

PUTNAM MANAGED MUNICIPAL INCOME TRUST  
Form N-CSR  
December 27, 2013

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number: (811-05740)

Exact name of registrant as specified in charter: Putnam Managed Municipal Income Trust

Address of principal executive offices: One Post Office Square, Boston, Massachusetts 02109

Name and address of agent for service: Robert T Burns, Vice President  
One Post Office Square  
Boston, Massachusetts 02109

Copy to: John W. Gerstmayr, Esq.  
Ropes & Gray LLP  
800 Boylston Street  
Boston, Massachusetts 02199-3600

Registrant's telephone number, including area code: (617) 292-1000

Date of fiscal year end: October 31, 2013

Date of reporting period: November 1, 2012 – October 31, 2013

Item 1. Report to Stockholders:

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

# Putnam Managed Municipal Income Trust

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**Consider these risks before investing:** Lower-rated bonds may offer higher yields in return for more risk. Bond investments are subject to interest-rate risk (the risk of bond prices falling if interest rates rise) and credit risk (the risk of an issuer defaulting on interest or principal payments). Interest-rate risk is greater for longer-term bonds, and credit risk is greater for below-investment-grade bonds. Unlike bonds, funds that invest in bonds have fees and

expenses. Bond prices may fall or fail to rise over time for several reasons, including general financial market conditions and factors related to a specific issuer or industry. You can lose money by investing in the fund. The fund's shares trade on a stock exchange at market prices, which may be lower than the fund's net asset value.

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## Message from the Trustees

Dear Fellow Shareholder:

In the final months of 2013, we continue to see business conditions as generally positive for well-diversified investment portfolios. Financial markets have shown surprising resilience in the face of recent headwinds, most notably the confrontation over the federal budget and debt ceiling, which took a toll on the economy during October. With Congressional negotiations now continuing into 2014, there is hope that lawmakers may reach an agreement beneficial to the economy, even as investors remain alert to the risk of additional disruption.

Fortunately, equity markets have easily overcome recent obstacles. Supported by generally solid corporate earnings and healthy balance sheets, stock market gains to this point are far above the long-term average for a single year. International stocks have also performed well, particularly in Europe and Japan. While bonds have lagged behind stocks, many fixed-income sectors have advanced, reminding investors of the need for flexible and selective approaches. The sting of rising interest rates has been felt primarily by Treasuries and other government bonds.

At Putnam, we believe markets in flux can often provide the best opportunity for realizing the benefits of financial advice and active portfolio management. An experienced advisor can help investors stay focused on their long-term goals without getting distracted by daily economic and political events. Challenging times also call for innovative and alternative investment strategies managed by experts. In seeking returns for fund shareholders, Putnam's investment professionals engage in fundamental research, active investing, and risk management strategies.

We would like to welcome new shareholders of the fund and to thank you for investing with Putnam. We would also like to extend our thanks to Elizabeth Kennan, who has retired from the Board of Trustees, for her 20 years of dedicated service.

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## About the fund

### Potential for income exempt from federal income tax

Municipal bonds can help investors keep more of their investment income while also financing important public projects such as schools, roads, and hospitals. The bonds are typically issued by states and local municipalities to raise funds for building and maintaining public facilities, and they offer income that is generally exempt from federal, state, and local income tax.

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

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

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

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

### **How closed-end funds differ from open-end funds**

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

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

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

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

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***Data are historical. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return and net asset value will fluctuate, and you may have a gain or a loss when you sell your shares. Performance assumes reinvestment of distributions and does not account for taxes. Fund returns in the bar chart are at NAV. See pages 5 and 12–13 for additional performance information, including fund returns at market price. Index and Lipper results should be compared with fund performance at NAV. Fund results reflect the use of leverage, while index results are unleveraged and Lipper results reflect varying use of, and methods for, leverage. Lipper calculates performance differently than the closed-end funds it ranks, due to varying methods for determining a fund’s monthly reinvestment NAV.***

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## **Interview with your fund’s portfolio manager**

### **Interest rates rose during the reporting period. How did municipal bonds perform for the 12 months ended October 31, 2013?**

It was a challenging period for municipal bonds, which encountered pressure on several fronts, although the asset class experienced some relief in the final weeks of the period. During the early months of the fund’s fiscal year, the investment environment was positive for municipal bonds. Demand remained high, supply was relatively tight, and fundamentals in the municipal market continued to improve. As calendar year 2012 came to a close, however, investor uncertainty surrounding the fiscal cliff led to a sell-off. As part of the 2011 debt-ceiling negotiations, Congress had scheduled \$1.2 trillion in tax increases and spending cuts to begin taking effect on January 1, 2013. However, in the end, existing tax rates were preserved for most taxpayers, but the political gridlock leading up to the final legislation sent some investors to the sidelines to wait for greater clarification.

In the late spring of 2013, improving U.S. economic data raised concerns that the Federal Reserve would pare back its stimulative bond-buying program, known as quantitative easing [QE]. Municipal bonds sold off beginning in May

and continued to struggle for most of the summer months. During this time, interest rates rose and yield curves across the fixed-income universe steepened. This occurred despite the Fed's

This comparison shows your fund's performance in the context of broad market indexes for the 12 months ended 10/31/13. See pages 4 and 12–13 for additional fund performance information. Index descriptions can be found on page 14.

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efforts to reassure investors that it needed to see “real and sustainable” progress in job gains before drawing down QE. Interest rates remained elevated throughout the summer months due to uncertainty surrounding the timing of the Fed's decision to begin scaling back. Because bond prices tend to move in the opposite direction of rates, the rise in rates hurt the performance of tax-exempt municipal securities.

Technical pressures — that is, supply-and-demand dynamics — also created a headwind. Faced with the prospect of higher interest rates, many retail investors sold their municipal bond investments. In addition, Detroit's bankruptcy and Puerto Rico's debt challenges added to investor fears. In September, however, the technical backdrop improved somewhat, contributing to the first positive month of performance for tax-free securities since April. Municipal bond prices rallied as demand from value-conscious retail and non-traditional, or so-called “crossover,” buyers picked up, and outflows from municipal bond funds slowed. In addition, a significant reduction in refunding activity took place across the municipal bond market given the higher rate environment. This combination of diminished supply and somewhat improved demand was beneficial for municipal bond prices for the remainder of the period.

Seeing a more uneven economic climate than it had expected, as well as the fiscal and political discord in Washington, the Fed at its mid-September meeting held off setting a timetable for scaling back QE, keeping bond purchases unchanged. Following this surprise

Credit qualities are shown as a percentage of the fund's net assets (common and preferred shares) as of 10/31/13. A bond rated Baa or higher (MIG3/VMIG3 or higher, for short-term debt) is considered investment grade. The chart reflects Moody's ratings; percentages may include bonds or derivatives not rated by Moody's but rated by Standard & Poor's (S&P) or, if unrated by S&P, by Fitch ratings, and then included in the closest equivalent Moody's rating. Ratings may vary over time.

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

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decision, municipal bonds generally rallied and interest rates declined somewhat. We believe the central bank wants clear signs of accelerating economic growth, sustained job gains, and proof that the inflation rate is moving toward its stated 2% target before making any reduction in its monthly bond purchases.

The markets saw more relief in late October, as lawmakers agreed to extend the U.S. borrowing authority, avoiding a possible debt default. With the political standoff around the federal debt ceiling temporarily resolved, we expect the markets to refocus on economic data in the near term. Against this backdrop, the fund lagged its benchmark,

the Barclays Municipal Bond Index, and the average return of its Lipper peer group.

**How are you managing the risk posed by higher interest rates?**

We expect continued pressure on interest rates and yield spreads as investors adjust their expectations about Fed policy. However, we believe it is unlikely that rates are going to suddenly spike as they did in May and June of 2013. If yields rise more than economic fundamentals seem to warrant, we may view it as an opportunity to add attractively valued securities to the fund. To prepare for this possibility, we held a bit more cash in the

Top ten state allocations are shown as a percentage of the fund's net assets (common and preferred shares) as of 10/31/13. Investments in Puerto Rico represented 0.8% of the fund's net assets. Summary information may differ from the portfolio schedule included in the financial statements due to the differing treatment of interest accruals, the floating rate portion of tender option bonds, derivative securities (if any), and classification of securities for presentation purposes. Holdings and allocations may vary over time.

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portfolio at the end of the fiscal year than we did at the start of the period. The fund also had a slightly shorter duration, or interest-rate sensitivity, than did its Lipper peer group.

Periods of high volatility, although unpleasant for investors, may offer attractive buying opportunities. Tax-exempt yields, in our opinion, are more attractive now given this past summer's sell-off. In fact, we have not seen yields at this level since 2011. We believe our fundamental research will help to unlock these opportunities and provide return potential. The municipal bond market is exceptionally diverse, composed of small issuers, complex instruments, and an array of market participants with varying return objectives. We believe this market dynamic presents inefficiencies that could result in attractive investment opportunities.

**Is the default rate in the municipal bond market still low by historic standards?**

Yes. For calendar year 2012, bankruptcy filings represented approximately 0.12% of the \$3.7 trillion municipal bond market, and they remained near this level during 2013 as well. Furthermore, we do not believe that the default rate will increase meaningfully in the near future.

In our opinion, the significance of defaults and downgrades is the headline risk that emerges from occasional isolated incidents of insolvency. For example, Puerto Rico, a self-governing American territory, was downgraded by Moody's last year, and by Standard & Poor's this past spring. Puerto Rico's debt is widely held because of its large issuance and exemption from federal and local taxes, and the considerable negative

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

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coverage of its strained economy led to a heavy sell-off in August. Throughout 2013, its government has taken measures to mend its credit profile, most notably by introducing proposals for pension reform and raising tax revenues. Despite these reforms, we believe the credit is likely to remain pressured due to Puerto Rico's struggling

economy.

Also, the city of Detroit filed for Chapter 9 bankruptcy in July. Although Detroit's filing, the largest Chapter 9 filing in history, was a large headline event, we continue to believe that Chapter 9 filings remain isolated and don't expect a large impact on the broader municipal bond market. At the same time, we continue to monitor the legal proceedings because they have the potential to set new precedents that can influence the market.

Given improvements in state budget forecasts, Moody's revised its outlook for U.S. states in August to "stable" after five years of negative ratings. Credit quality at the state level remains quite high, with 30 of the 50 states holding either an Aaa or Aa1 rating, the two highest possible ratings. On balance, our outlook is for continued stabilization of states' economies, given the improvement in employment, economic growth, and consumer confidence data — all of which have contributed to rising tax collections.

### **How did you position the portfolio during the period?**

We identified what we considered to be improving fundamentals and still-attractive spreads in the market and sought to benefit from them. For example, revenue credits — typically issued by state and local governments to finance a specific revenue-generating project — fared well, in our view. To this end, we maintained our overweight position in revenue bonds rated BBB. While we believed that the budget challenges faced by many municipalities were significant, we were confident that conditions would improve as long as the broader economy did not stall. Our overweight to essential service revenue bonds was offset by the fund's underweight positioning in local G.O. [general obligation] bonds — securities issued at the city or county level. As the federal government looks to reduce transfer payments to the states, we believe that these types of bonds are at risk for downgrades or other headline-driven price volatility. In terms of sectors, relative to the fund's peer universe, we favored airlines, higher education, utility, and health-care bonds.

Overall, the fund's higher-credit-quality positions generally underperformed the lower-rated sector during the period. Also, the fund's exposure to Puerto Rico bonds was a detractor during the period. The fund's shorter-duration interest-rate positioning benefited returns as interest rates moved higher.

### **How does the fund use leverage, and why?**

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

### **Are there risks associated with the use of leverage?**

We believe common shareholders generally have been well served by the fund's use of

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

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

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The second half of the reporting period proved to be a volatile time for municipal bonds, and market conditions remain less than robust. However, we continue to believe that municipal bonds should be part of a diversified portfolio for long-term investors seeking tax-free income.

In our view, technical factors in the market are the big wild card. Tax-exempt municipal fund outflows have put downward pressure on prices. Although we have seen some institutional crossover buyers come into the market to help support prices, we think it is unlikely that we will see volatility subside until outflows and rate volatility diminish. As I mentioned previously, the overall fundamental credit outlook of municipal bonds appears solid. With regard to tax policy, many issues remain unresolved, including the debt ceiling and the potential for broader tax reform — both of which could affect the value of municipal bonds.

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

### **Thank you, Paul, for bringing us up to date.**

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

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

Portfolio Manager **Paul M. Drury** has a B.A. from Suffolk University. A CFA charterholder, Paul has been in the investment industry since he joined Putnam in 1989.

In addition to Paul, your fund's portfolio managers are Susan A. McCormack, CFA, and Thalia Meehan, CFA.

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## IN THE NEWS

**With stocks rallying and interest rates increasingly volatile, investors are pouring money into equity-based mutual funds.** For the first nine months of 2013, inflows into stock funds more than quadrupled, compared with the same time period in 2012, according to the Strategic Insight Monthly Fund Industry Review. U.S. equity funds attracted over \$168 billion versus \$31 billion during the first three quarters of 2012, while international stock funds garnered over \$163 billion in comparison with nearly \$50 billion a year ago. Investors are on track in 2013 to invest the most money in equity mutual funds since 2000, according to investment research firm TrimTabs. Meanwhile, fixed-income investors have tapped the brakes, with year-to-date inflows of about \$27 billion as of September 30, down from over \$290 billion a year ago.

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## Your fund's performance

This section shows your fund's performance, price, and distribution information for periods ended October 31, 2013, the end of its most recent fiscal year. In accordance with regulatory requirements for mutual funds, we also include performance information as of the most recent calendar quarter-end. Performance should always be considered in light of a fund's investment strategy. Data represent past performance. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return, net asset value, and



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market price will fluctuate, and you may have a gain or a loss when you sell your shares.

**Fund performance** Total return and comparative index results for periods ended 10/31/13

	NAV	Market price	Barclays Municipal Bond Index	Lipper High Yield Municipal Debt Funds (closed-end) category average*
Annual average (life of fund) (2/24/89)	6.40%	5.69%	6.22%	5.58%
10 years	74.96	73.63	55.77	76.76
Annual average	5.75	5.67	4.53	5.82
5 years	66.44	66.06	36.15	73.16
Annual average	10.73	10.68	6.37	11.53
3 years	17.27	5.52	11.21	20.13
Annual average	5.45	1.81	3.60	6.29
1 year	-3.52	-14.78	-1.72	-3.37

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

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

\* Over the 1-year, 3-year, 5-year, 10-year, and life-of-fund periods ended 10/31/13, there were 11, 11, 11, 10, and 6 funds respectively, in this Lipper category.

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**Fund price and distribution information** For the 12-month period ended 10/31/13

**Distributions — common shares**

Number	12
Income <b>1</b>	\$0.4668
Capital gains <b>2</b>	—
<b>Total</b>	<b>\$0.4668</b>

<b>Distributions — preferred shares</b>	<b>Series A (245 shares)</b>	<b>Shares C (1,980 shares)</b>
Income <sup>1</sup>	\$134.47	\$66.40
Capital gains <sup>2</sup>	—	—
<b>Total</b>	<b>\$134.47</b>	<b>\$66.40</b>
<b>Share value — common shares</b>	<b>NAV</b>	<b>Market price</b>
10/31/12	\$8.10	\$8.37
10/31/13	7.34	6.70
<b>Current rate (end of period)</b>		
Current dividend rate <sup>3</sup>	6.36%	6.97%
Taxable equivalent <sup>4</sup>	11.24%	12.31%

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

<sup>1</sup> For some investors, investment income may be subject to the federal alternative minimum tax. Income from federally exempt funds may be subject to state and local taxes.

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

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

<sup>4</sup> Assumes maximum 43.40% federal tax rate for 2013. Results for investors subject to lower tax rates would not be as advantageous.

**Fund performance as of most recent calendar quarter**

Total return for periods ended 9/30/13

	<b>NAV</b>	<b>Market price</b>
Annual average (life of fund)	6.38%	5.78%
10 years Annual average	73.08 5.64	71.31 5.53
5 years	49.26	47.79

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Annual average	8.34	8.13
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3 years	16.95	6.76
Annual average	5.36	2.21
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1 year	-3.52	-13.90
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See the discussion following the Fund performance table on page 12 for information about the calculation of fund performance.

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## Terms and definitions

### Important terms

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

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

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

### Fixed-income terms

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

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

### Comparative indexes

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

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

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

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

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

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

discretion. Lipper category averages reflect performance trends for funds within a category.

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## **Other information for shareholders**

### **Important notice regarding share repurchase program**

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

### **Proxy voting**

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

### **Fund portfolio holdings**

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

### **Trustee and employee fund ownership**

Putnam employees and members of the Board of Trustees place their faith, confidence, and, most importantly, investment dollars in Putnam mutual funds. As of October 31, 2013, Putnam employees had approximately \$414,000,000 and the Trustees had approximately \$99,000,000 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.

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## **Important notice regarding Putnam's privacy policy**

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

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

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

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

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

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

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

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

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

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

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

There is no penalty for withdrawing from or not participating in a Plan.

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

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

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

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

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

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## Trustee approval of management contract

### General conclusions

The Board of Trustees of the Putnam funds oversees the management of each fund and, as required by law, determines annually whether to approve the continuance of your fund's management contract with Putnam Investment Management ("Putnam Management") and the sub-management contract with respect to your fund between Putnam Management and its affiliate, Putnam Investments Limited ("PIL"). The Board of Trustees, with the assistance of its Contract Committee, requests and evaluates all information it deems reasonably necessary under the circumstances in connection with its annual contract review. The Contract Committee consists solely of Trustees who are not "interested persons" (as this term is defined in the Investment Company Act of 1940, as amended (the "1940 Act")) of the Putnam funds ("Independent Trustees").

At the outset of the review process, members of the Board's independent staff and independent legal counsel met with representatives of Putnam Management to review the annual contract review materials furnished to the Contract Committee during the course of the previous year's review and to discuss possible changes in these materials that might be necessary or desirable for the coming year. Following these discussions and in consultation with the Contract Committee, the Independent Trustees' independent legal counsel requested that Putnam Management furnish specified information, together with any additional information that Putnam Management considered relevant, to the Contract Committee. Over the course of several months ending in June 2013, the Contract Committee met on a number of occasions with representatives of Putnam Management, and separately in executive session, to consider the information that Putnam Management provided. Throughout this process, the Contract Committee was assisted by the members of the Board's independent staff and by independent legal counsel for the Putnam funds and the Independent Trustees.

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In May 2013, the Contract Committee met in executive session to discuss and consider its preliminary recommendations with respect to the continuance of the contracts. At the Trustees' June 20, 2013 meeting, the Contract Committee met in executive session with the other Independent Trustees to review a summary of the key financial data that the Contract Committee considered in the course of its review. The Contract Committee then presented its written report, which summarized the key factors that the Committee had considered and set forth its final recommendations. The Contract Committee then recommended, and the Independent Trustees approved, the continuance of your fund's management and sub-management contracts, effective July 1, 2013, subject to certain changes in the sub-management contract noted below. (Because PIL is an affiliate of Putnam Management and Putnam Management remains fully responsible for all services provided by PIL, the Trustees have not evaluated PIL as a separate entity, and all subsequent references to Putnam Management below should be deemed to include reference to PIL as necessary or appropriate in the context.)

The Independent Trustees' approval was based on the following conclusions:

- That the fee schedule in effect for your fund represented reasonable compensation in light of the nature and quality of the services being provided to the fund, the fees paid by competitive funds, and the costs incurred by Putnam Management in providing services to the fund, and
- That the fee schedule represented an appropriate sharing between fund

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shareholders and Putnam Management of such economies of scale as may exist in the management of the fund at current asset levels.

These conclusions were based on a comprehensive consideration of all information provided to the Trustees and were not the result of any single factor. Some of the factors that figured particularly in the Trustees' deliberations and how the Trustees considered these factors are described below, although individual Trustees may have evaluated the information presented differently, giving different weights to various factors. It is also important to recognize that the management arrangements for your fund and the other Putnam funds are the result of many years of review and discussion between the Independent Trustees and Putnam Management, that some aspects of the arrangements may receive greater scrutiny in some years than others, and that the Trustees' conclusions may be based, in part, on their consideration of fee arrangements in previous years.

As noted above, the Trustees considered administrative revisions to your fund's sub-management contract. Putnam Management recommended that the sub-management contract be revised to reduce the sub-management fee that Putnam Management pays to PIL with respect to the portion of the portfolios of certain funds, but not your fund, that may be allocated to PIL from time to time. The Independent Trustees' approval of this recommendation was based on their conclusion that these changes would have no practical effect on Putnam Management's continued responsibility for the management of these funds or the costs borne by fund shareholders and would not result in any reduction in the nature and quality of services provided to the funds.

### **Management fee schedules and total expenses**

The Trustees reviewed the management fee schedules in effect for all Putnam funds, including fee levels and breakpoints. The Trustees also reviewed the total expenses of each Putnam fund, recognizing that in most cases management fees represented the major, but not the sole, determinant of total costs to shareholders.

In reviewing fees and expenses, the Trustees generally focus their attention on material changes in circumstances — for example, changes in assets under management, changes in a fund's investment style, changes in Putnam Management's operating costs or profitability, or changes in competitive practices in the mutual fund industry — that suggest that consideration of fee changes might be warranted. The Trustees concluded that the circumstances did not warrant changes to the management fee structure of your fund.

Under its management contract, your fund has the benefit of breakpoints in its management fee schedule that provide shareholders with economies of scale in the form of reduced fee levels as the fund's assets under

management increase. In recent years, the Trustees have examined the operation of the existing breakpoint structure during periods of both growth and decline in asset levels. The Trustees concluded that the fee schedule in effect for your fund represented an appropriate sharing of economies of scale between fund shareholders and Putnam Management.

The Trustees reviewed comparative fee and expense information for a custom group of competitive funds selected by Lipper Inc. This comparative information included your fund's percentile ranking for effective management fees and total expenses, which provides a general indication of your fund's relative standing. In the custom peer group, your fund ranked in the 1st quintile in effective management fees (determined for your fund and the other funds

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in the custom peer group based on fund asset size and the applicable contractual management fee schedule) and in the 2nd quintile in total expenses as of December 31, 2012 (the first quintile representing the least expensive funds and the fifth quintile the most expensive funds). The fee and expense data reported by Lipper as of December 31, 2012 reflected the most recent fiscal year-end data available in Lipper's database at that time.

In connection with their review of the management fees and total expenses of the Putnam funds, the Trustees also reviewed the costs of the services provided and the profits realized by Putnam Management and its affiliates from their contractual relationships with the funds. This information included trends in revenues, expenses and profitability of Putnam Management and its affiliates relating to the investment management, investor servicing and distribution services provided to the funds. In this regard, the Trustees also reviewed an analysis of Putnam Management's revenues, expenses and profitability, allocated on a fund-by-fund basis, with respect to the funds' management, distribution, and investor servicing contracts. For each fund, the analysis presented information about revenues, expenses and profitability for each of the agreements separately and for the agreements taken together on a combined basis. The Trustees concluded that, at current asset levels, the fee schedules in place represented reasonable compensation for the services being provided and represented an appropriate sharing of such economies of scale as may exist in the management of the Putnam funds at that time.

The information examined by the Trustees as part of their annual contract review for the Putnam funds has included for many years information regarding fees charged by Putnam Management and its affiliates to institutional clients such as defined benefit pension plans, college endowments, and the like. This information included comparisons of those fees with fees charged to the funds, as well as an assessment of the differences in the services provided to these different types of clients. The Trustees observed that the differences in fee rates between institutional clients and mutual funds are by no means uniform when examined by individual asset sectors, suggesting that differences in the pricing of investment management services to these types of clients may reflect historical competitive forces operating in separate markets. The Trustees considered the fact that in many cases fee rates across different asset classes are higher on average for mutual funds than for institutional clients, as well as the differences between the services that Putnam Management provides to the Putnam funds and those that it provides to its institutional clients. The Trustees did not rely on these comparisons to any significant extent in concluding that the management fees paid by your fund are reasonable.

### **Investment performance**

The quality of the investment process provided by Putnam Management represented a major factor in the Trustees' evaluation of the quality of services provided by Putnam Management under your fund's management contract. The Trustees were assisted in their review of the Putnam funds' investment process and performance by the work of the investment oversight committees of the Trustees, which meet on a regular basis with the funds' portfolio teams and with the Chief Investment Officer and other senior members of Putnam Management's Investment Division throughout the year. The Trustees concluded that Putnam Management generally provides a high-quality investment process — based on the experience and skills of the individuals assigned to the management of fund portfolios, the resources made available to them, and in general Putnam Management's ability to attract and retain high-quality personnel — but also recognized that this does



not guarantee favorable investment results for every fund in every time period.

The Trustees considered that 2012 was a year of strong competitive performance for many of the Putnam funds, with only a relatively small number of exceptions. They noted that this strong performance was exemplified by the fact that the Putnam funds were recognized by Barron's as the best performing mutual fund complex for 2012 — the second time in four years that Putnam Management has achieved this distinction for the Putnam funds. They also noted, however, the disappointing investment performance of some funds for periods ended December 31, 2012 and considered information provided by Putnam Management regarding the factors contributing to the underperformance and actions being taken to improve the performance of these particular funds. The Trustees indicated their intention to continue to monitor performance trends to assess the effectiveness of these efforts and to evaluate whether additional actions to address areas of underperformance are warranted.

For purposes of evaluating investment performance, the Trustees generally focus on competitive industry rankings for the one-year, three-year, and five-year periods. For a number of Putnam funds with relatively unique investment mandates, the Trustees evaluated performance based on comparisons of their total returns with the returns of selected investment benchmarks or targeted returns. In the case of your fund, the Trustees considered that its common share cumulative total return performance at net asset value was in the following quartiles of its Lipper Inc. peer group (Lipper High Yield Municipal Debt Funds (closed-end)) for the one-year, three-year and five-year periods ended December 31, 2012 (the first quartile representing the best-performing funds and the fourth quartile the worst-performing funds):

One-year period	4th
Three-year period	3rd
Five-year period	2nd

Over the one-year, three-year and five-year periods ended December 31, 2012, there were 12, 12 and 12 funds, respectively, in your fund's Lipper peer group. (When considering performance information, shareholders should be mindful that past performance is not a guarantee of future results.)

The Trustees expressed concern about your fund's fourth quartile performance over the one-year period ended December 31, 2012 and considered the circumstances that may have contributed to this disappointing performance. The Trustees considered Putnam Management's view that the fund's underperformance over this period was due in significant part to a combination of the fund's somewhat lower investment leverage relative to its peers during a year of strong performance in the municipal bond markets, the fund's relative underweight exposure to non-rated municipal bonds, which outperformed during the period, the fund's overweight exposure to Puerto Rican bonds, which underperformed during the period, and the fund's individual security selection.

The Trustees considered that, although the fund had not performed well over the one-year period ended December 31, 2012, the fund's performance was stronger over longer periods, and that Putnam Management remained confident in the fund's portfolio manager and her investment process. The Trustees also considered a number of other changes that Putnam Management had made in recent years in efforts to support and improve fund performance generally. In particular, the Trustees recognized that Putnam Management has adjusted the compensation structure for portfolio managers and research analysts so that only those who achieve top-quartile returns over a rolling three-year basis are eligible for full bonuses.

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As a general matter, the Trustees believe that cooperative efforts between the Trustees and Putnam Management represent the most effective way to address investment performance problems. The Trustees noted that investors in the Putnam funds have, in effect, placed their trust in the Putnam organization, under the oversight of the funds'

Trustees, to make appropriate decisions regarding the management of the funds. Based on the responsiveness of Putnam Management in the recent past to performance issues, the Trustees concluded that it is preferable to seek change within Putnam Management to address performance shortcomings. In the Trustees' view, the alternative of engaging a new investment adviser for an underperforming fund would entail significant disruptions and would not provide any greater assurance of improved investment performance.

#### **Brokerage and soft-dollar allocations; investor servicing**

The Trustees considered various potential benefits that Putnam Management may receive in connection with the services it provides under the management contract with your fund. These include benefits related to brokerage allocation and the use of soft dollars, whereby a portion of the commissions paid by a fund for brokerage may be used to acquire research services that are expected to be useful to Putnam Management in managing the assets of the fund and of other clients. Subject to policies established by the Trustees, soft dollars generated by these means are used primarily to acquire brokerage and research services that enhance Putnam Management's investment capabilities and supplement Putnam Management's internal research efforts. However, the Trustees noted that a portion of available soft dollars continues to be used to pay fund expenses. The Trustees indicated their continued intent to monitor regulatory and industry developments in this area with the assistance of their Brokerage Committee and also indicated their continued intent to monitor the allocation of the Putnam funds' brokerage in order to ensure that the principle of seeking best price and execution remains paramount in the portfolio trading process.

Putnam Management may also receive benefits from payments that the funds make to Putnam Management's affiliates for investor services. In conjunction with the annual review of your fund's management and sub-management contracts, the Trustees reviewed your fund's investor servicing agreement with Putnam Investor Services, Inc. ("PSERV"), which is an affiliate of Putnam Management. The Trustees concluded that the fees payable by the funds to PSERV for such services are reasonable in relation to the nature and quality of such services, the fees paid by competitive funds, and the costs incurred by PSERV in providing such services.

#### **Consideration of your fund's interim management contract and the continuance of the fund's sub-management contract**

Following the Trustees' approval of the continuance of your fund's management and sub-management contracts, on October 8, 2013, The Honourable Paul G. Desmarais passed away. Mr. Desmarais, both directly and through holding companies, controlled a majority of the voting shares of Power Corporation of Canada, the ultimate parent company of Putnam Management. Upon his death, Mr. Desmarais' voting control of shares of Power Corporation of Canada was transferred to The Desmarais Family Residuary Trust (the "Transfer"). As a technical matter, the Transfer may have constituted an "assignment" within the meaning of the Investment Company Act of 1940, causing the fund's existing management and sub-management contracts to terminate automatically. On October 18, 2013, the Trustees approved your fund's interim

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management contract and the continuance of your fund's sub-management contract to address this possibility and to avoid disruption of investment advisory and other services provided to your fund. At a subsequent meeting on November 22, 2013, the Trustees, including all of the Independent Trustees, approved new definitive management contracts between the Putnam funds and Putnam Management and determined to recommend their approval to the shareholders of the Putnam funds at a shareholder meeting to be held in early 2014.

In considering whether to approve your fund's interim management contract and new definitive management contract and the continuance of your fund's sub-management contract, the Trustees took into account that they had most recently approved the annual continuation of the fund's previous management and sub-management contracts at their meeting in June 2013, as described above. The Trustees considered that the terms of the interim management contract and new definitive management contract were identical to the previous management contract, except for the effective dates and initial terms and for certain non-substantive changes. They also considered that the sub-management contract was identical to the previous sub-management contracts, except for the effective dates and initial terms. Because the proposed contracts were substantially identical to the previous versions of these contracts approved by the Trustees at their June 2013 meeting, the Trustees relied to a

considerable extent on their prior approval of these contracts. In addition, the Trustees considered a number other factors relating to the Transfer, including, but not limited to, the following:

- Information about the operations of The Desmarais Family Residuary Trust, including that Paul Desmarais, Jr. and André Desmarais, Mr. Desmarais' sons, were expected to exercise, jointly, voting control over the Power Corporation of Canada shares controlled by The Desmarais Family Residuary Trust.
- That Paul Desmarais, Jr. and André Desmarais had been playing active managerial roles at Power Corporation of Canada, with responsibility for the oversight of Power Corporation of Canada's subsidiaries, including Putnam Investments, since Power Corporation of Canada had acquired Putnam Investments in 2007, including serving as Directors of Putnam Investments, and that the Transfer would not affect their responsibilities as officers of Power Corporation of Canada.
- The intention expressed by representatives of Power Corporation of Canada and its subsidiaries, Power Financial Corporation and Great-West Lifeco, that there would be no change to the operations or management of Putnam Investments, to Putnam Management's management of the funds or to investment, advisory and other services provided to the funds by Putnam Management and its affiliates as a result of the Transfer.
- Putnam Management's assurances that, following the Transfer, Putnam Management would continue to provide the same level of services to each fund and that the Transfer will not have an adverse impact on the ability of Putnam Management and its affiliates to continue to provide high quality investment advisory and other services to the funds.
- Putnam Management's assurances that there are no current plans to make any changes to the operations of the funds, existing management fees, expense limitations, distribution arrangements, or the quality of any services provided to the funds or their shareholders, as a result of the Transfer.
- The benefits that the funds have received and may potentially receive as a result of Putnam Management being a member of the Power Corporation of Canada group of companies, which promotes the stability of the Putnam organization.

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## Financial statements

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

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

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

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

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

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

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### Report of Independent Registered Public Accounting Firm

The Board of Trustees and Shareholders  
Putnam Managed Municipal Income Trust:

We have audited the accompanying statement of assets and liabilities of Putnam Managed Municipal Income Trust, including the fund's portfolio, as of October 31, 2013, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended. These financial statements and financial highlights are the responsibility of the fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2013, by correspondence with the custodian and brokers or by other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Putnam Managed Municipal Income Trust as of October 31, 2013, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

Boston, Massachusetts  
December 13, 2013

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### The fund's portfolio 10/31/13

#### Key to holding's abbreviations

**ABAG** Association Of Bay Area Governments

**G.O. Bonds** General Obligation Bonds

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**AGM** Assured Guaranty Municipal Corporation

**AMBAC** AMBAC Indemnity Corporation

**COP** Certificates of Participation

**FGIC** Financial Guaranty Insurance Company

**FHLMC Coll.** Federal Home Loan Mortgage Corporation Collateralized

**FNMA Coll.** Federal National Mortgage Association Collateralized

**FRB** Floating Rate Bonds: the rate shown is the current interest rate at the close of the reporting period

**GNMA Coll.** Government National Mortgage Association Collateralized

**NATL** National Public Finance Guarantee Corp.

**Radian Insd.** Radian Group Insured

**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.

<b>MUNICIPAL BONDS AND NOTES (130.0%)*</b>	<b>Rating**</b>	<b>Principal amount</b>	<b>Value</b>
<b>Alabama (1.5%)</b>			
Butler, Indl. Dev. Board Solid Waste Disp. Rev. Bonds (GA. Pacific Corp.), 5 3/4s, 9/1/28	A	\$1,500,000	\$1,541,475
Courtland, Indl. Dev. Board Env. Impt. Rev. Bonds (Intl. Paper Co.), Ser. A, 5s, 11/1/13	Baa2	1,500,000	1,500,000
Cullman Cnty., Hlth. Care Auth. Rev. Bonds (Cullman Regl. Med. Ctr.), Ser. A, 6 3/4s, 2/1/29	Ba1	2,100,000	2,166,801
Selma, Indl. Dev. Board Rev. Bonds (Gulf Opportunity Zone Intl. Paper Co.), Ser. A, 6 1/4s, 11/1/33	BBB	1,000,000	1,069,870
			<b>6,278,146</b>
<b>Arizona (4.0%)</b>			
Apache Cnty., Indl. Dev. Auth. Poll. Control Rev. Bonds (Tucson Elec. Pwr. Co.), Ser. A, 4 1/2s, 3/1/30	Baa2	1,750,000	1,649,323
Casa Grande, Indl. Dev. Auth. Rev. Bonds (Casa Grande Regl. Med. Ctr.), Ser. A			
7 5/8s, 12/1/29	BB-/P	1,800,000	1,448,766
7 1/4s, 12/1/19	BB-/P	1,000,000	803,320
Coconino Cnty., Poll. Control Rev. Bonds (Tucson Elec. Pwr. Co. — Navajo), Ser. A, 5 1/8s, 10/1/32	Baa2	2,000,000	2,005,460
Maricopa Cnty., Poll. Control Rev. Bonds (El Paso			

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Elec. Co.), Ser. A, 7 1/4s, 2/1/40	Baa2	2,200,000	2,430,758
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Navajo Cnty., Poll. Control Corp. Mandatory Put Bonds (6/1/16) (AZ Pub. Svc. Co.), Ser. E, 5 3/4s, 6/1/34	Baa1	1,950,000	2,156,759
<hr/>			
Phoenix, Indl. Dev. Auth. Ed. Rev. Bonds (Great Hearts Academies Project), 6s, 7/1/32	BB/F	200,000	191,130
(Choice Academies, Inc.), 5 5/8s, 9/1/42	BB+	315,000	283,790
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Pima Cnty., Indl. Dev. Auth. Rev. Bonds (Horizon Cmnty. Learning Ctr.), 5.05s, 6/1/25	BBB	1,140,000	1,055,002
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Salt Verde, Fin. Corp. Gas Rev. Bonds 5 1/2s, 12/1/29	A-	2,000,000	2,160,180
5s, 12/1/32	A-	570,000	571,374
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<b>MUNICIPAL BONDS AND NOTES (130.0%)* cont.</b>	<b>Rating**</b>	<b>Principal amount</b>	<b>Value</b>
<hr/>			
<b>Arizona cont.</b>			
Tempe, Indl. Dev. Auth. Rev. Bonds (Friendship Village), Ser. A, 6 1/4s, 12/1/42	BB-/P	\$1,000,000	\$1,004,340
<hr/>			
Tempe, Indl. Dev. Auth. Sr. Living Rev. Bonds (Friendship Village), Ser. A, U.S. Govt. Coll., 5 3/8s, 12/1/13 (Escrowed to maturity)	BB-/P	138,000	138,513
<hr/>			
Yavapai Cnty., Indl. Dev. Ed. Auth. Rev. Bonds (Agribusiness & Equine Ctr.), 5s, 3/1/32	BB+	1,000,000	899,940
<hr/>			
			<b>16,798,655</b>
<b>Arkansas (0.3%)</b>			
Arkadelphia, Pub. Ed. Fac. Board Rev. Bonds (Ouachita Baptist U.), 6s, 3/1/33	BB+/P	840,000	843,394
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Rogers, Rev. Bonds (Sales and Use Tax), 3 3/4s, 11/1/34	AA	405,000	407,236
<hr/>			
			<b>1,250,630</b>

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**California (14.5%)**

ABAG Fin. Auth. for Nonprofit Corps. Rev. Bonds (Episcopal Sr. Cmntys.), 6s, 7/1/31	BBB	660,000	701,501
(O'Connor Woods), 5s, 1/1/33	A	600,000	623,706
CA Edl. Fac. Auth. Rev. Bonds (U. of La Verne), Ser. A, 5s, 6/1/35	Baa2	500,000	465,640
CA Muni. Fin. Auth. COP (Cmnty. Hosp. Central CA), 5 1/4s, 2/1/37	Baa2	1,105,000	1,031,860
CA Muni. Fin. Auth. Rev. Bonds (U. of La Verne), Ser. A, 6 1/8s, 6/1/30	Baa2	1,000,000	1,083,250
(Emerson College), 6s, 1/1/42	Baa1	1,000,000	1,088,570
CA Poll. Control Fin. Auth. Rev. Bonds (Wtr. Furnishing), 5s, 11/21/45	Baa3	2,000,000	1,672,380
(Pacific Gas & Electric Corp.), Class D, FGIC, 4 3/4s, 12/1/23	A3	2,500,000	2,587,875
CA Poll. Control Fin. Auth. Solid Waste Disp. FRB (Waste Management, Inc.), Ser. C, 5 1/8s, 11/1/23	BBB	2,150,000	2,229,894
CA Poll. Control Fin. Auth. Solid Waste Disp. 144A Rev. Bonds (Waste Management, Inc.), Ser. A-2, 5.4s, 4/1/25	BBB	1,760,000	1,812,606
CA School Fin. Auth. Rev. Bonds (2023 Union, LLC), Ser. A, 6s, 7/1/33	BBB-	465,000	470,733
CA State G.O. Bonds 6 1/2s, 4/1/33	A1	5,000,000	5,963,400
5s, 4/1/42	A1	2,000,000	2,048,160
CA State Muni. Fin. Auth. Charter School Rev. Bonds (Partnerships Uplift Cmnty.), Ser. A, 5s, 8/1/32	BB+	665,000	581,895
CA State Pub. Wks. Board Rev. Bonds (Dept. of Corrections), Ser. C, 5 1/4s, 6/1/28 (Prerefunded 12/1/13)	AA+	1,000,000	1,003,670
(Dept. of Forestry & Fire), Ser. E, 5s, 11/1/32	A2	1,250,000	1,295,663
(Capital Projects), Ser. A, 5s, 4/1/29	A2	2,000,000	2,119,520
CA Statewide Cmnty. Dev. Auth. COP (The			

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Internext Group), 5 3/8s, 4/1/30	BBB+	980,000	981,911
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28 Managed Municipal Income Trust

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<b>MUNICIPAL BONDS AND NOTES (130.0%)* cont.</b>	<b>Rating**</b>	<b>Principal amount</b>	<b>Value</b>
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**California cont.**

CA Statewide Cmnty. Dev. Auth. Rev. Bonds (Terraces at San Joaquin Gardens), Ser. A, 6s, 10/1/47	BB/P	\$1,000,000	\$989,920
(U. CA Irvine E. Campus Apts. Phase 1), 5 3/8s, 5/15/38	Baa2	1,000,000	1,002,130
(U. CA Irvine E. Campus Apts. Phase 1), 5 1/8s, 5/15/31	Baa2	2,250,000	2,273,040

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CA Statewide Cmnty. Dev. Auth. Rev. Bonds (Thomas Jefferson School of Law), Ser. A, 7 1/4s, 10/1/38	B+	560,000	551,953
(American Baptist Homes West), 5 3/4s, 10/1/25	BBB	3,000,000	3,152,760

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Cathedral City, Impt. