A, 5s, 10/1/39	A2	2,000,000	2,082,460
(Metrorail), Ser. A, zero %, 10/1/37	Baa1	3,700,000	927,405
			7,410,305
Florida (4.7%)			
Brevard Cnty., Hlth. Care Fac. Auth. Rev. Bonds (Health First, Inc.), 7s, 4/1/39	A3	3,000,000	3,412,890
Broward Cnty., Arpt. Syst. Rev. Bonds, Ser. Q-2, 5s, 10/1/32	A1	1,100,000	1,152,217

MUNICIPAL BONDS AND NOTES (140.9%)* *cont.*	**Rating****	**Principal amount**	**Value**
Florida *cont.*			
Escambia Cnty., Env. Impt. Rev. Bonds (Intl. Paper Co.), Ser. A, 5s, 8/1/26	BBB	$2,500,000	$2,500,750
FL State Board of Ed. G.O. Bonds (Capital Outlay 2011), Ser. F, 5s, 6/1/30	AAA	1,000,000	1,142,310
FL State Muni. Pwr. Agcy. Rev. Bonds, Ser. A, 5s, 10/1/31	A2	1,700,000	1,793,262
Jacksonville, Port Auth. Rev. Bonds, 5s, 11/1/38	A2	600,000	619,260
Lakeland, Retirement Cmnty. 144A Rev. Bonds (1st Mtge. — Carpenters), 6 3/8s, 1/1/43	BBB–/F	340,000	347,704
Lee Cnty., Rev. Bonds, SGI, 5s, 10/1/25	Aa2	2,500,000	2,704,074
Marco Island, Util. Sys. Rev. Bonds, Ser. A, 5s, 10/1/40	Aa3	1,500,000	1,583,100
Miami-Dade Cnty., Aviation Rev. Bonds (Miami Intl. Arpt.), Ser. A-1, 5 3/8s, 10/1/41	A2	3,000,000	3,154,770

Ser. A, 5s, 10/1/29	A2	1,000,000	1,089,370
5s, 10/1/28	A2	500,000	547,550
Miami-Dade Cnty., Expressway Auth. Toll Syst. Rev. Bonds, Ser. A, 5s, 7/1/40	A3	1,000,000	1,039,090
Orlando & Orange Cnty., Expressway Auth. Rev. Bonds, AGM, 5s, 7/1/25	AA	500,000	574,970
Palm Beach Cnty., Hlth. Fac. Auth. Rev. Bonds (Acts Retirement-Life Cmnty.), 5 1/2s, 11/15/33	BBB+	1,000,000	1,046,220
South Broward, Hosp. Dist. Rev. Bonds, NATL, 4 3/4s, 5/1/28	Aa3	1,500,000	1,558,815
Tolomato, Cmnty. Dev. Dist. Special Assmt. Bonds, 5.4s, 5/1/37	CCC/P	405,000	394,340
			24,660,692
Georgia (3.7%)			
Atlanta, Arpt. Rev. Bonds (Hartsfield-Jackson Intl. Arpt.), Ser. A, 5s, 1/1/35	Aa3	1,250,000	1,338,113
Atlanta, Arpt. Passenger Fac. Charge Rev. Bonds			
5s, 1/1/34	A1	1,550,000	1,691,221
5s, 1/1/33	A1	1,500,000	1,655,760
Atlanta, Wtr. & Waste Wtr. Rev. Bonds, Ser. A, 6 1/4s, 11/1/39	Aa3	4,500,000	5,217,795
Fulton Cnty., Dev. Auth. Rev. Bonds (GA Tech Athletic Assn.), Ser. A, 5s, 10/1/42	A2	1,350,000	1,426,748
Gainesville & Hall Cnty., Hosp. Auth. Rev. Bonds (Northeast GA Hlth. Care), Ser. B, 5 1/4s, 2/15/45	AA–	6,500,000	6,792,240
Marietta, Dev. Auth. Rev. Bonds (U. Fac. — Life U., Inc.), 7s, 6/15/39	Ba3	1,400,000	1,423,254
			19,545,131
Guam (0.1%)			
Territory of GU, Pwr. Auth. Rev. Bonds, Ser. A, 5s, 10/1/30	AA	300,000	330,219
			330,219

Illinois (10.3%)			
Chicago, G.O. Bonds, Ser. A			
5s, 1/1/36	A+	3,000,000	3,008,910
5s, 1/1/34	A+	1,250,000	1,263,275

MUNICIPAL BONDS AND NOTES (140.9%)* *cont.*	**Rating****	**Principal amount**	**Value**
Illinois *cont.*			
Chicago, O'Hare Intl. Arpt. Rev. Bonds			
Ser. A, 5 3/4s, 1/1/39	A2	$4,000,000	$4,383,240
Ser. C, 5 3/8s, 1/1/39	A2	1,250,000	1,309,350
Ser. C, 5 1/4s, 1/1/28	A2	1,320,000	1,413,694
Ser. C, 5 1/4s, 1/1/27	A2	2,125,000	2,348,720
(Passenger Fac. Charge), Ser. B, 5s, 1/1/24	A2	2,500,000	2,732,250
Chicago, Waste Wtr. Transmission Rev. Bonds, Ser. A, NATL, zero %, 1/1/24	AA–	1,600,000	1,108,208
Cicero, G.O. Bonds, Ser. A, AGM, 5s, 1/1/21	AA	2,000,000	2,260,240
IL Fin. Auth. Rev. Bonds			
(Silver Cross Hosp. & Med. Ctr.), 7s, 8/15/44	BBB–	2,500,000	2,757,175
(IL Rush U. Med. Ctr.), Ser. C, 6 5/8s, 11/1/39	A2	1,425,000	1,589,246
(IL Rush U. Med. Ctr.), Ser. D, 6 5/8s, 11/1/39	A2	1,490,000	1,661,737
(Elmhurst Memorial), Ser. A, 5 5/8s, 1/1/37	Baa2	3,000,000	3,105,240
(Alexian), Ser. A, AGM, 5 1/4s, 1/1/22	A2	3,775,000	4,024,791
IL State G.O. Bonds			
5 1/4s, 2/1/30	A3	1,000,000	1,100,790
5s, 3/1/34	A3	750,000	787,058
5s, 8/1/21	A3	750,000	860,580
Kendall & Kane Cntys., Cmnty. United School Dist. G.O. Bonds (No. 115 Yorkville), NATL, FGIC, zero %, 1/1/21	Aa3	1,075,000	887,542
Lake Cnty., Cmnty. Construction School Dist. G.O. Bonds (No. 073 Hawthorn), NATL, FGIC zero %, 12/1/21	AA+	1,805,000	1,465,570

zero %, 12/1/21 (Escrowed to maturity)	AA+	145,000	123,599
zero %, 12/1/20	AA+	1,495,000	1,272,245
zero %, 12/1/20 (Escrowed to maturity)	AA+	155,000	136,885
Metro. Pier & Exposition Auth. Dedicated State Tax Rev. Bonds (McCormick), Ser. A, NATL,			
zero %, 12/15/30	AAA	15,000,000	6,933,450
Railsplitter, Tobacco Settlement Auth. Rev.			
Bonds, 6s, 6/1/28	A–	4,150,000	4,817,445
Southern IL U. Rev. Bonds (Hsg. & Auxiliary), Ser. A, NATL			
zero %, 4/1/25	AA–	1,870,000	1,141,224
zero %, 4/1/21	AA–	1,880,000	1,418,573
			53,911,037
Indiana (2.0%)			
IN Bk. Special Program Gas Rev. Bonds, Ser. A,			
5 1/4s, 10/15/21	A3	180,000	210,897
IN State Fin. Auth. Rev. Bonds			
(U.S. Steel Corp.), 6s, 12/1/26	BB–	500,000	521,370
(BHI Sr. Living), 5 3/4s, 11/15/41	BBB+/F	1,000,000	1,054,250
(Duke Energy Ind.), Ser. C, 4.95s, 10/1/40	Aa3	4,000,000	4,131,840
Jasper Cnty., Indl. Poll. Control Rev. Bonds			
AMBAC, 5.7s, 7/1/17	Baa1	1,375,000	1,518,234
NATL, 5.6s, 11/1/16	AA–	1,550,000	1,687,981
U. Southern IN Rev. Bonds (Student Fee), Ser. J,			
AGO, 5 3/4s, 10/1/28	AA	1,000,000	1,158,420
			10,282,992

MUNICIPAL BONDS AND NOTES (140.9%)* *cont.*	**Rating****	**Principal amount**	**Value**
Kentucky (0.3%)			
KY Pub. Trans. Infrastructure Auth. Rev. Bonds			
(1st Tier Downtown Crossing), Ser. A, 6s, 7/1/53	Baa3	$1,000,000	$1,095,750

Louisville & Jefferson Cnty., Metro. Govt. College Rev. Bonds (Bellarmine U., Inc.), Ser. A, 6s, 5/1/38	Baa3	290,000	302,070
			1,397,820
Louisiana (0.6%)			
Lafayette, Util. Rev. Bonds, 5s, 11/1/28	A1	3,000,000	3,351,360
			3,351,360
Maryland (0.2%)			
MD Econ. Dev. Corp. Poll. Control Rev. Bonds (Potomac Electric Power Co.), 6.2s, 9/1/22	A2	650,000	763,432
MD State Indl. Dev. Fin. Auth. Rev. Bonds (Synagro-Baltimore), Ser. A, 5 1/2s, 12/1/15	BBB+/F	500,000	513,685
			1,277,117
Massachusetts (6.7%)			
MA State Dept. Trans. Rev. Bonds (Metro Hwy. Syst.), Ser. B, 5s, 1/1/37	A+	2,500,000	2,627,875
MA State Dev. Fin. Agcy. Rev. Bonds			
(Sabis Intl.), Ser. A, 8s, 4/15/39	BBB	575,000	673,049
(Linden Ponds, Inc. Fac.), Ser. A-1, 6 1/4s, 11/15/26	B–/P	960,369	879,938
(Milford Regl. Med. Ctr. Oblig. Group), Ser. F, 5 3/4s, 7/15/43	Baa3	500,000	529,220
(Loomis Cmntys.), Ser. A, 5 3/4s, 1/1/28	BBB–	1,100,000	1,125,486
(Carleton-Willard Village), 5 5/8s, 12/1/30	A–	750,000	792,660
(Linden Ponds, Inc. Fac.), Ser. A-2, 5 1/2s, 11/15/46	B–/P	51,190	37,255
(Berklee College of Music), 5 1/4s, 10/1/41	A2	2,000,000	2,156,140
(Emerson College), Ser. A, 5s, 1/1/40	Baa1	4,000,000	4,090,640
(Linden Ponds, Inc. Fac.), Ser. B, zero %, 11/15/56	B–/P	254,614	1,724
MA State Dev. Fin. Agcy. Solid Waste Disp. FRB (Dominion Energy Brayton), Ser. 1, 5 3/4s, 12/1/42 (Prerefunded 5/1/19)	BBB+	1,500,000	1,824,660
MA State Dev. Fin. Agcy. Solid Waste Disp. FRB (Dominion Energy Brayton Point), 5s, 2/1/36 (Prerefunded 8/1/16)	BBB+	1,000,000	1,096,520
MA State Hlth. & Edl. Fac. Auth. Rev. Bonds			

(Jordan Hosp.), Ser. E, 6 3/4s, 10/1/33	B+	1,500,000	1,500,735
(Quincy Med. Ctr.), Ser. A, 6 1/4s, 1/15/28			
(In default) †	D/P	407,632	41
(Suffolk U.), Ser. A, 5 3/4s, 7/1/39	Baa2	1,175,000	1,236,147
(Springfield College), 5 5/8s, 10/15/40	Baa1	550,000	577,671
(Care Group), Ser. B-2, NATL, 5 3/8s, 2/1/26	AA–	700,000	770,952
(Northeastern U.), Ser. A, 5s, 10/1/35	A2	3,250,000	3,430,050
MA State Hsg. Fin. Agcy. Rev. Bonds			
Ser. C, 5.35s, 12/1/42	Aa3	1,500,000	1,534,230
Ser. SF-169, 4s, 12/1/44	Aa2	1,000,000	1,086,040
Ser. 162, FNMA Coll, FHLMC Coll.,			
2 3/4s, 12/1/41	Aa2	795,000	811,886

MUNICIPAL BONDS AND NOTES (140.9%)* *cont.*	**Rating****	**Principal amount**	**Value**
Massachusetts *cont.*			
MA State Port Auth. Special Fac. Rev. Bonds			
(Conrac), Ser. A, 5 1/8s, 7/1/41	A	$2,855,000	$3,031,096
Metro. Boston, Trans. Pkg. Corp. Rev. Bonds			
(Systemwide Pkg.), 5 1/4s, 7/1/33	A1	2,500,000	2,764,700
5s, 7/1/41	A1	2,590,000	2,761,277
			35,339,992
Michigan (7.0%)			
Detroit, G.O. Bonds, Ser. A-1, AMBAC,			
5 1/4s, 4/1/24	Caa3	1,435,000	1,274,653
Detroit, Rev. Bonds, Ser. A, NATL,			
FGIC, 5s, 7/1/30	AA–	4,505,000	4,431,163
Detroit, City School Dist. G.O. Bonds, Ser. A,			
AGM, 6s, 5/1/29	Aa2	1,000,000	1,109,470
Detroit, Wtr. Supply Syst. Rev. Bonds, Ser. B,			
AGM, 6 1/4s, 7/1/36	AA	1,425,000	1,480,703
Flint, Hosp. Bldg. Auth. Rev. Bonds (Hurley Med.			

Ctr.), 7 1/2s, 7/1/39	Ba1	500,000	525,230
Karegnondi, Wtr. Auth. Rev. Bonds (Wtr. Supply Syst.), Ser. A, 5 1/4s, 11/1/31	A2	2,445,000	2,680,307
Lansing, Board of Wtr. & Ltg. Util. Syst. Rev. Bonds, Ser. A, 5s, 7/1/37	Aa3	1,765,000	1,921,891
MI Pub. Pwr. Agcy. Rev. Bonds, Ser. A, 5s, 1/1/27	A2	1,900,000	2,052,741
MI State Fin. Auth. Rev. Bonds			
(Revolving Fund-Clean Water), 5s, 10/1/31	AAA	1,500,000	1,685,805
(Unemployment Oblig. Assmt.), Ser. B, 5s, 7/1/22	Aaa	1,000,000	1,099,540
MI State Hosp. Fin. Auth. Rev. Bonds			
Ser. A, 6 1/8s, 6/1/39	A1	2,500,000	2,729,625
(Henry Ford Hlth.), 5 3/4s, 11/15/39	A2	2,000,000	2,172,020
(Henry Ford Hlth. Syst.), Ser. A, 5 1/4s, 11/15/46	A2	4,500,000	4,522,094
(Sparrow Hosp.), 5s, 11/15/31	A1	1,350,000	1,384,169
MI State Hsg. Dev. Auth. Rev. Bonds (Rental Hsg.), Ser. D, 3.95s, 10/1/37	AA	1,050,000	979,692
MI State Strategic Fund Ltd. Mandatory Put Bonds (6/2/14) (Dow Chemical), Ser. A-1, 6 3/4s, 12/1/28	Baa2	100,000	100,390
MI State Strategic Fund Ltd. Oblig. Rev. Bonds (Evangelical Homes of MI)			
5 1/2s, 6/1/47	BB+/F	675,000	649,154
5 1/4s, 6/1/32	BB+/F	320,000	309,475
MI State Strategic Fund, Ltd. Rev. Bonds (Worthington Armstrong Venture), U.S. Govt. Coll., 5 3/4s, 10/1/22 (Escrowed to maturity)	AAA/P	1,650,000	2,010,888
MI Tobacco Settlement Fin. Auth. Rev. Bonds, Ser. A, 6s, 6/1/34	B–	575,000	477,400
Monroe Cnty., Hosp. Fin. Auth. Rev. Bonds (Mercy Memorial Hosp. Corp.), 5 3/8s, 6/1/26	Baa2	750,000	763,268
Wayne Cnty., Arpt. Auth. Rev. Bonds, Ser. A,			

5s, 12/1/21	A2	2,000,000	2,227,540
			36,587,218

MUNICIPAL BONDS AND NOTES (140.9%)* *cont.*	**Rating****	**Principal amount**	**Value**
Minnesota (1.5%)			
Minneapolis & St. Paul, Hsg. & Redev. Auth. Hlth. Care VRDN (Allina Hlth. Syst.), Ser. B-1, 0.09s, 11/15/35	VMIG1	$1,000,000	$1,000,000
MN State Res. Hsg. Fin. Agcy. Rev. Bonds, Ser. A, 4s, 7/1/38	Aa1	900,000	982,107
North Oaks, Sr. Hsg. Rev. Bonds (Presbyterian Homes North Oaks), 6 1/8s, 10/1/39	BB/P	995,000	1,031,804
St. Paul, Hsg. & Redev. Auth. Hlth. Care Fac. Rev. Bonds (HealthPartners Oblig. Group), 5 1/4s, 5/15/36	A2	3,500,000	3,605,000
St. Paul, Hsg. & Redev. Auth. Hosp. Rev. Bonds (Healtheast), 6s, 11/15/35	BBB–	1,150,000	1,174,840
			7,793,751
Mississippi (1.3%)			
MS Bus. Fin. Corp. Rev. Bonds (Syst. Energy Resources, Inc.), 5 7/8s, 4/1/22	BBB	2,330,000	2,331,328
MS Bus. Fin. Corp. Gulf Opportunity Zone Rev. Bonds, Ser. A, 5s, 5/1/37	A3	2,250,000	2,328,210
Warren Cnty., Gulf Opportunity Zone Rev. Bonds (Intl. Paper Co.), Ser. A, 6 1/2s, 9/1/32	BBB	2,000,000	2,215,760
			6,875,298
Nebraska (0.9%)			
Central Plains, Energy Rev. Bonds (NE Gas No. 1), Ser. A, 5 1/4s, 12/1/18	A–	3,000,000	3,405,690

