
Putnam Pennsylvania Tax Exempt Income Fund

The fund's portfolio

8/31/22 (Unaudited)

Key to holding's abbreviations

AGM — Assured Guaranty Municipal Corporation

AMBAC — AMBAC Indemnity Corporation

BAM — Build America Mutual

COP — Certificates of Participation

G.O. Bonds — General Obligation Bonds

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. Rates are set by remarketing agents and may take into consideration market supply and demand, credit quality and the current SIFMA Municipal Swap Index rate, which was 1.50% as of the close of the reporting period.

MUNICIPAL BONDS AND NOTES (98.1%)^(a)

| | Rating ^(RAT) | Principal amount | Value |
|---|-------------------------|------------------|------------------|
| Alaska (1.1%) | | | |
| AK State Indl. Dev. & Export Auth. Rev. Bonds, (Tanana Chiefs Conference), Ser. A, 5.00%, 10/1/30 | A+/F | \$1,250,000 | \$1,369,389 |
| | | | <u>1,369,389</u> |
| Delaware (1.0%) | | | |
| DE River & Bay Auth. Rev. Bonds, 5.00%, 1/1/33 ^(FWC) | A1 | 1,100,000 | 1,249,534 |
| | | | <u>1,249,534</u> |
| Guam (1.8%) | | | |
| Territory of GU, Govt. G.O. Bonds, 5.00%, 11/15/31 | Ba1 | 685,000 | 699,325 |
| Territory of GU, Govt. Bus. Privilege Tax Rev. Bonds, Ser. F, 4.00%, 1/1/42 | Ba1 | 1,300,000 | 1,152,985 |
| Territory of GU, Govt. Hotel Occupancy Tax Rev. Bonds, Ser. A, 5.00%, 11/1/40 | Ba1 | 425,000 | 428,515 |
| | | | <u>2,280,825</u> |
| Massachusetts (0.8%) | | | |

| | | | |
|---|--------|-----------|------------------|
| MA State Dev. Fin. Agcy. VRDN (Boston U.), Ser. U-6C, 0.98%, 10/1/42 | VMIG 1 | 950,000 | 950,000 |
| | | | 950,000 |
| Minnesota (0.4%) | | | |
| Rochester, Hlth. Care Fac. VRDN, (Mayo Clinic), Ser. B, 1.50%, 11/15/38 | VMIG 1 | 500,000 | 500,000 |
| | | | 500,000 |
| Ohio (1.1%) | | | |
| OH State Higher Edl. Fac. Comm. Rev. Bonds, (Otterbein Homes Oblig. Group) | | | |
| 4.00%, 7/1/34(<i>FWC</i>) | A | 405,000 | 382,204 |
| 4.00%, 7/1/33(<i>FWC</i>) | A | 390,000 | 373,195 |
| 4.00%, 7/1/27(<i>FWC</i>) | A | 640,000 | 638,874 |
| | | | 1,394,273 |
| Pennsylvania (91.6%) | | | |
| Allegheny Cnty., Arpt. Auth. Rev. Bonds, Ser. A | | | |
| 5.00%, 1/1/56 | AA | 250,000 | 255,915 |
| 5.00%, 1/1/51 | AA | 1,700,000 | 1,750,909 |
| 4.00%, 1/1/56 | AA | 750,000 | 673,244 |
| Allegheny Cnty., Higher Ed. Bldg. Auth. Rev. Bonds, (Duquesne U. of the Holy Spirit), Ser. A | | | |
| 5.00%, 3/1/34(<i>FWC</i>) | A2 | 640,000 | 708,327 |
| 5.00%, 3/1/30(<i>FWC</i>) | A2 | 1,055,000 | 1,168,171 |
| Bentworth School Dist. G.O. Bonds, Ser. B, BAM, 3.00%, 11/15/28 | | | |
| | AA | 1,430,000 | 1,431,883 |
| Bethlehem, Redev. Auth. Rev. Bonds, (Moravian U. Oblig. Group) | | | |
| 5.00%, 10/1/31 | BBB+ | 500,000 | 533,668 |
| 5.00%, 10/1/30 | BBB+ | 1,260,000 | 1,347,423 |
| Bucks Cnty., Indl. Dev. Auth. Rev. Bonds | | | |
| (Delaware Valley U.), 5.00%, 11/1/42 | BBB-/F | 250,000 | 240,690 |
| (St. Luke's U. Health Network), 4.00%, 8/15/39 | A3 | 1,500,000 | 1,453,965 |
| Cap. Region Wtr. Rev. Bonds, (Swr. Syst.), 5.00%, 7/15/42 | | | |
| | A+ | 2,000,000 | 2,166,474 |
| Chester Cnty., G.O. Bonds, 5.00%, 7/15/36 | | | |
| | Aaa | 750,000 | 805,964 |
| Chester Cnty., Indl. Dev. Auth. Rev. Bonds | | | |
| (Collegium Charter School), Ser. A, 5.125%, 10/15/37 | BB | 225,000 | 229,104 |
| (Renaissance Academy Charter School), 5.00%, 10/1/34 | BBB- | 400,000 | 413,211 |
| Chester Cnty., Indl. Dev. Auth. Student Hsg. Rev. Bonds, (West Chester U. Student Hsg., LLC), Ser. A, 5.00%, 8/1/45 | | | |
| | Ba2 | 1,000,000 | 983,846 |
| Cmnwth. Fin. Auth. Rev. Bonds, (Tobacco Master Settlement Payment Bonds) | | | |

