

A world of investing.®



Putnam Tax-Free High Yield Fund

Semiannual report
1 | 31 | 23



Income funds invest in bonds and other securities with the goal of providing a steady stream of income over time.

FUND SYMBOL
CLASS A
PTHAX

Putnam Tax-Free High Yield Fund

Semiannual report

1 | 31 | 23

Message from the Trustees	1
About the fund	2
Interview with your fund’s portfolio manager	5
Your fund’s performance	9
Your fund’s expenses	11
Consider these risks before investing	13
Terms and definitions	14
Other information for shareholders	16
Financial statements	17

Message from the Trustees

March 9, 2023

Dear Fellow Shareholder:

Stock and bond markets rose in early 2023 as inflation continued to ease and the U.S. Federal Reserve moderated its interest-rate increases. Investors showed optimism that the Fed might slow the economy and reduce inflation without causing a recession. Still, caution may be warranted. While the Fed has reduced the size of its interest-rate increases, it also signaled that more rate hikes are likely if concerns persist about a resurgence in inflation.

Putnam's investment teams believe a recession is possible this year or next. However, they also are finding what they believe to be attractive investment opportunities in a range of asset classes, including stocks and taxable and tax-exempt bonds. As active researchers, our teams analyze interest-rate and credit risks as they seek out investments for your fund. They also consider how stocks and bonds are likely to perform in uncertain economic conditions.

Thank you for investing with Putnam.

Respectfully yours,



A handwritten signature in black ink that reads "Robert L. Reynolds".

Robert L. Reynolds
President and Chief Executive Officer
Putnam Investments



A handwritten signature in black ink that reads "Kenneth R. Leibler".

Kenneth R. Leibler
Chair, Board of Trustees

About the fund

Higher-yielding municipal bonds can play a key role in a tax-smart portfolio

Taxes can take a bite out of the distributions from fixed income securities. Putnam Tax-Free High Yield Fund can help reduce the impact of both by investing in higher-yielding, lower-rated municipal bonds that are exempt from federal and state income taxes.

Meticulous credit research

Municipal bonds finance important public projects, such as schools, roads, and hospitals, and they can help investors keep more of the income they receive from their investment. Members of Putnam's fixed income organization have a range of skills to analyze the credit risk of below-investment-grade municipal bonds and help build a well-diversified portfolio.



Paul M. Drury, CFA
Portfolio Manager
Industry since 1989
At Putnam since 1989



Garrett L. Hamilton, CFA
Portfolio Manager
Industry since 2006
At Putnam since 2016

“ We focus on bottom-up security selection and sector rotation, and we opportunistically manage the fund’s interest-rate sensitivity. ”

MUNICIPAL BONDS OFFER ATTRACTIVE INCOME AND A LOW HISTORICAL LEVEL OF RISK

The tax-free advantage

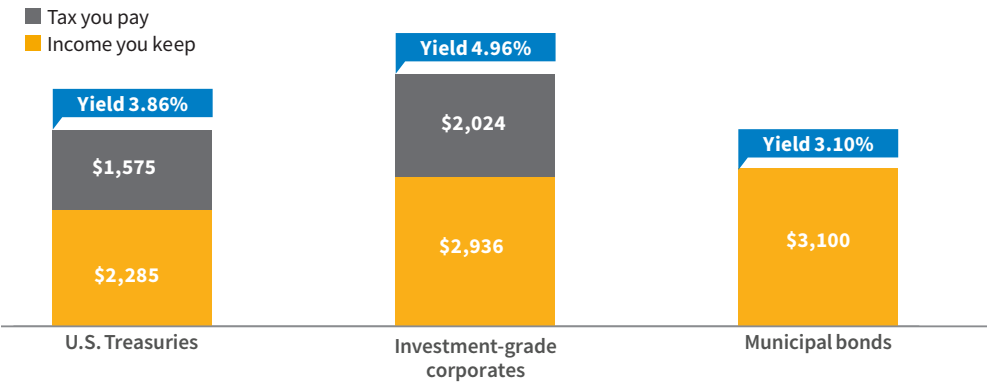
Unlike Treasuries or corporate bonds, the interest paid on municipal bonds is free from federal and, in some cases, state and local income taxes. That can make municipal bonds particularly attractive to investors subject to higher personal income tax rates. Income from municipal bonds may be subject to the alternative minimum tax.

A low historical default rate

Municipal bonds have been an asset class with limited risk of default. Over the past five years, corporate bonds defaulted at a much higher rate than municipal bonds.

The bottom line: Income you keep after paying taxes matters more than pre-tax yield.

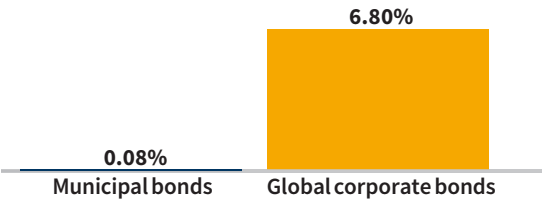
You keep more income from municipal bonds because it is exempt from most state and federal income taxes.



Sources: Putnam, Bloomberg Index Services Limited, as of 1/31/23. Past performance is no guarantee of future results. Yields for U.S. Treasuries, investment-grade corporates, and municipal bonds are represented by the average “yield to worst” — a calculation of the lowest possible yield generated without defaulting — of the Bloomberg U.S. Treasury Index, an unmanaged index of U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury; the Bloomberg U.S. Corporate Bond Index, an unmanaged index of U.S. dollar-denominated, investment-grade, fixed-rate, taxable corporate bonds; and the Bloomberg Municipal Bond Index, an unmanaged index of long-term, fixed-rate, investment-grade tax-exempt bonds, respectively. You cannot invest directly in an index. 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. Income from municipal bonds may be subject to the alternative minimum tax. Annual after-tax income is based on a 40.80% federal income tax rate. This rate reflects the Tax Cuts and Jobs Act of 2017 and includes the 3.80% Medicare surtax. The income data is based on a hypothetical \$100,000 investment.

Defaults in the municipal bond market have been a relative rarity

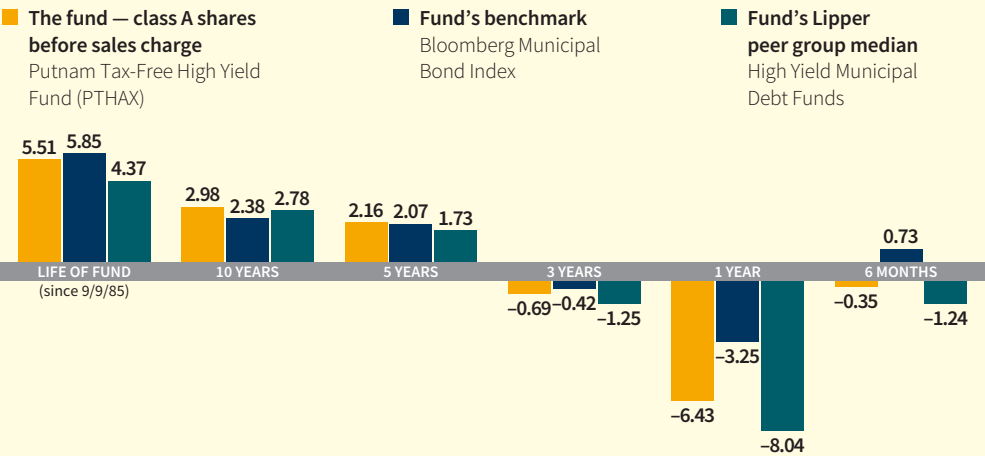
FIVE-YEAR AVERAGE CUMULATIVE DEFAULT RATES, ALL RATED SECURITIES



Source: Moody’s Investors Service, Annual U.S. Municipal Bond Defaults and Recoveries, Five-Year Average Cumulative Default Rates, 1970–2021 (April 2022). Most recent data available.

Performance history as of 1/31/23

Annualized total return (%) comparison



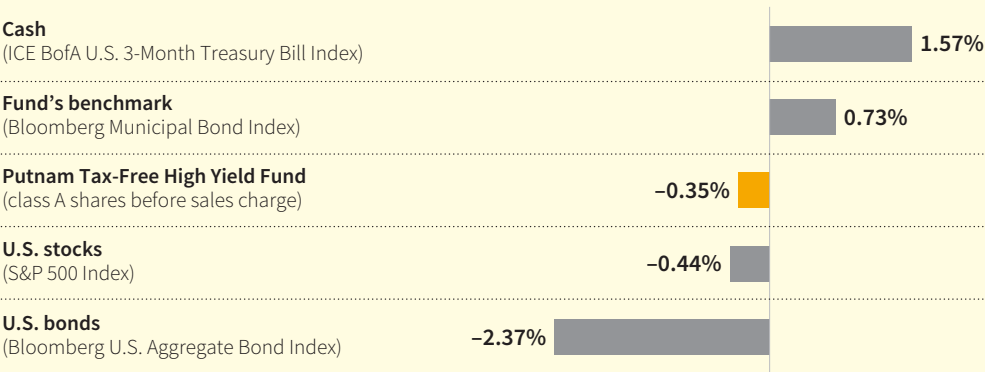
Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. Share price, principal value, and return will fluctuate, and you may have a gain or a loss when you sell your shares. Performance of class A shares assumes reinvestment of distributions and does not account for taxes. Fund returns in the bar chart do not reflect a sales charge of 4.00%; had they, returns would have been lower. Performance for class A shares before their inception (9/20/93) is derived from the historical performance of class B shares. See below and pages 9–11 for additional performance information. For a portion of the periods, the fund had expense limitations, without which returns would have been lower. To obtain the most recent month-end performance, visit putnam.com.

Returns for periods of less than one year are not annualized.

All Bloomberg indices are provided by Bloomberg Index Services Limited.

Lipper peer group median is provided by Lipper, a Refinitiv company.

Recent broad market index and fund performance



This comparison shows your fund's performance in the context of broad market indexes for the six months ended 1/31/23. See above and pages 9–11 for additional fund performance information. Index descriptions can be found on pages 14–15.

All Bloomberg indices are provided by Bloomberg Index Services Limited.

Interview with your fund's portfolio manager

Paul Drury discusses fund results and key factors impacting the municipal bond market for the six months ended January 31, 2023, as well as his outlook for the fund.



Paul M. Drury, CFA
Portfolio Manager

Paul has a B.A. from Suffolk University. Paul has been in the investment industry since he joined Putnam in 1989.

Garrett L. Hamilton, CFA, is also a Portfolio Manager of the fund.

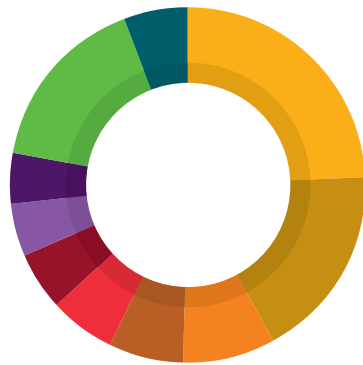
Paul, how was the market environment for municipal bonds during the six-month period ended January 31, 2023?

After a challenging first few months, municipal bonds regained their footing. November 2022 was especially strong for the asset class, despite the Federal Reserve's announcement of its fourth consecutive 0.75% interest-rate increase on November 3. Investors were heartened to see that the Consumer Price Index [CPI], a widely used measure of inflation, came in better than expected at 7.7% for October 2022. Investors interpreted this as evidence that the Fed was making progress in subduing stubbornly high prices. As the month ended, the Fed hinted it might temper the degree of interest-rate hikes as early as December 2022.

The CPI for November also showed progress, with year-over-year inflation falling to 7.1%. It was the smallest 12-month increase since December 2021. In our view, this gave the Fed room to raise its benchmark interest rate by only half a percentage point on December 15, 2022. However, Fed policymakers also signaled the fight against inflation was not over. Fed Chair Jerome Powell stated that "it will take substantially more evidence to give confidence that inflation is on a sustained downward path."

Sector allocations

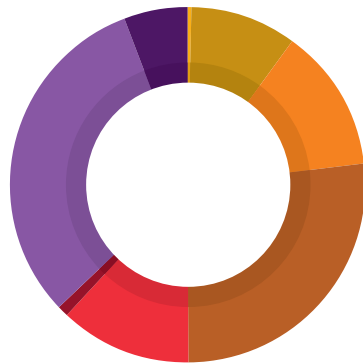
● Education	24.3%
● Health care	17.7
● Land	8.4
● Transportation	6.8
● Local debt	6.0
● Housing	5.3
● State debt	4.8
● Tobacco	4.6
● Other sectors	16.3
● Cash and net other assets	5.8



Allocations are shown as a percentage of the fund's net assets as of 1/31/23. 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. 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, the timing of matured security transactions, the use of different classifications of securities for presentation purposes, and rounding. Holdings and allocations may vary over time.

Credit quality overview

● AAA	0.1%
● AA	9.7
● A	13.1
● BBB	26.9
● BB	12.0
● B	1.0
● Not rated	31.4
● Cash and net other assets	5.8



Credit qualities are shown as a percentage of the fund's net assets as of 1/31/23. A bond rated BBB or higher (SP-3 or higher, for short-term debt) is considered investment grade. This chart reflects the highest security rating provided by one or more of Standard & Poor's, Moody's, and Fitch. Ratings may vary over time.

Cash and net other assets, if any, represent the market value weights of cash, derivatives, and short-term securities in the portfolio. The fund itself has not been rated by an independent rating agency.

Minutes from the central bank's policy meeting in December revealed that Fed officials agreed it would be appropriate to slow the pace of its aggressive rate hikes to minimize the risks to economic growth. At period-end, the Fed raised its benchmark rate by 0.25%, elevating its benchmark interest rate to a target range of 4.50%–4.75%.

Market technicals improved during the period as well. Demand rebounded amid the improvement in market sentiment. At the same time, new issue supply was well below average due to the sharp rise in interest rates. This imbalance aided returns. With these positive developments, November 2022's return of 4.68% represented the strongest monthly return for the Bloomberg Municipal Bond Index [the fund's benchmark] since 1986.

For the six months ended January 31, 2023, the fund's benchmark returned 0.73%. Intermediate-term municipal bonds outperformed longer-term and shorter-term cohorts. From a credit perspective, investment-grade municipal bonds performed better than higher-yielding, lower-rated bonds, which aided our positioning.

What is your current assessment of the health of the municipal bond market?

Municipal credit fundamentals continue to be stable, in our view. Higher employment and increasing wages have bolstered tax receipts. Home values, a factor in property tax revenues, have been facing headwinds in the form of rising mortgage rates. We believe assessed values, another factor in taxes, should continue to reflect growth given the roughly two-year lag between tax assessments and actual property values.

State and local tax collections were up 16% year over year through the third quarter of 2022 compared with the same period in 2021 [most recent data available]. Unprecedented fiscal support during the Covid-19 pandemic, as well as strong economic growth during the second half of 2020 and 2021, put most state and local governments in their best fiscal shape in more than a decade, in our view. Municipal defaults are running near long-term averages as of

“ We think the bulk of the tightening is behind us and Fed monetary policy is set to enter the fine-tuning stage of the cycle. ”

January 31, 2023, and they remain a very small percentage of the market. As such, we believe the credit outlook remains favorable, though we continue to actively monitor the market. We expect economic conditions to slow during 2023, which could impact municipal bond credit quality, in our view.

How did the fund perform during the period?

For the six months ended January 31, 2023, the fund's class A shares underperformed the higher-quality benchmark but outperformed the median return of its Lipper peer group, High Yield Municipal Debt Funds.

What strategies or holdings influenced the fund's performance during the reporting period?

At period-end, the fund held an overweight exposure to lower-investment-grade bonds and those rated BBB+ and BB relative to the benchmark. We remain cautious on lower-rated municipal bonds in general, given our view that the Fed's aggressive tightening cycle could result in slower U.S. economic growth in 2023. However, we have found value in some of the upper tiers of the high-yield market. While credit spreads widened over the period, they were not excessively wide versus previous recessionary periods, in our view.

The fund was invested in a wide range of sectors, including land-secured, charter school, and long-term-care bonds. Duration positioning, a measure of the fund's interest-rate sensitivity, was slightly long relative to the average level of its Lipper peer group. We believe this positioning may help the fund outperform its peers if the steep rise in bond yields reverses course.

The fund remained underweight in its exposure to Puerto Rico municipal debt relative to its Lipper peer group. However, we note that

the U.S. territory has experienced recent improvement in credit fundamentals since coming out of bankruptcy in March 2022, in our view. We continue to closely monitor Puerto Rico's credit fundamentals and remain vigilant for investment opportunities.