Lancaster Cnty., Hosp. Auth. Rev. Bonds			
(Immanuel Oblig. Group), 5 5/8s, 1/1/40	AA–/F	925,000	980,176
NE Pub. Pwr. Dist. Rev. Bonds, Ser. C, 5s, 1/1/25	A1	500,000	558,795
			4,944,661
Nevada (8.6%)			
Clark Cnty., Ltd. Tax Bonds, 5s, 6/1/33 **T**	AA	28,285,000	30,911,825
Clark Cnty., Arpt. Rev. Bonds, Ser. A-2			
NATL, FGIC, 5 1/8s, 7/1/26			
(Prerefunded 7/1/14)	AA–	5,105,000	5,144,462
5s, 7/1/33	A1	1,565,000	1,704,035
Clark Cnty., Impt. Dist. Special Assmt. Bonds			
(Summerlin No. 151), 5s, 8/1/25	BB–/P	2,020,000	1,751,077
Clark Cnty., Indl. Dev. Rev. Bonds (Southwest Gas			
Corp.), Ser. A, AMBAC, 5 1/4s, 7/1/34	A3	3,000,000	3,004,050
Henderson G.O. Bonds (Ltd. Tax -Swr.), NATL,			
FGIC, 5s, 6/1/29 (Prerefunded 12/1/14)	Aa2	1,000,000	1,027,610
Henderson, Local Impt. Dist. Special Assmt.			
Bonds (No. T-17), 5s, 9/1/25	BB+/P	580,000	581,960
Reno, Sales Tax VRDN (Reno Trans. Rail Access			
Corridor (ReTRAC)), 0.09s, 6/1/42	VMIG1	1,000,000	1,000,000
			45,125,019
New Jersey (7.4%)			
NJ Hlth. Care Fac. Fin. Auth. Rev. Bonds			
(St. Joseph Hlth. Care Syst.), 6 5/8s, 7/1/38	BBB–	2,750,000	2,918,768
(St. Peter’s U. Hosp.), 5 3/4s, 7/1/37	Ba1	1,500,000	1,505,355
(Holy Name Hosp.), 5s, 7/1/36	Baa2	5,000,000	5,016,900

MUNICIPAL BONDS AND NOTES (140.9%)* *cont.*	**Rating****	**Principal amount**	**Value**
New Jersey *cont.*			

NJ State Econ. Dev. Auth. Rev. Bonds			
(Cigarette Tax), 5 3/4s, 6/15/29			
(Prerefunded 6/15/14)	Aaa	$5,000,000	$5,031,350
(NYNJ Link Borrower, LLC), 5 3/8s, 1/1/43	BBB–	500,000	527,509
5s, 6/15/26	Baa1	500,000	540,800
(Middlesex Wtr. Co., Inc.), Ser. A, 5s, 10/1/23	A	1,000,000	1,150,430
NJ State Econ. Dev. Auth. Wtr. Fac. Rev. Bonds			
(NJ American Wtr. Co.)			
Ser. A, 5.7s, 10/1/39	A1	3,900,000	4,217,304
Ser. B, 5.6s, 11/1/34	A1	500,000	543,060
NJ State Edl. Fac. Auth. Rev. Bonds			
(Fairleigh Dickinson), Ser. C, 6s, 7/1/20	BBB/F	1,500,000	1,507,110
(Georgian Court U.), Ser. D, 5 1/4s, 7/1/37	Baa2	1,000,000	1,013,840
(Georgian Court U.), Ser. D, 5 1/4s, 7/1/27	Baa2	500,000	519,080
NJ State Higher Ed. Assistance Auth. Rev. Bonds			
(Student Loan), Ser. 1A, 5s, 12/1/22	Aa2	2,500,000	2,765,825
NJ State Tpk. Auth. Rev. Bonds, Ser. B, 5s, 1/1/19	A+	750,000	868,695
NJ State Trans. Trust Fund Auth. Rev. Bonds			
(Trans. Syst.), Ser. A, zero %, 12/15/30	A1	13,000,000	5,893,160
Tobacco Settlement Fin. Corp. Rev. Bonds,			
Ser. 1A, 4 3/4s, 6/1/34	B2	3,000,000	2,359,320
Union Cnty., Util. Auth. Resource Recvy. Fac.			
Lease Rev. Bonds (Covanta Union), Ser. A,			
5 1/4s, 12/1/31	AA+	2,300,000	2,455,181
			38,833,687
New Mexico (0.3%)			
Sante Fe, Retirement Fac. Rev. Bonds (El Castillo			
Retirement Res.), 5s, 5/15/42	BBB–	1,460,000	1,364,150
			1,364,150
New York (10.1%)			
Broome Cnty., Indl. Dev. Agcy. Continuing Care			
Retirement Rev. Bonds (Good Shepard Village),			
Ser. A, 6 7/8s, 7/1/40	B/P	320,000	327,549
Metro. Trans. Auth. Rev. Bonds, Ser. D			
5s, 11/15/36	A+	2,000,000	2,124,860
5s, 11/15/29	A+	3,000,000	3,319,950

NY City, G.O. Bonds, Ser. F, 5s, 8/1/30	Aa2	3,320,000	3,685,763
NY City, Indl. Dev. Agcy. Special Fac. FRB (American Airlines — JFK Intl. Arpt.), 7 5/8s, 8/1/25	B+/P	2,000,000	2,209,320
NY City, Indl. Dev. Agcy. Special Fac. Rev. Bonds (British Airways PLC), 5 1/4s, 12/1/32	BB	700,000	683,025
NY City, Muni. Wtr. & Swr. Fin. Auth. Rev. Bonds, 5s, 6/15/31 **T**	AA+	10,000,000	11,147,082
NY City, Muni. Wtr. & Swr. Fin. Auth. Rev. Bonds, Ser. GG, 5s, 6/15/43	AA+	2,000,000	2,130,280
NY Cntys., Tobacco Trust III Rev. Bonds (Tobacco Settlement), 6s, 6/1/43	A3	1,500,000	1,502,025
NY State Dorm Auth. Rev. Bonds, Ser. A, 5s, 3/15/43	AAA	4,000,000	4,361,240

MUNICIPAL BONDS AND NOTES (140.9%)* *cont.*	**Rating****	**Principal amount**	**Value**
New York *cont.*			
NY State Dorm. Auth. Lease Rev. Bonds (State U. Dorm Fac.), Ser. A, 5s, 7/1/35	Aa2	$1,000,000	$1,098,830
NY State Dorm. Auth. Non-State Supported Debt Rev. Bonds (Orange Regl. Med. Ctr.), 6 1/4s, 12/1/37	Ba1	1,800,000	1,826,262
NY State Dorm. Auth. Rev. Bonds, Ser. C, 5s, 3/15/31**T**	AAA	5,000,000	5,553,891
NY State Energy Research & Dev. Auth. Gas Fac. Rev. Bonds (Brooklyn Union Gas), 6.952s, 7/1/26	A2	6,000,000	6,018,360

NY State, Dorm. Auth. Rev. Bonds (School Dists. Fin. Program), Ser. H, 5s, 10/1/21	A1	650,000	762,580
Port Auth. NY & NJ Special Oblig. Rev. Bonds (JFK Intl. Air Term. — 6), NATL, 5.9s, 12/1/17	AA–	6,000,000	6,016,740
			52,767,757
North Carolina (0.8%)			
NC Eastern Muni. Pwr. Agcy. Syst. Rev. Bonds, Ser. C, 6 3/4s, 1/1/24	A–	1,000,000	1,190,010
NC Med. Care Cmnty. Hlth. Care Fac. Rev. Bonds (Deerfield), Ser. A, 6s, 11/1/33	BBB+/F	805,000	878,843
(First Mtge. — Presbyterian Homes), 5 3/8s, 10/1/22	BB/P	1,000,000	1,011,059
NC State Muni. Pwr. Agcy. Rev. Bonds (No. 1, Catawba Elec.), Ser. A, 5s, 1/1/30	A2	800,000	872,280
			3,952,192
North Dakota (—%)			
ND State Hsg. Fin. Agcy. Rev. Bonds (Hsg. Fin.), Ser. B, 4.8s, 7/1/37	Aa1	110,000	110,410
			110,410
Ohio (7.7%)			
American Muni. Pwr. — Ohio, Inc. Rev. Bonds (Prairie State Energy Campus), Ser. A, 5 1/4s, 2/15/43	A1	1,000,000	1,063,920
(Prairie Street Energy Campus), Ser. A, 5 1/4s, 2/15/33	AA	5,000,000	5,398,750
Buckeye, Tobacco Settlement Fin. Auth. Rev. Bonds			
Ser. A-3, 6 1/4s, 6/1/37	B3	2,225,000	1,908,872
Ser. A-2, 5 7/8s, 6/1/30	B3	1,450,000	1,208,271
Ser. A-2, 5 3/4s, 6/1/34	B3	4,325,000	3,557,356
Cleveland, Arpt. Syst. Rev. Bonds, Ser. A, 5s, 1/1/29	A–	500,000	529,620
Erie Cnty., OH Hosp. Fac. Rev. Bonds (Firelands Regl. Med. Ctr.), Ser. A, 5 1/4s, 8/15/46	A–	2,500,000	2,522,725
Franklin Cnty., Hlth. Care Fac. Rev. Bonds (OH Presbyterian Retirement Svcs. (OPRS)			

Cmntys. Oblig. Group), Ser. A, 6s, 7/1/35	BBB–	1,125,000	1,204,954
Hickory Chase Cmnty. Auth. Rev. Bonds (Infrastructure Impt.), 7s, 12/1/38 F	CCC/P	644,000	77,216
JobsOhio Beverage Syst. Rev. Bonds (Statewide Sr. Lien Liquor Profits), Ser. A, 5s, 1/1/38	AA	2,000,000	2,138,960
Lake Cnty., Hosp. Fac. Rev. Bonds (Lake Hosp. Syst.), Ser. C, 6s, 8/15/43	A3	3,100,000	3,289,998

MUNICIPAL BONDS AND NOTES (140.9%)* *cont.*	**Rating****	**Principal amount**	**Value**
Ohio *cont.*			
OH State Air Quality Dev. Auth. FRB (Columbus Southern Pwr. Co.), Ser. B, 5.8s, 12/1/38	Baa1	$2,000,000	$2,150,740
OH State Higher Edl. Fac. Comm. Rev. Bonds			
(U. Hosp. Hlth. Syst.), Ser. 09-A, 6 3/4s, 1/15/39 (Prerefunded 1/15/15)	A	3,000,000	3,136,710
(Kenyon College), 5s, 7/1/44	A1	5,000,000	5,220,250
OH State Tpk. Comm. Rev. Bonds (Infrastructure), Ser. A-1			
5 1/4s, 2/15/33	A1	225,000	250,031
5 1/4s, 2/15/32	A1	950,000	1,061,720
Scioto Cnty., Hosp. Rev. Bonds (Southern Med. Ctr.), 5 1/2s, 2/15/28	A2	4,660,000	4,951,250
Southeastern OH Port Auth. Hosp. Fac. Rev. Bonds, 5 3/4s, 12/1/32	BB/P	625,000	619,344
			40,290,687
Oregon (1.0%)			
Keizer, Special Assmt. Bonds (Keizer Station), Ser. A, 5.2s, 6/1/31	A1	2,535,000	2,590,795
Multnomah Cnty., Hosp. Fac. Auth. Rev. Bonds			

(Terwilliger Plaza), Ser. A, 5 1/4s, 12/1/26	BBB/F	1,040,000	1,072,988
OR Hlth. Sciences U. Rev. Bonds, Ser. A, 5 3/4s, 7/1/39	A1	1,250,000	1,394,038
			5,057,821
Pennsylvania (5.9%)			
Allegheny Cnty., G.O. Bonds, Ser. C-69, 5s, 12/1/25	AA–	1,000,000	1,138,820
Allentown, Neighborhood Impt. Zone Dev. Auth. Rev. Bonds, Ser. A			
5s, 5/1/35	Baa2	400,000	398,968
5s, 5/1/32	Baa2	1,350,000	1,357,061
Bucks Cnty., Indl. Dev. Auth. Rev. Bonds (US Steel Corp.), 6 3/4s, 6/1/26	BB–	1,000,000	1,097,260
Cumberland Cnty., Muni. Auth. Rev. Bonds (Presbyterian Homes), Ser. A, 5s, 1/1/17	BBB+/F	830,000	843,687
Delaware River Joint Toll Bridge Comm. Rev. Bonds, Ser. A, 5s, 7/1/21	A2	600,000	695,574
Delaware River Port Auth. PA & NJ Rev. Bonds			
Ser. D, 5s, 1/1/40	A	1,200,000	1,276,380
5s, 1/1/31	A	2,500,000	2,785,375
Erie, Higher Ed. Bldg. Auth. Rev. Bonds (Mercyhurst College), 5 1/2s, 3/15/38	BBB	725,000	749,607
Franklin Cnty., Indl. Dev. Auth. Rev. Bonds (Chambersburg Hosp.), 5 3/8s, 7/1/42	A2	1,000,000	1,043,250
Lancaster, Higher Ed. Auth. College Rev. Bonds (Franklin & Marshall College), 5s, 4/15/29	AA–	1,000,000	1,069,250
Northampton Cnty., Hosp. Auth. Rev. Bonds (St. Luke's Hosp. — Bethlehem), Ser. A, 5 1/2s, 8/15/40	A3	1,250,000	1,279,975
PA Econ. Dev. Fin. Auth. Exempt Fac. Rev. Bonds (Amtrak), Ser. A, 5s, 11/1/32	A1	1,000,000	1,066,190

MUNICIPAL BONDS AND NOTES (140.9%)* *cont.*	**Rating****	**Principal amount**	**Value**
Pennsylvania *cont.*			
PA State Higher Edl. Fac. Auth. Rev. Bonds			
(Gwynedd Mercy College), Ser. KK1,			
5 3/8s, 5/1/42	BBB	$500,000	$509,255
(St. Joseph's U.), Ser. A, 5s, 11/1/40	A–	3,000,000	3,135,060
(Philadelphia U.), 5s, 6/1/30	Baa2	2,250,000	2,308,477
(Philadelphia U.), 5s, 6/1/22	Baa2	860,000	937,572
PA State Pub. School Bldg. Auth. Rev. Bonds			
(Northampton Co. Area Cmnty. College),			
5s, 6/15/32	AA	2,030,000	2,195,648
PA State Tpk. Comm. Rev. Bonds			
Ser. A, 5s, 12/1/38	A1	1,000,000	1,081,910
zero %, 12/1/34	A1	1,925,000	1,380,841
PA State, Higher Edl. Facs. Auth. Rev. Bonds			
(Temple U.), Ser. 1, 5s, 4/1/26	Aa3	750,000	848,648
Philadelphia, Arpt. Rev. Bonds, Ser. D,			
5 1/4s, 6/15/25	A+	1,000,000	1,125,340
Philadelphia, Hosp. & Higher Ed. Fac. Auth. Rev.			
Bonds (Hosp.-Graduate Hlth. Sys.), Ser. A, 6 1/4s,			
7/1/13 (In default) *** †	D/P	1,402,141	14
Pittsburgh & Allegheny Cnty., Sports & Exhib.			
Auth. Hotel Rev. Bonds, AGM, 5s, 2/1/35	AA	1,225,000	1,276,854
Susquehanna, Area Regl. Arpt. Syst. Auth. Rev.			
Bonds, Ser. A			
6 1/2s, 1/1/38	Baa3	550,000	597,465
5s, 1/1/27	Baa3	650,000	685,445
			30,883,926
Puerto Rico (1.1%)			
Cmnwlth. of PR, G.O. Bonds, Ser. A			
5 1/2s, 7/1/39	BB+	1,000,000	726,620
5 1/8s, 7/1/37	BB+	1,000,000	707,850

Cmnwlth. of PR, Hwy. & Trans. Auth. Rev. Bonds FRN, Ser. AA-2, 5.3s, 7/1/35	Ba1	875,000	664,754
Cmnwlth. of PR, Sales Tax Fin. Corp. Rev. Bonds, Ser. A			
5 3/8s, 8/1/39	A+	1,500,000	1,107,585
zero %, 8/1/30	A+	8,500,000	2,341,155
			5,547,964
Rhode Island (—%)			
Tobacco Settlement Fin. Corp. Rev. Bonds, Ser. A, 6 1/4s, 6/1/42	Ba1	200,000	200,024
			200,024
South Carolina (0.7%)			
SC State Pub. Svc. Auth. Rev. Bonds (Santee Cooper), Ser. A, 5 3/4s, 12/1/43	AA–	3,000,000	3,414,029
			3,414,029
Tennessee (0.7%)			
Johnson City, Hlth. & Edl. Fac. Board Hosp. Rev. Bonds (Mountain States Hlth. Alliance), 6s, 7/1/38	Baa1	3,450,000	3,787,479
			3,787,479

MUNICIPAL BONDS AND NOTES (140.9%)* *cont.*	**Rating****	**Principal amount**	**Value**
Texas (15.3%)			
Alliance, Arpt. Auth. Rev. Bonds (Federal Express Corp.), 4.85s, 4/1/21	Baa1	$3,250,000	$3,372,103
Brazos River Harbor Naval Dist. Env. FRB (Dow Chemical Co.), Ser. A-4, 5.95s, 5/15/33	BBB	400,000	433,852
Brazos, Harbor Indl. Dev. Corp. Env. Fac. Mandatory Put Bonds (5/1/28) (Dow Chemical), 5.9s, 5/1/38	BBB	2,850,000	3,068,054

Central TX Regl. Mobility Auth. Rev. Bonds (Sr. Lien), Ser. A, 5s, 1/1/33	Baa2	425,000	444,414
Dallas Cnty., Util. & Reclamation Dist. G.O. Bonds, Ser. B, AMBAC, 5 3/8s, 2/15/29	A3	4,000,000	4,171,880
Dallas, Area Rapid Transit Rev. Bonds (Sr. Lien), 5s, 12/1/33 **T**	AA+	26,000,000	28,786,926
Dallas-Fort Worth, Intl. Arpt. Fac. Impt. Corp. Rev. Bonds, Ser. A, 5 1/4s, 11/1/30	A+	3,000,000	3,291,180
Grand Parkway Trans. Corp. Rev. Bonds (Sub. Tier Toll Syst.), Ser. B, 5s, 4/1/53	AA+	1,400,000	1,478,428
Harris Cnty., Cultural Ed. Fac. Fin. Corp. Rev. Bonds (YMCA of Greater Houston), Ser. A, 5s, 6/1/33	Baa3	800,000	821,696
Houston, Util. Syst. Rev. Bonds, Ser. A, 5s, 11/15/33	AA	1,500,000	1,661,640
Love Field, Arpt. Modernization Corp. Special Fac. Rev. Bonds (Southwest Airlines Co.), 5 1/4s, 11/1/40	Baa3	1,750,000	1,826,143
Lower CO River Auth. Rev. Bonds			
5 3/4s, 5/15/37	A1	215,000	223,901
U.S. Govt. Coll., 5 3/4s, 5/15/37 (Prerefunded 5/15/15)	A1	2,135,000	2,257,058
U.S. Govt. Coll., 5 3/4s, 5/15/37 (Prerefunded 5/15/15)	AAA/P	50,000	52,831
Matagorda Cnty., Poll. Control Rev. Bonds (Dist. No. 1), Ser. A, AMBAC, 4.4s, 5/1/30	Baa1	1,500,000	1,543,500
North TX, Thruway Auth. Rev. Bonds, Ser. B, zero %, 9/1/43	AA+	2,000,000	347,940
North TX, Tollway Auth. Mandatory Put Bonds (1/1/19) (1st Tier), Ser. C, 1.95s, 1/1/38	A2	3,000,000	2,970,900
North TX, Tollway Auth. Rev. Bonds			
Ser. A, 6s, 1/1/25	A2	1,300,000	1,462,812
(Toll 2nd Tier), Ser. F, 5 3/4s, 1/1/38	A3	2,000,000	2,176,700

Ser. D, AGO, zero %, 1/1/28	AA	7,800,000	4,427,670
North TX, Tollway Auth. stepped-coupon Rev. Bonds (1st Tier), Ser. I, stepped-coupon zero %, (6 1/2s, 1/1/15) 1/1/43 ††	A2	4,000,000	4,583,400

MUNICIPAL BONDS AND NOTES (140.9%)* *cont.*	**Rating****	**Principal amount**	**Value**
Texas *cont.*			
Red River, Hlth. Retirement Facs. Dev. Corp. Rev. Bonds (Sears Methodist Retirement Syst. Oblig. Group)			
Ser. B, 6.15s, 11/15/49	B/P	$282,000	$228,161
Ser. A, 5.45s, 11/15/38	B/P	814,000	617,167
Sam Rayburn, Muni. Pwr. Agcy. Rev. Bonds, 5s, 10/1/21	BBB+	500,000	582,180
Tarrant Cnty., Cultural Ed. Fac. Fin. Corp. Retirement Fac. Rev. Bonds (Buckner Retirement Svcs., Inc.), 5 1/4s, 11/15/37	A–	1,100,000	1,109,834
TX Muni. Gas Acquisition & Supply Corp. I Rev. Bonds, Ser. A, 5s, 12/15/15	A–	3,000,000	3,166,980
TX State Muni. Gas Acquisition & Supply Corp. III Rev. Bonds, 5s, 12/15/28	A3	1,500,000	1,574,835
TX State Trans. Comm. Tpk. Syst. Mandatory Put Bonds (2/15/15) (1st Tier), Ser. B, 1 1/4s, 8/15/42	A–	1,000,000	1,004,330
TX State Trans. Comm. Tpk. Syst. Rev. Bonds (1st Tier), Ser. A, 5s, 8/15/41	A–	2,500,000	2,574,975
			80,261,490
Utah (1.2%)			
Murray City, Hosp. VRDN (IHC Hlth. Svcs., Inc.), Ser. B, 0.08s, 5/15/37	VMIG1	5,000,000	5,000,000

Salt Lake City, Hosp. Rev. Bonds, AMBAC, 6 3/4s, 5/15/20 (Escrowed to maturity)	AAA/P	1,500,000	1,504,274
			6,504,274
Virginia (0.5%)			
Washington Cnty., Indl. Dev. Auth. Hosp. Fac. Rev. Bonds (Mountain States Hlth. Alliance), Ser. C, 7 3/4s, 7/1/38	Baa1	2,100,000	2,421,699
			2,421,699
Washington (1.8%)			
Tobacco Settlement Auth. of WA Rev. Bonds, 5 1/4s, 6/1/32	A–	2,125,000	2,240,281
WA State G.O. Bonds (Sr. 520 Corridor-Motor Vehicle Tax), Ser. C, 5s, 6/1/28 **T**	AA+	5,000,000	5,756,388
WA State Hlth. Care Fac. Auth. Rev. Bonds (Kadlec Med. Ctr.), 5 1/2s, 12/1/39	Baa3	1,200,000	1,250,256
			9,246,925
West Virginia (0.8%)			
Harrison Cnty., Cmnty. Solid Waste Disp. Rev. Bonds (Allegheny Energy), Ser. D, 5 1/2s, 10/15/37	Baa3	3,450,000	3,502,751
WV State Hosp. Fin. Auth. Rev. Bonds (Thomas Hlth. Syst.), 6 3/4s, 10/1/43	B+/P	935,000	945,958
			4,448,709
Wisconsin (1.3%)			
Pub. Fin. Auth. Arpt. Fac. Rev. Bonds (Sr. Oblig. Group), 5 1/4s, 7/1/28	BBB–	350,000	375,136
WI Dept. of Trans. Rev. Bonds, Ser. 1, 5s, 7/1/31	AA+	1,225,000	1,372,796

MUNICIPAL BONDS AND NOTES (140.9%)* *cont.*	**Rating****	**Principal amount**	**Value**

Wisconsin *cont.*			
WI State Rev. Bonds, Ser. A, 6s, 5/1/27	Aa3	$2,500,000	$3,022,750
WI State Hlth. & Edl. Facs. Auth. Rev. Bonds			
(Prohealth Care, Inc.), 6 5/8s, 2/15/39	A1	1,500,000	1,672,350
(Three Pillars Sr. Living), 5s, 8/15/33	A–/F	430,000	459,249
			6,902,281
Wyoming (0.8%)			
Campbell Cnty., Solid Waste Fac. Rev. Bonds			
(Basin Elec. Pwr. Co-op), Ser. A, 5 3/4s, 7/15/39	A1	2,000,000	2,203,940
WY Muni. Pwr. Agcy. Pwr. Supply Rev. Bonds			
Ser. A, 5 1/2s, 1/1/33	A2	950,000	1,021,031
(Pwr. Supply), Ser. A, 5 1/2s, 1/1/28	A2	1,000,000	1,080,500
			4,305,471
TOTAL INVESTMENTS			
Total investments (cost $691,068,062)			**$737,907,233**

Notes to the fund's portfolio

Unless noted otherwise, the notes to the fund's portfolio are for the close of the fund's reporting period, which ran from May 1, 2013 through April 30, 2014 (the reporting period). Within the following notes to the portfolio, references to "ASC 820" represent Accounting Standards Codification 820 *Fair Value Measurements and Disclosures* and references to "OTC", if any, represent over-the-counter.

* Percentages indicated are based on net assets of $523,720,924.

** The Moody's, Standard & Poor's or Fitch ratings indicated are believed to be the most recent ratings available at the close of the reporting period for the securities listed. Ratings are generally ascribed to securities at the time of issuance. While the agencies may from time to time revise such ratings, they undertake no obligation to do so, and the ratings do not necessarily represent what the agencies would ascribe to these securities at the close of the reporting period. Securities rated by Putnam are indicated by "/P." Securities rated by Fitch are indicated by "/F." The rating of an insured security represents what is believed to be the most recent rating of the insurer's claims-paying ability available at the close of the reporting period, if higher than the rating of the direct issuer of the bond, and does not reflect any subsequent changes. Ratings are not covered by the Report of Independent Registered Public Accounting Firm.

******* Security is in default of principal and interest.

† Non-income-producing security.

†† The interest rate and date shown parenthetically represent the new interest rate to be paid and the date the fund will begin accruing interest at this rate.

F Security is valued at fair value following procedures approved by the Trustees. Securities may be classified as Level 2 or Level 3 for ASC 820 based on the securities' valuation inputs.

T Underlying security in a tender option bond transaction. The security has been segregated as collateral for financing transactions.

At the close of the reporting period, the fund maintained liquid assets totaling $50,330,293 to cover tender option bonds.

144A after the name of an issuer represents securities exempt from registration under Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.

The rates shown on Mandatory Put Bonds are the current interest rates at the close of the reporting period.

The dates shown parenthetically on Mandatory Put Bonds represent the next mandatory put dates.

The dates shown parenthetically on prerefunded bonds represent the next prerefunding dates.

The dates shown on debt obligations are the original maturity dates.

The fund had the following sector concentrations greater than 10% at the close of the reporting period (as a percentage of net assets (applicable to common shares outstanding)):

Transportation	24.0%
Utilities	23.5
Health care	22.8
Local debt	13.7
Tax bonds	12.4
Education	11.9
State debt	11.6

ASC 820 establishes a three-level hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of the fund's investments. The three levels are defined as follows:

Level 1: Valuations based on quoted prices for identical securities in active markets.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the fair value measurement.

The following is a summary of the inputs used to value the fund's net assets as of the close of the reporting period:

		Valuation inputs	
Investments in securities:	**Level 1**	**Level 2**	**Level 3**
Municipal bonds and notes	$—	$737,830,017	$77,216
Totals by level	**$—**	**$737,830,017**	**$77,216**

At the start and close of the reporting period, Level 3 investments in securities were not considered a significant portion of the fund's portfolio.

The accompanying notes are an integral part of these financial statements.

Statement of assets and liabilities 4/30/14

ASSETS	
Investment in securities, at value (Note 1): Unaffiliated issuers (identified cost $691,068,062)	$737,907,233
Interest and other receivables	10,517,303
Receivable for investments sold	252,195
Prepaid assets	30,777
Total assets	**748,707,508**
LIABILITIES	
Payable to custodian	95,842
Payable for investments purchased	304,725
Payable for compensation of Manager (Note 2)	925,104
Payable for custodian fees (Note 2)	4,152
Payable for investor servicing fees (Note 2)	21,728
Payable for Trustee compensation and expenses (Note 2)	230,012
Payable for administrative services (Note 2)	1,631
Payable for floating rate notes issued (Note 1)	41,789,538
Distributions payable to shareholders	2,449,037
Distributions payable to preferred shareholders (Note 1)	3,929
Preferred share remarketing agent fees	59,617

Other accrued expenses	251,269
Total liabilities	**46,136,584**
Series B remarketed preferred shares: (3,417 shares authorized and issued at $25,000 per share) (Note 4)	85,425,000
Series C remarketed preferred shares: (3,737 shares authorized and issued at $25,000 per share) (Note 4)	93,425,000
Net assets	**$523,720,924**
REPRESENTED BY	
Paid-in capital — common shares (Unlimited shares authorized) (Notes 1 and 5)	$508,425,415
Undistributed net investment income (Note 1)	1,921,146
Accumulated net realized loss on investments (Note 1)	(33,464,808)
Net unrealized appreciation of investments	46,839,171
Total — Representing net assets applicable to common shares outstanding	**$523,720,924**
COMPUTATION OF NET ASSET VALUE	
Net asset value per common share ($523,720,924 divided by 41,142,204 shares)	$12.73

The accompanying notes are an integral part of these financial statements.

Statement of operations Year ended 4/30/14

INTEREST INCOME	**$35,798,050**
EXPENSES	
Compensation of Manager (Note 2)	$3,855,527
Investor servicing fees (Note 2)	258,534

Custodian fees (Note 2)	12,091
Trustee compensation and expenses (Note 2)	37,524
Administrative services (Note 2)	13,419
Interest and fees expense (Note 1)	251,256
Preferred share remarketing agent fees	272,001
Other	433,875
Total expenses	**5,134,227**
Expense reduction (Note 2)	(226)
Net expenses	**5,134,001**
Net investment income	**30,664,049**
Net realized loss on investments (Notes 1 and 3)	(7,708,439)
Net realized loss on swap contracts (Note 1)	(1,278,683)
Net realized loss on futures contracts (Note 1)	(40,667)
Net unrealized depreciation of investments during the year	(30,373,813)
Net loss on investments	**(39,401,602)**
Net decrease in net assets resulting from operations	**$(8,737,553)**
DISTRIBUTIONS TO SERIES B AND C REMARKETED PREFERRED SHAREHOLDERS (NOTE 1):	
From ordinary income	
Taxable net investment income	(3,826)
From tax exempt net investment income	(218,009)
Net decrease in net assets resulting from operations (applicable to common shareholders)	**$(8,959,388)**

The accompanying notes are an integral part of these financial statements.

Statement of changes in net assets

INCREASE (DECREASE) IN NET ASSETS	**Year ended 4/30/14**	**Year ended 4/30/13**
Operations:		
Net investment income	$30,664,049	$31,507,383
Net realized gain (loss) on investments	(9,027,789)	3,451,454
Net unrealized appreciation (depreciation) of investments	(30,373,813)	20,385,847
Net increase (decrease) in net assets resulting from operations	**(8,737,553)**	**55,344,684**
DISTRIBUTIONS TO SERIES B AND C REMARKETED PREFERRED SHAREHOLDERS (NOTE 1):		
From ordinary income		
Taxable net investment income	(3,826)	(5,576)
From tax exempt net investment income	(218,009)	(440,196)
Net increase (decrease) in net assets resulting from operations (applicable to common shareholders)	**(8,959,388)**	**54,898,912**
DISTRIBUTIONS TO COMMON SHAREHOLDERS (NOTE 1):		
From ordinary income		
Taxable net investment income	(262,927)	(470,793)
From tax exempt net investment income	(28,844,639)	(30,074,587)
Increase from issuance of common shares in connection with reinvestment of distributions	—	168,673
Decrease from capital shares repurchased (Note 5)	(18,854,753)	—
Total increase (decrease) in net assets	**(56,921,707)**	**24,522,205**

NET ASSETS

Beginning of year	580,642,631	556,120,426
End of year (including undistributed net investment income of $1,921,146 and $482,942, respectively)	**$523,720,924**	**$580,642,631**

NUMBER OF FUND SHARES

Common shares outstanding at beginning of year	**42,883,756**	**42,871,374**
Shares issued in connection with dividend reinvestment plan	—	12,382
Shares repurchased (Note 5)	(1,740,918)	—
Retirement of shares held by the fund	(634)	—
Common shares outstanding at end of year	**41,142,204**	**42,883,756**
Remarketed preferred shares outstanding at beginning and end of year	**7,154**	**7,154**

The accompanying notes are an integral part of these financial statements.

Financial highlights (For a common share outstanding throughout the period)

PER-SHARE OPERATING PERFORMANCE

	Year ended				
	4/30/14	**4/30/13**	**4/30/12**	**4/30/11**	**4/30/10**
Net asset value, beginning of period (common shares)	**$13.54**	**$12.97**	**$11.26**	**$11.99**	**$10.47**
Investment operations:					
Net investment income[a]	.73	.73	.80	.79	.81
Net realized and unrealized					

gain (loss) on investments	(.88)	.56	1.72	(.70)	1.51
Total from investment operations	**(.15)**	**1.29**	**2.52**	**.09**	**2.32**
Distributions to preferred shareholders:					
From net investment income	(.01)	(.01)	(.01)	(.02)	(.02)
Total from investment operations (applicable to common shareholders)	**(.16)**	**1.28**	**2.51**	**.07**	**2.30**
Distributions to common shareholders:					
From net investment income	(.70)	(.71)	(.80)	(.80)	(.78)
Total distributions	**(.70)**	**(.71)**	**(.80)**	**(.80)**	**(.78)**
Increase from shares repurchased	**.05**	**—**	**—**	**—**	**—**
Net asset value, end of period (common shares)	**$12.73**	**$13.54**	**$12.97**	**$11.26**	**$11.99**
Market price, end of period (common shares)	**$11.61**	**$12.66**	**$12.70**	**$10.77**	**$11.43**
Total return at market price (%) (common shares)[b]	**(2.40)**	**5.22**	**26.00**	**1.02**	**26.10**
RATIOS AND SUPPLEMENTAL DATA					
Net assets, end of period (common shares)(in thousands)	**$523,721**	**$580,643**	**$556,120**	**$482,534**	**$514,093**
Ratio of expenses to average net assets (including interest expense) (%)[c,d,e]	.99	.94	.99	1.31	1.08
Ratio of net investment income to average net assets (%)[d]	5.89	5.40	6.46	6.57	6.91
Portfolio turnover (%)	11	13	21	16	23

[a] Per share net investment income has been determined on the basis of the weighted average number of shares outstanding during the period.

[b] Total return assumes dividend reinvestment.

c Includes amounts paid through expense offset arrangements (Note 2).

d Ratios reflect net assets available to common shares only; net investment income ratio also reflects reduction for dividend payments to preferred shareholders.

e Includes interest and fee expense associated with borrowings which amounted to 0.05%, 0.05%, 0.05%, 0.06%, and 0.06% of average net assets for the reporting periods ended April 30, 2014, April 30, 2013, April 30, 2012, April 30, 2011, and April 30, 2010, respectively (Note 1).

The accompanying notes are an integral part of these financial statements.

Notes to financial statements 4/30/14

Within the following Notes to financial statements, references to “State Street” represent State Street Bank and Trust Company, references to “the SEC” represent the Securities and Exchange Commission, references to “Putnam Management” represent Putnam Investment Management, LLC, the fund’s manager, an indirect wholly-owned subsidiary of Putnam Investments, LLC and references to “OTC”, if any, represent over-the-counter. Unless otherwise noted, the “reporting period” represents the period from May 1, 2013 through April 30, 2014.

Putnam Municipal Opportunities Trust (the fund) is a Massachusetts business trust, which is registered under the Investment Company Act of 1940, as amended, as a non-diversified, closed-end management investment company. The fund is currently operating as a diversified fund. In the future, the fund may operate as a non–diversified fund to the extent permitted by applicable law. Under current law, shareholder approval would be required before the fund could operate as a non-diversified fund.

The investment objective of the fund is to seek as high a level of current income exempt from federal income tax as Putnam Management believes is consistent with the preservation of capital. The fund intends to achieve its objective by investing in a portfolio of investment-grade and some below investment-grade municipal bonds selected by Putnam Management. The fund also uses leverage primarily by issuing preferred shares in an effort to enhance the returns for the common shareholders.

In the normal course of business, the fund enters into contracts that may include agreements to indemnify another party under given circumstances. The fund’s maximum exposure under these arrangements is unknown as this would involve future claims that may be, but have not yet been, made against the fund. However, the fund’s management team expects the risk of material loss to be remote.

Note 1: Significant accounting policies

The following is a summary of significant accounting policies consistently followed by the fund in the preparation of its financial statements. The preparation of financial statements is in conformity with accounting principles generally accepted in the United States of America and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and the reported amounts of increases and decreases in net assets from operations. Actual results could differ from those estimates. Subsequent events after the Statement of assets and liabilities date through the date that the financial statements were issued have been evaluated in the preparation of the financial statements.

Security valuation Tax-exempt bonds and notes are generally valued on the basis of valuations provided by an independent pricing service approved by the Trustees. Such services use information with respect to transactions in bonds, quotations from bond dealers, market transactions in comparable securities and various relationships between securities in determining value. These securities will generally be categorized as Level 2.

Certain investments, including certain restricted and illiquid securities and derivatives, are also valued at fair value following procedures approved by the Trustees. Such valuations and procedures are reviewed periodically by the Trustees. These valuations consider such factors as significant market or specific security events such as interest rate or credit quality changes, various relationships with other securities, discount rates, U.S. Treasury, U.S. swap and credit yields, index levels, convexity exposures and recovery rates. These securities are classified as Level 2 or as Level 3 depending on the priority of the significant inputs. The fair value of securities is generally determined as the amount that the fund could reasonably expect to realize from an orderly disposition of such securities over a reasonable period of time. By its nature, a fair value price is a good faith estimate of the value of a security in a current sale and does not reflect an actual market price, which may be different by a material amount.

Security transactions and related investment income Security transactions are recorded on the trade date (the date the order to buy or sell is executed). Gains or losses on securities sold are determined on the identified cost basis.

Interest income is recorded on the accrual basis. All premiums/discounts are amortized/accreted on a yield-to-maturity basis. The premium in excess of the call price, if any, is amortized to the call date; thereafter, any remaining premium is amortized to maturity.

Futures contracts The fund uses futures contracts to manage interest rate risk.

The potential risk to the fund is that the change in value of futures contracts may not correspond to the change in value of the hedged instruments. In addition, losses may arise from changes in the value of the underlying instruments, if there is an illiquid secondary market for the contracts, if interest or exchange rates move unexpectedly or if the counterparty to the contract is unable to perform. With futures, there is minimal counterparty

credit risk to the fund since futures are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default. Risks may exceed amounts recognized on the Statement of assets and liabilities. When the contract is closed, the fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

Futures contracts are valued at the quoted daily settlement prices established by the exchange on which they trade. The fund and the broker agree to exchange an amount of cash equal to the daily fluctuation in the value of the futures contract. Such receipts or payments are known as "variation margin."

Futures contracts outstanding at period end, if any, are listed after the fund's portfolio.

Total return swap contracts The fund entered into OTC total return swap contracts, which are arrangements to exchange a market linked return for a periodic payment, both based on a notional principal amount, to manage interest rate risk.

To the extent that the total return of the security, index or other financial measure underlying the transaction exceeds or falls short of the offsetting interest rate obligation, the fund will receive a payment from or make a payment to the counterparty. OTC total return swap contracts are marked to market daily based upon quotations from an independent pricing service or market makers and the change, if any, is recorded as an unrealized gain or loss. Payments received or made are recorded as realized gains or losses. Certain OTC total return swap contracts may include extended effective dates. Payments related to these swap contracts are accrued based on the terms of the contract. The fund could be exposed to credit or market risk due to unfavorable changes in the fluctuation of interest rates or in the price of the underlying security or index, the possibility that there is no liquid market for these agreements or that the counterparty may default on its obligation to perform. The fund's maximum risk of loss from counterparty risk is the fair value of the contract. This risk may be mitigated by having a master netting arrangement between the fund and the counterparty. Risk of loss may exceed amounts recognized on the Statement of assets and liabilities.

OTC total return swap contracts outstanding, including their respective notional amounts at period end, if any, are listed after the fund's portfolio.

Master agreements The fund is a party to ISDA (International Swaps and Derivatives Association, Inc.) Master Agreements (Master Agreements) with certain counterparties that govern OTC derivative and foreign exchange contracts entered into from time to time. The Master Agreements may contain provisions regarding, among other things, the parties' general obligations, representations, agreements, collateral requirements, events of default and early termination. With respect to certain counterparties, in accordance with the terms of the Master Agreements, collateral posted to the fund is held in a segregated account by the fund's custodian and with respect to those amounts which can be sold or repledged, are presented in the fund's portfolio.

Collateral pledged by the fund is segregated by the fund's custodian and identified in the fund's portfolio. Collateral can be in the form of cash or debt securities issued by the U.S. Government or related agencies or other securities as agreed to by the fund and the applicable counterparty. Collateral requirements are determined based on the fund's net position with each counterparty.

Termination events applicable to the fund may occur upon a decline in the fund's net assets below a specified threshold over a certain period of time. Termination events applicable to counterparties may occur upon a decline in the counterparty's long-term and short-term credit ratings below a specified level. In each case, upon occurrence, the other party may elect to terminate early and cause settlement of all derivative and foreign exchange contracts outstanding, including the payment of any losses and costs resulting from such early termination, as reasonably determined by the terminating party. Any decision by one or more of the fund's counterparties to elect early termination could impact the fund's future derivative activity.

At the close of the reporting period, the fund did not have a net liability position on open derivative contracts subject to the Master Agreements.

Tender option bond transactions The fund may participate in transactions whereby a fixed-rate bond is transferred to a tender option bond trust (TOB trust) sponsored by a broker. The TOB trust funds the purchase of the fixed rate bonds by issuing floating-rate bonds to third parties and allowing the fund to retain the residual interest in the TOB trust's assets and cash flows, which are in the form of inverse floating rate bonds. The inverse floating rate bonds held by the fund give the fund the right to (1) cause the holders of the floating rate bonds to tender their notes at par, and (2) to have the fixed-rate bond held by the TOB trust transferred to the fund, causing the TOB trust to collapse. The fund accounts for the transfer of the fixed-rate bond to the TOB trust as a secured borrowing by including the fixed-rate bond in the fund's portfolio and including the floating rate bond as a liability in the

Statement of assets and liabilities. At the close of the reporting period, the fund's investments with a value of $92,119,832 were held by the TOB trust and served as collateral for $41,789,538 in floating-rate bonds outstanding. For the reporting period ended, the fund incurred interest expense of $32,547 for these investments based on an average interest rate of 0.08%.

Federal taxes It is the policy of the fund to distribute all of its income within the prescribed time period and otherwise comply with the provisions of the Internal Revenue Code of 1986, as amended (the Code), applicable to regulated investment companies. It is also the intention of the fund to distribute an amount sufficient to avoid imposition of any excise tax under Section 4982 of the Code.

The fund is subject to the provisions of Accounting Standards Codification 740 *Income Taxes* (ASC 740). ASC 740 sets forth a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. The fund did not have a liability to record for any unrecognized tax benefits in the accompanying financial statements. No provision has been made for federal taxes on income, capital gains or unrealized appreciation on securities held nor for excise tax on income and capital gains. Each of the fund's federal tax returns for the prior three fiscal years remains subject to examination by the Internal Revenue Service.

At April 30, 2014, the fund had a capital loss carryover of $32,970,777 available to the extent allowed by the Code to offset future net capital gain, if any. The amounts of the carryovers and the expiration dates are:

Loss carryover

Short-term	Long-term	Total	Expiration
$1,872,910	$6,531,519	$8,404,429	*
1,511,726	N/A	1,511,726	April 30, 2015
884,324	N/A	884,324	April 30, 2016
16,106,777	N/A	16,106,777	April 30, 2017
4,848,013	N/A	4,848,013	April 30, 2018
1,215,508	N/A	1,215,508	April 30, 2019

* Under the Regulated Investment Company Modernization Act of 2010, the fund will be permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an unlimited period. However, any losses incurred will be required to be utilized prior to the losses incurred in pre-enactment tax years. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term as under previous law.

Pursuant to federal income tax regulations applicable to regulated investment companies, the fund has elected to defer $718,877 of certain losses recognized during the period from November 1, 2013 to April 30, 2014 to its fiscal year ending April 30, 2015.

Distributions to shareholders Distributions to common and preferred shareholders from net investment income are recorded by the fund on the ex-dividend date. Distributions from capital gains, if any, are recorded on the ex-dividend date and paid at least annually. Dividends on remarketed preferred shares become payable when, as and if declared by the Trustees. Each dividend period for the remarketed preferred shares is generally a 7 day period. The applicable dividend rate for the remarketed preferred shares on April 30, 2014 was 0.197% for both Series B and Series C shares.

During the reporting period, the fund has experienced unsuccessful remarketings of its remarketed preferred shares. As a result, dividends to the remarketed preferred shares have been paid at the “maximum dividend rate,” pursuant to the fund’s by-laws, which, based on the current credit quality of the remarketed preferred shares, equals 110% of the higher of the 30-day “AA” composite commercial paper rate and the taxable equivalent of the short-term municipal bond rate.

The amount and character of income and gains to be distributed are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles. These differences include temporary and/or permanent differences from post-October loss deferrals, from dividends payable, from defaulted bond interest and from market discount. Reclassifications are made to the fund’s capital accounts to reflect income and gains available for distribution (or available capital loss carryovers) under income tax regulations. At the close of the reporting period, the fund reclassified $103,556 to increase undistributed net investment income and $103,556 to increase accumulated net realized loss.

The tax basis components of distributable earnings and the federal tax cost as of the close of the reporting period were as follows:

Unrealized appreciation	$53,250,990
Unrealized depreciation	(6,186,972)
Net unrealized appreciation	47,064,018
Undistributed tax-exempt income	4,251,569
Undistributed ordinary income	341,516
Capital loss carryforward	(32,970,777)
Post-October capital loss deferral	(718,877)
Cost for federal income tax purposes	$690,843,215

Determination of net asset value Net asset value of the common shares is determined by dividing the value of all assets of the fund, less all liabilities and the liquidation preference (redemption value of preferred shares, plus accumulated and unpaid dividends) of any outstanding remarketed preferred shares, by the total number of common shares outstanding as of period end.

Note 2: Management fee, administrative services and other transactions

The fund pays Putnam Management for management and investment advisory services quarterly based on the average net assets of the fund, including assets attributable to preferred shares. Such fee is based on the following annual rates based on the average weekly net assets attributable to common and preferred shares.

The lesser of (i) 0.550% of average net assets attributable to common and preferred shares outstanding, or (ii) the following rates:

0.650%	of the first $500 million of average weekly net assets,	0.425%	of the next $5 billion of average weekly net assets,
0.550%	of the next $500 million of average weekly net assets,	0.405%	of the next $5 billion of average weekly net assets,
0.500%	of the next $500 million of average weekly net assets,	0.390%	of the next $5 billion of average weekly net assets, and
0.450%	of the next $5 billion of average weekly net assets,	0.380%	of any excess thereafter.

The fund's shareholders approved the fund's current management contract with Putnam Management effective February 27, 2014. Shareholders were asked to approve the fund's management contract following the death on October 8, 2013 of The Honourable Paul G. Desmarais, who had controlled directly and indirectly a majority of the voting shares of Power Corporation of Canada, the ultimate parent company of Putnam Management. The substantive terms of the management contract, including terms relating to fees, are identical to the terms of the fund's previous management contract and reflect the rates provided in the table above.

If dividends payable on remarketed preferred shares during any dividend payment period plus any expenses attributable to remarketed preferred shares for that period exceed the fund's gross income attributable to the proceeds of the remarketed preferred shares during that period, then the fee payable to Putnam Management for that period will be reduced by the amount of the excess (but not more than the effective management fees rate under the contract multiplied by the liquidation preference of the remarketed preferred shares outstanding during the period).

Putnam Investments Limited (PIL), an affiliate of Putnam Management, is authorized by the Trustees to manage a separate portion of the assets of the fund as determined by Putnam Management from time to time. Putnam Management pays a quarterly sub-management fee to PIL for its services at an annual rate of 0.40% of the average net assets of the portion of the fund managed by PIL.

The fund reimburses Putnam Management an allocated amount for the compensation and related expenses of certain officers of the fund and their staff who provide administrative services to the fund. The aggregate amount of all such reimbursements is determined annually by the Trustees.

Custodial functions for the fund's assets are provided by State Street. Custody fees are based on the fund's asset level, the number of its security holdings and transaction volumes.

Putnam Investor Services, Inc., an affiliate of Putnam Management, provided investor servicing agent functions to the fund. Putnam Investor Services, Inc. was paid a monthly fee for investor servicing at an annual rate of 0.05% of the fund's average net assets. The amounts incurred for investor servicing agent functions during the reporting period are included in Investor servicing fees in the Statement of operations.

The fund has entered into expense offset arrangements with Putnam Investor Services, Inc. and State Street whereby Putnam Investor Services, Inc.'s and State Street's fees are reduced by credits allowed on cash balances. For the reporting period, the fund's expenses were reduced by $226 under the expense offset arrangements.

Each independent Trustee of the fund receives an annual Trustee fee, of which $314, as a quarterly retainer, has been allocated to the fund, and an additional fee for each Trustees meeting attended. Trustees also are reimbursed for expenses they incur relating to their services as Trustees.

The fund has adopted a Trustee Fee Deferral Plan (the Deferral Plan) which allows the Trustees to defer the receipt of all or a portion of Trustees fees payable on or after July 1, 1995. The deferred fees remain invested in certain Putnam funds until distribution in accordance with the Deferral Plan.

The fund has adopted an unfunded noncontributory defined benefit pension plan (the Pension Plan) covering all Trustees of the fund who have served as a Trustee for at least five years and were first elected prior to 2004. Benefits under the Pension Plan are equal to 50% of the Trustee’s average annual attendance and retainer fees for the three years ended December 31, 2005. The retirement benefit is payable during a Trustee’s lifetime, beginning the year following retirement, for the number of years of service through December 31, 2006. Pension expense for the fund is included in Trustee compensation and expenses in the Statement of operations. Accrued pension liability is included in Payable for Trustee compensation and expenses in the Statement of assets and liabilities. The Trustees have terminated the Pension Plan with respect to any Trustee first elected after 2003.

Note 3: Purchases and sales of securities

During the reporting period, cost of purchases and proceeds from sales of investment securities other than short-term investments aggregated $76,775,435 and $97,706,024, respectively. There were no purchases or proceeds from sales of long-term U.S. government securities.

Note 4: Preferred shares

The Series B (3,417) and C (3,737) Remarketed Preferred shares are redeemable at the option of the fund on any dividend payment date at a redemption price of $25,000 per share, plus an amount equal to any dividends accumulated on a daily basis but unpaid through the redemption date (whether or not such dividends have been declared) and, in certain circumstances, a call premium.

It is anticipated that dividends paid to holders of remarketed preferred shares will be considered tax-exempt dividends under the Internal Revenue Code of 1986. To the extent that the fund earns taxable income and capital gains by the conclusion of a fiscal year, it may be required to apportion to the holders of the remarketed preferred shares throughout that year additional dividends as necessary to result in an after-tax equivalent to the applicable dividend rate for the period. Total additional dividends for the reporting period were $1,340.

Under the Investment Company Act of 1940, the fund is required to maintain asset coverage of at least 200% with respect to the remarketed preferred shares. Additionally, the fund’s bylaws impose more stringent asset coverage requirements and restrictions relating to the rating of the remarketed preferred shares by the shares’ rating agencies. Should these requirements not be met, or should dividends accrued on the remarketed preferred shares not be paid, the fund may be restricted in its ability to declare dividends to common shareholders or may be required to redeem certain of the remarketed preferred shares. At year end, no such restrictions have been placed on the fund.

Note 5: Shares repurchased

In September 2013, the Trustees approved the renewal of the repurchase program to allow the fund to repurchase up to 10% of its outstanding common shares over the 12-month period ending October 7, 2014 (based on shares outstanding as of October 7, 2013). Prior to this renewal, the Trustees had approved a repurchase program to allow the fund to repurchase up to 10% of its outstanding common shares over the 12-month period ending October 7, 2013 (based on shares outstanding as of October 7, 2012). Repurchases are made when the fund’s shares are trading at less than net asset value and in accordance with procedures approved by the fund’s Trustees.

For the reporting period, the fund repurchased 1,740,918 common shares for an aggregate purchase price of $18,854,753, which reflects a weighted-average discount from net asset value per share of 10.51%.

At the close of the reporting period, Putnam Investments, LLC owned approximately 709 shares of the fund (0.001% of the fund’s shares outstanding), valued at $9,026 based on net asset value.

Note 6: Market, credit and other risks

In the normal course of business, the fund trades financial instruments and enters into financial transactions where risk of potential loss exists due to changes in the market (market risk) or failure of the contracting party to the transaction to perform (credit risk). The fund may be exposed to additional credit risk that an institution or other entity with which the fund has unsettled or open transactions will default. The fund may invest in higher yielding, lower rated bonds that may have a higher rate of default.

Note 7: Summary of derivative activity

The volume of activity for the reporting period for any derivative type that was held during the period is listed below and was as follows based on an average of the holdings at the end of each fiscal quarter:

Futures contracts (number of contracts)	—*
OTC total return swap contracts (notional)	$1,900,000

* For the reporting period, the transactions were minimal.

As of the close of the reporting period, the fund did not hold any derivative instruments.

The following is a summary of realized gains or losses of derivative instruments on the Statement of operations for the reporting period (see Note 1) (there were no unrealized gains or losses on derivative instruments):

Amount of realized gain or (loss) on derivatives recognized in net gain or (loss) on investments

Derivatives not accounted for as hedging instruments under ASC 815	**Futures**	**Swaps**	**Total**
Interest rate contracts	$(40,667)	$(1,278,683)	$(1,319,350)
Total	**$(40,667)**	**$(1,278,683)**	**$(1,319,350)**

Federal tax information (Unaudited)

The fund has designated 99.09% of dividends paid from net investment income during the reporting period as tax exempt for Federal income tax purposes.

The Form 1099 that will be mailed to you in January 2015 will show the tax status of all distributions paid to your account in calendar 2014.

Shareholder meeting results (Unaudited)

February 27, 2014 special meeting

A proposal to approve a new management contract between the fund and Putnam Management was approved as follows:

Votes for	Votes against	Abstentions
20,463,867	2,584,523	892,150

April 25, 2014 meeting

At the meeting, a proposal to fix the number of Trustees at 14 was approved as follows:

Votes for	Votes against	Abstentions
32,772,887	3,701,881	508,319

At the meeting, each of the nominees for Trustees was elected, as follows:

	Votes for	Votes withheld
Liaquat Ahamed	33,264,675	3,718,421
Ravi Akhoury	33,237,746	3,745,350
Barbara M. Baumann	33,311,812	3,671,284
Jameson A. Baxter	33,294,168	3,688,928
Charles B. Curtis	33,327,888	3,655,208
Robert J. Darretta	33,362,131	3,620,965
Katinka Domotorffy	33,268,656	3,714,440
Paul L. Joskow	33,347,359	3,635,737
Kenneth R. Leibler	33,218,512	3,764,584
George Putnam, III	33,371,096	3,612,000

Robert L. Reynolds	33,359,683	3,623,413
W. Thomas Stephens	33,321,017	3,662,079

A quorum was not present with respect to the matter of electing two Trustees to be voted on by the preferred shareholders voting as a separate class. As a result, in accordance with the fund's Declaration of Trust and Bylaws, independent fund Trustees John A. Hill and Robert E. Patterson remain in office and continue to serve as Trustees.

The proposals to authorize the Trustees to amend and restate the fund's Agreement and Declaration of Trust were adjourned until June 24, 2014.

All tabulations are rounded to the nearest whole number.

About the Trustees

Independent Trustees

* Mr. Reynolds is an "interested person" (as defined in the Investment Company Act of 1940) of the fund and Putnam Investments. He is President and Chief Executive Officer of Putnam Investments, as well as the President of your fund and each of the other Putnam funds.

The address of each Trustee is One Post Office Square, Boston, MA 02109.

As of April 30, 2014, there were 116 Putnam funds. All Trustees serve as Trustees of all Putnam funds.

Each Trustee serves for an indefinite term, until his or her resignation, retirement at age 75, removal, or death.

Officers

In addition to Robert L. Reynolds, the other officers of the fund are shown below:

Jonathan S. Horwitz *(Born 1955)*
Executive Vice President, Principal Executive Officer, and Compliance Liaison
Since 2004

Janet C. Smith *(Born 1965)*
Vice President, Principal Accounting Officer, and Assistant Treasurer
Since 2007

Steven D. Krichmar *(Born 1958)*
Vice President and Principal Financial Officer
Since 2002
Chief of Operations, Putnam Investments and Putnam Management

Robert T. Burns *(Born 1961)*
Vice President and Chief Legal Officer
Since 2011
General Counsel, Putnam Investments, Putnam Management, and Putnam Retail Management

Robert R. Leveille *(Born 1969)*
Vice President and Chief Compliance Officer
Since 2007
Chief Compliance Officer, Putnam Investments, Putnam Management, and Putnam Retail Management

Michael J. Higgins *(Born 1976)*
Vice President, Treasurer, and Clerk
Since 2010
Manager of Finance, Dunkin' Brands (2008–2010); Senior Financial Analyst, Old Mutual Asset Management (2007–2008); Senior Financial Analyst, Putnam Investments (1999–2007)

Director of Fund Administration Services, Putnam Investments and Putnam Management

Susan G. Malloy *(Born 1957)*
Vice President and Assistant Treasurer
Since 2007
Director of Accounting & Control Services, Putnam Investments and Putnam Management

James P. Pappas *(Born 1953)*
Vice President
Since 2004
Director of Trustee Relations, Putnam Investments and Putnam Management

Mark C. Trenchard *(Born 1962)*
Vice President and BSA Compliance Officer
Since 2002
Director of Operational Compliance, Putnam Investments and Putnam Retail Management

Nancy E. Florek *(Born 1957)*
Vice President, Director of Proxy Voting and Corporate Governance, Assistant Clerk, and Associate Treasurer
Since 2000

The principal occupations of the officers for the past five years have been with the employers as shown above, although in some cases they have held different positions with such employers. The address of each Officer is One Post Office Square, Boston, MA 02109.

Fund information

Founded over 75 years ago, Putnam Investments was built around the concept that a balance between risk and reward is the hallmark of a well-rounded financial program. We manage over 100 funds across income, value, blend, growth, asset allocation, absolute return, and global sector categories.

Investment Manager
Putnam Investment Management, LLC
One Post Office Square
Boston, MA 02109

Robert T. Burns
Vice President and Chief Legal Officer

Robert R. Leveille
Vice President and

Call 1-800-225-1581 Monday through Friday between 8:00 a.m. and 8:00 p.m. Eastern Time, or visit putnam.com anytime for up-to-date information about the fund's NAV.

Item 2. Code of Ethics:

(a) The Fund's principal executive, financial and accounting officers are employees of Putnam Investment Management, LLC, the Fund's investment manager. As such they are subject to a comprehensive Code of Ethics adopted and administered by Putnam Investments which is designed to protect the interests of the firm and its clients. The Fund has adopted a Code of Ethics which incorporates the Code of Ethics of Putnam Investments with respect to all of its officers and Trustees who are employees of Putnam Investment Management, LLC. For this reason, the Fund has not adopted a separate code of ethics governing its principal executive, financial and accounting officers.

(c) In July 2013, the Code of Ethics of Putnam Investment Management, LLC was amended. The changes to the Code of Ethics were as follows: (i) eliminating the requirement for employees to hold their shares of Putnam mutual funds for specified periods of time, (ii) removing the requirement to preclear transactions in certain kinds of exchange-traded funds and exchange-traded notes, although reporting of all such instruments remains required; (iii) eliminating the excessive trading rule related to employee transactions in securities requiring preclearance under the Code; (iv) adding provisions related to monitoring of employee trading; (v) changing from a set number of shares to a set dollar value of stock of mid- and large-cap companies on the Restricted List that can be purchased or sold; (vi) adding a requirement starting in March 2014 for employees to generally use certain approved brokers that provide Putnam with an electronic feed of transactions and statements for their personal brokerage accounts; and (vii) certain other changes.

Item 3. Audit Committee Financial Expert:

The Funds' Audit and Compliance Committee is comprised solely of Trustees who are "independent" (as such term has been defined by the Securities and Exchange Commission ("SEC") in regulations implementing Section 407 of the Sarbanes-Oxley Act (the "Regulations")). The Trustees believe that each of the members of the Audit and Compliance Committee also possess a combination of knowledge and experience with respect to financial accounting matters, as well as other attributes, that qualify them for service on the Committee. In addition, the Trustees have determined that each of Mr. Leibler, Mr. Hill, Mr. Darretta, and Ms. Baumann qualifies as an "audit committee financial expert" (as such term has been defined by the Regulations) based on their review of his or her pertinent experience and education. The SEC has stated, and the funds' amended and restated agreement and Declaration of Trust provides, that the designation or identification of a person as an audit committee financial expert pursuant to this Item 3 of Form N-CSR does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Audit and Compliance Committee and the Board of Trustees in the absence of such designation or identification.

Item 4. Principal Accountant Fees and Services:

The following table presents fees billed in each of the last two fiscal years for services rendered to the fund by the fund's independent auditor:

Fiscal year ended	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
April 30, 2014	$75,822	$32,284	$11,395	$ —
April 30, 2013	$74,048	$32,284	$11,395	$ —

For the fiscal years ended April 30, 2014 and April 30, 2013, the fund's independent auditor billed aggregate non-audit fees in the amounts of $168,679 and $191,179 respectively, to the fund, Putnam Management and any entity controlling, controlled by or under common control with Putnam Management that provides ongoing services to the fund.

Audit Fees represent fees billed for the fund's last two fiscal years relating to the audit and review of the financial statements included in annual reports and registration statements, and other services that are normally provided in connection with statutory and regulatory filings or engagements.

Audit-Related Fees represent fees billed in the fund’s last two fiscal years for services traditionally performed by the fund’s auditor, including accounting consultation for proposed transactions or concerning financial accounting and reporting standards and other audit or attest services not required by statute or regulation.

Tax Fees represent fees billed in the fund’s last two fiscal years for tax compliance, tax planning and tax advice services. Tax planning and tax advice services include assistance with tax audits, employee benefit plans and requests for rulings or technical advice from taxing authorities.

Pre-Approval Policies of the Audit and Compliance Committee. The Audit and Compliance Committee of the Putnam funds has determined that, as a matter of policy, all work performed for the funds by the funds’ independent auditors will be pre-approved by the Committee itself and thus will generally not be subject to pre-approval procedures.

The Audit and Compliance Committee also has adopted a policy to pre-approve the engagement by Putnam Management and certain of its affiliates of the funds’ independent auditors, even in circumstances where pre-approval is not required by applicable law. Any such requests by Putnam Management or certain of its affiliates are typically submitted in writing to the Committee and explain, among other things, the nature of the proposed engagement, the estimated fees, and why this work should be performed by that particular audit firm as opposed to another one. In reviewing such requests, the Committee considers, among other things, whether the provision of such services by the audit firm are compatible with the independence of the audit firm.

The following table presents fees billed by the fund’s independent auditor for services required to be approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X.

Fiscal year ended	Audit-Related Fees	Tax Fees	All Other Fees	Total Non-Audit Fees
April 30, 2014	$ —	$125,000	$ —	$ —
April 30, 2013	$ —	$147,500	$ —	$ —

Item 5. Audit Committee of Listed Registrants

(a) The fund has a separately-designated Audit and Compliance Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. The Audit and Compliance Committee of the fund’s Board of Trustees is composed of the following persons:

Kenneth R. Leibler (Chairperson)

Robert J. Darretta

John A. Hill

Barbara M. Baumann

Charles B. Curtis

Katinka Domotorffy

(b) Not applicable

Item 6. Schedule of Investments:

The registrant's schedule of investments in unaffiliated issuers is included in the report to shareholders in Item 1 above.

Item 7. Disclosure of Proxy Voting Policies and Procedures For Closed-End Management Investment Companies:

Proxy voting guidelines of the Putnam funds

The proxy voting guidelines below summarize the funds' positions on various issues of concern to investors, and give a general indication of how fund portfolio securities will be voted on proposals dealing with particular issues. The funds' proxy voting service is instructed to vote all proxies relating to fund portfolio securities in accordance with these guidelines, except as otherwise instructed by the Director of Proxy Voting and Corporate Governance ("Proxy Voting Director"), a member of the Office of the Trustees who is appointed to assist in the coordination and voting of the funds' proxies.

The proxy voting guidelines are just that – guidelines. The guidelines are not exhaustive and do not address all potential voting issues. Because the circumstances of individual companies are so varied, there may be instances when the funds do not vote in strict adherence to these guidelines. For example, the proxy voting service is expected to bring to the Proxy Voting Director's attention proxy questions that are company-specific and of a non-routine nature and that, even if covered by the guidelines, may be more appropriately handled on a case-by-case basis.

Similarly, Putnam Management's investment professionals, as part of their ongoing review and analysis of all fund portfolio holdings, are responsible for monitoring significant corporate developments, including proxy proposals submitted to shareholders, and notifying the Proxy Voting Director of circumstances where the interests of fund shareholders may warrant a vote contrary to these guidelines. In such instances, the investment professionals submit a written recommendation to the Proxy Voting Director and the person or persons designated by Putnam Management's Legal and Compliance Department to assist in processing referral items under the funds' "Proxy Voting Procedures." The Proxy Voting Director, in consultation with a senior member of the Office of the Trustees and/or the Chair of the Board Policy and Nominating Committee, as appropriate, will determine how the funds' proxies will be voted. When indicated, the Chair of the Board Policy and Nominating Committee may consult with other members of the Committee or the full Board of Trustees.

The following guidelines are grouped according to the types of proposals generally presented to shareholders. Part I deals with proposals submitted by management and approved and recommended by a company's board of directors. Part II deals with proposals submitted by shareholders. Part III addresses unique considerations pertaining to non-U.S. issuers.

The Trustees of the Putnam funds are committed to promoting strong corporate governance practices and encouraging corporate actions that enhance shareholder value through the judicious voting of the funds' proxies. It is the funds' policy to vote their proxies at all shareholder meetings where it is practicable to do so. In furtherance of this, the funds' have requested that their securities lending agent recall each domestic issuer's voting securities that are on loan, in advance of the record date for the issuer's shareholder meetings, so that the funds may vote at the meetings.

The Putnam funds will disclose their proxy votes not later than August 31 of each year for the most recent 12-month period ended June 30, in accordance with the timetable established by SEC rules.

I. BOARD-APPROVED PROPOSALS

The vast majority of matters presented to shareholders for a vote involve proposals made by a company itself (sometimes referred to as "management proposals"), which have been approved and recommended by its board of directors. In view of the enhanced corporate governance practices currently being implemented in public companies and of the funds' intent to hold corporate boards accountable for their actions in promoting shareholder interests, the funds' proxies generally will be voted **for** the decisions reached by majority independent boards of directors, except as otherwise indicated in these guidelines. Accordingly, the funds' proxies will be voted **for** board-approved proposals, except as follows:

Matters relating to the Board of Directors

Uncontested Election of Directors

The funds' proxies will be voted **for** the election of a company's nominees for the board of directors, except as follows:

- The funds will **withhold votes** from the entire board of directors if
  - the board does not have a majority of independent directors,
  - the board has not established independent nominating, audit, and compensation committees,
  - the board has more than 19 members or fewer than five members, absent special circumstances,
  - the board has not acted to implement a policy requested in a shareholder proposal that received the support of a majority of the shares of the company cast at its previous two annual meetings, or
  - the board has adopted or renewed a shareholder rights plan (commonly referred to as a "poison pill") without shareholder approval during the current or prior calendar year.
- The funds will on a **case-by-case basis withhold votes** from the entire board of directors, or from particular directors as may be appropriate, if the board has approved compensation arrangements for one or more company executives that the funds determine are unreasonably excessive relative to the company's performance or has otherwise failed to observe good corporate governance practices.
- The funds will **withhold votes** from any nominee for director:
  - who is considered an independent director by the company and who has received compensation within the last three years from the company other than for service as a director (*e.g.*, investment banking, consulting, legal, or financial advisory fees),
  - who attends less than 75% of board and committee meetings without valid reasons for the absences (*e.g.*, illness, personal emergency, etc.),
  - of a public company (Company A) who is employed as a senior executive of another company (Company B), if a director of Company B serves as a senior executive of Company A (commonly referred to as an "interlocking directorate"), or
  - who serves on more than five unaffiliated public company boards (for the purpose of this guideline, boards of affiliated registered investment companies will count as one board).

Commentary:

Board independence: Unless otherwise indicated, for the purposes of determining whether a board has a majority of independent directors and independent nominating, audit, and compensation committees, an "independent director" is a director who (1) meets all requirements to serve as an independent director of a company under the NYSE Corporate Governance Rules (*e.g.*, no material business relationships with the company and no present or recent employment relationship with the company including employment of an immediate family member as an executive officer), and (2) has not within the last three years accepted directly or indirectly any consulting, advisory, or other compensatory fee from the company other than in his or her capacity as a member of the board of directors or any board committee. The funds' Trustees believe that the recent (*i.e.*, within the last three years) receipt of any amount of compensation for services other than service as a director raises significant independence issues.

Board size: The funds' Trustees believe that the size of the board of directors can have a direct impact on the ability of the board to govern effectively. Boards that have too many members can be unwieldy and ultimately inhibit their ability to oversee management performance. Boards that have too few members can stifle innovation and lead to excessive influence by management.

Time commitment: Being a director of a company requires a significant time commitment to adequately prepare for and attend the company's board and committee meetings. Directors must be able to commit the time and attention necessary to perform their fiduciary duties in proper fashion, particularly in times of crisis. The funds' Trustees are concerned about over-committed directors. In some cases, directors may serve on too many boards to make a meaningful contribution. This may be particularly true for senior executives of public companies (or other directors with substantially full-time employment) who serve on more than a few outside boards. The funds may withhold votes from such directors on a case-by-case basis where it appears that they may be unable to discharge their duties properly because of excessive commitments.

Interlocking directorships: The funds' Trustees believe that interlocking directorships are inconsistent with the degree of independence required for outside directors of public companies.

Corporate governance practices: Board independence depends not only on its members' individual relationships, but also on the board's overall attitude toward management. Independent boards are committed to good corporate governance practices and, by providing objective independent judgment, enhancing shareholder value. The funds may withhold votes on a case-by-case basis from some or all directors who, through their lack of independence or otherwise, have failed to observe good corporate governance practices or, through specific corporate action, have demonstrated a disregard for the interests of shareholders. Such instances may include cases where a board of directors has approved compensation arrangements for one or more members of management that, in the judgment of the funds' Trustees, are excessive by reasonable corporate standards relative to the company's record of performance. It may also represent a disregard for the interests of shareholders if a board of directors fails to register an appropriate response when a director who fails to win the support of a majority of shareholders in an election (sometimes referred to as a "rejected director") continues to serve on the board. While the Trustees recognize that it may in some circumstances be appropriate for a rejected director to continue his or her service on the board, steps should be taken to address the concerns reflected by the shareholders' lack of support for the rejected director.

Contested Elections of Directors

- The funds will vote on a **case-by-case basis** in contested elections of directors.

Classified Boards

- The funds will vote **against** proposals to classify a board, absent special circumstances indicating that shareholder interests would be better served by this structure.

Commentary: Under a typical classified board structure, the directors are divided into three classes, with each class serving a three-year term. The classified board structure results in directors serving staggered terms, with usually only a third of the directors up for re-election at any given annual meeting. The funds' Trustees generally believe that it is appropriate for directors to stand for election each year, but recognize that, in special circumstances, shareholder interests may be better served under a classified board structure.

Other Board-Related Proposals

The funds will generally vote **for** proposals that have been approved by a majority independent board, and on a **case-by-case basis** on proposals that have been approved by a board that fails to meet the guidelines' basic independence standards (*i.e.*, majority of independent directors and independent nominating, audit, and compensation committees).

Executive Compensation

The funds generally favor compensation programs that relate executive compensation to a company's long-term performance. The funds will vote on a **case-by-case basis** on board-approved proposals relating to executive compensation, except as follows:

- Except where the funds are otherwise withholding votes for the entire board of directors, the funds will vote **for** stock option and restricted stock plans that will result in an average annual dilution of 1.67% or less (based on the disclosed term of the plan and including all equity-based plans).

- The funds will vote **against** stock option and restricted stock plans that will result in an average annual dilution of greater than 1.67% (based on the disclosed term of the plan and including all equity-based plans).

- The funds will vote **against** any stock option or restricted stock plan where the company's actual grants of stock options and restricted stock under all equity-based compensation plans during the prior three (3) fiscal years have resulted in an average annual dilution of greater than 1.67%.

- The funds will vote **against** stock option plans that permit the replacing or repricing of underwater options (and against any proposal to authorize a replacement or repricing of underwater options).

- The funds will vote **against** stock option plans that permit issuance of options with an exercise price below the stock's current market price.

- Except where the funds are otherwise withholding votes for the entire board of directors, the funds will vote **for** an employee stock purchase plan that has the following features: (1) the shares purchased under the plan are acquired for no less than 85% of their market value; (2) the offering period under the plan is 27 months or less; and (3) dilution is 10% or less.

- The funds will vote **for** proposals to approve a company's executive compensation program (*i.e.,* "say on pay" proposals in which the company's board proposes that shareholders indicate their support for the company's compensation philosophy, policies, and practices), except that the funds will vote on a **case-by-case basis** if the company is assigned to the lowest category, through independent third party benchmarking performed by the funds' proxy voting service, for the correlation of the company's executive compensation program with its performance.

- The funds will vote **for** bonus plans under which payments are treated as performance-based compensation that is deductible under Section 162(m) of the Internal Revenue Code of 1986, as amended, except that the funds will vote on a **case-by-case basis** if any of the following circumstances exist:

the amount per employee under the plan is unlimited, or

the plan's performance criteria is undisclosed, or

the company is assigned to the lowest category, through independent third party benchmarking performed by the funds' proxy voting service, for the correlation of the company's executive compensation program with its performance.

Commentary: Companies should have compensation programs that are reasonable and that align shareholder and management interests over the longer term. Further, disclosure of compensation programs should provide absolute transparency to shareholders regarding the sources and amounts of, and the factors influencing, executive compensation. Appropriately designed equity-based compensation plans can be an effective way to align the interests of long-term shareholders with the interests of management. However, the funds may vote against these or other executive compensation proposals on a case-by-case basis where compensation is excessive by reasonable corporate standards, where a company fails to provide transparent disclosure of executive compensation, or, in some instances, where independent third-party benchmarking indicates that compensation is inadequately correlated with performance, relative to peer companies. (Examples of excessive executive compensation may include, but are not limited to, equity incentive plans that exceed the dilution criteria noted above, excessive perquisites, performance-based compensation programs that do not properly correlate reward and performance, “golden parachutes” or other severance arrangements that present conflicts between management’s interests and the interests of shareholders, and “golden coffins” or unearned death benefits.) In voting on a proposal relating to executive compensation, the funds will consider whether the proposal has been approved by an independent compensation committee of the board.

Capitalization

Many proxy proposals involve changes in a company’s capitalization, including the authorization of additional stock, the issuance of stock, the repurchase of outstanding stock, or the approval of a stock split. The management of a company’s capital structure involves a number of important issues, including cash flow, financing needs, and market conditions that are unique to the circumstances of the company. As a result, the funds will vote on a **case-by-case basis** on board-approved proposals involving changes to a company’s capitalization, except that where the funds are not otherwise withholding votes from the entire board of directors:

- The funds will vote **for** proposals relating to the authorization and issuance of additional common stock (except where such proposals relate to a specific transaction).
- The funds will vote **for** proposals to effect stock splits (excluding reverse stock splits).
- The funds will vote **for** proposals authorizing share repurchase programs.

Commentary: A company may decide to authorize additional shares of common stock for reasons relating to executive compensation or for routine business purposes. For the most part, these decisions are best left to the board of directors and senior management. The funds will vote on a case-by-case basis, however, on other proposals to change a company's capitalization, including the authorization of common stock with special voting rights, the authorization or issuance of common stock in connection with a specific transaction (*e.g.*, an acquisition, merger or reorganization), or the authorization or issuance of preferred stock. Actions such as these involve a number of considerations that may affect a shareholder's investment and that warrant a case-by-case determination.

Acquisitions, Mergers, Reincorporations, Reorganizations and Other Transactions

Shareholders may be confronted with a number of different types of transactions, including acquisitions, mergers, reorganizations involving business combinations, liquidations, and the sale of all or substantially all of a company’s assets, which may require their consent. Voting on such proposals involves considerations unique to each transaction. As a result, the funds will vote on a **case-by-case basis** on board-approved proposals to effect these types of transactions, except as follows:

- The funds will vote **for** mergers and reorganizations involving business combinations designed solely to reincorporate a company in Delaware.

Commentary: A company may reincorporate into another state through a merger or reorganization by setting up a “shell” company in a different state and then merging the company into the new company. While reincorporation into states with extensive and established corporate laws – notably Delaware – provides companies and shareholders with a more well-defined legal framework, shareholders must carefully consider the reasons for a reincorporation into another jurisdiction, including especially an offshore jurisdiction.

Anti-Takeover Measures

Some proxy proposals involve efforts by management to make it more difficult for an outside party to take control of the company without the approval of the company's board of directors. These include the adoption of a shareholder rights plan, requiring supermajority voting on particular issues, the adoption of fair price provisions, the issuance of blank check preferred stock, and the creation of a separate class of stock with disparate voting rights. Such proposals may adversely affect shareholder rights, lead to management entrenchment, or create conflicts of interest. As a result, the funds will vote **against** board-approved proposals to adopt such anti-takeover measures, except as follows:

- The funds will vote on a **case-by-case basis** on proposals to ratify or approve shareholder rights plans; and

- The funds will vote on a **case-by-case basis** on proposals to adopt fair price provisions.

Commentary: The funds' Trustees recognize that poison pills and fair price provisions may enhance or protect shareholder value under certain circumstances. For instance, where a company has incurred significant operating losses, a shareholder rights plan may be appropriately tailored to protect shareholder value by preserving a company's net operating losses. Thus, the funds will consider proposals to approve such matters on a case-by-case basis.

Other Business Matters

Many proxies involve approval of routine business matters, such as changing a company's name, ratifying the appointment of auditors, and procedural matters relating to the shareholder meeting. For the most part, these routine matters do not materially affect shareholder interests and are best left to the board of directors and senior management of the company. The funds will vote **for** board-approved proposals approving such matters, except as follows:

- The funds will vote on a **case-by-case basis** on proposals to amend a company's charter or bylaws (except for charter amendments necessary to effect stock splits, to change a company's name or to authorize additional shares of common stock).

- The funds will vote **against** authorization to transact other unidentified, substantive business at the meeting.

- The funds will vote on a **case-by-case basis** on proposals to ratify the selection of independent auditors if there is evidence that the audit firm's independence or the integrity of an audit is compromised.

- The funds will vote on a **case-by-case basis** on other business matters where the funds are otherwise withholding votes for the entire board of directors.

Commentary: Charter and bylaw amendments and the transaction of other unidentified, substantive business at a shareholder meeting may directly affect shareholder rights and have a significant impact on shareholder value. As a result, the funds do not view these items as routine business matters. Putnam Management's investment professionals and the funds' proxy voting service may also bring to the Proxy Voting Director's attention company-specific items that they believe to be non-routine and warranting special consideration. Under these circumstances, the funds will vote on a case-by-case basis.

The fund's proxy voting service may identify circumstances that call into question an audit firm's independence or the integrity of an audit. These circumstances may include recent material restatements of financials, unusual audit fees, egregious contractual relationships, and aggressive accounting policies. The funds will consider proposals to ratify the selection of auditors in these circumstances on a case-by-case basis. In all other cases, given the existence of rules that enhance the independence of audit committees and auditors by, for example, prohibiting auditors from performing a range of non-audit services for audit clients, the funds will vote for the ratification of independent auditors.

II. SHAREHOLDER PROPOSALS

SEC regulations permit shareholders to submit proposals for inclusion in a company’s proxy statement. These proposals generally seek to change some aspect of the company’s corporate governance structure or to change some aspect of its business operations. The funds generally will vote **in accordance with the recommendation of the company’s board of directors** on all shareholder proposals, except as follows:

- The funds will vote on a **case-by-case basis** on shareholder proposals requiring that the chairman’s position be filled by someone other than the chief executive officer.

- The funds will vote **for** shareholder proposals asking that director nominees receive support from holders of a majority of votes cast or a majority of shares outstanding in order to be (re)elected.

- The funds will vote **for** shareholder proposals to declassify a board, absent special circumstances which would indicate that shareholder interests are better served by a classified board structure.

- The funds will vote **for** shareholder proposals to eliminate supermajority vote requirements in the company’s charter documents.

- The funds will vote **for** shareholder proposals to require shareholder approval of shareholder rights plans.

- The funds will vote **for** shareholder proposals to amend a company’s charter documents to permit shareholders to call special meetings, but only if both of the following conditions are met:

  - the proposed amendment limits the right to call special meetings to shareholders holding at least 15% of the company’s outstanding shares, and

  - applicable state law does not otherwise provide shareholders with the right to call special meetings.

- The funds will vote **for** shareholder proposals requiring companies to make cash payments under management severance agreements only if both of the following conditions are met:

  - the company undergoes a change in control, and

  - the change in control results in the termination of employment for the person receiving the severance payment.

- The funds will vote **for** shareholder proposals requiring companies to accelerate vesting of equity awards under management severance agreements only if both of the following conditions are met:

  - the company undergoes a change in control, and

  - the change in control results in the termination of employment for the person receiving the severance payment.

- The funds will vote **on a case-by-case basis** on shareholder proposals to limit a company’s ability to make excise tax gross-up payments under management severance agreements.

- The funds will vote **on a case-by-case basis** on shareholder proposals requesting that the board adopt a policy to recoup, in the event of a significant restatement of financial results or significant extraordinary write-off, to the fullest extent practicable, for the benefit of the company, all performance-based bonuses or awards that were paid to senior executives based on the company having met or exceeded specific performance targets to the extent that the specific performance targets were not, in fact, met.

- The funds will vote **<u>for</u>** shareholder proposals calling for the company to obtain shareholder approval for any future golden coffins or unearned death benefits (payments or awards of unearned salary or bonus, accelerated vesting or the continuation of unvested equity awards, perquisites or other payments or awards in respect of an executive following his or her death), and **<u>for</u>** shareholder proposals calling for the company to cease providing golden coffins or unearned death benefits.

- The funds will vote **<u>for</u>** shareholder proposals requiring a company to report on its executive retirement benefits (*e.g.*, deferred compensation, split-dollar life insurance, SERPs and pension benefits).

- The funds will vote **<u>for</u>** shareholder proposals requiring a company to disclose its relationships with executive compensation consultants (*e.g.*, whether the company, the board or the compensation committee retained the consultant, the types of services provided by the consultant over the past five years, and a list of the consultant's clients on which any of the company's executives serve as a director).

- The funds will vote **<u>for</u>** shareholder proposals that are consistent with the funds' proxy voting guidelines for board-approved proposals.

- The funds will vote on a **<u>case-by-case basis</u>** on other shareholder proposals where the funds are otherwise withholding votes for the entire board of directors.

<u>Commentary</u>: The funds' Trustees believe that effective corporate reforms should be promoted by holding boards of directors – and in particular their independent directors – accountable for their actions, rather than by imposing additional legal restrictions on board governance through piecemeal proposals. As stated above, the funds' Trustees believe that boards of directors and management are responsible for ensuring that their businesses are operating in accordance with high legal and ethical standards and should be held accountable for resulting corporate behavior. Accordingly, the funds will generally support the recommendations of boards that meet the basic independence and governance standards established in these guidelines. Where boards fail to meet these standards, the funds will generally evaluate shareholder proposals on a case-by-case basis. The funds will also consider proposals requiring that the chairman's position be filled by someone other than the company's chief executive officer on a case-by-case basis, recognizing that in some cases this separation may advance the company's corporate governance while in other cases it may be less necessary to the sound governance of the company. The funds will take into account the level of independent leadership on a company's board in evaluating these proposals.

However, the funds generally support shareholder proposals to implement majority voting for directors, observing that majority voting is an emerging standard intended to encourage directors to be attentive to shareholders' interests. The funds also generally support shareholder proposals to declassify a board, to eliminate supermajority vote requirements, or to require shareholder approval of shareholder rights plans. The funds' Trustees believe that these shareholder proposals further the goals of reducing management entrenchment and conflicts of interest, and aligning management's interests with shareholders' interests in evaluating proposed acquisitions of the company. The Trustees also believe that shareholder proposals to limit severance payments may further these goals in some instances. In general, the funds favor arrangements in which severance payments are made to an executive only when there is a change in control and the executive loses his or her job as a result. Arrangements in which an executive receives a payment upon a change of control even if the executive retains employment introduce potential conflicts of interest and may distract management focus from the long term success of the company.

In evaluating shareholder proposals that address severance payments, the funds distinguish between cash and equity payments. The funds generally do not favor cash payments to executives upon a change in control transaction if the executive retains employment. However, the funds recognize that accelerated vesting of equity incentives, even without termination of employment, may help to align management and shareholder interests in some instances, and will evaluate shareholder proposals addressing accelerated vesting of equity incentive payments on a case-by-case basis.

When severance payments exceed a certain amount based on the executive's previous compensation, the payments may be subject to an excise tax. Some compensation arrangements provide for full excise tax gross-ups, which means that the company pays the executive sufficient additional amounts to cover the cost of the excise tax. The funds are concerned that the benefits of providing full excise tax gross-ups to executives may be outweighed by the cost to the company of the gross-up payments. Accordingly, the funds will vote on a case-by-case basis on shareholder proposals to curtail excise tax gross-up payments. The funds generally favor arrangements in which severance payments do not trigger an excise tax or in which the company's obligations with respect to gross-up payments are limited in a reasonable manner.

The funds' Trustees believe that performance-based compensation can be an effective tool for aligning management and shareholder interests. However, to fulfill its purpose, performance compensation should only be paid to executives if the performance targets are actually met. A significant restatement of financial results or a significant extraordinary write-off may reveal that executives who were previously paid performance compensation did not actually deliver the required business performance to earn that compensation. In these circumstances, it may be appropriate for the company to recoup this performance compensation. The funds will consider on a case-by-case basis shareholder proposals requesting that the board adopt a policy to recoup, in the event of a significant restatement of financial results or significant extraordinary write-off, performance-based bonuses or awards paid to senior executives based on the company having met or exceeded specific performance targets to the extent that the specific performance targets were not, in fact, met. The funds do not believe that such a policy should necessarily disadvantage a company in recruiting executives, as executives should understand that they are only entitled to performance compensation based on the actual performance they deliver.

The funds' Trustees disfavor golden coffins or unearned death benefits, and the funds will generally support shareholder proposals to restrict or terminate these practices. The Trustees will also consider whether a company's overall compensation arrangements, taking all of the pertinent circumstances into account, constitute excessive compensation or otherwise reflect poorly on the corporate governance practices of the company. As the Trustees evaluate these matters, they will be mindful of evolving practices and legislation relevant to executive compensation and corporate governance.

The funds' Trustees also believe that shareholder proposals that are intended to increase transparency, particularly with respect to executive compensation, without establishing rigid restrictions upon a company's ability to attract and motivate talented executives, are generally beneficial to sound corporate governance without imposing undue burdens. The funds will generally support shareholder proposals calling for reasonable disclosure.

III. VOTING SHARES OF NON-U.S. ISSUERS

Many of the Putnam funds invest on a global basis, and, as a result, they may hold, and have an opportunity to vote, shares in non-U.S. issuers – i.e., issuers that are incorporated under the laws of foreign jurisdictions and whose shares are not listed on a U.S. securities exchange or the NASDAQ stock market.

In many non-U.S. markets, shareholders who vote proxies of a non-U.S. issuer are not able to trade in that company's stock on or around the shareholder meeting date. This practice is known as "share blocking." In countries where share blocking is practiced, the funds will vote proxies only with direction from Putnam Management's investment professionals.

In addition, some non-U.S. markets require that a company's shares be re-registered out of the name of the local custodian or nominee into the name of the shareholder for the shareholder to be able to vote at the meeting. This practice is known as "share re-registration." As a result, shareholders, including the funds, are not able to trade in that company's stock until the shares are re-registered back in the name of the local custodian or nominee following the meeting. In countries where share re-registration is practiced, the funds will generally not vote proxies.

Protection for shareholders of non-U.S. issuers may vary significantly from jurisdiction to jurisdiction. Laws governing non-U.S. issuers may, in some cases, provide substantially less protection for shareholders than do U.S. laws. As a result, the guidelines applicable to U.S. issuers, which are premised on the existence of a sound corporate governance and disclosure framework, may not be appropriate under some circumstances for non-U.S. issuers. However, the funds will vote proxies of non-U.S. issuers **in accordance with the guidelines applicable to U.S. issuers**, except as follows:

Uncontested Board Elections

China, India, Indonesia, Philippines, Taiwan and Thailand

- The funds will **withhold votes** from the entire board of directors if
  - fewer than one-third of the directors are independent directors, or
  - the board has not established audit, compensation and nominating committees each composed of a majority of independent directors.

Commentary: Whether a director is considered “independent” or not will be determined by reference to local corporate law or listing standards.

Europe ex-United Kingdom

- The funds will **withhold votes** from the entire board of directors if
  - the board has not established audit and compensation committees each composed of a majority of independent, non-executive directors, or
  - the board has not established a nominating committee composed of a majority of independent directors.

Commentary: An “independent director” under the European Commission’s guidelines is one who is free of any business, family or other relationship, with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. A “non-executive director” is one who is not engaged in the daily management of the company.

Germany

- For companies subject to “co-determination,” the funds will vote **for** the election of nominees to the supervisory board, except that the funds will vote on a **case-by-case basis** for any nominee who is either an employee of the company or who is otherwise affiliated with the company (as determined by the funds’ proxy voting service).

- The funds will **withhold votes** for the election of a former member of the company’s managerial board to chair of the supervisory board.

Commentary: German corporate governance is characterized by a two-tier board system — a managerial board composed of the company’s executive officers, and a supervisory board. The supervisory board appoints the members of the managerial board. Shareholders elect members of the supervisory board, except that in the case of companies with a large number of employees, company employees are allowed to elect some of the supervisory board members (one-half of supervisory board members are elected by company employees at companies with more than 2,000 employees; one-third of the supervisory board members are elected by company employees at companies with more than 500 employees but fewer than 2,000). This “co-determination” practice may increase the chances that the supervisory board of a large German company does not contain a majority of independent members. In this situation, under the Fund’s proxy voting guidelines applicable to U.S. issuers, the funds would vote against all nominees. However, in the case of companies subject to “co-determination” and with the goal of supporting independent nominees, the Funds will vote for supervisory board members who are neither employees of the company nor otherwise affiliated with the company.

Consistent with the funds' belief that the interests of shareholders are best protected by boards with strong, independent leadership, the funds will withhold votes for the election of former chairs of the managerial board to chair of the supervisory board.

Hong Kong

- The funds will **withhold votes** from the entire board of directors if

  - fewer than one-third of the directors are independent directors, or

  - the board has not established audit, compensation and nominating committees each with at least a majority of its members being independent directors, or

  - the chair of the audit, compensation or nominating committee is not an independent director.

Commentary. For purposes of these guidelines, an "independent director" is a director that has no material, financial or other current relationships with the company. In determining whether a director is independent, the funds will apply the standards included in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited Section 3.13.

Italy

- The funds will **withhold votes** from any director not identified in the proxy materials.

Commentary: In Italy, companies have the right to nominate co-opted directors for election to the board at the next annual general meeting, but do not have to indicate, until the day of the annual meeting, whether or not they are nominating a co-opted director for election. When a company does not explicitly state in its proxy materials that co-opted directors are standing for election, shareholders will not know for sure who the board nominees are until the actual meeting occurs. The funds will withhold support from any such co-opted director on the grounds that there was insufficient information for evaluation before the meeting.

Japan

- For companies that have established a U.S.-style corporate governance structure, the funds will **withhold votes** from the entire board of directors if

  - the board does not have a majority of outside directors,

  - the board has not established nominating and compensation committees composed of a majority of outside directors, or

  - the board has not established an audit committee composed of a majority of independent directors.

- The funds will **withhold votes** for the appointment of members of a company's board of statutory auditors if a majority of the members of the board of statutory auditors is not independent.

Commentary:

Board structure: Recent amendments to the Japanese Commercial Code give companies the option to adopt a U.S.-style corporate governance structure (*i.e.*, a board of directors and audit, nominating, and compensation committees). The funds will vote **for** proposals to amend a company's articles of incorporation to adopt the U.S.-style corporate structure.

Definition of outside director and independent director: Corporate governance principles in Japan focus on the distinction between outside directors and independent directors. Under these principles, an outside director is a director who is not and has never been a director, executive, or employee of the company or its parent company, subsidiaries or affiliates. An outside director is "independent" if that person can make decisions completely independent from the managers of the company, its parent, subsidiaries, or affiliates and does not have a material relationship with the company (*i.e.*, major client, trading partner, or other business relationship; familial relationship with current director or executive; etc.). The guidelines have incorporated these definitions in applying the board independence standards above.

Korea

- The funds will **withhold votes** from the entire board of directors if

  - fewer than half of the directors are outside directors,

  - the board has not established a nominating committee with at least half of the members being outside directors, or

  - the board has not established an audit committee composed of at least three members and in which at least two-thirds of its members are outside directors.

- The funds will vote **withhold votes** from nominees to the audit committee if the board has not established an audit committee composed of (or proposed to be composed of) at least three members, and of which at least two-thirds of its members are (or will be) outside directors.

Commentary: For purposes of these guidelines, an "outside director" is a director that is independent from the management or controlling shareholders of the company, and holds no interests that might impair the performance his or her duties impartially with respect to the company, management or controlling shareholder. In determining whether a director is an outside director, the funds will also apply the standards included in Article 415-2(2) of the Korean Commercial Code (*i.e.*, no employment relationship with the company for a period of two years before serving on the committee, no director or employment relationship with the company's largest shareholder, etc.) and may consider other business relationships that would affect the independence of an outside director.

Malaysia

- The funds will **withhold votes** from the entire board of directors if

  - in the case of a board with an independent director serving as chair, fewer than one-third of the directors are independent directors; or, in the case of a board not chaired by an independent director, less than a majority of the directors are independent directors,

  - the board has not established audit and nominating committees with at least a majority of the members being independent directors and all of the members being non-executive directors, or

  - the board has not established a compensation committee with at least a majority of the members being non-executive directors.

Commentary. For purposes of these guidelines, an "independent director" is a director who has no material, financial or other current relationships with the company. In determining whether a director is independent, the funds will apply the standards included in the Malaysia Code of Corporate Governance, Commentary to Recommendation 3.1. A "non-executive director" is a director who does not take on primary responsibility for leadership of the company.

Russia

- The funds will vote on a **case-by-case basis** for the election of nominees to the board of directors.

Commentary: In Russia, director elections are typically handled through a cumulative voting process. Cumulative voting allows shareholders to cast all of their votes for a single nominee for the board of directors, or to allocate their votes among nominees in any other way. In contrast, in "regular" voting, shareholders may not give more than one vote per share to any single nominee. Cumulative voting can help to strengthen the ability of minority shareholders to elect a director.

In Russia, as in some other emerging markets, standards of corporate governance are usually behind those in developed markets. Rather than vote against the entire board of directors, as the funds generally would in the case of a company whose board fails to meet the funds' standards for independence, the funds may, on a case by case basis, cast all of their votes for one or more independent director nominees. The funds believe that it is important to increase the number of independent directors on the boards of Russian companies to mitigate the risks associated with dominant shareholders.

Singapore

- The funds will **withhold votes** from the entire board of directors if

  - in the case of a board with an independent director serving as chair, fewer than one-third of the directors are independent directors; or, in the case of a board not chaired by an independent director, fewer than half of the directors are independent directors,

  - the board has not established audit and compensation committees, each with an independent director serving as chair, with at least a majority of the members being independent directors, and with all of the directors being non-executive directors, or

  - the board has not established a nominating committee, with an independent director serving as chair, and with at least a majority of the members being independent directors.

Commentary: For purposes of these guidelines, an "independent director" is a director that has no material, financial or other current relationships with the company. In determining whether a director is independent, the funds will apply the standards included in the Singapore Code of Corporate Governance, Guideline 2.3. A "non-executive director" is a director who is not employed with the company.

United Kingdom

- The funds will **withhold votes** from the entire board of directors if

  - fewer than half of the directors are independent non-executive directors,

  - the board has not established a nomination committee composed of a majority of independent non-executive directors, or

  - the board has not established compensation and audit committees composed of (1) at least three directors (in the case of smaller companies, two directors) and (2) solely independent non-executive directors, provided that, to the extent permitted under the United Kingdom's Combined Code on Corporate Governance, the company chairman may serve on (but not serve as chairman of) the compensation and audit committees if the chairman was considered independent upon his or her appointment as chairman.

- The funds will **withhold votes** from any nominee for director who is considered an independent director by the company and who has received compensation within the last three years from the company other than for service as a director, such as investment banking, consulting, legal, or financial advisory fees.

- The funds will vote **for** proposals to amend a company's articles of association to authorize boards to approve situations that might be interpreted to present potential conflicts of interest affecting a director.

Commentary:

Application of guidelines: Although the United Kingdom's Combined Code on Corporate Governance ("Combined Code") has adopted the "comply and explain" approach to corporate governance, the funds' Trustees believe that the guidelines discussed above with respect to board independence standards are integral to the protection of investors in U.K. companies. As a result, these guidelines will generally be applied in a prescriptive manner.

Definition of independence: For the purposes of these guidelines, a non-executive director shall be considered independent if the director meets the independence standards in section A.3.1 of the Combined Code (*i.e.*, no material business or employment relationships with the company, no remuneration from the company for non-board services, no close family ties with senior employees or directors of the company, etc.), except that the funds do not view service on the board for more than nine years as affecting a director's independence. Company chairmen in the U.K. are generally considered affiliated upon appointment as chairman due to the nature of the position of chairman. Consistent with the Combined Code, a company chairman who was considered independent upon appointment as chairman: may serve as a member of, but not as the chairman of, the compensation (remuneration) committee; and, in the case of smaller companies, may serve as a member of, but not as the chairman of, the audit committee.

Smaller companies: A smaller company is one that is below the FTSE 350 throughout the year immediately prior to the reporting year.

Conflicts of interest: The Companies Act 2006 requires a director to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company. This broadly written requirement could be construed to prevent a director from becoming a trustee or director of another organization. Provided there are reasonable safeguards, such as the exclusion of the relevant director from deliberations, the funds believe that the board may approve this type of potential conflict of interest in its discretion.

All other jurisdictions

- The funds will vote **for** supervisory board nominees when the supervisory board meets the funds' independence standards, otherwise the funds will vote **against** supervisory board nominees.

Commentary: Companies in many jurisdictions operate under the oversight of supervisory boards. In the absence of jurisdiction-specific guidelines, the funds will generally hold supervisory boards to the same standards of independence as it applies to boards of directors in the United States.

Contested Board Elections

Italy

- The funds will vote **for** the management- or board-sponsored slate of nominees if the board meets the funds' independence standards, and **against** the management- or board-sponsored slate of nominees if the board does not meet the funds' independence standards; the funds will not vote on shareholder-proposed slates of nominees.

Commentary: Contested elections in Italy may involve a variety of competing slates of nominees. In these circumstances, the funds will focus their analysis on the board- or management-sponsored slate.

Corporate Governance

- The funds will vote **for** proposals to change the size of a board if the board meets the funds' independence standards, and **against** proposals to change the size of a board if the board does not meet the funds' independence standards.

- The funds will vote **for** shareholder proposals calling for a majority of a company's directors to be independent of management.

- The funds will vote **for** shareholder proposals seeking to increase the independence of board nominating, audit, and compensation committees.

- The funds will vote **for** shareholder proposals that implement corporate governance standards similar to those established under U.S. federal law and the listing requirements of U.S. stock exchanges, and that do not otherwise violate the laws of the jurisdiction under which the company is incorporated.

Australia

- The funds will vote on a **case-by-case basis** on board spill resolutions.

Commentary: The *Corporations Amendment (Improving Accountability on Director and Executive Compensation) Bill 2011* provides that, if a company's remuneration report receives a "no" vote of 25% or more of all votes cast at two consecutive annual general meetings, at the second annual general meeting, a spill resolution must be proposed. If the spill resolution is approved (by simple majority), then a further meeting to elect a new board (excluding the managing director) must be held within 90 days. The funds will consider board spill resolutions on a case-by-case basis.

Europe

- The funds will vote **for** proposals to ratify board acts, except that the funds will consider these proposals on a **case-by-case basis** if the funds' proxy voting service has recommended a vote against the proposal.

Taiwan

- The funds will vote **against** proposals to release directors from their non-competition obligations (their obligations not to engage in any business that is competitive with the company), unless the proposal is narrowly drafted to permit directors to engage in a business that is competitive with the company only on behalf of a wholly-owned subsidiary of the company.

Compensation

- The funds will vote **for** proposals to approve annual directors' fees, except that the funds will consider these proposals on a **case-by-case basis** in each case in which the funds' proxy voting service has recommended a vote against such a proposal.

- The funds will vote **for** non-binding proposals to approve remuneration reports, except that the funds will vote **against** proposals to approve remuneration reports that indicate that awards under a long-term incentive plan are not linked to performance targets.

Commentary: Since proposals relating to directors' fees for non-U.S. issuers generally address relatively modest fees paid to non-executive directors, the funds generally support these proposals, provided that the fees are consistent with directors' fees paid by the company's peers and do not otherwise appear unwarranted. Consistent with the approach taken for U.S. issuers, the funds generally favor compensation programs that relate executive compensation to a company's long-term performance and will support non-binding remuneration reports unless such a correlation is not made.

Europe and Asia ex-Japan

- In the case of proposals that do not include sufficient information for determining average annual dilution, the funds will will vote **for** stock option and restricted stock plans that will result in an average gross potential dilution of 5% or less.

Commentary: Asia ex-Japan means China, Hong Kong, India, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand. In these markets, companies may not disclose the life of the plan and there may not be a specific number of shares requested; therefore, it may not be possible to determine the average annual dilution related to the plan and apply the funds' standard dilution test.

France

- The funds will vote **for** an employee stock purchase plan or share save scheme that has the following features: (1) the shares purchased under the plan are acquired for no less than 70% of their market value; (2) the vesting period is greater than or equal to 10 years; (3) the offering period under the plan is 27 months or less; and (4) dilution is 10% or less.

Commentary: To conform to local market practice, the funds support plans or schemes at French issuers that permit the purchase of shares at up to a 30% discount (*i.e.*, shares may be purchased for no less than 70% of their market value). By comparison, for U.S. issuers, the funds do not support employee stock purchase plans that permit shares to be acquired at more than a 15% discount (*i.e.*, for less than 85% of their market value); in the United Kingdom, up to a 20% discount is permitted.

United Kingdom

- The funds will vote **for** an employee stock purchase plan or share save scheme that has the following features: (1) the shares purchased under the plan are acquired for no less than 80% of their market value; (2) the offering period under the plan is 27 months or less; and (3) dilution is 10% or less.

Commentary: These are the same features that the funds require of employee stock purchase plans proposed by U.S. issuers, except that, to conform to local market practice, the funds support plans or schemes at United Kingdom issuers that permit the purchase of shares at up to a 20% discount (*i.e.*, shares may be purchased for no less than 80% of their market value). By comparison, for U.S. issuers, the funds do not support employee stock purchase plans that permit shares to be acquired at more than a 15% discount (*i.e.*, for less than 85% of their market value).

Capitalization

- The funds will vote **for** proposals

  - to issue additional common stock representing up to 20% of the company's outstanding common stock, where shareholders *do not* have preemptive rights, or

  - to issue additional common stock representing up to 100% of the company's outstanding common stock, where shareholders *do have* preemptive rights.

- The funds will vote **for** proposals to authorize share repurchase programs that are recommended for approval by the funds' proxy voting service; otherwise, the funds will vote **against** such proposals.

Australia

- The funds will vote **for** proposals to carve out, from the general cap on non-*pro rata* share issues of 15% of total equity in a rolling 12-month period, a particular proposed issue of shares or a particular issue of shares made previously within the 12-month period, if the company's board meets the funds' independence standards; if the company's board does not meet the funds' independence standards, then the funds will vote **against** these proposals.

- The funds will vote **for** proposals to approve the grant of equity awards to directors, except that the funds will consider these proposals on a **case-by-case basis** if the funds' proxy voting service has recommended a vote against the proposal.

China

- The funds will vote **for** proposals to issue and/or to trade in non-convertible, convertible and/or exchangeable debt obligations, except that the funds will consider these proposals on a **case-by-case basis** if the funds' proxy voting service has recommended a vote against the proposal.

Hong Kong

- The funds will vote **for** proposals to approve a general mandate permitting the company to engage in non-*pro rata* share issues of up to 20% of total equity in a year if the company's board meets the funds' independence standards; if the company's board does not meet the funds' independence standards, then the funds will vote **against** these proposals.

- The funds will **for** proposals to approve the reissuance of shares acquired by the company under a share repurchase program, provided that: (1) the funds supported (or would have supported, in accordance with these guidelines) the share repurchase program, (2) the reissued shares represent no more than 10% of the company's outstanding shares (measured immediately before the reissuance), and (3) the reissued shares are sold for no less than 85% of current market value.

France

- The funds will vote **for** proposals to increase authorized shares, except that the funds will consider these proposals on a **case-by-case basis** if the funds' proxy voting service has recommended a vote against the proposal.

New Zealand

- The funds will vote **for** proposals to approve the grant of equity awards to directors, except that the funds will consider these proposals on a **case-by-case basis** if the funds' proxy voting service has recommended a vote against the proposal.

Commentary: In light of the prevalence of certain types of capitalization proposals in Australia, China, Hong Kong, France and New Zealand, the funds have adopted guidelines specific to those jurisdictions.

Other Business Matters

- The funds will vote **for** proposals permitting companies to deliver reports and other materials electronically (*e.g.*, via website posting).

- The funds will vote **for** proposals permitting companies to issue regulatory reports in English.

- The funds will vote **against** proposals to shorten shareholder meeting notice periods to fourteen days.

Commentary: Under Directive 2007/36/EC of the European Parliament and the Council of the European Union, companies have the option to request shareholder approval to set the notice period for special meetings at 14 days provided that certain electronic voting and communication requirements are met. The funds believe that the 14 day notice period is too short to provide overseas shareholders with sufficient time to analyze proposals and to participate meaningfully at special meetings and, as a result, have determined to vote against such proposals.

- The funds will vote **for** proposals to amend a company's charter or bylaws, except that the funds will consider these proposals on a **case-by-case basis** if the funds' proxy voting service has recommended a vote against the proposal.

Commentary: If the substance of any proposed amendment is covered by a specific guideline included herein, then that guideline will govern.

France

- The funds will vote **for** proposals to approve a company's related party transactions, except that the funds will consider these proposals on a **case-by-case basis** if the funds' proxy voting service has recommended a vote against the proposal.

Commentary: In France, shareholders are generally requested to approve any agreement between the company and: (i) its directors, chair of the board, CEO and deputy CEOs; (ii) the members of the supervisory board and management board, for companies with a dual structure; and (iii) a shareholder who directly or indirectly owns at least 10% of the company's voting rights. This includes agreements under which compensation may be paid to executive officers after the end of their employment, such as severance payments, supplementary retirement plans and non-competition agreements. The funds will generally support these proposals unless the funds' proxy voting service recommends a vote against, in which case the funds will consider the proposal on a case-by-case basis.

Germany

- The funds will vote **in accordance with the recommendation of the company's board of directors** on shareholder countermotions added to a company's meeting agenda, unless the countermotion is directly addressed by one of the funds' other guidelines.

Commentary: In Germany, shareholders are able to add both proposals and countermotions to a meeting agenda. Countermotions, which must correspond to a proposal on the agenda, generally call for shareholders to oppose the existing proposal, although they may also propose separate voting decisions. Countermotions may be proposed by any shareholder and they are typically added throughout the period between the publication of the meeting agenda and the meeting date. This guideline reflects the funds' intention to focus on the original proposal, which is expected to be presented a reasonable period of time before the shareholder meeting so that the funds will have an appropriate opportunity to evaluate it.

- The funds will vote **for** proposals to approve profit-and-loss transfer agreements between a controlling company and its subsidiaries.

Commentary: These agreements are customary in Germany and are typically entered into for tax purposes. In light of this and the prevalence of these proposals, the funds have adopted a guideline to vote for this type of proposal.

Taiwan

- The funds will vote **for** proposals to amend a Taiwanese company's procedural rules.

Commentary: Since procedural rules, which address such matters as a company's policies with respect to capital loans, endorsements and guarantees, and acquisitions and disposal of assets, are generally adopted or amended to conform to changes in local regulations governing these transactions, the funds have adopted a guideline to vote for these transactions.

As adopted January 24, 2014

Proxy voting procedures of the Putnam funds

The proxy voting procedures below explain the role of the funds' Trustees, proxy voting service and Director of Proxy Voting and Corporate Governance ("Proxy Voting Director"), as well as how the process will work when a proxy question needs to be handled on a case-by-case basis, or when there may be a conflict of interest.

The role of the funds' Trustees

The Trustees of the Putnam funds exercise control of the voting of proxies through their Board Policy and Nominating Committee, which is composed entirely of independent Trustees. The Board Policy and Nominating Committee oversees the proxy voting process and participates, as needed, in the resolution of issues that need to be handled on a case-by-case basis. The Committee annually reviews and recommends, for Trustee approval, guidelines governing the funds' proxy votes, including how the funds vote on specific proposals and which matters are to be considered on a case-by-case basis. The Trustees are assisted in this process by their independent administrative staff ("Office of the Trustees"), independent legal counsel, and an independent proxy voting service. The Trustees also receive assistance from Putnam Investment Management, LLC ("Putnam Management"), the funds' investment advisor, on matters involving investment judgments. In all cases, the ultimate decision on voting proxies rests with the Trustees, acting as fiduciaries on behalf of the shareholders of the funds.

The role of the proxy voting service

The funds have engaged an independent proxy voting service to assist in the voting of proxies. The proxy voting service is responsible for coordinating with the funds' custodian(s) to ensure that all proxy materials received by the custodians relating to the funds' portfolio securities are processed in a timely fashion. To the extent applicable, the proxy voting service votes all proxies in accordance with the proxy voting guidelines established by the Trustees. The proxy voting service will refer proxy questions to the Proxy Voting Director for instructions under circumstances where: (1) the application of the proxy voting guidelines is unclear; (2) a particular proxy question is not covered by the guidelines; or (3) the guidelines call for specific instructions on a case-by-case basis. The proxy voting service is also requested to call to the attention of the Proxy Voting Director specific proxy questions that, while governed by a guideline, appear to involve unusual or controversial issues. The funds also utilize research services relating to proxy questions provided by the proxy voting service and by other firms.

The role of the Proxy Voting Director

The Proxy Voting Director, a member of the Office of the Trustees, assists in the coordination and voting of the funds' proxies. The Proxy Voting Director will deal directly with the proxy voting service and, in the case of proxy questions referred by the proxy voting service, will solicit voting recommendations and instructions from the Office of the Trustees, the Chair of the Board Policy and Nominating Committee, and Putnam Management's investment professionals, as appropriate. The Proxy Voting Director is responsible for ensuring that these questions and referrals are responded to in a timely fashion and for transmitting appropriate voting instructions to the proxy voting service. In addition, the Proxy Voting Director is the contact person for receiving recommendations from Putnam Management's investment professionals with respect to any proxy question in circumstances where the investment professional believes that the interests of fund shareholders warrant a vote contrary to the fund's proxy voting guidelines.

On occasion, representatives of a company in which the funds have an investment may wish to meet with the company's shareholders in advance of the company's shareholder meeting, typically to explain and to provide the company's perspective on the proposals up for consideration at the meeting. As a general matter, the Proxy Voting Director will participate in meetings with these company representatives.

Voting procedures for referral items

As discussed above, the proxy voting service will refer proxy questions to the Proxy Voting Director under certain circumstances. Unless the referred proxy question involves investment considerations (*i.e.*, the proxy question might be seen as having a bearing on the economic interests of a shareholder in the company), the Proxy Voting Director will assist in interpreting the guidelines and, if necessary, consult with a senior staff member of the Office of the Trustees and/or the Chair of the Board Policy and Nominating Committee on how the funds' shares will be voted.

For referred proxy questions that involve investment considerations, the Proxy Voting Director will refer such questions, through an electronic request form, to Putnam Management's investment professionals for a voting recommendation. Such referrals will be made in cooperation with the person or persons designated by Putnam Management's Legal and Compliance Department to assist in processing such referral items. In connection with each item referred to Putnam Management's investment professionals, the Legal and Compliance Department will conduct a conflicts of interest review, as described below under "Conflicts of interest," and provide electronically a conflicts of interest report (the "Conflicts Report") to the Proxy Voting Director describing the results of such review. After receiving a referral item from the Proxy Voting Director, Putnam Management's investment professionals will provide a recommendation electronically to the Proxy Voting Director and the person or persons designated by the Legal and Compliance Department to assist in processing referral items. Such recommendation will set forth (1) how the proxies should be voted; and (2) any contacts the investment professionals have had with respect to the referral item with non-investment personnel of Putnam Management or with outside parties (except for routine communications from proxy solicitors). The Proxy Voting Director will review the recommendation of Putnam Management's investment professionals (and the related Conflicts Report) in determining how to vote the funds' proxies. The Proxy Voting Director will maintain a record of all proxy questions that have been referred to Putnam Management's investment professionals, the voting recommendation, and the Conflicts Report.

In some situations, the Proxy Voting Director may determine that a particular proxy question raises policy issues requiring consultation with the Chair of the Board Policy and Nominating Committee, who, in turn, may decide to bring the particular proxy question to the Committee or the full Board of Trustees for consideration.

Conflicts of interest

Occasions may arise where a person or organization involved in the proxy voting process may have a conflict of interest. A conflict of interest may exist, for example, if Putnam Management has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote or that is actively lobbying for a particular outcome of a proxy vote. Any individual with knowledge of a personal conflict of interest (e.g., familial relationship with company management) relating to a particular referral item shall disclose that conflict to the Proxy Voting Director and the Legal and Compliance Department and otherwise remove himself or herself from the proxy voting process. The Legal and Compliance Department will review each item referred to Putnam Management's investment professionals to determine if a conflict of interest exists and will provide the Proxy Voting Director with a Conflicts Report for each referral item that (1) describes any conflict of interest; (2) discusses the procedures used to address such conflict of interest; and (3) discloses any contacts from parties outside Putnam Management (other than routine communications from proxy solicitors) with respect to the referral item not otherwise reported in an investment professional's recommendation. The Conflicts Report will also include written confirmation that any recommendation from an investment professional provided under circumstances where a conflict of interest exists was made solely on the investment merits and without regard to any other consideration.

As adopted March 11, 2005 and revised June 12, 2009 and January 24, 2014.

Item 8. Portfolio Managers of Closed-End Management Investment Companies

(a)(1) **Portfolio Managers.** The officers of Putnam Management identified below are primarily responsible for the day-to-day management of the fund's portfolio as of the filing date of this report.

Portfolio Managers	**Joined Fund**	**Employer**

			Positions Over Past Five Years
Thalia Meehan	2006	**Putnam Management** 1989 – Present	Portfolio Manager, Previously, Team Leader, Tax Exempt,
Paul Drury	2002	**Putnam Management** 1989 – Present	Portfolio Manager, Previously, Tax Exempt Specialist
Susan McCormack	2002	**Putnam Management** 1994 – Present	Portfolio Manager, Previously, Tax Exempt Specialist

(a)(2) **Other Accounts Managed by the Fund's Portfolio Managers.**

The following table shows the number and approximate assets of other investment accounts (or portions of investment accounts) that the fund's Portfolio Managers managed as of the fund's most recent fiscal year-end. Unless noted, none of the other accounts pays a fee based on the account's performance.

Portfolio Leader or Member	**Other SEC-registered open-end and closed-end funds**		**Other accounts that pool assets from more than one client**		**Other accounts (including separate accounts, managed account programs and single-sponsor defined contribution plan offerings)**	
	Number of accounts	Assets	Number of accounts	Assets	Number of accounts	Assets
Paul Drury	15	$6,447,500,000	0	$ —	0	$ —
Susan McCormack	15	$6,447,500,000	0	$ —	1	$1,500,000
Thalia Meehan	15	$6,447,500,000	0	$ —	1	$700,000

Potential conflicts of interest in managing multiple accounts. Like other investment professionals with multiple clients, the fund's Portfolio Managers may face certain potential conflicts of interest in connection with managing both the fund and the other accounts listed under "Other Accounts Managed by the Fund's Portfolio Managers" at the same time. The paragraphs below describe some of these potential conflicts, which Putnam Management believes are faced by investment professionals at most major financial firms. As described below, Putnam Management and the Trustees of the Putnam funds have adopted compliance policies and procedures that attempt to address certain of these potential conflicts.

The management of accounts with different advisory fee rates and/or fee structures, including accounts that pay advisory fees based on account performance ("performance fee accounts"), may raise potential conflicts of interest by creating an incentive to favor higher-fee accounts. These potential conflicts may include, among others:

•

The most attractive investments could be allocated to higher-fee accounts or performance fee accounts.

- The trading of higher-fee accounts could be favored as to timing and/or execution price. For example, higher-fee accounts could be permitted to sell securities earlier than other accounts when a prompt sale is desirable or to buy securities at an earlier and more opportune time.

- The trading of other accounts could be used to benefit higher-fee accounts (front- running).

- The investment management team could focus their time and efforts primarily on higher-fee accounts due to a personal stake in compensation.

Putnam Management attempts to address these potential conflicts of interest relating to higher-fee accounts through various compliance policies that are generally intended to place all accounts, regardless of fee structure, on the same footing for investment management purposes. For example, under Putnam Management's policies:

- Performance fee accounts must be included in all standard trading and allocation procedures with all other accounts.

- All accounts must be allocated to a specific category of account and trade in parallel with allocations of similar accounts based on the procedures generally applicable to all accounts in those groups (e.g., based on relative risk budgets of accounts).

- All trading must be effected through Putnam's trading desks and normal queues and procedures must be followed (i.e., no special treatment is permitted for performance fee accounts or higher-fee accounts based on account fee structure).

- Front running is strictly prohibited.

- The fund's Portfolio Manager(s) may not be guaranteed or specifically allocated any portion of a performance fee.

As part of these policies, Putnam Management has also implemented trade oversight and review procedures in order to monitor whether particular accounts (including higher-fee accounts or performance fee accounts) are being favored over time.

Potential conflicts of interest may also arise when the Portfolio Manager(s) have personal investments in other accounts that may create an incentive to favor those accounts. As a general matter and subject to limited exceptions, Putnam Management's investment professionals do not have the opportunity to invest in client accounts, other than the Putnam funds. However, in the ordinary course of business, Putnam Management or related persons may from time to time establish "pilot" or "incubator" funds for the purpose of testing proposed investment strategies and products prior to offering them to clients. These pilot accounts may be in the form of registered investment companies, private funds such as partnerships or separate accounts established by Putnam Management or an affiliate. Putnam Management or an affiliate supplies the funding for these accounts. Putnam employees, including the fund's Portfolio Manager(s), may also invest in certain pilot accounts. Putnam Management, and to the extent applicable, the Portfolio Manager(s) will benefit from the favorable investment performance of those funds and accounts. Pilot funds and accounts may, and frequently do, invest in the same securities as the client accounts. Putnam Management's policy is to treat pilot accounts in the same manner as client accounts for purposes of trading allocation – neither favoring nor disfavoring them except as is legally required. For example, pilot accounts are normally included in Putnam Management's daily block trades to the same extent as client accounts (except that pilot accounts do not participate in initial public offerings).

A potential conflict of interest may arise when the fund and other accounts purchase or sell the same securities. On occasions when the Portfolio Manager(s) consider the purchase or sale of a security to be in the best interests of the fund as well as other accounts, Putnam Management’s trading desk may, to the extent permitted by applicable laws and regulations, aggregate the securities to be sold or purchased in order to obtain the best execution and lower brokerage commissions, if any. Aggregation of trades may create the potential for unfairness to the fund or another account if one account is favored over another in allocating the securities purchased or sold – for example, by allocating a disproportionate amount of a security that is likely to increase in value to a favored account. Putnam Management’s trade allocation policies generally provide that each day’s transactions in securities that are purchased or sold by multiple accounts are, insofar as possible, averaged as to price and allocated between such accounts (including the fund) in a manner which in Putnam Management’s opinion is equitable to each account and in accordance with the amount being purchased or sold by each account. Certain exceptions exist for specialty, regional or sector accounts. Trade allocations are reviewed on a periodic basis as part of Putnam Management’s trade oversight procedures in an attempt to ensure fairness over time across accounts.

“Cross trades,” in which one Putnam account sells a particular security to another account (potentially saving transaction costs for both accounts), may also pose a potential conflict of interest. Cross trades may be seen to involve a potential conflict of interest if, for example, one account is permitted to sell a security to another account at a higher price than an independent third party would pay, or if such trades result in more attractive investments being allocated to higher-fee accounts. Putnam Management and the fund’s Trustees have adopted compliance procedures that provide that any transactions between the fund and another Putnam-advised account are to be made at an independent current market price, as required by law.

Another potential conflict of interest may arise based on the different investment objectives and strategies of the fund and other accounts. For example, another account may have a shorter-term investment horizon or different investment objectives, policies or restrictions than the fund. Depending on another account’s objectives or other factors, the Portfolio Manager(s) may give advice and make decisions that may differ from advice given, or the timing or nature of decisions made, with respect to the fund. In addition, investment decisions are the product of many factors in addition to basic suitability for the particular account involved. Thus, a particular security may be bought or sold for certain accounts even though it could have been bought or sold for other accounts at the same time. More rarely, a particular security may be bought for one or more accounts managed by the Portfolio Manager(s) when one or more other accounts are selling the security (including short sales). There may be circumstances when purchases or sales of portfolio securities for one or more accounts may have an adverse effect on other accounts. As noted above, Putnam Management has implemented trade oversight and review procedures to monitor whether any account is systematically favored over time.

The fund’s Portfolio Manager(s) may also face other potential conflicts of interest in managing the fund, and the description above is not a complete description of every conflict that could be deemed to exist in managing both the fund and other accounts.

(a)(3) **Compensation of portfolio managers.** Putnam’s goal for our products and investors is to deliver strong performance versus peers or performance ahead of benchmark, depending on the product, over a rolling 3-year period. Portfolio managers are evaluated and compensated, in part, based on their performance relative to this goal across the products they manage. In addition to their individual performance, evaluations take into account the performance of their group and a subjective component.

Each portfolio manager is assigned an industry competitive incentive compensation target consistent with this goal and evaluation framework. Actual incentive compensation may be higher or lower than the target, based on individual, group, and subjective performance, and may also reflect the performance of Putnam as a firm. Typically, performance is measured over the lesser of three years or the length of time a portfolio manager has managed a product.

Incentive compensation includes a cash bonus and may also include grants of deferred cash, stock or options. In addition to incentive compensation, portfolio managers receive fixed annual salaries typically based on level of responsibility and experience.

For this fund, the peer group Putnam compares fund performance against is its broad investment category as determined by Lipper Inc. and identified in the shareholder report included in Item 1.

(a)(4) **Fund ownership.** The following table shows the dollar ranges of shares of the fund owned by the professionals listed above at the end of the fund’s last two fiscal years, including investments by their immediate family members and amounts invested through retirement and deferred compensation plans.

□□□□□□□□□□□□□□□□□□□□□□□□□□□□□□

* : Assets in the fund

	Year	$0	$0-$10,000	$10,001-$50,000	$50,001-$100,000	$100,001-$500,000	$500,001-$1,000,000
Paul M. Drury	2013	*					
	2012	*					
Susan A. McCormack	2013	*					
	2012	*					
Thalia Meehan	2013	*					
	2012	*					

(b) Not applicable

Item 9. Purchases of Equity Securities by Closed-End Management Investment Companies and Affiliated Purchasers:

Registrant Purchase of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs*	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased under the Plans or Programs**
May 1 – May 31, 2013	—	—	—	4,287,137
June 1 – June 30, 2013	181,355	$11.51	181,355	4,105,782

July 1 – July 31, 2013	199,868	$11.00	199,868	3,905,914
August 1 – August 31, 2013	351,208	$10.59	351,208	3,554,706
September 1 – September 30, 2013	137,241	$10.59	137,241	3,417,465
October 1 – October 7, 2013	—	—	—	3,417,465
October 8 – October 31, 2013	143,728	$10.78	143,728	4,057,617
November 1 – November 30, 2013	372,740	$10.79	372,740	3,684,877
December 1 – December 31, 2013	297,038	$10.64	297,038	3,387,839
January 1 – January 31, 2014	—	—	—	3,387,839
February 1 – February 28, 2014	—	—	—	3,387,839
March 1 – March 31, 2014	—	—	—	3,387,839
April 1 – April 30, 2014	57,740	$11.50	57,740	3,330,099

* In October 2005, the Board of Trustees of the Putnam Funds initiated the closed-end fund share repurchase program, which, as subsequently amended, authorized the fund to repurchase of up to 10% of its fund's outstanding common shares over the two-years ending October 5, 2007. The Trustees have subsequently renewed the program on an annual basis. The program renewed by the Board in September 2012, which was in effect between October 8, 2012 and October 7, 2013, allowed the fund to repurchase up to 4,287,137 of its shares. The program renewed by the Board in September 2013, which was in effect between October 8, 2013 and October 7, 2014, allowed the fund to repurchase up to 4,201,345 of its shares.

<u>Item 10. Submission of Matters to a Vote of Security Holders:</u>

Not applicable

<u>Item 11. Controls and Procedures:</u>

(a) The registrant's principal executive officer and principal financial officer have concluded, based on their evaluation of the effectiveness of the design and operation of the registrant's disclosure controls and procedures as of a date within 90 days of the filing date of this report, that the design and operation of such procedures are generally effective to provide reasonable assurance that information required to be disclosed by the registrant in this report is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.

(b) Changes in internal control over financial reporting: Not applicable

<u>Item 12. Exhibits:</u>

(a)(1) The Code of Ethics of The Putnam Funds, which incorporates the Code of Ethics of Putnam Investments, is filed herewith.

(a)(2) Separate certifications for the principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Investment Company Act of 1940, as amended, are filed herewith.

(b) The certifications required by Rule 30a-2(b) under the Investment Company Act of 1940, as amended, are filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Putnam Municipal Opportunities Trust

By (Signature and Title):

/s/Janet C. Smith
Janet C. Smith
Principal Accounting Officer

Date: June 26, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title):

/s/Jonathan S. Horwitz
Jonathan S. Horwitz
Principal Executive Officer

Date: June 26, 2014

By (Signature and Title):

/s/Steven D. Krichmar
Steven D. Krichmar
Principal Financial Officer

Date June 26, 2014