| | | | |
|---|--------|-----------|-----------|
| 5.00%, 6/1/34 | A1 | 1,000,000 | 1,081,080 |
| 5.00%, 6/1/33 | A1 | 1,000,000 | 1,084,820 |
| Cumberland Cnty., Muni. Auth. Rev. Bonds | | | |
| (Asbury PA Obligated Group), 5.00%, 1/1/45 | BB+/P | 500,000 | 488,135 |
| (Dickinson College), 5.00%, 11/1/32 (Prerefunded 11/1/22) | A+ | 1,000,000 | 1,004,354 |
| (Diakon Lutheran Social Ministries), 5.00%, 1/1/32 | BBB+/F | 700,000 | 724,016 |
| (Penn State Hlth.), 4.00%, 11/1/44 | A+ | 1,500,000 | 1,398,796 |
| Dallas, Area Muni. Auth. U. Rev. Bonds, (Misericordia U.), 5.00%, 5/1/29 | Baa3 | 1,500,000 | 1,507,633 |
| Doylestown, Hosp. Auth. Rev. Bonds, (Doylestown Hosp.), Ser. A | | | |
| 5.00%, 7/1/41 | Baa2 | 600,000 | 568,077 |
| 5.00%, 7/1/25 | BB | 500,000 | 505,918 |
| Erie, City School Dist. G.O. Bonds, Ser. A, AGM, 4.00%, 4/1/33 | AA | 1,150,000 | 1,207,727 |
| Erie, Higher Ed. Bldg. Auth. Rev. Bonds, (Gannon U.), 5.00%, 5/1/34 | BBB+ | 750,000 | 775,936 |
| Erie, Wtr. Auth. Rev. Bonds | | | |
| Ser. A, AGM, 5.00%, 12/1/43 | AA | 1,000,000 | 1,090,057 |
| Ser. D, BAM, 4.00%, 12/1/44 | AA | 1,000,000 | 982,699 |
| Geisinger, Auth. Rev. Bonds, (Geisinger Hlth. Syst.), Ser. A-2, 5.00%, 2/15/39 | AA- | 2,155,000 | 2,257,656 |
| Indiana Cnty., Indl. Dev. Auth. Rev. Bonds, (Foundation for Indiana U. of Pennsylvania (The)), BAM, 4.00%, 5/1/54 | AA | 1,245,000 | 1,145,687 |
| Lackawanna Cnty., Indl. Dev. Auth. Rev. Bonds, (Scranton U.), 4.00%, 11/1/40 | A- | 1,500,000 | 1,386,142 |
| Lancaster Cnty., Hosp. & Hlth. Ctr. Auth. Rev. Bonds | | | |
| (Landis Homes Retirement Cmnty.), Ser. A, 5.00%, 7/1/45 | BBB-/F | 1,000,000 | 1,001,760 |
| (St. Anne's Retirement Cmnty.), 5.00%, 3/1/45 | BB+/F | 500,000 | 460,093 |
| Lancaster Cnty., Hosp. Auth. Rev. Bonds | | | |
| (Brethren Village), 5.125%, 7/1/37 | BB+/F | 300,000 | 297,061 |
| (Penn State Hlth.), 5.00%, 11/1/51 | A+ | 1,500,000 | 1,562,849 |
| (Masonic Villages of the Grand Lodge of PA), 5.00%, 11/1/35 | A | 1,000,000 | 1,032,852 |
| Lancaster Cnty., Hosp. Auth. VRDN, (Masonic Homes), Ser. D, 1.08%, 7/1/34 | A-1 | 1,260,000 | 1,260,000 |
| Lancaster Cnty., Hosp. Auth. Hlth. Care Fac. Rev. Bonds, (Moravian Manors, Inc.), Ser. A | | | |
| 5.00%, 6/15/49 | BB+/F | 1,000,000 | 954,508 |
| 5.00%, 6/15/44 | BB+/F | 1,235,000 | 1,199,791 |
| Lancaster, G.O. Bonds, AGM, 4.00%, 11/1/46 | AA | 1,000,000 | 983,639 |
| Lancaster, Indl. Dev. Auth. Rev. Bonds | | | |
| (Landis Homes Oblig. Group), 4.00%, 7/1/51 | BBB-/F | 1,500,000 | 1,248,180 |
| (Willow Valley Communities), 4.00%, 12/1/49 | A/F | 1,550,000 | 1,487,096 |
| Lehigh Cnty., Gen. Purpose Hosp. Rev. Bonds, (Lehigh Valley Hlth. Network), Ser. A, 5.00%, 7/1/30 | A+ | 350,000 | 370,108 |

| | | | |
|---|-------|-----------|-----------|
| Monroe Cnty., Hosp. Auth. Rev. Bonds, (Pocono Med. Ctr.), 5.00%, 7/1/41 | A+ | 1,000,000 | 1,031,746 |
| Montgomery Cnty., Indl. Dev. Auth. Rev. Bonds | | | |
| (Foulkeways at Gwynedd), 5.00%, 12/1/46 | BBB | 1,000,000 | 1,014,100 |
| (ACTS Retirement-Life Communities, Inc.), 5.00%, 11/15/36 | A-/F | 1,500,000 | 1,561,535 |
| (Pub. School of Germantown (The)), 4.00%, 10/1/51 | BBB+ | 800,000 | 670,191 |
| (Pub. School of Germantown (The)), 4.00%, 10/1/46 | BBB+ | 625,000 | 536,404 |
| (ACTS Retirement-Life Communities, Inc.), 4.00%, 11/15/43 | A-/F | 550,000 | 506,984 |
| (Pub. School of Germantown (The)), 4.00%, 10/1/41 | BBB+ | 425,000 | 379,158 |
| (Pub. School of Germantown (The)), 4.00%, 10/1/36 | BBB+ | 450,000 | 418,177 |
| PA Rev. Bonds, (City of Philadelphia, Wtr. & Wastewater), 4.00%, 1/1/29 | Baa2 | 650,000 | 661,468 |
| PA State COP, Ser. A, 5.00%, 7/1/37 | A2 | 1,600,000 | 1,737,153 |
| PA State Econ. Dev. Fin. Auth. Rev. Bonds | | | |
| 5.00%, 12/31/38 | BBB | 1,000,000 | 1,024,702 |
| (U. of Pittsburgh Med. Ctr.), Ser. A, 5.00%, 2/15/38 | A2 | 1,750,000 | 1,907,936 |
| (PA Bridges Finco LP), 5.00%, 12/31/34 | BBB | 250,000 | 258,048 |
| (UPMC Oblig. Group), Ser. A, 5.00%, 2/1/34 | A2 | 1,000,000 | 1,038,792 |
| PA State Econ. Dev. Fin. Auth. Exempt Fac. Rev. Bonds, (Amtrak), Ser. A, 5.00%, 11/1/32 | | | |
| | A1 | 500,000 | 501,374 |
| PA State Econ. Dev. Fin. Auth. Solid Waste Disp. Rev. Bonds, (Procter & Gamble Paper), 5.375%, 3/1/31 | | | |
| | AA- | 1,155,000 | 1,323,615 |
| PA State Fin., Auth. Rev. Bonds, (Penn Hills), Ser. B, AMBAC, zero %, 12/1/27 | | | |
| | AA-/P | 1,000,000 | 837,510 |
| PA State Higher Edl. Fac. Auth. Rev. Bonds | | | |
| (Delaware Valley College of Science & Agriculture), Ser. LL1, 5.00%, 11/1/42 (Prerefunded 11/1/22) | Ba1 | 500,000 | 502,135 |
| (U. of PA Health Syst. (The)), 5.00%, 8/15/33 | AA | 550,000 | 614,195 |
| (Thomas Jefferson U.), 5.00%, 3/1/32 (Prerefunded 9/1/22) | A2 | 500,000 | 500,000 |
| (Drexel U.), 4.00%, 5/1/34 | A3 | 2,000,000 | 1,947,667 |
| PA State Higher Edl. Fac. Auth. Student Hsg. Rev. Bonds, (East Stroudsburg), Ser. A, 5.00%, 7/1/35 | | | |
| | Baa3 | 730,000 | 737,039 |
| PA State Pub. School Bldg. Auth. Rev. Bonds, (Northhampton Cnty. Area Cmnty. College), BAM | | | |
| 4.00%, 3/1/31 | AA | 490,000 | 513,072 |
| 4.00%, 3/1/30 | AA | 640,000 | 673,175 |
| PA State Tpk. Comm. Rev. Bonds | | | |
| Ser. C, 5.00%, 12/1/44 | A1 | 500,000 | 513,254 |
| Ser. B-1, 5.00%, 6/1/42 | A3 | 675,000 | 704,110 |
| Ser. A-1, 5.00%, 12/1/40 | A1 | 2,500,000 | 2,595,891 |
| Ser. 2nd, 5.00%, 12/1/37 | A3 | 1,295,000 | 1,374,638 |
| 5.00%, 6/1/36 | A3 | 2,000,000 | 2,095,060 |
| 4.75%, 12/1/37 | A1 | 1,000,000 | 1,074,685 |
| 4.50%, 12/1/34 | A1 | 2,250,000 | 2,333,084 |