What do you see on the horizon that could influence your management of the fund?

With the 6.5% CPI reading for December 2022, the Fed raised its benchmark rate by just a quarter percentage point as the reporting period closed. While it appears to us that inflation has peaked in this cycle, we believe U.S. economic data remains relatively strong. Especially noteworthy is the low U.S. unemployment rate and strong consumer spending. We presume this will keep the Fed on track to continue ratcheting up interest rates to slow economic growth and the jobs market. That said, we think the bulk of the tightening is behind us and Fed monetary policy is set to enter the fine-tuning stage of the cycle. Market

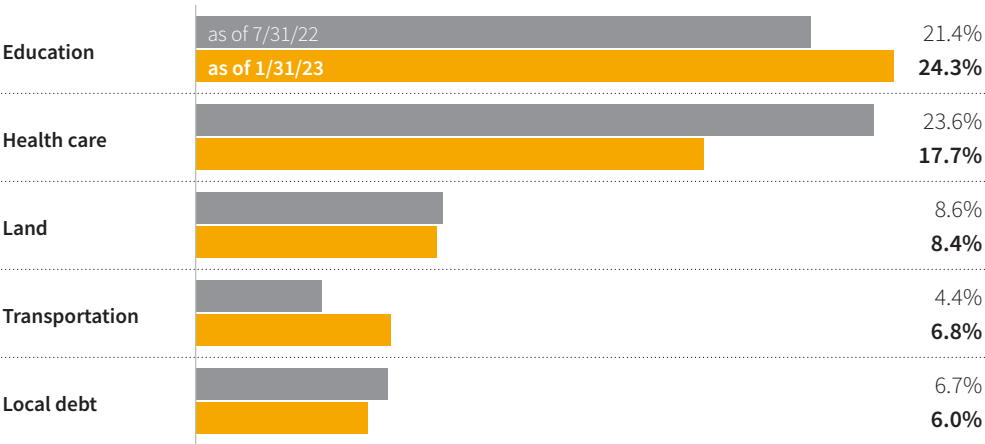
expectations are for the Fed to complete its tightening cycle by the summer of 2023. Seasonal factors are typically weaker in late winter and early spring but turn more favorable in late spring and summer months. Against this backdrop, we believe valuations offer investors attractive tax-free income, as well as the potential for price appreciation once the Fed concludes its monetary tightening cycle.

Thank you, Paul, 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. Statements in the Q&A concerning the fund's performance or portfolio composition relative to those of the fund's Lipper peer group may reference information produced by Lipper Inc. or through a third party.

Comparison of top sector weightings



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. 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, the timing of matured security transactions, the use of different classifications of securities for presentation purposes, and rounding. Holdings and allocations may vary over time.

Your fund's performance

This section shows your fund's performance, price, and distribution information for periods ended January 31, 2023, the end of the first half of its current fiscal year. In accordance with regulatory requirements for mutual funds, we also include performance information as of the most recent calendar quarter-end and expense information taken from the fund's current prospectus. 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 and principal value will fluctuate, and you may have a gain or a loss when you sell your shares. Performance information does not reflect any deduction for taxes a shareholder may owe on fund distributions or on the redemption of fund shares. For the most recent month-end performance, please visit the Individual Investors section at putnam.com or call Putnam at 1-800-225-1581. Class R6 and Y shares are not available to all investors. See the Terms and definitions section in this report for definitions of the share classes offered by your fund.

Annualized fund performance Total return for periods ended 1/31/23

	Life of fund	10 years	5 years	3 years	1 year	6 months
Class A (9/20/93)						
Before sales charge	5.51%	2.98%	2.16%	-0.69%	-6.43%	-0.35%
After sales charge	5.40	2.56	1.33	-2.04	-10.17	-4.34
Class B (9/9/85)						
Before CDSC	5.51	2.48	1.53	-1.29	-7.03	-0.74
After CDSC	5.51	2.48	1.19	-2.20	-11.55	-5.62
Class C (2/1/99)						
Before CDSC	5.33	2.35	1.38	-1.44	-7.16	-0.81
After CDSC	5.33	2.35	1.38	-1.44	-8.06	-1.79
Class R6 (5/22/18)						
Net asset value	5.38	3.25	2.43	-0.42	-6.15	-0.21
Class Y (1/2/08)						
Net asset value	5.38	3.23	2.41	-0.46	-6.23	-0.30

Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. After-sales-charge returns for class A shares reflect the deduction of the maximum 4.00% sales charge levied at the time of purchase. Class B share returns after contingent deferred sales charge (CDSC) reflect the applicable CDSC, which is 5% in the first year, declining over time to 1% in the sixth year, and is eliminated thereafter. Class C share returns after CDSC reflect a 1% CDSC for the first year that is eliminated thereafter. Class R6 and Y shares have no initial sales charge or CDSC. Performance for class A, C, and Y shares before their inception is derived from the historical performance of class B shares, adjusted for the applicable sales charge (or CDSC) and, for class C shares, the higher operating expenses for such shares. Performance for class R6 shares prior to their inception is derived from the historical performance of class Y shares and has not been adjusted for the lower investor servicing fees applicable to class R6 shares; had it, returns would have been higher.

Returns for periods of less than one year are not annualized.

For a portion of the periods, the fund had expense limitations, without which returns would have been lower.

Class B and C share performance reflects conversion to class A shares after eight years.

Comparative annualized index returns For periods ended 1/31/23

	Life of fund	10 years	5 years	3 years	1 year	6 months
Bloomberg Municipal Bond Index	5.85%	2.38%	2.07%	-0.42%	-3.25%	0.73%
Lipper High Yield Municipal Debt Funds category median*	4.37	2.78	1.73	-1.25	-8.04	-1.24

Index and Lipper results should be compared with fund performance before sales charge, before CDSC, or at net asset value.

Returns for periods of less than one year are not annualized.

All Bloomberg indices are provided by Bloomberg Index Services Limited.

Lipper peer group median is provided by Lipper, a Refinitiv company.

* Over the 6-month, 1-year, 3-year, 5-year, 10-year, and life-of-fund periods ended 1/31/23, there were 192, 191, 185, 166, 106, and 13 funds, respectively, in this Lipper category.

Fund price and distribution information For the six-month period ended 1/31/23

Distributions	Class A		Class B	Class C	Class R6	Class Y
Number	6		6	6	6	6
Income ¹	\$0.208156		\$0.174800	\$0.166650	\$0.224122	\$0.223141
Capital gains ²	—		—	—	—	—
Total	\$0.208156		\$0.174800	\$0.166650	\$0.224122	\$0.223141
Share value	Before sales charge	After sales charge	Net asset value	Net asset value	Net asset value	Net asset value
7/31/22	\$11.70	\$12.19	\$11.74	\$11.74	\$11.76	\$11.76
1/31/23	11.44	11.92	11.47	11.47	11.50	11.49
Current rate (end of period)	Before sales charge	After sales charge	Net asset value	Net asset value	Net asset value	Net asset value
Current dividend rate ³	3.48%	3.34%	2.89%	2.74%	3.75%	3.73%
Taxable equivalent ⁴	5.88	5.64	4.88	4.63	6.33	6.30
Current 30-day SEC yield ⁵	N/A	3.68	3.18	3.03	4.04	4.02
Taxable equivalent ⁴	N/A	6.22	5.37	5.12	6.82	6.79

The classification of distributions, if any, is an estimate. Before-sales-charge share value and current dividend rate for class A shares, if applicable, do not take into account any sales charge levied at the time of purchase. After-sales-charge share value, current dividend rate, and current 30-day SEC yield, if applicable, are calculated assuming that the maximum sales charge (4.00% for class A shares) was levied at the time of purchase. 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.

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 share price before or after sales charge at period-end.

⁴ Assumes maximum 40.80% federal tax rate for 2023. Results for investors subject to lower tax rates would not be as advantageous.

⁵ Based only on investment income and calculated using the maximum offering price for each share class, in accordance with SEC guidelines.

Annualized fund performance as of most recent calendar quarter

Total return for periods ended 12/31/22

	Life of fund	10 years	5 years	3 years	1 year	6 months
Class A (9/20/93)						
Before sales charge	5.40%	2.63%	1.12%	-1.52%	-12.80%	-0.62%
After sales charge	5.28	2.21	0.30	-2.85	-16.29	-4.60
Class B (9/9/85)						
Before CDSC	5.40	2.12	0.50	-2.12	-13.34	-0.94
After CDSC	5.40	2.12	0.16	-3.02	-17.55	-5.82
Class C (2/1/99)						
Before CDSC	5.22	2.00	0.37	-2.23	-13.38	-0.99
After CDSC	5.22	2.00	0.37	-2.23	-14.22	-1.97
Class R6 (5/22/18)						
Net asset value	5.27	2.89	1.37	-1.24	-12.51	-0.49
Class Y (1/2/08)						
Net asset value	5.27	2.87	1.35	-1.28	-12.59	-0.57

See the discussion following the fund performance table on page 9 for information about the calculation of fund performance.

Returns for periods of less than one year are not annualized.

Your fund's expenses

As a mutual fund investor, you pay ongoing expenses, such as management fees, distribution fees (12b-1 fees), and other expenses. Using the following information, you can estimate how these expenses affect your investment and compare them with the expenses of other funds. You may also pay one-time transaction expenses, including sales charges (loads) and redemption fees, which are not shown in this section and would have resulted in higher total expenses. For more information, see your fund's prospectus or talk to your financial representative.

Expense ratios

	Class A	Class B	Class C	Class R6	Class Y
Total annual operating expenses for the fiscal year ended 7/31/22	0.87%	1.47%	1.62%	0.60%	0.62%
Annualized expense ratio for the six-month period ended 1/31/23*	1.00%	1.60%	1.75%	0.72%	0.75%

Fiscal year expense information in this table is taken from the most recent prospectus, is subject to change, and may differ from that shown for the annualized expense ratio and in the financial highlights of this report.

Expenses are shown as a percentage of average net assets.

* Expense ratios for each class are for the fund's most recent fiscal half year. As a result of this, ratios may differ from expense ratios based on one-year data in the financial highlights.

Expenses per \$1,000

The following table shows the expenses you would have paid on a \$1,000 investment in each class of the fund from 8/1/22 to 1/31/23. It also shows how much a \$1,000 investment would be worth at the close of the period, assuming *actual returns* and expenses.

	Class A	Class B	Class C	Class R6	Class Y
Expenses paid per \$1,000 [†]	\$5.03	\$8.04	\$8.79	\$3.63	\$3.78
Ending value (after expenses)	\$996.50	\$992.60	\$991.90	\$997.90	\$997.00

^{*} Expenses for each share class are calculated using the fund’s annualized expense ratio for each class, which represents the ongoing expenses as a percentage of average net assets for the six months ended 1/31/23. The expense ratio may differ for each share class.

[†] Expenses are calculated by multiplying the expense ratio by the average account value for the period; then multiplying the result by the number of days in the period (184); and then dividing that result by the number of days in the year (365).

Estimate the expenses you paid

To estimate the ongoing expenses you paid for the six months ended 1/31/23, use the following calculation method. To find the value of your investment on 8/1/22, call Putnam at 1-800-225-1581.

How to calculate the expenses you paid					
Value of your investment on 8/1/22	÷	\$1,000	×	Expenses paid per \$1,000	= Total expenses paid
Example Based on a \$10,000 investment in class A shares of your fund.					
\$10,000	÷	\$1,000	×	\$5.03 (see preceding table)	= \$50.30

Compare expenses using the SEC’s method

The Securities and Exchange Commission (SEC) has established guidelines to help investors assess fund expenses. Per these guidelines, the following table shows your fund’s expenses based on a \$1,000 investment, assuming a *hypothetical 5% annualized return*. You can use this information to compare the ongoing expenses (but not transaction expenses or total costs) of investing in the fund with those of other funds. All mutual fund shareholder reports will provide this information to help you make this comparison. Please note that you cannot use this information to estimate your actual ending account balance and expenses paid during the period.

	Class A	Class B	Class C	Class R6	Class Y
Expenses paid per \$1,000 [†]	\$5.09	\$8.13	\$8.89	\$3.67	\$3.82
Ending value (after expenses)	\$1,020.16	\$1,017.14	\$1,016.38	\$1,021.58	\$1,021.42

^{*} Expenses for each share class are calculated using the fund’s annualized expense ratio for each class, which represents the ongoing expenses as a percentage of average net assets for the six months ended 1/31/23. The expense ratio may differ for each share class.

[†] Expenses are calculated by multiplying the expense ratio by the average account value for the six-month period; then multiplying the result by the number of days in the six-month period (184); and then dividing that result by the number of days in the year (365).

Consider these risks before investing

Capital gains, if any, are taxed at the federal and, in most cases, state levels. For some investors, investment income may be subject to the federal alternative minimum tax. Income from federally tax-exempt funds may be subject to state and local taxes.

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). Bond investments may be more susceptible to downgrades or defaults during economic downturns or other periods of economic stress. Interest-rate risk is generally greater for longer-term bonds, and credit risk is generally greater for below-investment-grade bonds. Unlike bonds, funds that invest in bonds have fees and expenses. The fund may invest significantly in particular segments of the tax-exempt debt market, making it more vulnerable to fluctuations in the values of the securities it holds than a more broadly invested fund. Interest the fund receives might be taxable.

The value of investments in the fund's portfolio may fall or fail to rise over extended periods of time for a variety of reasons, including general economic, political, or financial market conditions; investor sentiment and market perceptions; government actions; geopolitical events or changes; and factors related to a specific issuer, geography, industry, or sector. These and other factors may lead to increased volatility and reduced liquidity in the fund's portfolio holdings.

Our investment techniques, analyses, and judgments may not produce the outcome we intend. The investments we select for the fund may not perform as well as other securities that we do not select for the fund. We, or the fund's other service providers, may experience disruptions or operating errors that could negatively impact the fund. You can lose money by investing in the fund.

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.

Before sales charge, or net asset value, is the price, or value, of one share of a mutual fund, without a sales charge. Before-sales-charge figures fluctuate with market conditions. They are calculated by dividing the net assets of each class of shares by the number of outstanding shares in the class.

After sales charge is the price of a mutual fund share plus the maximum sales charge levied at the time of purchase. After-sales-charge performance figures shown here assume the 4.00% maximum sales charge for class A shares.

Contingent deferred sales charge (CDSC) is generally a charge applied at the time of the redemption of class B or C shares and assumes redemption at the end of the period. Your fund's class B CDSC declines over time from a 5% maximum during the first year to 1% during the sixth year. After the sixth year, the CDSC no longer applies. The CDSC for class C shares is 1% for one year after purchase.

Share classes

Class A shares are generally subject to an initial sales charge and no CDSC (except on certain redemptions of shares bought without an initial sales charge).

Class B shares are closed to new investments and are only available by exchange from class B shares of another Putnam fund or through dividend and/or capital gains reinvestment. They are not subject to an initial sales charge and may be subject to a CDSC.

Class C shares are not subject to an initial sales charge and are subject to a CDSC only if the shares are redeemed during the first year.

Class R6 shares are not subject to an initial sales charge or CDSC and carry no 12b-1 fee. They are generally only available to employer-sponsored retirement plans, corporate and institutional clients, and clients in other approved programs.

Class Y shares are not subject to an initial sales charge or CDSC and carry no 12b-1 fee. They are generally only available to corporate and institutional clients and clients in other approved programs.

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

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

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

ICE BofA (Intercontinental Exchange Bank of America) 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.

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therefrom; assumes no liability in connection with the use of the foregoing; and does not sponsor, endorse, or recommend Putnam Investments, or any of its products or services.

Lipper, a Refinitiv company, 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 medians reflect performance trends for funds within a category.

Other information for shareholders

Important notice regarding delivery of shareholder documents

In accordance with Securities and Exchange Commission (SEC) regulations, Putnam sends a single notice of internet availability, or a single printed 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, 2022, are available in the Individual Investors section of putnam.com and on the SEC's 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-PORT within 60 days of the end of such fiscal quarter. Shareholders may obtain the fund's Form N-PORT on the SEC's website at www.sec.gov.

Prior to its use of Form N-PORT, the fund filed its complete schedule of its portfolio holdings with the SEC on Form N-Q, which is available online at www.sec.gov.

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 January 31, 2023, Putnam employees had approximately \$478,000,000 and the Trustees had approximately \$64,000,000 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.

Financial statements

These sections of the report, as well as the accompanying Notes, 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, which is calculated separately for each class of shares. (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 period.

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. Dividend sources are estimated at the time of declaration. Actual results may vary. Any non-taxable return of capital cannot be determined until final tax calculations are completed after the end of the fund's fiscal period.

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.

The fund's portfolio 1/31/23 (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
 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. 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 1.66% as of the close of the reporting period.

MUNICIPAL BONDS AND NOTES (102.9%)*	Rating**	Principal amount	Value
Alabama (1.7%)			
Jefferson Cnty., Swr. Rev. Bonds Ser. D, 6.50%, 10/1/53	BBB	\$3,000,000	\$3,207,682
stepped-coupon zero % (7.750%, 10/1/23), 10/1/46 ††	BBB	8,800,000	9,030,864
			12,238,546
Alaska (1.2%)			
AK State Indl. Dev. & Export Auth. Rev. Bonds, (Tanana Chiefs Conference), Ser. A, 4.00%, 10/1/49	A+/F	8,500,000	8,184,570
			8,184,570
Arizona (3.5%)			
AZ State Indl. Dev. Auth. Charter School Rev. Bonds, (Equitable School Revolving Fund, LLC), 4.00%, 11/1/51	A	1,000,000	901,322
AZ State Indl. Dev. Auth. Ed. Rev. Bonds, (KIPP New York, Inc., Jerome Fac.), Ser. B, 4.00%, 7/1/51	BBB-	2,000,000	1,708,146
AZ State Indl. Dev. Auth. Ed. 144A Rev. Bonds, (BASIS Schools, Inc.), Ser. G, 5.00%, 7/1/37	BB	1,500,000	1,503,465
Maricopa Cnty. Indl. Dev. Auth. 144A Rev. Bonds, (Commercial Metals Co), 4.00%, 10/15/47	BB+	1,550,000	1,315,812
Maricopa Cnty., Indl. Dev. Auth. Ed. Rev. Bonds, (Horizon Cmnty. Learning Ctr.), 5.00%, 7/1/35	BB+	1,500,000	1,494,693
Phoenix, Indl. Dev. Auth. Ed. Rev. Bonds, (Great Hearts Academies), 5.00%, 7/1/44	BBB-	3,800,000	3,830,766
Phoenix, Indl. Dev. Auth. Ed. 144A Rev. Bonds, (BASIS Schools, Inc.)			
Ser. A, 5.00%, 7/1/46	BB	750,000	714,191
5.00%, 7/1/35	BB	1,500,000	1,507,815
Ser. A, 5.00%, 7/1/35	BB	1,750,000	1,759,117
Pima Cnty., Indl. Dev. Auth. Sr. Living 144A Rev. Bonds, (La Posada at Park Centre, Inc.)			
7.00%, 11/15/57	BBB+/P	1,650,000	1,716,094
6.875%, 11/15/52	BBB+/P	500,000	520,329
6.75%, 11/15/42	BBB+/P	1,000,000	1,046,499
6.25%, 11/15/35	BBB+/P	1,060,000	1,103,964

MUNICIPAL BONDS AND NOTES (102.9%)* cont.	Rating**	Principal amount	Value
Arizona cont.			
Salt Verde, Fin. Corp. Gas Rev. Bonds			
5.50%, 12/1/29	A3	\$1,525,000	\$1,681,893
5.00%, 12/1/32	A3	1,500,000	1,637,534
Yavapai Cnty., Indl. Dev. Ed. Auth. Rev. Bonds, (Agribusiness & Equine Ctr.), 5.00%, 3/1/32	BB+	1,470,000	1,470,063
Yavapai Cnty., Indl. Dev. Ed. Auth. 144A Rev. Bonds, Ser. A, 5.00%, 9/1/34	BB+	500,000	500,077
			24,411,780
California (12.4%)			
Bay Area Toll Auth. VRDN (San Francisco Bay Area), Ser. C, 0.87%, 4/1/53	VMIG 1	3,100,000	3,100,000
CA Cmnty. Hsg. Agcy. Essential Hsg. 144A Rev. Bonds (Aster Apt.), Ser. A-1, 4.00%, 2/1/56	BB+/P	3,275,000	2,892,540
(Fountains at Emerald Park), 4.00%, 8/1/46	BB-/P	4,890,000	4,152,346
CA Hsg. Fin. Agcy. Muni. Certif. Rev. Bonds, Ser. 21-1, Class A, 3.50%, 11/20/35	BBB+	2,846,419	2,760,001
CA Muni. Fin. Auth. VRDN (Chevron USA, Inc.), 0.65%, 11/1/35	VMIG 1	2,500,000	2,500,000
CA Pub. Fin. Auth. VRDN, (Sharp Hlth. Care Oblig. Group), Ser. C, 0.45%, 8/1/52	VMIG 1	1,500,000	1,500,000
CA Pub. State Fin. Auth. Sr. Living 144A Rev. Bonds, (Enso Village Project), Ser. A			
5.00%, 11/15/51	B-/P	1,500,000	1,329,058
5.00%, 11/15/36	B-/P	750,000	728,127
CA School Fin. Auth. Rev. Bonds, (2023 Union, LLC), Ser. A, 6.00%, 7/1/33	BBB-	1,000,000	1,009,462
CA State Infrastructure & Econ. Dev. Bank 144A Rev. Bonds, (WFCS Holdings II, LLC), Ser. B, zero %, 1/1/61	B-/P	7,435,000	431,501
CA State Muni. Fin. Auth Mobile Home Park Rev. Bonds, (Caritas Affordable Hsg., Inc.), 5.25%, 8/15/39	A-	800,000	817,400
CA State Poll. Control Fin. Auth. Rev. Bonds, (San Jose Wtr. Co.), 4.75%, 11/1/46	A	1,700,000	1,740,141
CA State Tobacco Securitization Agcy. Rev. Bonds			
Ser. B-2, zero %, 6/1/55	BB/P	20,390,000	3,701,743
(Gold Country Settlement Funding Corp.), Ser. B-2, zero %, 6/1/55	BB/P	7,850,000	1,748,148
CMFA Special Fin. Agcy. I 144A Rev. Bonds, (Social Bond), Ser. A-2, 4.00%, 4/1/56	BB/P	2,500,000	1,998,126
CSCDA Cmnty. Impt. Auth. Rev. Bonds, (Pasadena Portfolio), Ser. A-2, 3.00%, 12/1/56	BBB-/P	4,000,000	2,853,544
CSCDA Cmnty. Impt. Auth. 144A Rev. Bonds			
(Pasadena Portfolio), 4.00%, 12/1/56	BB/P	2,000,000	1,519,104
(Anaheim), 4.00%, 8/1/56	BB/P	4,900,000	4,228,190
(Jefferson-Anaheim), 3.125%, 8/1/56	BB+/P	1,900,000	1,410,493
(Essential Hsg.), Ser. A-2, 3.00%, 2/1/57	BBB-/P	5,500,000	3,920,645
(Jefferson-Anaheim), 2.875%, 8/1/41	BB+/P	1,570,000	1,372,585
Davis, Joint Unified School Dist. G.O. Bonds, (Yolo Cnty., Election 2018), BAM, 3.00%, 8/1/38	AA	3,140,000	2,858,652
Golden State Tobacco Securitization Corp. Rev. Bonds, Ser. B-2, zero %, 6/1/66	BB+/P	32,440,000	4,101,684

MUNICIPAL BONDS AND NOTES (102.9%)* cont.	Rating**	Principal amount	Value
California cont.			
Hastings Campus HFA Rev. Bonds, (U. of CA Hastings College of the Law), Ser. A, 5.00%, 7/1/61	BB-/P	\$2,500,000	\$2,062,349
Long Beach, Bond Fin. Auth. Rev. Bonds, (Natural Gas Purchase), Ser. A, 5.50%, 11/15/37	A2	2,000,000	2,276,178
Palm Desert, Special Tax, (Cmnty. Fac. Dist. 2021-1), 4.00%, 9/1/51	B+/P	650,000	588,949
Sacramento, Special Tax, (Greenbriar Cmnty. Fac. Dist. No 2018-03)			
4.00%, 9/1/50	BB/P	600,000	512,461
4.00%, 9/1/46	BB/P	750,000	654,467
San Francisco, City & Cnty. Arpt. Comm. Intl. Arpt. VRDN, Ser. B, 1.05%, 5/1/58	VMIG 1	13,005,000	13,005,000
San Francisco, City & Cnty. Redev. Agcy. Cmnty. Successor Special Tax Bonds, (No. 6 Mission Bay Pub. Impts.), Ser. C, zero %, 8/1/43	BBB/P	8,000,000	2,421,913
Santa Clara Cnty., Fin. Auth. Rev. Bonds, Ser. Q, 3.00%, 5/15/34	AA+	6,715,000	6,720,143
Sunnyvale, Special Tax Bonds, (Cmnty. Fac. Dist. No. 1), 7.75%, 8/1/32	B+/P	3,550,000	3,563,287
Tobacco Securitization Auth. of Southern CA Rev. Bonds, Ser. B-2, Class 2, zero %, 6/1/54	BB/P	14,660,000	2,707,500
			87,185,737
Colorado (4.5%)			
CO Pub. Hwy. Auth. Rev. Bonds, (E-470), zero %, 9/1/41	A2	1,000,000	462,159
CO State Hlth. Fac. Auth. Hosp. Rev. Bonds			
(Frasier Meadows Retirement Cmnty.), Ser. A, 5.25%, 5/15/47	BBB-/F	250,000	237,802
(Frasier Meadows Retirement Cmnty.), Ser. A, 5.25%, 5/15/37	BBB-/F	1,000,000	991,986
(Frasier Meadows Retirement Cmnty.), Ser. B, 5.00%, 5/15/39 (Prerefunded 5/15/23)	BBB-/F	2,000,000	2,013,406
(Christian Living Neighborhood), 5.00%, 1/1/31	BB/P	2,000,000	1,940,173
(Covenant Living Cmnty. and Svcs. Oblig. Group), 4.00%, 12/1/50	A-/F	1,700,000	1,450,884
(Christian Living Neighborhoods Oblig. Group), 4.00%, 1/1/42	BB/P	1,000,000	764,320
(Covenant Living Cmnty. and Svcs. Oblig. Group), 4.00%, 12/1/40	A-/F	2,000,000	1,810,348
(Christian Living Neighborhoods), 4.00%, 1/1/38	BBB/P	550,000	442,560
Denver City & Cnty., Arpt. Rev. Bonds			
Ser. D, 5.75%, 11/15/37 [†]	Aa3	2,500,000	2,982,388
Ser. D, 5.75%, 11/15/38 [†]	Aa3	3,175,000	3,783,830
Plaza, Tax Alloc. Bonds, (Metro. Dist. No. 1), 5.00%, 12/1/40	BB-/P	3,000,000	2,964,930
Pub. Auth. for CO Energy Rev. Bonds, (Natural Gas Purchase), 6.50%, 11/15/38	A2	2,000,000	2,480,329
RainDance Metro. Dist. No. 1 Rev. Bonds, (Non-Potable Wtr. Enterprise)			
5.25%, 12/1/50	B+/P	1,375,000	1,267,865
5.00%, 12/1/40	B+/P	625,000	592,449

MUNICIPAL BONDS AND NOTES (102.9%)* cont.	Rating**	Principal amount	Value
Colorado cont.			
Rampart Range Metro. Distr. Rev. Bonds, (Dist. No. 5), 4.00%, 12/1/51	BB-/P	\$2,000,000	\$1,431,113
Southlands, Metro. Dist. No. 1 G.O. Bonds, Ser. A-1, 5.00%, 12/1/37	Ba1	500,000	500,433
Trails at Crowfoot Metro. Dist. No. 3 G.O. Bonds, Ser. A, 5.00%, 12/1/49	B+/P	2,000,000	1,855,154
Village Metro. Dist. G.O. Bonds			
5.00%, 12/1/49	BB/P	1,250,000	1,193,100
5.00%, 12/1/40	BB/P	1,000,000	977,434
Windler Pub. Impt. Auth. Rev. Bonds, Ser. A-1, 4.125%, 12/1/51	B+/P	2,000,000	1,419,780
			31,562,443
Connecticut (1.1%)			
CT State Hlth. & Edl. Fac. Auth. Rev. Bonds			
(Masonicare Issue), Ser. F, 5.00%, 7/1/33	BBB+/F	1,500,000	1,505,066
(Stamford Hosp. Oblig. Group (The)), Ser. M, 4.00%, 7/1/42	BBB+	2,000,000	1,867,896
(Stamford Hosp. Oblig. Group (The)), Ser. M, 4.00%, 7/1/38	BBB+	865,000	842,004
CT State Hlth. & Edl. Fac. Auth. 144A Rev. Bonds, (Church Home of Hartford, Inc.), Ser. A, 5.00%, 9/1/46	BB/F	1,000,000	926,871
Harbor Point Infrastructure Impt. Dist. 144A Tax Alloc. Bonds, (Harbor Point Ltd.), 5.00%, 4/1/39	BB/P	2,500,000	2,502,900
			7,644,737
Delaware (0.9%)			
DE State Econ. Dev. Auth. Rev. Bonds, (ASPIRA Charter School), Ser. A			
5.00%, 6/1/46	BB	1,820,000	1,783,047
5.00%, 6/1/36	BB	700,000	706,145
Millsboro Special Oblig. 144A Special Tax, (Plantation Lakes), 5.25%, 7/1/48	BB-/P	1,999,000	1,965,966
Millsboro Special Oblig. 144A Tax Alloc. Bonds, (Plantation Lakes Special Dev. Dist.), 5.125%, 7/1/38	BB-/P	1,498,000	1,499,194
			5,954,352
District of Columbia (2.7%)			
DC Rev. Bonds			
(Plenary Infrastructure DC, LLC), 5.50%, 8/31/34	A3	3,755,000	4,252,927
(Ingleside at Rock Creek), Ser. A, 5.00%, 7/1/52	BB-/P	3,170,000	2,711,122
(Latin American Montessori Bilingual Pub. Charter School Oblig. Group), 5.00%, 6/1/40	BB+	2,750,000	2,727,782
(Kipp DC), Ser. B, 5.00%, 7/1/37	BBB+	3,315,000	3,418,233
(KIPP DC), 4.00%, 7/1/49	BBB+	1,000,000	855,114
(KIPP DC), 4.00%, 7/1/44	BBB+	250,000	221,566
DC 144A Rev. Bonds, (Rocketship DC Oblig. Group), Ser. 21-A, 5.00%, 6/1/61	BB/P	700,000	647,402
Metro. Washington, Arpt. Auth. Dulles Toll Rd. Rev. Bonds, Cap Apprec 2nd Sr Lien, Ser. B, zero %, 10/1/40	A-	995,000	465,518

MUNICIPAL BONDS AND NOTES (102.9%)* cont.	Rating**	Principal amount	Value
District of Columbia cont.			
Metro. Washington DC, Arpt. Auth. Dulles Toll Rd. Rev. Bonds			
(Dulles Metrorail & Cap. Impt. Proj.) Ser. B, 4.00%, 10/1/44 ^T	A-	\$1,940,000	\$1,895,811
(Dulles Metrorail & Cap. Impt. Proj.) 4.00%, 10/1/53 ^T	A-	1,935,000	1,814,807
			19,010,282
Florida (6.8%)			
Cap. Projects Fin. Auth. Rev. Bonds, (CAPFA Cap. Corp. 2000F), Ser. A-1, 5.00%, 10/1/33	Baa3	2,000,000	2,052,354
Cap. Trust Agcy. Rev. Bonds, (Wonderful Foundation Charter School Holdings, LLC), zero %, 1/1/60	B/P	6,000,000	363,682
Cap. Trust Agcy. 144A Rev. Bonds, (Wonderful Foundation Charter School Holdings, LLC), 5.00%, 1/1/55	BB-/P	3,800,000	3,164,538
Cap. Trust Agcy. Edl. Fac. Rev. Bonds, (Liza Jackson Preparatory School, Inc.)			
5.00%, 8/1/55	Baa3	1,000,000	1,011,882
5.00%, 8/1/40	Baa3	300,000	309,903
Fishhawk, CCD IV Special Assmt. Bonds, 7.25%, 5/1/43	B/P	540,000	543,522
FL State Dev. Fin. Corp. Ed. Fac. 144A Rev. Bonds, (Drs. Kiran & Pallavi Patel 2017 Foundation for Global Understanding, Inc.), 4.00%, 7/1/51	BB/P	1,000,000	795,297
FL State Higher Edl. Fac. Financial Auth. Rev. Bonds			
(St. Leo U., Inc. Oblig. Group), 5.00%, 3/1/49	BB+	3,930,000	3,558,617
(St. Leo U.), 5.00%, 3/1/44	BB+	3,500,000	3,237,815
Lake Cnty., Retirement Fac. Rev. Bonds, (Waterman Cmnty., Inc.), 5.75%, 8/15/55	B/P	1,750,000	1,543,387
Lakewood Ranch, Stewardship Dist. Special Assessment Bonds, (Village of Lakewood Ranch South), 5.00%, 5/1/36	B+/P	815,000	822,153
Lakewood Ranch, Stewardship Dist. 144A Special Assmt., 4.00%, 5/1/50	B/P	500,000	402,072
Lakewood Ranch, Stewardship Dist. 144A Special Assmt. Bonds, (Northeast Sector), 5.30%, 5/1/39	B-/P	1,250,000	1,271,844
Lee Cnty., Indl. Dev. Auth. Rev. Bonds, (Shell Point/Waterside Hlth.), 5.00%, 11/15/39	BBB+	750,000	759,847
Miami-Dade Cnty., Indl. Dev. Auth. Rev. Bonds, (Pinecrest Academy, Inc.), 5.00%, 9/15/34	BBB	2,195,000	2,251,577
Middleton, Cmnty. Dev. Dist. 144A Special Assmt. Bonds, (Dist. A), 6.20%, 5/1/53	B+/P	1,355,000	1,395,102
Orange Cnty., Hlth. Fac. Auth. Rev. Bonds, (Orlando Hlth.), 5.00%, 10/1/53	A+	7,735,000	8,322,264
Palm Beach Cnty., Rev. Bonds, (Lynn U. Hsg.), Ser. A, 5.00%, 6/1/57	B+/P	1,045,000	932,355
Palm Beach Cnty., 144A Rev. Bonds, (PBAU Hsg.), Ser. A, 5.00%, 4/1/39	Ba1	500,000	488,587
Pinellas Cnty., Indl. Dev. Auth. Rev. Bonds, (2017 Foundation for Global Understanding, Inc.), 5.00%, 7/1/39	AAA/P	2,770,000	2,768,617

MUNICIPAL BONDS AND NOTES (102.9%)* cont.	Rating**	Principal amount	Value
Florida cont.			
Sarasota Cnty., Hlth. Fac. Auth. Retirement Fac. Rev. Bonds, (Village of Isle)			
5.00%, 1/1/31	BB+/F	\$1,285,000	\$1,257,039
5.00%, 1/1/30	BB+/F	750,000	737,507
Southeast Overtown Park West Cmnty. Redev. Agcy. 144A Tax Alloc. Bonds, Ser. A-1, 5.00%, 3/1/30	BBB+	1,440,000	1,468,666
St. John's Cnty., Indl. Dev. Auth. Rev. Bonds, (Life Care Ponte Vedra Oblig. Group), Ser. A			
4.00%, 12/15/50	BB+/F	750,000	559,503
4.00%, 12/15/41	BB+/F	750,000	606,725
4.00%, 12/15/36	BB+/F	400,000	346,511
Tampa, Cap. Impt. Cigarette Tax Rev. Bonds, (Cap. Appn.), Ser. A			
zero %, 9/1/53	A1	2,600,000	589,986
zero %, 9/1/45	A1	2,000,000	693,074
zero %, 9/1/41	A1	1,000,000	446,459
zero %, 9/1/40	A1	850,000	404,639
Village Cmnty. Dev. Dist. No. 10 Special Assmt. Bonds, 5.75%, 5/1/31	BB/P	925,000	928,410
Village, Special Assmt., (Cmnty. Dev. Dist. No. 13), 3.25%, 5/1/52	BB-/P	1,500,000	1,048,817
Village, 144A Special Assmt., (Village Cmnty. Dev. Dist. No. 13), 3.50%, 5/1/51	BB-/P	3,885,000	2,880,157
			47,962,908
Georgia (1.5%)			
Cobb Cnty., Dev. Auth. Student Hsg. Rev. Bonds (Kennesaw State U. Real Estate Oblig. Group), Ser. C, 5.00%, 7/15/38	Baa2	1,250,000	1,260,001
(Kennesaw State U. Real Estate), 5.00%, 7/15/30	Baa2	1,200,000	1,222,688
Geo L Smith II GA Congress Ctr. 144A Rev. Bonds, (Signia Hotel Mgt., LLC.)			
5.00%, 1/1/54	BB-/P	2,470,000	2,038,166
5.00%, 1/1/36	BB-/P	1,430,000	1,338,149
Muni. Election Auth. of GA Rev. Bonds, (Plant Vogtle Units 3 & 4)			
4.50%, 7/1/63	A	1,500,000	1,506,888
Ser. A, 4.00%, 1/1/59	A2	3,000,000	2,805,177
			10,171,069
Illinois (8.6%)			
Chicago, G.O. Bonds			
Ser. A, 5.50%, 1/1/49	BBB+	2,000,000	2,080,980
Ser. A, 5.00%, 1/1/44	BBB+	2,000,000	2,009,554
Ser. A, 5.00%, 1/1/31	BBB+	1,400,000	1,501,585
Ser. A, 5.00%, 1/1/30	BBB+	2,600,000	2,793,970
Ser. B, 4.00%, 1/1/38	BBB+	7,553,000	7,103,186
Ser. A, 4.00%, 1/1/36	BBB+	3,150,000	3,062,831
Chicago, Special Assmt.			
3.45%, 12/1/32	BBB/P	300,000	267,101
3.29%, 12/1/30	BBB/P	350,000	315,471
3.20%, 12/1/29	BBB/P	325,000	294,668
2.87%, 12/1/27	BBB/P	255,000	236,319

MUNICIPAL BONDS AND NOTES (102.9%)* cont.	Rating**	Principal amount	Value
Illinois cont.			
Chicago, Board of Ed. G.O. Bonds, Ser. H, 5.00%, 12/1/36	BB	\$4,600,000	\$4,695,859
Chicago, Board of Ed. 144A G.O. Bonds, Ser. A, 7.00%, 12/1/46	BB	1,500,000	1,645,963
Chicago, O'Hare Intl. Arpt. Rev. Bonds, Ser. A, AGM, 5.50%, 1/1/53	AA	3,800,000	4,124,402
Du Page Cnty., Special Svc. Area No. 31 Special Tax Bonds, (Monarch Landing), 5.625%, 3/1/36	B/P	698,000	696,647
IL State G.O. Bonds			
Ser. A, 5.25%, 12/1/30	Baa1	5,000,000	5,382,026
Ser. A, 5.00%, 10/1/33	Baa1	1,025,000	1,092,592
Ser. A, 5.00%, 12/1/31	Baa1	7,200,000	7,648,344
Ser. C, 5.00%, 11/1/29	Baa1	2,000,000	2,136,894
IL State Fin. Auth. Rev. Bonds			
(Plymouth Place), 5.25%, 5/15/50 (Prerefunded 5/15/25)	AAA/P	850,000	904,811
(Rosalind Franklin U. of Medicine & Science), Ser. A, 5.00%, 8/1/47	BBB+	850,000	857,967
(Rosalind Franklin U. of Medicine & Science), Ser. A, 5.00%, 8/1/42	BBB+	500,000	507,146
(Rosalind Franklin U. of Medicine and Science), Ser. A, 5.00%, 8/1/34	BBB+	650,000	677,810
(Southern IL Healthcare Enterprises, Inc.), 5.00%, 3/1/33	A	200,000	213,500
IL State Fin. Auth. Student Hsg. & Academic Fac. Rev. Bonds, (CHF-Chicago, LLC), 5.00%, 2/15/47	Baa3	5,500,000	5,510,938
Metro. Pier & Exposition Auth. Rev. Bonds, (McCormick Place Expansion), Ser. B, stepped-coupon zero % (4.850%, 6/15/31), 12/15/42 ††	A-	3,000,000	1,867,133
Northern IL U. Rev. Bonds, Ser. B, BAM			
5.00%, 4/1/34	AA	650,000	713,559
5.00%, 4/1/29	AA	400,000	441,551
4.00%, 4/1/41	AA	625,000	604,757
4.00%, 4/1/38	AA	600,000	599,543
4.00%, 4/1/37	AA	600,000	602,439
			60,589,546
Kansas (0.3%)			
Wichita, Hlth. Care Fac. Rev. Bonds, (Presbyterian Manors), Ser. I, 5.00%, 5/15/38	BB-/P	1,000,000	920,491
Wyandotte, Cnty./Kansas City, Unified Govt. 144A Rev. Bonds, (Legends Apt. Garage & West Lawn), 4.50%, 6/1/40	BB+/P	1,175,000	1,084,255
			2,004,746
Kentucky (0.5%)			
KY Econ. Dev. Fin. Auth. Rev. Bonds, (Masonic Home Indpt. Living), 5.00%, 5/15/36	BB/P	2,000,000	1,765,558
KY State Econ. Dev. Fin. Auth. Rev. Bonds, (Owensboro Hlth.), Ser. A, 5.25%, 6/1/41	Baa2	375,000	387,906
KY State Econ. Dev. Fin. Auth. Hlth. Care Rev. Bonds, (Masonic Homes of KY), 5.375%, 11/15/42	BB-/P	1,400,000	1,214,683
			3,368,147

MUNICIPAL BONDS AND NOTES (102.9%)* cont.	Rating**	Principal amount	Value
Louisiana (0.1%)			
St. Tammany, Public Trust Fin. Auth. Rev. Bonds, (Christwood), 5.25%, 11/15/37	BB/P	\$765,000	\$750,298
			750,298
Maine (0.1%)			
ME State Fin. Auth. Solid Waste Disp. 144A Mandatory Put Bonds (8/1/25), (Casella Waste Syst.), 5.125%, 8/1/35	B1	1,000,000	1,008,263
			1,008,263
Maryland (2.0%)			
Brunswick, Special Tax, 5.00%, 7/1/36	B+/P	999,000	1,019,998
Frederick Cnty., Edl. Fac. 144A Rev. Bonds, (Mount St. Mary's U.), Ser. A, 5.00%, 9/1/37	BB+	500,000	486,856
MD Econ. Dev. Corp. Rev. Bonds, (Morgan View & Thurgood Marshall Student Hsg.), Ser. A, 6.00%, 7/1/58	BBB-	5,025,000	5,589,873
MD State Econ. Dev. Corp. Tax Alloc. Bonds, (Port Covington), 4.00%, 9/1/50	B+/P	1,250,000	1,049,197
Prince Georges Cnty., Special Oblig. 144A Tax Alloc. Bonds, (Westphalia Town Ctr.)			
5.25%, 7/1/48	B/P	2,000,000	2,003,916
5.125%, 7/1/39	B/P	300,000	300,759
Westminster, Rev. Bonds			
(Lutheran Village at Miller's Grant, Inc. (The)), Ser. A, 6.00%, 7/1/34	B-/P	750,000	760,077
(Carroll Lutheran Village, Inc.), 5.125%, 7/1/34 (Prerefunded 7/1/24)	BB/P	3,000,000	3,108,035
			14,318,711
Massachusetts (2.3%)			
Lowell, Collegiate Charter School Rev. Bonds, 5.00%, 6/15/49	BB-/P	2,290,000	2,192,864
MA State Dev. Fin. Agcy. Rev. Bonds			
(Loomis Communities), Ser. A, U.S. Govt. Coll., 6.00%, 1/1/33 (Prerefunded 3/6/23)	AAA/P	250,000	253,648
(Milford Regl. Med. Ctr. Oblig. Group), Ser. F, 5.75%, 7/15/43	B+	1,000,000	1,002,800
MA State Dev. Fin. Agcy. VRDN, (Boston U.), Ser. U-6E, 1.15%, 10/1/42	VMIG 1	3,185,000	3,185,000
MA State Dev. Fin. Agcy. 144A Rev. Bonds, (Linden Ponds, Inc. Fac.), 5.125%, 11/15/46	A/F	2,000,000	2,067,206
MA State Dev. Fin. Agcy. VRDN (Boston U.), Ser. U-6C, 1.15%, 10/1/42	VMIG 1	3,500,000	3,500,000
MA State Dev. Fin. Agcy. Hlth. Care Fac. 144A Rev. Bonds, (Adventcare), Ser. A, 6.65%, 10/15/28 (In default) †	D/P	2,035,000	203,500
MA State Hlth. & Edl. Fac. Auth. VRDN (MA Inst. of Tech.), 1.45%, 7/1/31	VMIG 1	500,000	500,000
MA State Trans. Fund Rev. Bonds, (Rail Enhancement Program), Ser. A, 5.00%, 6/1/50	Aa1	3,200,000	3,546,996
			16,452,014

MUNICIPAL BONDS AND NOTES (102.9%)* cont.	Rating**	Principal amount	Value
Michigan (1.6%)			
Detroit, G.O. Bonds			
5.00%, 4/1/37	Ba2	\$350,000	\$357,580
5.00%, 4/1/36	Ba2	1,400,000	1,438,443
Flint, Hosp. Bldg. Auth. Rev. Bonds, Ser. A, 5.25%, 7/1/39	Ba1	500,000	501,486
MI State Fin. Auth. Ltd. Oblig. Rev. Bonds, (Lawrence Technological U.)			
5.25%, 2/1/32	BBB-	1,000,000	1,033,595
5.00%, 2/1/47	BBB-	4,100,000	3,925,507
5.00%, 2/1/37	BBB-	1,080,000	1,086,870
MI State Fin. Auth. Ltd. Oblig. Higher Ed. Fac. Rev. Bonds, (Aquinas College), 5.00%, 5/1/46	BB/P	2,000,000	1,741,790
MI State Strategic Fund Ltd. Oblig. Rev. Bonds, (Holland Home Oblig. Group)			
5.00%, 11/15/43	BBB-/F	500,000	498,042
5.00%, 11/15/34	BBB-/F	1,000,000	1,016,027
			11,599,340
Minnesota (1.4%)			
Baytown Twp., Lease Rev. Bonds, Ser. A, 4.00%, 8/1/36			
	BB+	400,000	348,953
Duluth, COP, (Indpt. School Dist. No. 709), Ser. A			
4.20%, 3/1/34	Baa3	725,000	695,760
4.00%, 3/1/28	Baa3	760,000	749,330
4.00%, 3/1/27	Baa3	730,000	724,826
Forest Lake, Charter School Lease Rev. Bonds, (LILA Bldg. Co.), Ser. A, 5.25%, 8/1/43	BB+	615,000	615,334
Ham Lake, Charter School Lease Rev. Bonds			
(DaVinci Academy of Arts & Science), Ser. A, 5.00%, 7/1/47	BB-/P	1,000,000	933,216
(Parnassus Preparatory School), Ser. A, 5.00%, 11/1/36	BB+	1,500,000	1,488,113
MN State Higher Ed. Fac. Auth. Rev. Bonds, (Augsburg U.), Ser. A, 5.00%, 5/1/46	Ba1	1,000,000	944,778
Rochester, Hlth. Care Fac. VRDN, (Mayo Clinic), Ser. B, 1.90%, 11/15/38	VMIG 1	800,000	800,000
St. Paul, Hsg. & Redev. Auth. Charter School Lease Rev. Bonds, (Hmong College Preparatory Academy), 5.00%, 9/1/55	BB+	2,750,000	2,531,733
			9,832,043
Missouri (1.7%)			
Kansas City, Indl. Dev. Auth. Arpt. Special Oblig. Rev. Bonds			
5.00%, 3/1/46	A2	3,060,000	3,183,674
AGM, 4.00%, 3/1/57	AA	1,300,000	1,221,842
Plaza at Noah's Ark Cmnty. Impt. Dist. Rev. Bonds			
3.125%, 5/1/35	B+/P	500,000	424,792
3.00%, 5/1/30	B+/P	725,000	662,017
Saint Louis, Indl. Dev. Auth. Fin. Rev. Bonds, (Ballpark Village Dev.), Ser. A, 4.75%, 11/15/47	BB-/P	1,625,000	1,248,618

MUNICIPAL BONDS AND NOTES (102.9%)* cont.	Rating**	Principal amount	Value
Missouri cont.			
St. Louis Cnty., Indl. Dev. Auth. Sr. Living Fac. Rev. Bonds, (Friendship Village)			
5.25%, 9/1/53	BB+/F	\$4,250,000	\$3,939,760
5.00%, 9/1/48	BB+/F	1,750,000	1,590,410
			12,271,113
Montana (1.8%)			
MT State Board of Regents Higher Ed. Mandatory Put Bonds (11/15/22), U. of MT, AGM, 5.25%, 11/15/52†			
	AA	6,665,000	7,494,001
MT State Fac. Fin. Auth. Rev. Bonds, (Billings Clinic Oblig. Group), Ser. A			
5.00%, 8/15/33	AA-	1,100,000	1,308,642
5.00%, 8/15/30	AA-	1,275,000	1,486,809
4.00%, 8/15/37	AA-	1,250,000	1,296,449
4.00%, 8/15/36	AA-	1,250,000	1,306,283
			12,892,184
Nevada (0.7%)			
Clark Cnty., Impt. Dist. No. 159 Special Assessment Bonds, (Summerlin Village 16A), 5.00%, 8/1/35			
	B+/P	590,000	597,695
Las Vegas, Special Assmt. Bonds			
5.00%, 6/1/30	B+/P	915,000	923,143
(Special Impt. Dist. No. 816), 3.125%, 6/1/46	BB-/P	1,300,000	904,638
Las Vegas, Impt. Dist. No. 812 Special Assessment Bonds, (Summerlin Village 24), 5.00%, 12/1/35			
	B/P	685,000	692,793
North Las Vegas, Local Impt. Special Assmt. Bonds, (Valley Vista Special Impt. Dist. No. 64), 4.50%, 6/1/39			
	B/P	675,000	652,562
NV State Dept. of Bus. & Indl. 144A Rev. Bonds, (Somerset Academy), Ser. A, 5.00%, 12/15/48			
	BB	1,000,000	964,780
			4,735,611
New Hampshire (0.9%)			
National Fin. Auth. Rev. Bonds, (Caritas Acquisitions VII, LLC), Ser. A			
4.50%, 8/15/55	BBB/P	3,495,000	2,996,345
4.25%, 8/15/46	BBB/P	1,650,000	1,410,602
4.125%, 8/15/40	BBB/P	1,475,000	1,293,992
NH State Hlth. & Ed. Fac. Auth. Rev. Bonds, (Kendel at Hanover), 5.00%, 10/1/46			
	BBB+/F	625,000	627,774
NH State Hlth. & Ed. Fac. Auth. 144A Rev. Bonds, (Hillside Village), Ser. A			
6.25%, 7/1/42 (In default) †	D/P	208,697	45,913
6.125%, 7/1/37 (In default) †	D/P	834,787	183,653
			6,558,279
New Jersey (4.4%)			
Camden Cnty., Impt. Auth. School Rev. Bonds, (KIPP Cooper Norcross), 6.00%, 6/15/62			
	BBB	3,000,000	3,179,123
NJ State Econ. Dev. Auth. Rev. Bonds			
(Paterson Charter School Science & Tech.), Ser. A, 6.10%, 7/1/44	BB	655,000	655,581
(Paterson Charter School Science & Tech.), Ser. A, 6.00%, 7/1/32	BB	300,000	300,357

MUNICIPAL BONDS AND NOTES (102.9%)* cont.	Rating**	Principal amount	Value
New Jersey cont.			
NJ State Econ. Dev. Auth. Rev. Bonds			
(Continental Airlines, Inc.), 5.50%, 6/1/33	Ba3	\$2,000,000	\$2,025,775
(Paterson Charter School), Ser. C, 5.30%, 7/1/44	BB	2,250,000	2,249,894
(Portal North Bridge), 5.25%, 11/1/42	A3	7,300,000	8,002,831
(North Star Academy Charter School of Newark, Inc.), 5.00%, 7/15/47	BBB-	500,000	508,241
Ser. EEE, 5.00%, 6/15/43 (Prerefunded 12/15/28)	AAA/P	1,450,000	1,679,437
Ser. EEE, 5.00%, 6/15/43	A3	2,460,000	2,569,969
Ser. EEE, 5.00%, 6/15/38 (Prerefunded 12/15/28)	A3	2,500,000	2,895,583
(Provident Group-Montclair State U. Student Hsg. & Properties), 5.00%, 6/1/37	AA	1,000,000	1,048,499
(North Star Academy Charter School of Newark, Inc.), 5.00%, 7/15/32	BBB-	1,000,000	1,056,515
NJ State Econ. Dev. Auth. Energy Fac. Rev. Bonds, (UMM Energy Partners, LLC), Ser. A, 5.00%, 6/15/37	Baa2	1,000,000	1,000,509
NJ State Econ. Dev. Auth. Fac. Rev. Bonds, (Continental Airlines, Inc.), 5.625%, 11/15/30	Ba3	1,000,000	1,024,027
NJ State Hlth. Care Fac. Fin. Auth. VRDN, (Virtua Hlth.), Ser. C, 0.45%, 7/1/43	A-1	2,000,000	2,000,000
NJ State Trans. Trust Fund Auth. Rev. Bonds, Ser. BB, 5.00%, 6/15/34	A3	575,000	656,005
			30,852,346
New Mexico (0.1%)			
Sante Fe, Retirement Fac. Rev. Bonds, (El Castillo Retirement Residences), Ser. A, 5.00%, 5/15/49	BB+/F	1,200,000	1,019,776
			1,019,776
New York (6.7%)			
NY City, Muni. Wtr. & Swr. Syst. Fin. Auth. VRDN, 1.15%, 6/15/49	VMIG 1	3,990,000	3,990,000
NY City, Transitional Fin. Auth. Rev. Bonds. Ser. B-1, 4.00%, 11/1/41 ^T	AA+	10,000,000	10,995,288
NY Counties, Tobacco Trust VI Rev. Bonds, (Tobacco Settlement Pass Through), Ser. A-2B, 5.00%, 6/1/51	BB+/P	2,500,000	2,415,342
NY State Env. Fac. Corp. Solid Waste Disp. Mandatory Put Bonds (9/2/25), (Casella Waste Syst., Inc.), Ser. R-1, 2.75%, 9/1/50	B+	475,000	451,926
NY State Liberty Dev. Corp. 144A Rev. Bonds, (World Trade Ctr.), Class 2, 5.375%, 11/15/40	BB-/P	1,250,000	1,251,470
NY State Thruway Auth. Personal Income Tax Rev. Bonds, Ser. C, 5.00%, 03/15/54 ^T	AA+	7,300,000	7,981,959
NY State Trans. Special Fac. Dev. Corp. Rev. Bonds			
(Delta Air Lines, Inc.), 5.00%, 10/1/40	Baa3	2,000,000	2,047,162
(American Airlines, Inc.), 3.00%, 8/1/31	B/F	1,150,000	1,063,430
NY State, Liberty Dev. Corp. Rev. Bonds, (4 World Trade Ctr.), 3.00%, 11/15/51	A+	8,675,000	6,470,770
Port Auth. of NY & NJ Rev. Bonds			
Ser. 218, 5.00%, 11/1/49 ^T	AA-	4,485,000	4,708,892
5.00%, 1/15/47	Aa3	4,300,000	4,625,984
Suffolk, Tobacco Asset Securitization Corp. Rev. Bonds, Ser. A-2, 4.00%, 6/1/50	BBB+	1,700,000	1,552,026
			47,554,249

MUNICIPAL BONDS AND NOTES (102.9%)* cont.	Rating**	Principal amount	Value
North Carolina (1.5%)			
NC State Med. Care Comm. Hlth. Care Fac. Rev. Bonds, (Lutheran Svcs. for the Aging, Inc. Oblig. Group), Ser. C			
4.00%, 3/1/42	BB/P	\$2,500,000	\$1,996,995
4.00%, 3/1/31	BB/P	825,000	758,277
4.00%, 3/1/30	BB/P	790,000	737,082
NC State Med. Care Comm. Hlth. Fac. Rev. Bonds, (Presbyterian Homes Oblig. Group), 4.00%, 10/1/50			
	BBB+/F	1,350,000	1,105,137
NC State Med. Care Comm. Retirement Fac. Rev. Bonds			
(Maryfield, Inc. Oblig. Group), 5.00%, 10/1/50	BB/P	1,500,000	1,395,932
(Twin Lakes Cmnty.), Ser. A, 5.00%, 1/1/49	BBB/F	2,970,000	2,919,037
(Southminister, Inc.), 5.00%, 10/1/37	BB/P	1,625,000	1,567,589
			10,480,049
Ohio (4.3%)			
Buckeye, Tobacco Settlement Fin. Auth. Rev. Bonds			
Ser. B-2, Class 2, 5.00%, 6/1/55	BB/P	9,770,000	9,330,385
Ser. A-2, Class 1, 3.00%, 6/1/48	BBB+	4,870,000	3,711,181
Centerville, Hlth. Care Rev. Bonds, (Graceworks Lutheran Svcs.), 5.25%, 11/1/47			
	BB+/P	2,000,000	1,839,031
Cleveland-Cuyahoga Cnty., Port Auth. Cultural Fac. Rev. Bonds			
(Playhouse Square Foundation), 5.50%, 12/1/43	BB+	500,000	516,042
(Playhouse Sq. Foundation), 5.25%, 12/1/38	BB+	1,065,000	1,095,046
Hickory Chase, Cmnty. Auth. Infrastructure Impt. 144A Rev. Bonds, (Hickory Chase), Ser. A, 5.00%, 12/1/40			
	B+/P	1,425,000	1,319,234
OH State Air Quality Dev. Auth. Exempt Fac. 144A Rev. Bonds, (Pratt Paper, LLC), 4.50%, 1/15/48			
	BB+/P	2,000,000	1,896,507
OH State Higher Edl. Fac. Comm. Rev. Bonds			
(Capital U.), 6.00%, 9/1/52	BBB-	1,475,000	1,548,907
(Cleveland Inst. of Music (The)), 5.375%, 12/1/52	BBB-	2,950,000	3,076,511
5.25%, 12/1/48	BB	750,000	720,250
(Cleveland Inst. of Music (The)), 5.125%, 12/1/42	BBB-	3,490,000	3,635,006
Southeastern OH Port Auth. Hosp. Fac. Rev. Bonds, (Memorial Hlth. Syst. Oblig. Group), 5.50%, 12/1/43			
	B+/F	235,000	236,958
Washington Cnty, Hosp. Rev. Bonds, (Marietta Area Hlth. Care, Inc.), 6.75%, 12/1/52			
	B+/P	1,500,000	1,524,443
			30,449,501
Oregon (2.4%)			
Clackamas Cnty., Hosp. Fac. Auth. Rev. Bonds, (Rose Villa, Inc.), Ser. A, 5.375%, 11/15/55			
	BB/P	1,000,000	930,969
Port of Portland, Arpt. Rev. Bonds, Ser. 27A, 4.00%, 07/01/50 [†]			
	AA-	15,710,000	15,081,735
Warm Springs, Reservation Confederated Tribes 144A Rev. Bonds, (Pelton-Round Butte), Ser. B			
5.00%, 11/1/39	A3	700,000	767,554
5.00%, 11/1/32	A3	360,000	407,827
			17,188,085

MUNICIPAL BONDS AND NOTES (102.9%)* cont.	Rating**	Principal amount	Value
Pennsylvania (3.6%)			
Chester Cnty., Indl. Dev. Auth. Rev. Bonds (Collegium Charter School), Ser. A, 5.125%, 10/15/37	BB	\$1,200,000	\$1,198,065
(Renaissance Academy Charter School), 5.00%, 10/1/34	BBB-	625,000	630,469
Chester Cnty., Indl. Dev. Auth. Student Hsg. Rev. Bonds, (West Chester U. Student Hsg., LLC), Ser. A, 5.00%, 8/1/45	Ba2	2,200,000	2,144,824
Cumberland Cnty., Muni. Auth. Rev. Bonds, (Asbury PA Obligated Group), 5.00%, 1/1/45	BB+/P	1,000,000	903,716
Dallas, Area Muni. Auth. U. Rev. Bonds, (Misericordia U.), 5.00%, 5/1/48	Baa3	3,000,000	2,954,112
Lancaster Cnty., Hosp. Auth. Hlth. Care Fac. Rev. Bonds, (Moravian Manors, Inc.), Ser. A, 5.00%, 6/15/49	BB+/F	4,705,000	4,258,137
Lancaster, Indl. Dev. Auth. Rev. Bonds, (Willow Valley Communities)			
5.00%, 12/1/49	A/F	2,300,000	2,402,228
5.00%, 12/1/44	A/F	1,850,000	1,946,223
4.00%, 12/1/44	A/F	1,150,000	1,133,424
Montgomery Cnty., Indl. Auth. Rev. Bonds, (Whitemarsh Continuing Care Retirement Cmnty.), Ser. A, 5.25%, 1/1/48	BB-/P	1,500,000	1,377,137
Moon, Indl. Dev. Auth. Rev. Bonds, (Baptist Homes Society Oblig. Group), 5.75%, 7/1/35	B+/P	850,000	776,582
PA State Econ. Dev. Fin. Auth. Rev. Bonds, (PennDOT Major Bridges), 6.00%, 6/30/61	Baa2	2,500,000	2,778,124
PA State Higher Edl. Fac. Auth. Student Hsg. Rev. Bonds, (U. Properties, Inc.-East Stroudsburg), Ser. A, 5.00%, 7/1/31	Baa3	1,000,000	1,011,835
Philadelphia Auth. For Ind. Dev. 144A Rev. Bonds, (String Theory Charter School), 5.00%, 6/15/50	BB+	1,000,000	962,443
Wilkes-Barre, Fin. Auth. Rev. Bonds, (Wilkes U.), 4.00%, 3/1/42	BBB-	1,165,000	1,017,019
			25,494,338
Puerto Rico (2.0%)			
Cmnwlth. of PR, G.O. Bonds, Ser. A-1, 4.00%, 7/1/46	BB/P	3,000,000	2,512,118
Cmnwlth. of PR, Sales Tax Fin. Corp. Rev. Bonds			
Ser. A-1, 5.00%, 7/1/58	BB-/P	8,997,000	8,886,775
Ser. A-2, 4.784%, 7/1/58	B/P	240,000	229,510
Ser. A-1, 4.75%, 7/1/53	B/P	433,000	412,903
Ser. A-1, 4.55%, 7/1/40	B/P	59,000	58,174
Ser. A-2, 4.536%, 7/1/53	B/P	17,000	15,649
Ser. A-1, 4.50%, 7/1/34	B/P	116,000	116,557
Ser. A-2, 4.329%, 7/1/40	B/P	600,000	575,894
Ser. A-1, zero %, 7/1/51	B/P	1,236,000	258,349
Ser. A-1, zero %, 7/1/46	B/P	1,518,000	418,751
Ser. A-1, zero %, 7/1/33	B/P	159,000	96,449
Ser. A-1, zero %, 7/1/31	B/P	141,000	95,143
Ser. A-1, zero %, 7/1/29	B/P	109,000	81,693
Ser. A-1, zero %, 7/1/27	B/P	112,000	92,489
Ser. A-1, zero %, 7/1/24	B/P	46,000	43,357
			13,893,811

MUNICIPAL BONDS AND NOTES (102.9%)* cont.	Rating**	Principal amount	Value
Rhode Island (0.4%)			
Tobacco Settlement Fin. Corp. Rev. Bonds, Ser. B, 5.00%, 6/1/50	BBB-/P	\$3,000,000	\$3,020,244
			3,020,244
South Carolina (0.9%)			
Berkeley Cnty., Assmt. Rev. Bonds, (Nexton Impt. Dist.), 4.25%, 11/1/40	BB-/P	1,000,000	872,798
SC State Jobs Econ. Dev. Auth. Edl. Fac. 144A Rev. Bonds			
(High Point Academy), Ser. A, 5.75%, 6/15/39	Ba1	2,000,000	2,054,169
(Greenville Renewable Energy Ed. Charter School), 4.00%, 6/1/56	BB/P	1,530,000	1,107,940
(Greenville Renewable Energy Ed. Charter School), 4.00%, 6/1/36	BB/P	1,000,000	875,916
SC State Jobs-Econ. Dev. Auth. Rev. Bonds, (Woodlands at Furman), Ser. A			
5.00%, 11/15/54	BB/P	1,000,000	881,766
5.00%, 11/15/42	BB/P	585,000	547,270
			6,339,859
Tennessee (1.7%)			
Chattanooga, Hlth. Edl. & Hsg. Fac. Rev. Bonds, (CommonSpirit Health Oblig. Group)			
Ser. A-2, 5.00%, 8/1/49 T	A-	725,000	747,152
Ser. A-2, 5.00%, 8/1/44 T	A-	425,000	442,680
Ser. A-1, 4.00%, 8/1/44 T	A-	850,000	819,055
Ser. A-1, 4.00%, 8/1/38 T	A-	425,000	423,232
Ser. A-1, 4.00%, 8/1/37 T	A-	425,000	424,776
Metro. Govt. Nashville & Davidson Cnty., Hlth. & Edl. Fac. Board Rev. Bonds			
(Trevecca Nazarene U.), 5.00%, 10/1/48	BBB-/F	1,800,000	1,819,396
(Trevecca Nazarene U.), 5.00%, 10/1/39	BBB-/F	800,000	818,223
(Trevecca Nazarene U.), 5.00%, 10/1/34	BBB-/F	400,000	420,434
(Trevecca Nazarene U.), 5.00%, 10/1/29	BBB-/F	600,000	629,379
(Blakeford at Green Hills), Ser. A, 4.00%, 11/1/55	BBB-/F	3,000,000	2,338,838
Metro. Nashville, Arpt. Auth. Rev. Bonds, Ser. B			
5.50%, 7/1/41	A1	875,000	986,049
5.50%, 7/1/38	A1	875,000	1,000,980
Nashville, Metro. Dev. & Hsg. Agcy. 144A Tax Alloc. Bonds, (Fifth & Broadway Dev. Dist.), 5.125%, 6/1/36	B+/P	1,250,000	1,278,852
			12,149,046
Texas (7.4%)			
Arlington, Higher Ed. Fin. Corp. Rev. Bonds			
(Uplift Ed.), Ser. A, 5.00%, 12/1/36	BBB-	815,000	841,932
(Wayside Schools), Ser. A, 4.00%, 8/15/46	BB	850,000	684,735
(Wayside Schools), Ser. A, 4.00%, 8/15/36	BB	335,000	296,273
Arlington, Higher Ed. Fin. Corp. 144A Rev. Bonds, (Magellan School (The)), 6.375%, 6/1/62	Ba2	2,400,000	2,413,970
Clifton, Higher Ed. Fin. Corp. Rev. Bonds			
(Intl. Leadership), Ser. D, 6.125%, 8/15/48	BB-/P	6,000,000	6,145,862
(IDEA Pub. Schools), Ser. A, 4.00%, 8/15/51	A-	3,095,000	2,888,504
(IDEA Pub. Schools), Ser. A, 4.00%, 8/15/47	A-	4,275,000	4,053,145

MUNICIPAL BONDS AND NOTES (102.9%)* cont.	Rating**	Principal amount	Value
Texas cont.			
Harris Cnty., Cultural Ed. Fac. Fin. Corp. Rev. Bonds, (Brazos Presbyterian Homes, Inc.), 5.00%, 1/1/37	BB+/F	\$1,000,000	\$930,598
Houston, Arpt. Syst. Rev. Bonds			
Ser. B-1, 5.00%, 7/15/35	B	200,000	200,560
(United Airlines, Inc.), 4.00%, 7/1/41	B-/F	3,750,000	3,380,156
Houston, Higher Ed. Fin. Corp. Rev. Bonds, (Houston Baptist U.), 4.00%, 10/1/51	BBB-	2,100,000	1,780,918
Matagorda Cnty., Poll. Control Rev. Bonds, (Dist. No. 1), Ser. A, AMBAC, 4.40%, 5/1/30	A-	3,000,000	3,175,208
New Hope, Cultural Ed. Fac. Fin. Corp. Rev. Bonds			
(MRC Sr. Living-Langford (The)), Ser. A, 5.50%, 11/15/52	B-/P	250,000	211,485
(MRC Senior Living-Langford (The)), 5.50%, 11/15/46	B-/P	700,000	605,903
(Wesleyan Homes, Inc.), 5.50%, 1/1/43	BB-/P	1,050,000	926,862
(MRC Senior Living-Langford (The)), 5.375%, 11/15/36	B-/P	500,000	456,463
(Collegiate Hsg. -Tarleton St.), 5.00%, 4/1/39 (Prerefunded 4/1/24)	AAA/P	500,000	514,027
(Woman's U.-Collegiate Hsg. Denton, LLC), Ser. A-1, AGM, 5.00%, 7/1/32	AA	700,000	750,199
(Westminster Manor), 4.00%, 11/1/55	BBB/F	1,450,000	1,105,271
(Woman's U.-Collegiate Hsg. Denton, LLC), Ser. A-1, AGM, 4.00%, 7/1/43	AA	1,600,000	1,530,230
Tarrant Cnty., Cultural Ed. Fac. Fin. Corp. Retirement Fac. Rev. Bonds, (Buckner Retirement Svcs., Inc.), 5.00%, 11/15/37	A/F	1,620,000	1,683,871
Temple, Tax Increment 144A Tax Alloc. Bonds, (Reinvestment Zone No. 1), Ser. A, 5.00%, 8/1/38	Baa2	3,500,000	3,561,042
TX Private Activity Surface Trans. Corp. Rev. Bonds, (Segment 3C), 5.00%, 6/30/58	Baa2	4,500,000	4,561,338
TX State Private Activity Bond Surface Trans. Corp. Rev. Bonds, (Blueridge Trans. Group, LLC (SH 288 Toll Lane)), 5.00%, 12/31/50	Baa2	1,750,000	1,756,595
TX State Tech. College Syst. Fin. Syst. Rev. Bonds, Ser. A, AGM, 6.00%, 8/1/54	AA	4,000,000	4,731,340
TX State Trans. Comm. Rev. Bonds, (State Hwy. 249 Sys.), Ser. A, zero %, 8/1/39	Baa3	1,500,000	668,634
Uptown Dev. Auth. Tax Alloc. Bonds, (City of Houston Reinvestment Zone No. 16)			
3.00%, 9/1/40	Baa2	605,000	480,558
3.00%, 9/1/39	Baa2	550,000	444,893
3.00%, 9/1/38	Baa2	750,000	617,817
3.00%, 9/1/37	Baa2	650,000	544,074
3.00%, 9/1/36	Baa2	650,000	555,541
			52,498,004
Utah (0.9%)			
Infrastructure Agcy. Telecomm. Rev. Bonds			
5.00%, 10/15/32	BBB-/F	1,000,000	1,047,787
4.00%, 10/15/42	BBB-/F	1,500,000	1,262,571
4.00%, 10/15/36	BBB-/F	1,000,000	899,120

MUNICIPAL BONDS AND NOTES (102.9%)* cont.	Rating**	Principal amount	Value
Utah cont.			
MDA Mountain Village Pub. Infrastructure Dist. Special Assmt., Ser. A, 5.00%, 8/1/50	B/P	\$2,000,000	\$1,827,736
Mida Mountain Village Pub. Infrastructure Dist. 144A Special Assmt. Bonds, (Mountain Village Assmt. Area No. 2), 4.00%, 8/1/50	B/P	1,625,000	1,216,501
			6,253,715
Virginia (0.9%)			
Cherry Hill Cmnty., Dev. Auth. 144A Special Assmt. Bonds, (Potomac Shores), 5.15%, 3/1/35	B/P	500,000	501,933
Fairfax Cnty., Econ. Dev. Auth. Res. Care Fac. Rev. Bonds, (Goodwin House, Inc.), Ser. A, 5.00%, 10/1/42 (Prerefunded 10/1/24)	AAA/P	350,000	370,024
Farms of New Kent, Cmnty. Dev. Auth. 144A Special Assmt. Bonds, Ser. A, 3.75%, 3/1/36	B+/P	1,370,000	1,306,540
James City Cnty., Econ. Dev. Auth. Rev. Bonds, (Williamsburg Landing), Ser. A, 4.00%, 12/1/50	BB/P	2,000,000	1,498,918
Lower Magnolia Green Cmnty., Dev. Auth. 144A Special Assmt. Bonds, 5.00%, 3/1/35	B/P	835,000	833,466
Suffolk, Econ. Dev. Auth. Retirement Fac. Rev. Bonds, (United Church Homes & Svcs. Oblig. Group), 5.00%, 9/1/31	BB/P	1,500,000	1,458,158
			5,969,039
Washington (1.9%)			
Bellevue, G.O. Bonds, 4.00%, 12/1/37	Aaa	885,000	927,525
Kalispel Tribe of Indians Priority Dist. Rev. Bonds, Ser. A, 5.00%, 1/1/32	BB+/P	990,000	1,034,775
Skagit Cnty., Pub. Hosp. Dist. No. 1 Rev. Bonds, (Skagit Regl. Hlth. Impt.), 5.00%, 12/1/37	Baa3	2,000,000	2,061,956
WA State Hsg. Fin. Comm. Rev. Bonds (Wesley Homes Lea Hill), 5.00%, 7/1/36	B/P	575,000	536,561
(Social Certif.), Ser. A-1, 3.50%, 12/20/35	BBB+	3,669,497	3,460,797
WA State Hsg. Fin. Comm. 144A Rev. Bonds, (Presbyterian Retirement Cmnty. Northwest), Ser. A, 5.00%, 1/1/46	BB/F	4,000,000	3,293,965
WA State Hsg. Fin. Comm. Nonprofit 144A Rev. Bonds, (Spokane Intl. Academy), Ser. A			
5.00%, 7/1/50	Ba2	500,000	476,478
4.00%, 7/1/40	Ba2	2,235,000	1,900,359
			13,692,416
Wisconsin (5.5%)			
Pub. Fin. Auth. Rev. Bonds, (Northwest Nazarene U.), 5.00%, 10/1/43	Baa3	3,425,000	3,527,958
Pub. Fin. Auth. 144A Rev. Bonds (WFCS Holdings II, LLC), Ser. A-1, 5.00%, 1/1/56	BB/P	2,145,000	1,767,356
(Roseman U. of Hlth. Sciences), 5.00%, 4/1/50	BB	1,800,000	1,700,559
Pub. Fin. Auth. Conference Ctr. & Hotel Rev. Bonds, (U. of NC Charlotte Foundation), Ser. A, 4.00%, 9/1/51	BB+/P	3,500,000	2,801,878

MUNICIPAL BONDS AND NOTES (102.9%)* cont.	Rating**	Principal amount	Value
Wisconsin cont.			
Pub. Fin. Auth. Ed. 144A Rev. Bonds, (North Carolina Leadership Academy)			
5.00%, 6/15/54	BB+/P	\$455,000	\$414,218
5.00%, 6/15/49	BB+/P	1,040,000	961,200
5.00%, 6/15/39	BB+/P	410,000	397,933
Pub. Fin. Auth. Edl. Fac. Rev. Bonds, (Piedmont Cmnty. Charter School), 5.00%, 6/15/53			
	Baa3	1,000,000	1,008,115
Pub. Fin. Auth. Exempt Fac. Rev. Bonds, (Celanese U.S. Holdings, LLC), Ser. C, 4.30%, 11/1/30			
	Baa3	700,000	685,508
Pub. Fin. Auth. Retirement Communities Rev. Bonds, (Evergreens Oblig. Group), Ser. A, 5.00%, 11/15/49			
	BBB/F	2,000,000	1,962,213
Pub. Fin. Auth. Retirement Fac. 144A Rev. Bonds, (Southminster, Inc.), 5.00%, 10/1/48			
	BB/F	1,500,000	1,299,436
Pub. Fin. Auth. Student Hsg. Fac. Rev. Bonds (NC A&T Real Estate Foundation, LLC), Ser. B, 5.00%, 6/1/44			
	BBB-	1,900,000	1,865,644
(Appalachian State U.), Ser. A, AGM, 4.00%, 7/1/59			
	AA	1,350,000	1,206,703
(Appalachian State U.), Ser. A, AGM, 4.00%, 7/1/55			
	AA	1,000,000	904,170
Pub. Fin. Auth. Student Hsg. Fac. 144A Rev. Bonds, (UHF RISE Student Hsg., LLC), Ser. A-1, 4.00%, 7/1/61			
	Ba1	1,400,000	1,054,922
WI Pub. Fin. Auth. Edl. Fac. Rev. Bonds, (Queens U. of Charlotte), Ser. A, 5.25%, 3/1/42			
	BBB	3,000,000	3,104,069
WI Pub. Fin. Auth. Hotel Rev. Bonds, (Grand Hyatt), 5.00%, 2/1/62			
	BBB-	4,000,000	3,841,593
WI Pub. Fin. Auth. Hotel 144A Rev. Bonds, (Grand Hyatt), 6.00%, 2/1/62			
	BB-/P	2,000,000	1,985,284
WI State Hlth. & Edl. Fac. Auth. Rev. Bonds (Oakwood Lutheran Sr. Ministries Oblig. Group), 4.00%, 1/1/57			
	BB/P	1,350,000	974,174
(St. John's Communities, Inc.), 4.00%, 9/15/36			
	BBB-/F	790,000	705,389
(St. John's Communities, Inc.), 4.00%, 9/15/31			
	BBB-/F	970,000	908,527
(St. John's Communities, Inc.), 4.00%, 9/15/30			
	BBB-/F	935,000	886,548
WI State Pub. Fin. Auth Sr. Living Rev. Bonds, (Rose Villa, Inc.), Ser. A			
6.00%, 11/15/49 (Prerefunded 11/15/24)	BB-/P	1,000,000	1,054,117
5.50%, 11/15/34 (Prerefunded 11/15/24)	BB-/P	1,685,000	1,762,528
WI State Pub. Fin. Auth Sr. Living 144A Rev. Bonds, (Rose Villa, Inc.), Ser. A, 5.75%, 11/15/44 (Prerefunded 11/15/24)			
	BB-/P	500,000	525,166
WI State Pub. Fin. Auth. 144A Rev. Bonds, (Church Home of Hartford, Inc.), Ser. A, 5.00%, 9/1/38			
	BB/F	1,500,000	1,382,264
			38,687,472
Total municipal bonds and notes (cost \$762,723,820)			\$726,248,669

UNITIZED TRUST (0.0%)*	Shares	Value
CMS Liquidating Trust 144A ^F	400	\$10,368
Total unitized trust (cost \$—)		\$10,368

SHORT-TERM INVESTMENTS (2.1%)*		Principal amount/ shares	Value
Putnam Short Term Investment Fund Class P 4.58% ^L	Shares	13,242,148	13,242,148
U.S. Treasury Bills 4.491%, 3/16/23 [#]		\$600,000	\$596,798
U.S. Treasury Bills 4.530%, 3/2/23 [#]		400,000	398,577
U.S. Treasury Bills 4.410%, 2/23/23 [#]		300,000	299,184
Total short-term investments (cost \$14,536,769)			\$14,536,707

TOTAL INVESTMENTS	
Total investments (cost \$777,260,589)	\$740,795,744

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 August 1, 2022 through January 31, 2023 (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 and references to "ASC 820" represent Accounting Standards Codification 820 *Fair Value Measurements and Disclosures*.

* Percentages indicated are based on net assets of \$705,443,055.

** 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.

† This security is non-income-producing.

†† 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.

This security, in part or in entirety, was pledged and segregated with the broker to cover margin requirements for futures contracts at the close of the reporting period. Collateral at period end totaled \$1,235,521 and is included in Investments in securities on the Statement of assets and liabilities (Notes 1 and 8).

F This security is valued by Putnam Management at fair value following procedures approved by the Trustees. Securities are classified as Level 3 for ASC 820 based on the securities' valuation inputs (Note 1).

L Affiliated company (Note 5). The rate quoted in the security description is the annualized 7-day yield of the fund at the close of the reporting period.

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

Unless otherwise noted, the rates quoted in Short-term investments security descriptions represent the weighted average yield to maturity.

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.

On Mandatory Put Bonds, the rates shown are the current interest rates at the close of the reporting period and the dates shown represent the next mandatory put dates. Rates are set by remarketing agents and may take into consideration market supply and demand, credit quality and the current SIFMA Municipal Swap Index, 1 Month US LIBOR or 3 Month US LIBOR rates, which were 1.66%, 4.57% and 4.81%, respectively, as of the close of the reporting period.

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):

Education	25.7%
Health care	18.3
Transportation	11.7

FUTURES CONTRACTS OUTSTANDING at 1/31/23 (Unaudited)

	Number of contracts	Notional amount	Value	Expiration date	Unrealized appreciation/ (depreciation)
U.S. Treasury Note 5 yr (Short)	160	\$17,478,750	\$17,478,750	Mar-23	\$2,140
U.S. Treasury Note Ultra 10 yr (Short)	343	41,572,672	41,572,672	Mar-23	(721,006)
Unrealized appreciation					2,140
Unrealized (depreciation)					(721,006)
Total					\$(718,866)

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	\$—	\$726,248,669	\$—
Unitized trust	—	—	10,368
Short-term investments	—	14,536,707	—
Totals by level	\$—	\$740,785,376	\$10,368

Valuation inputs			
Other financial instruments:	Level 1	Level 2	Level 3
Futures contracts	\$(718,866)	\$—	\$—
Totals by level	\$(718,866)	\$—	\$—

At the start and close of the reporting period, Level 3 investments in securities represented less than 1% of the fund's net assets and 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 1/31/23 (Unaudited)

ASSETS

Investment in securities, at value (Notes 1 and 8):	
Unaffiliated issuers (identified cost \$764,018,441)	\$727,553,596
Affiliated issuers (identified cost \$13,242,148) (Note 5)	13,242,148
Interest and other receivables	7,762,222
Receivable for shares of the fund sold	439,537
Receivable for investments sold	3,559,996
Prepaid assets	60,534
Total assets	752,618,033

LIABILITIES

Payable for investments purchased	8,325,981
Payable for shares of the fund repurchased	774,898
Payable for compensation of Manager (Note 2)	278,845
Payable for custodian fees (Note 2)	6,113
Payable for investor servicing fees (Note 2)	85,411
Payable for Trustee compensation and expenses (Note 2)	291,816
Payable for administrative services (Note 2)	1,326
Payable for distribution fees (Note 2)	123,481
Payable for floating rate notes issued (Note 1)	36,878,184
Payable for variation margin on futures contracts (Note 1)	108,784
Distributions payable to shareholders	219,734
Other accrued expenses	80,405
Total liabilities	47,174,978
Net assets	\$705,443,055

REPRESENTED BY

Paid-in capital (Unlimited shares authorized) (Notes 1 and 4)	\$747,163,796
Total distributable earnings (Note 1)	(41,720,741)
Total — Representing net assets applicable to capital shares outstanding	\$705,443,055

COMPUTATION OF NET ASSET VALUE AND OFFERING PRICE

Net asset value and redemption price per class A share (\$521,248,997 divided by 45,560,867 shares)	\$11.44
Offering price per class A share (100/96.00 of \$11.44)*	\$11.92
Net asset value and offering price per class B share (\$905,531 divided by 78,936 shares)**	\$11.47
Net asset value and offering price per class C share (\$15,676,918 divided by 1,366,278 shares)**	\$11.47
Net asset value, offering price and redemption price per class R6 share (\$1,814,853 divided by 157,829 shares)	\$11.50
Net asset value, offering price and redemption price per class Y share (\$165,796,756 divided by 14,425,655 shares)	\$11.49

*On single retail sales of less than \$50,000. On sales of \$50,000 or more the offering price is reduced.

**Redemption price per share is equal to net asset value less any applicable contingent deferred sales charge.

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

Statement of operations Six months ended 1/31/23 (Unaudited)

INVESTMENT INCOME	
Interest (including interest income of \$228,026 from investments in affiliated issuers) (Note 5)	\$16,408,254
Total investment income	16,408,254
EXPENSES	
Compensation of Manager (Note 2)	1,644,499
Investor servicing fees (Note 2)	262,292
Custodian fees (Note 2)	10,210
Trustee compensation and expenses (Note 2)	15,613
Distribution fees (Note 2)	743,339
Administrative services (Note 2)	15,086
Interest and fee expense (Note 1)	479,079
Other	163,597
Total expenses	3,333,715
Expense reduction (Note 2)	(2,167)
Net expenses	3,331,548
Net investment income	13,076,706
REALIZED AND UNREALIZED GAIN (LOSS)	
Net realized gain (loss) on:	
Securities from unaffiliated issuers (Notes 1 and 3)	(6,140,744)
Futures contracts (Note 1)	2,067,919
Swap contracts (Note 1)	724,950
Total net realized loss	(3,347,875)
Change in net unrealized appreciation (depreciation) on:	
Securities from unaffiliated issuers	(13,246,816)
Futures contracts	(610,502)
Swap contracts	(833,156)
Total change in net unrealized depreciation	(14,690,474)
Net loss on investments	(18,038,349)
Net decrease in net assets resulting from operations	\$ (4,961,643)

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

Statement of changes in net assets

DECREASE IN NET ASSETS	Six months ended 1/31/23*	Year ended 7/31/22
Operations		
Net investment income	\$13,076,706	\$24,717,255
Net realized loss on investments	(3,347,875)	(824,252)
Change in net unrealized depreciation of investments	(14,690,474)	(105,146,111)
Net decrease in net assets resulting from operations	(4,961,643)	(81,253,108)
Distributions to shareholders (Note 1):		
From ordinary income		
Taxable net investment income		
Class A	(390,541)	(165,977)
Class B	(682)	(522)
Class C	(12,123)	(5,680)
Class R6	(1,341)	(492)
Class Y	(121,769)	(47,190)
Net realized short-term gain on investments		
Class A	—	(374,304)
Class B	—	(1,273)
Class C	—	(13,158)
Class R6	—	(1,043)
Class Y	—	(110,925)
From tax-exempt net investment income		
Class A	(9,375,979)	(18,463,887)
Class B	(16,478)	(48,188)
Class C	(229,958)	(482,701)
Class R6	(35,311)	(57,121)
Class Y	(2,933,750)	(5,608,836)
From net realized long-term gain on investments		
Class A	—	(9,264,990)
Class B	—	(31,469)
Class C	—	(325,583)
Class R6	—	(25,832)
Class Y	—	(2,744,422)
Decrease from capital share transactions (Note 4)	(8,901,507)	(48,153,012)
Total decrease in net assets	(26,981,082)	(167,179,713)
NET ASSETS		
Beginning of period	732,424,137	899,603,850
End of period	\$705,443,055	\$732,424,137

*Unaudited.

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

Financial highlights

(For a common share outstanding throughout the period)

Period ended	INVESTMENT OPERATIONS				LESS DISTRIBUTIONS
	Net asset value, beginning of period	Net investment income (loss)	Net realized and unrealized gain (loss) on investments	Total from investment operations	From net investment income
Class A					
January 31, 2023**	\$11.70	.21	(.26)	(.05)	(.21)
July 31, 2022	13.46	.38	(1.58)	(1.20)	(.37)
July 31, 2021	12.67	.40	.79	1.19	(.40)
July 31, 2020	12.87	.44	(.07)	.37	(.44)
July 31, 2019	12.49	.45	.40	.85	(.47)
July 31, 2018	12.51	.49	(.02)	.47	(.49)
Class B					
January 31, 2023**	\$11.74	.18	(.28)	(.10)	(.17)
July 31, 2022	13.50	.30	(1.57)	(1.27)	(.30)
July 31, 2021	12.71	.32	.80	1.12	(.33)
July 31, 2020	12.90	.35	(.05)	.30	(.36)
July 31, 2019	12.51	.38	.40	.78	(.39)
July 31, 2018	12.54	.41	(.03)	.38	(.41)
Class C					
January 31, 2023**	\$11.74	.17	(.27)	(.10)	(.17)
July 31, 2022	13.51	.29	(1.59)	(1.30)	(.28)
July 31, 2021	12.71	.30	.81	1.11	(.31)
July 31, 2020	12.90	.33	(.05)	.28	(.34)
July 31, 2019	12.52	.36	.39	.75	(.37)
July 31, 2018	12.54	.39	(.02)	.37	(.39)
Class R6					
January 31, 2023**	\$11.76	.22	(.26)	(.04)	(.22)
July 31, 2022	13.53	.41	(1.58)	(1.17)	(.41)
July 31, 2021	12.73	.44	.80	1.24	(.44)
July 31, 2020	12.93	.47	(.06)	.41	(.48)
July 31, 2019	12.54	.48	.41	.89	(.50)
July 31, 2018†	12.46	.10	.08	.18	(.10)
Class Y					
January 31, 2023**	\$11.76	.22	(.27)	(.05)	(.22)
July 31, 2022	13.52	.41	(1.57)	(1.16)	(.41)
July 31, 2021	12.73	.43	.80	1.23	(.44)
July 31, 2020	12.92	.47	(.06)	.41	(.47)
July 31, 2019	12.54	.48	.40	.88	(.50)
July 31, 2018	12.56	.52	(.02)	.50	(.52)

See notes to financial highlights at the end of this section.

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

				RATIOS AND SUPPLEMENTAL DATA			
From net realized gain on investments	Total distributions	Net asset value, end of period	Total return at net asset value (%) ^a	Net assets, end of period (in thousands)	Ratio of expenses to average net assets (%) ^b	Ratio of net investment income (loss) to average net assets (%)	Portfolio turnover (%)
—	(.21)	\$11.44	(.35)*	\$521,249	.50 ^d	1.87*	16*
(.19)	(.56)	11.70	(9.11)	564,818	.87 ^d	2.96	34
— ^c	(.40)	13.46	9.59	681,458	.85 ^d	3.08	25
(.13)	(.57)	12.67	2.95	658,929	.86 ^d	3.36	43
—	(.47)	12.87	6.98	680,689	.84 ^d	3.59	47
—	(.49)	12.49	3.81	687,025	.82	3.71	39
—	(.17)	\$11.47	(.74)*	\$906	.80 ^d	1.55*	16*
(.19)	(.49)	11.74	(9.60)	1,468	1.47 ^d	2.33	34
— ^c	(.33)	13.50	8.92	2,639	1.45 ^d	2.50	25
(.13)	(.49)	12.71	2.34	4,034	1.48 ^d	2.74	43
—	(.39)	12.90	6.39	6,297	1.46 ^d	2.98	47
—	(.41)	12.51	3.08	7,834	1.44	3.09	39
—	(.17)	\$11.47	(.81)*	\$15,677	.88 ^d	1.49*	16*
(.19)	(.47)	11.74	(9.79)	18,207	1.62 ^d	2.20	34
— ^c	(.31)	13.51	8.84	24,231	1.60 ^d	2.36	25
(.13)	(.47)	12.71	2.18	30,283	1.63 ^d	2.59	43
—	(.37)	12.90	6.15	49,747	1.61 ^d	2.83	47
—	(.39)	12.52	3.00	58,811	1.59	2.94	39
—	(.22)	\$11.50	(.21)*	\$1,815	.36 ^d	2.01*	16*
(.19)	(.60)	11.76	(8.90)	1,915	.60 ^d	3.24	34
— ^c	(.44)	13.53	9.95	1,680	.58 ^d	3.34	25
(.13)	(.61)	12.73	3.21	1,269	.61 ^d	3.61	43
—	(.50)	12.93	7.30	1,121	.59 ^d	3.83	47
—	(.10)	12.54	1.41*	10	.11*	.76*	39
—	(.22)	\$11.49	(.30)*	\$165,797	.37 ^d	2.00*	16*
(.19)	(.60)	11.76	(8.83)	146,016	.62 ^d	3.19	34
— ^c	(.44)	13.52	9.84	189,596	.60 ^d	3.32	25
(.13)	(.60)	12.73	3.27	147,762	.63 ^d	3.59	43
—	(.50)	12.92	7.21	145,164	.61 ^d	3.82	47
—	(.52)	12.54	4.03	138,347	.59	3.93	39

Financial highlights *cont.*

* Not annualized.

** Unaudited.

† For the period May 22, 2018 (commencement of operations) to July 31, 2018.

^a Total return assumes dividend reinvestment and does not reflect the effect of sales charges.

^b Includes amounts paid through expense offset arrangements, if any (Note 2). Also excludes acquired fund fees and expenses, if any.

^c Amount represents less than \$0.01 per share.

^d Includes interest and fee expense associated with borrowings which amounted to (for each class):

	Percentage of average net assets
January 31, 2023	0.07%
July 31, 2022	0.03
July 31, 2021	0.02
July 31, 2020	0.04
July 31, 2019	0.02

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

Notes to financial statements 1/31/23 (Unaudited)

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 August 1, 2022 through January 31, 2023.

Putnam Tax-Free High Yield Fund (the fund) is a diversified series of Putnam Tax-Free Income Trust (the Trust), a Massachusetts business trust registered under the Investment Company Act of 1940, as amended, as an open-end management investment company. The goal of the fund is to seek high current income exempt from federal income tax. The fund invests mainly in bonds that pay interest that is exempt from federal income tax (but that may be subject to federal alternative minimum tax (AMT)), are a combination of below-investment-grade and investment-grade securities, and have intermediate- to long-term maturities (i.e., three years or longer). Under normal circumstances, the fund invests at least 80% of the fund’s net assets in tax-exempt investments. This investment policy cannot be changed without the approval of the fund’s shareholders. Such tax-exempt investments in which the fund invests are issued by or for states, territories or possessions of the United States or by their political subdivisions, agencies, authorities or other government entities, and the income from these investments is exempt from federal income tax. Putnam Management may consider, among other factors, credit, interest rate and prepayment risks, as well as general market conditions, when deciding whether to buy or sell investments.

The fund offers the following share classes. The expenses for each class of shares may differ based on the distribution and investor servicing fees of each class, which are identified in Note 2.

Share class	Sales charge	Contingent deferred sales charge	Conversion feature
Class A	Up to 4.00%	1.00% on certain redemptions of shares bought with no initial sales charge	None
Class B*	None	5.00% phased out over six years	Converts to class A shares after 8 years
Class C	None	1.00% eliminated after one year	Converts to class A shares after 8 years
Class R6†	None	None	None
Class Y†	None	None	None

* Purchases of class B shares are closed to new and existing investors except by exchange from class B shares of another Putnam fund or through dividend and/or capital gains reinvestment.

† Not available to all investors.

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.

The fund has entered into contractual arrangements with an investment adviser, administrator, distributor, shareholder servicing agent and custodian, who each provide services to the fund. Unless expressly stated otherwise, shareholders are not parties to, or intended beneficiaries of these contractual arrangements, and these contractual arrangements are not intended to create any shareholder right to enforce them against the service providers or to seek any remedy under them against the service providers, either directly or on behalf of the fund.

Under the fund’s Amended and Restated Agreement and Declaration of Trust, any claims asserted against or on behalf of the Putnam Funds, including claims against Trustees and Officers, must be brought in state and federal courts located within the Commonwealth of Massachusetts.

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.

Investment income, realized and unrealized gains and losses and expenses of the fund are borne pro-rata based on the relative net assets of each class to the total net assets of the fund, except that each class bears expenses unique to that class (including the distribution fees applicable to such classes). Each class votes as a class only with respect to its own distribution plan or other matters on which a class vote is required by law or determined by the Trustees. If the fund were liquidated, shares of each class would receive their pro-rata share of the net assets of the fund. In addition, the Trustees declare separate dividends on each class of shares.

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.

Market quotations are not considered to be readily available for certain debt obligations (including short-term investments with remaining maturities of 60 days or less) and other investments; such investments are valued on the basis of valuations furnished by an independent pricing service approved by the Trustees or dealers selected by Putnam Management. Such services or dealers determine valuations for normal institutional-size trading units of such securities using methods based on market transactions for comparable securities and various relationships, generally recognized by institutional traders, between securities (which consider such factors as security prices, yields, maturities and ratings). These securities will generally be categorized as Level 2. Securities quoted in foreign currencies, if any, are translated into U.S. dollars at the current exchange rate.

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.

To the extent a pricing service or dealer is unable to value a security or provides a valuation that Putnam Management does not believe accurately reflects the security's fair value, the security will be valued at fair value by Putnam Management in accordance with policies and procedures approved by the Trustees. Certain investments, including certain restricted and illiquid securities and derivatives, are also valued at fair value following procedures approved 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.

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. 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, net of any applicable withholding taxes, if any, is recorded on the accrual basis. Amortization and accretion of premiums and discounts on debt securities, if any, is recorded on the accrual basis.

Futures contracts The fund uses futures contracts for hedging treasury term structure risk and for yield curve positioning.

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 and/or centrally cleared total return swap contracts, which are arrangements to exchange a market-linked return for a periodic payment, both based on a notional principal amount, for hedging inflation, for gaining exposure to inflation and for hedging and gaining exposure to interest rate and term structure 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 and/or centrally cleared total return swap contracts are marked to market daily based upon quotations from an independent pricing service or market maker. Any change is recorded as an unrealized gain or loss on OTC total return swaps. Daily fluctuations in the value of centrally cleared total return swaps are settled through a central clearing agent and are recorded in variation margin on the Statement of assets and liabilities and recorded as unrealized gain or loss. Payments received or made are recorded as realized gains or losses. Certain OTC and/or centrally cleared 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 or central clearing risk is the fair value of the contract. This risk may be mitigated for OTC total return swap contracts by having a master netting arrangement between the fund and the counterparty and for centrally cleared total return swap contracts through the daily exchange of variation margin. There is minimal counterparty risk with respect to centrally cleared total return swap contracts due to the clearinghouse guarantee fund and other resources that are available in the event of a clearing member default. Risk of loss may exceed amounts recognized on the Statement of assets and liabilities.

OTC and/or centrally cleared 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 pledged 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.

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 \$59,595,606 were held by the TOB trust and served as collateral for \$36,878,184 in floating-rate bonds outstanding. For the reporting period ended, the fund incurred interest expense of \$381,568 for these investments based on an average interest rate of 2.26%.

Interfund lending The fund, along with other Putnam funds, may participate in an interfund lending program pursuant to an exemptive order issued by the SEC. This program allows the fund to borrow from other Putnam funds that permit such transactions. Interfund lending transactions are subject to each fund's investment policies and borrowing and lending limits. Interest earned or paid on the interfund lending transaction will be based on the average of certain current market rates. During the reporting period, the fund did not utilize the program.

Lines of credit The fund participates, along with other Putnam funds, in a \$100 million (\$317.5 million prior to October 14, 2022) unsecured committed line of credit and a \$235.5 million unsecured uncommitted line of credit, both provided by State Street. Borrowings may be made for temporary or emergency purposes, including the funding of shareholder redemption requests and trade settlements. Interest is charged to the fund based on the fund's borrowing at a rate equal to 1.25% plus the higher of (1) the Federal Funds rate and (2) the Overnight Bank Funding Rate for the committed line of credit and 1.30% plus the higher of (1) the Federal Funds rate and (2) the Overnight Bank Funding Rate for the uncommitted line of credit. A closing fee equal to 0.04% of the committed line of credit and 0.04% of the uncommitted line of credit has been paid by the participating funds. In addition, a commitment fee of 0.21% per annum on any unutilized portion of the committed line of credit is allocated to the participating funds based on their relative net assets and paid quarterly. During the reporting period, the fund had no borrowings against these arrangements.

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.

Pursuant to federal income tax regulations applicable to regulated investment companies, the fund has elected to defer certain capital losses of \$5,251,840 recognized during the period between November 1, 2021 and July 31, 2022 to its fiscal year ending July 21, 2023.

Tax cost of investments includes adjustments to net unrealized appreciation (depreciation) which may not necessarily be final tax cost basis adjustments, but closely approximate the tax basis unrealized gains and losses that may be realized and distributed to shareholders. The aggregate identified cost on a tax basis is \$778,234,323, resulting in gross unrealized appreciation and depreciation of \$16,881,505 and \$55,038,950, respectively, or net unrealized depreciation of \$38,157,445.

Distributions to shareholders Income dividends are recorded daily by the fund and are paid monthly. Distributions from capital gains, if any, are recorded on the ex-dividend date and paid at least annually. 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. Dividend sources are estimated at the time

of declaration. Actual results may vary. Any non-taxable return of capital cannot be determined until final tax calculations are completed after the end of the fund’s fiscal year. 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.

Expenses of the Trust Expenses directly charged or attributable to any fund will be paid from the assets of that fund. Generally, expenses of the Trust will be allocated among and charged to the assets of each fund on a basis that the Trustees deem fair and equitable, which may be based on the relative assets of each fund or the nature of the services performed and relative applicability to each fund.

Note 2: Management fee, administrative services and other transactions

The fund pays Putnam Management a management fee (based on the fund’s average net assets and computed and paid monthly) at annual rates that may vary based on the average of the aggregate net assets of all open-end mutual funds sponsored by Putnam Management (excluding net assets of funds that are invested in, or that are invested in by, other Putnam funds to the extent necessary to avoid “double counting” of those assets). Such annual rates may vary as follows:

0.630%	of the first \$5 billion,	0.430%	of the next \$50 billion,
0.580%	of the next \$5 billion,	0.410%	of the next \$50 billion,
0.530%	of the next \$10 billion,	0.400%	of the next \$100 billion and
0.480%	of the next \$10 billion,	0.395%	of any excess thereafter.

For the reporting period, the management fee represented an effective rate (excluding the impact from any expense waivers in effect) of 0.237% of the fund’s average net assets.

Putnam Management has contractually agreed, through November 30, 2023, to waive fees and/or reimburse the fund’s expenses to the extent necessary to limit the cumulative expenses of the fund, exclusive of brokerage, interest, taxes, investment-related expenses, extraordinary expenses, acquired fund fees and expenses and payments under the fund’s investor servicing contract, investment management contract and distribution plans, on a fiscal year-to-date basis to an annual rate of 0.20% of the fund’s average net assets over such fiscal year-to-date period. During the reporting period, the fund’s expenses were not reduced as a result of this limit.

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. PIL did not manage any portion of the assets of the fund during the reporting period. If Putnam Management were to engage the services of PIL, Putnam Management would pay a quarterly sub-management fee to PIL for its services at an annual rate of 0.20% 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, provides investor servicing agent functions to the fund. Putnam Investor Services, Inc. received fees for investor servicing for class A, class B, class C and class Y shares that included (1) a per account fee for each direct and underlying non-defined contribution account (retail account) of the fund; (2) a specified rate of the fund’s assets attributable to defined contribution plan accounts; and (3) a specified rate based on the average net assets in retail accounts. Putnam Investor Services, Inc. has agreed that the aggregate investor servicing fees for each fund’s retail and defined contribution accounts for these share classes will not exceed an annual rate of 0.25% of the fund’s average assets attributable to such accounts.

Class R6 shares paid a monthly fee based on the average net assets of class R6 shares at an annual rate of 0.05%.

During the reporting period, the expenses for each class of shares related to investor servicing fees were as follows:

Class A	\$197,637	Class R6	456
Class B	422	Class Y	57,632
Class C	6,145	Total	\$262,292

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 \$2,167 under the expense offset arrangements.

Each Independent Trustee of the fund receives an annual Trustee fee, of which \$608 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.

The fund has adopted distribution plans (the Plans) with respect to the following share classes pursuant to Rule 12b-1 under the Investment Company Act of 1940. The purpose of the Plans is to compensate Putnam Retail Management Limited Partnership, an indirect wholly-owned subsidiary of Putnam Investments, LLC, for services provided and expenses incurred in distributing shares of the fund. The Plans provide payments by the fund to Putnam Retail Management Limited Partnership at an annual rate of up to the following amounts (Maximum %) of the average net assets attributable to each class. The Trustees have approved payment by the fund at the following annual rate (Approved %) of the average net assets attributable to each class. During the reporting period, the class-specific expenses related to distribution fees were as follows:

	Maximum %	Approved %	Amount
Class A	0.35%	0.25%	\$656,868
Class B	1.00%	0.85%	4,767
Class C	1.00%	1.00%	81,704
Total			\$743,339

For the reporting period, Putnam Retail Management Limited Partnership, acting as underwriter, received net commissions of \$4,998 from the sale of class A shares and received \$0 and \$40 in contingent deferred sales charges from redemptions of class B and class C shares, respectively.

A deferred sales charge of up to 1.00% is assessed on certain redemptions of class A shares. For the reporting period, Putnam Retail Management Limited Partnership, acting as underwriter, received \$0 on class A redemptions.

Note 3: Purchases and sales of securities

During the reporting period, the cost of purchases and the proceeds from sales, excluding short-term investments, were as follows:

	Cost of purchases	Proceeds from sales
Investments in securities (Long-term)	\$108,856,181	\$116,165,562
U.S. government securities (Long-term)	—	—
Total	\$108,856,181	\$116,165,562

The fund may purchase or sell investments from or to other Putnam funds in the ordinary course of business, which can reduce the fund's transaction costs, at prices determined in accordance with SEC requirements and policies approved by the Trustees. During the reporting period, purchases or sales of long-term securities from or to other Putnam funds, if any, did not represent more than 5% of the fund's total cost of purchases and/or total proceeds from sales.

Note 4: Capital shares

At the close of the reporting period, there were an unlimited number of shares of beneficial interest authorized. Transactions, including, if applicable, direct exchanges pursuant to share conversions, in capital shares were as follows:

	SIX MONTHS ENDED 1/31/23		YEAR ENDED 7/31/22	
Class A	Shares	Amount	Shares	Amount
Shares sold	3,239,498	\$36,239,040	4,331,554	\$53,519,675
Shares issued in connection with reinvestment of distributions	779,130	8,557,707	1,989,555	25,097,193
	4,018,628	44,796,747	6,321,109	78,616,868
Shares repurchased	(6,713,334)	(74,049,897)	(8,676,040)	(106,113,326)
Net decrease	(2,694,706)	\$(29,253,150)	(2,354,931)	\$(27,496,458)

	SIX MONTHS ENDED 1/31/23		YEAR ENDED 7/31/22	
Class B	Shares	Amount	Shares	Amount
Shares sold	144	\$1,591	621	\$7,910
Shares issued in connection with reinvestment of distributions	1,251	13,770	5,082	64,667
	1,395	15,361	5,703	72,577
Shares repurchased	(47,574)	(515,898)	(76,063)	(947,976)
Net decrease	(46,179)	\$(500,537)	(70,360)	\$(875,399)

	SIX MONTHS ENDED 1/31/23		YEAR ENDED 7/31/22	
Class C	Shares	Amount	Shares	Amount
Shares sold	98,195	\$1,100,814	328,281	\$4,245,301
Shares issued in connection with reinvestment of distributions	21,006	231,336	61,610	782,025
	119,201	1,332,150	389,891	5,027,326
Shares repurchased	(303,982)	(3,385,565)	(632,736)	(7,920,447)
Net decrease	(184,781)	\$(2,053,415)	(242,845)	\$(2,893,121)

	SIX MONTHS ENDED 1/31/23		YEAR ENDED 7/31/22	
Class R6	Shares	Amount	Shares	Amount
Shares sold	35,775	\$404,630	68,968	\$834,539
Shares issued in connection with reinvestment of distributions	3,321	36,647	6,701	84,488
	39,096	441,277	75,669	919,027
Shares repurchased	(44,058)	(483,731)	(37,098)	(447,695)
Net increase (decrease)	(4,962)	\$(42,454)	38,571	\$471,332

Class Y	SIX MONTHS ENDED 1/31/23		YEAR ENDED 7/31/22	
	Shares	Amount	Shares	Amount
Shares sold	5,968,847	\$66,781,300	6,038,701	\$75,161,153
Shares issued in connection with reinvestment of distributions	258,928	2,857,320	608,919	7,719,694
	6,227,775	69,638,620	6,647,620	82,880,847
Shares repurchased	(4,220,320)	(46,690,571)	(8,247,659)	(100,240,213)
Net increase (decrease)	2,007,455	\$22,948,049	(1,600,039)	\$(17,359,366)

Note 5: Affiliated transactions

Transactions during the reporting period with any company which is under common ownership or control were as follows:

Name of affiliate	Fair value as of 7/31/22	Purchase cost	Sale proceeds	Investment income	Shares outstanding and fair value as of 1/31/23
Short-term investments					
Putnam Short Term Investment Fund*	\$14,473,590	\$158,479,074	\$159,710,516	\$228,026	\$13,242,148
Total Short-term investments	\$14,473,590	\$158,479,074	\$159,710,516	\$228,026	\$13,242,148

* 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.

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.

On July 27, 2017, the United Kingdom's Financial Conduct Authority ("FCA"), which regulates LIBOR, announced its intention to cease compelling banks to provide the quotations needed to sustain LIBOR after 2021. ICE Benchmark Administration, the administrator of LIBOR, ceased publication of most LIBOR settings on a representative basis at the end of 2021 and is expected to cease publication of a majority of U.S. dollar LIBOR settings on a representative basis after June 30, 2023. In addition, global regulators have announced that, with limited exceptions, no new LIBOR-based contracts should be entered into after 2021. LIBOR has historically been a common benchmark interest rate index used to make adjustments to variable-rate loans. It is used throughout global banking and financial industries to determine interest rates for a variety of financial instruments and borrowing arrangements. Actions by regulators have resulted in the establishment of alternative reference rates to LIBOR in most major currencies. Various financial industry groups have been planning for the transition away from LIBOR, but there are obstacles to converting certain longer-term securities and transactions to new reference rates. Markets are developing slowly and questions around liquidity in these rates and how to appropriately adjust these rates to mitigate any economic value transfer at the time of transition remain a significant concern. Neither the effect of the transition process nor its ultimate success can yet be known. The transition process might lead to increased volatility and illiquidity in markets that rely on LIBOR to determine interest rates. It could also lead to a reduction in the value of some LIBOR-based investments and reduce the effectiveness of related transactions, such as hedges. While some LIBOR-based instruments may contemplate a scenario where LIBOR is no longer available by providing for an alternative rate-setting methodology, not all may have such provisions and there may be significant uncertainty regarding the effectiveness of any such alternative methodologies. Since the usefulness of LIBOR as a benchmark could deteriorate during the transition period, these effects could occur at any time.

The Covid-19 pandemic and efforts to contain its spread have resulted in, among other effects, significant market volatility, exchange trading suspensions and closures, declines in global financial markets, higher default rates, significant changes in fiscal and monetary policies, and economic downturns and recessions. The effects of the Covid-19 pandemic have negatively affected, and may continue to negatively affect, the global economy, the economies of the United States and other individual countries, the financial performance of individual issuers, sectors, industries, asset classes, and markets, and the value, volatility, and liquidity of particular securities and other assets. The effects of the Covid-19 pandemic also are likely to exacerbate other risks that apply to the fund, which could negatively impact the fund's performance and lead to losses on your investment in the fund. The duration of the Covid-19 pandemic and its effects cannot be determined with certainty.

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 based on an average of the holdings at the end of each fiscal quarter:

Futures contracts (number of contracts)	300
OTC total return swap contracts (notional)	\$1,300,000

The following is a summary of the fair value of derivative instruments as of the close of the reporting period:

Fair value of derivative instruments as of the close of the reporting period

Derivatives not accounted for as hedging instruments under ASC 815	ASSET DERIVATIVES		LIABILITY DERIVATIVES	
	Statement of assets and liabilities location	Fair value	Statement of assets and liabilities location	Fair value
Interest rate contracts	Receivables	\$2,140*	Payables	\$721,006*
Total		\$2,140		\$721,006

*Includes cumulative appreciation/depreciation of futures contracts as reported in the fund's portfolio. Only current day's variation margin is reported within the Statement of assets and liabilities.

The following is a summary of realized and change in unrealized gains or losses of derivative instruments in the Statement of operations for the reporting period (Note 1):

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	\$2,067,919	\$724,950	\$2,792,869
Total	\$2,067,919	\$724,950	\$2,792,869

Change in unrealized appreciation or (depreciation) 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	\$(610,502)	\$(833,156)	\$(1,443,658)
Total	\$(610,502)	\$(833,156)	\$(1,443,658)

Note 8: Offsetting of financial and derivative assets and liabilities

The following table summarizes any derivatives, repurchase agreements and reverse repurchase agreements, at the end of the reporting period, that are subject to an enforceable master netting agreement or similar agreement. For securities lending transactions or borrowing transactions associated with securities sold short, if any, see Note 1. For financial reporting purposes, the fund does not offset financial assets and financial liabilities that are subject to the master netting agreements in the Statement of assets and liabilities.

	JPMorgan Securities LLC	Total
Assets:		
Futures contracts [§]	\$—	\$—
Total Assets	\$—	\$—
Liabilities:		
Futures contracts [§]	108,784	108,784
Total Liabilities	\$108,784	\$108,784
Total Financial and Derivative Net Assets	\$(108,784)	\$(108,784)
Total collateral received (pledged) ^{†##}	\$—	
Net amount	\$(108,784)	
<i>Controlled collateral received (including TBA commitments)**</i>	\$—	\$—
<i>Uncontrolled collateral received</i>	\$—	\$—
<i>Collateral (pledged) (including TBA commitments)**</i>	\$—	\$—

[†] Additional collateral may be required from certain brokers based on individual agreements.

^{##} Any over-collateralization of total financial and derivative net assets is not shown. Collateral may include amounts related to unsettled agreements.

[§] Includes current day's variation margin only as reported on the Statement of assets and liabilities, which is not collateralized. Cumulative appreciation/(depreciation) for futures contracts and centrally cleared swap contracts is represented in the tables listed after the fund's portfolio. Collateral pledged for initial margin on futures contracts, which is not included in the table above, amounted to \$1,235,521.

Fund information

Founded over 85 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 funds across income, value, blend, growth, sustainable, and asset allocation categories.

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Mark C. Trenchard
Vice President

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