| | | | |
|---|-------|-----------|-----------|
| PA State Tpk. Comm. Oil Franchise Tax Rev. Bonds, Ser. C, zero %, 12/1/38 | Aa3 | 3,000,000 | 1,541,240 |
| PA State, Econ. Dev. Fin. Auth. Rev. Bonds, (U. of Pittsburgh Med. Ctr.), Ser. A, 5.00%, 2/15/39 | A2 | 1,500,000 | 1,628,661 |
| Philadelphia Auth. For Ind. Dev. 144A Rev. Bonds, (String Theory Charter School), 5.00%, 6/15/40 | BB+ | 1,000,000 | 1,004,412 |
| Philadelphia, G.O. Bonds | | | |
| Ser. B, 5.00%, 2/1/39 | A2 | 1,250,000 | 1,349,417 |
| Ser. A, 5.00%, 8/1/37 | A2 | 500,000 | 533,607 |
| Philadelphia, Arpt. Rev. Bonds, AGM | | | |
| 4.00%, 7/1/46 | AA | 500,000 | 464,983 |
| 4.00%, 7/1/41 | AA | 400,000 | 377,459 |
| 4.00%, 7/1/40 | AA | 300,000 | 284,878 |
| Philadelphia, Auth. for Incl. Dev. Rev. Bonds | | | |
| (MaST Cmnty. Charter School II), 5.00%, 8/1/50 | BBB- | 1,050,000 | 1,050,404 |
| (Independence Charter School-West), 5.00%, 6/15/50 | BB/P | 1,375,000 | 1,356,598 |
| (MaST Cmnty. Charter School II), 5.00%, 8/1/40 | BBB- | 615,000 | 623,768 |
| (Saint Joseph's U.), 4.00%, 11/1/38 | A- | 1,000,000 | 933,626 |
| Philadelphia, Auth. for Incl. Dev. City Agreement Rev. Bonds, (Cultural & Coml. Corridors Program), Ser. A, 5.00%, 12/1/31 | A2 | 1,500,000 | 1,584,989 |
| Philadelphia, Gas Wks. Rev. Bonds | | | |
| (1998 Gen. Ordinance), Ser. 15th, 5.00%, 8/1/42 | A | 2,000,000 | 2,084,520 |
| 5.00%, 8/1/33 | A | 1,645,000 | 1,725,023 |
| Philadelphia, Incl. Dev. Auth. Rev. Bonds, (Alliance for Progress Charter School, Inc.), Ser. A, 5.00%, 6/15/49 | BB-/P | 500,000 | 492,702 |
| Philadelphia, Redev. Auth. Rev. Bonds, (Transformation Initiative), 5.00%, 4/15/26 | A2 | 1,000,000 | 1,003,591 |
| Philadelphia, School Dist. G.O. Bonds | | | |
| Ser. F, 5.00%, 9/1/36 | A1 | 1,000,000 | 1,049,954 |
| Ser. A, 5.00%, 9/1/34 | A1 | 1,000,000 | 1,064,399 |
| Ser. A, 5.00%, 9/1/33 | A1 | 1,575,000 | 1,706,000 |
| Ser. A, 5.00%, 9/1/32 | A1 | 1,000,000 | 1,092,598 |
| Pittsburgh & Allegheny Cnty., Sports & Exhibition Auth. Rev. Bonds, (Pkg. Syst.) | | | |
| 5.00%, 12/15/37 | A | 1,000,000 | 1,096,095 |
| 5.00%, 12/15/35 | A | 625,000 | 686,755 |
| 5.00%, 12/15/33 | A | 1,000,000 | 1,104,154 |
| Pittsburgh & Allegheny, Cnty. Sports & Exhib. Auth. Rev. Bonds, (Sports & Exhib. Auth. Hotel Room Excise Tax), Ser. B, AGM, 5.00%, 2/1/29 | AA | 1,325,000 | 1,484,339 |
| Pittsburgh, G.O. Bonds | | | |
| 5.00%, 9/1/35 | AA- | 300,000 | 327,848 |
| 4.00%, 9/1/41 | AA- | 585,000 | 580,262 |
| 4.00%, 9/1/39 | AA- | 300,000 | 299,917 |
| 4.00%, 9/1/38 | AA- | 350,000 | 351,084 |
| 4.00%, 9/1/36 | AA- | 275,000 | 280,147 |

| | | | |
|---|--------|-----------|-----------------------------|
| 4.00%, 9/1/35 | AA- | 350,000 | 357,700 |
| 4.00%, 9/1/34 | AA- | 250,000 | 258,047 |
| 4.00%, 9/1/33 | AA- | 245,000 | 255,162 |
| Pittsburgh, School Dist. G.O. Bonds, 3.00%, 9/1/38 | Aa2 | 995,000 | 863,064 |
| Reading, School Dist. G.O. Bonds, AGM, 5.00%, 3/1/38 | AA | 1,250,000 | 1,342,377 |
| Scranton, School Dist. G.O. Bonds, Ser. E, BAM, 4.00%, 12/1/37 | AA | 1,925,000 | 1,939,221 |
| State Pub. School Bldg. Auth. Rev. Bonds, AGM, 5.00%, 12/1/33 | AA | 595,000 | 635,037 |
| West Cornwall, Twp. Muni. Auth. Rev. Bonds, (Lebanon Valley Brethren Home Oblig. Group), Ser. A | | | |
| 4.00%, 11/15/46 | BBB/F | 525,000 | 473,587 |
| 4.00%, 11/15/41 | BBB/F | 370,000 | 344,556 |
| 4.00%, 11/15/36 | BBB/F | 365,000 | 347,825 |
| West Shore Area Auth. Rev. Bonds, (Lifeways at Messiah Village), Ser. A, 5.00%, 7/1/35 | BBB-/F | 500,000 | 505,749 |
| Wilkes-Barre, Area School Dist. G.O. Bonds, BAM, 5.00%, 4/15/59 | AA | 2,000,000 | 2,157,033 |
| Wilkes-Barre, Fin. Auth. Rev. Bonds, (Wilkes U.), 4.00%, 3/1/42 | BBB- | 1,400,000 | 1,178,583 |
| | | | <u>114,637,733</u> |
| Virgin Islands (0.3%) | | | |
| Matching Fund Special Purpose Securitization Corp. Rev. Bonds, Ser. A, 5.00%, 10/1/30 | BB/P | 320,000 | 336,840 |
| | | | <u>336,840</u> |
| Total municipal bonds and notes (cost \$128,007,850) | | | <u>\$122,718,594</u> |

SHORT-TERM INVESTMENTS (5.1%)^(a)

| | Shares | Value |
|--|-----------|-----------------------------|
| Putnam Short Term Investment Fund Class P 2.33% ^(AFF) | 6,330,617 | \$6,330,617 |
| Total short-term investments (cost \$6,330,617) | | <u>\$6,330,617</u> |
| TOTAL INVESTMENTS | | |
| Total investments (cost \$134,338,467) | | <u>\$129,049,211</u> |

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 June 1, 2022 through August 31, 2022 (the reporting period). Within the following notes to the portfolio, references to "Putnam Management" represent Putnam Investment Management, LLC, the fund's manager, an indirect wholly-owned subsidiary of Putnam Investments, LLC, references to "ASC 820" represent Accounting Standards Codification 820 *Fair Value Measurements and Disclosures* and references to "OTC", if any, represent over-the-counter.

(a) Percentages indicated are based on net assets of \$125,102,396.

(RAF) 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 Fitch are indicated by "/F." Securities rated by Putnam are indicated by "/P." The Putnam rating categories are comparable to the Standard & Poor's classifications. If a security is insured, it will usually be rated by the ratings organizations based on the financial strength of the insurer. For further details regarding security ratings, please see the Statement of Additional Information.

(AFF) Affiliated company. For investments in Putnam Short Term Investment Fund, the rate quoted in the security description is the annualized 7-day yield of the fund at the close of the reporting period. Transactions during the period with any company which is under common ownership or control were as follows:

| Name of affiliate | Fair value as of 5/31/22 | Purchase cost | Sale proceeds | Investment income | Shares outstanding and fair value as of 8/31/22 |
|---|--------------------------------|---------------------|--------------------|----------------------|---|
| Short-term investments | | | | | |
| Putnam Short Term Investment Fund* | \$1,174,599 | \$12,836,411 | \$7,680,393 | \$26,429 | \$6,330,617 |
| Total Short-term investments | \$1,174,599 | \$12,836,411 | \$7,680,393 | \$26,429 | \$6,330,617 |

* Management fees charged to Putnam Short Term Investment Fund have been waived by Putnam Management. There were no realized or unrealized gains or losses during the period.

(FWC) Forward commitment, in part or in entirety.

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

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):

| | |
|------------|-------|
| Healthcare | 25.6% |
| Local debt | 20.4 |
| Education | 18.2 |

Security valuation: Portfolio securities and other investments are valued using policies and procedures adopted by the Board of Trustees. The Trustees have formed a Pricing Committee to oversee the implementation of these procedures and have delegated responsibility for valuing the fund's assets in accordance with these procedures to Putnam Management. Putnam Management has established an internal Valuation Committee that is responsible for making fair value determinations, evaluating the effectiveness of the pricing policies of the fund and reporting to the Pricing Committee.

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.

Investments in open-end investment companies (excluding exchange-traded funds), if any, which can be classified as Level 1 or Level 2 securities, are valued based on their net asset value. The net asset value of such investment companies equals the total value of their assets less their liabilities and divided by the number of their outstanding shares.

Certain investments, including certain restricted and illiquid securities and derivatives, are also valued at fair value following procedures approved by the Trustees. To assess the continuing appropriateness of fair valuations, the Valuation Committee reviews and affirms the reasonableness of such valuations on a regular basis after considering all relevant information that is reasonably available. 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, recovery rates, sales and other multiples and resale restrictions. 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.

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, is 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.

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 | \$— | \$122,718,594 | \$— |
| Short-term investments | — | 6,330,617 | — |
| Totals by level | \$— | \$129,049,211 | \$— |

For additional information regarding the fund please see the fund's most recent annual or semiannual shareholder report filed on the Securities and Exchange Commission's Web site, www.sec.gov, or visit Putnam's Individual Investor Web site at www.putnaminvestments.com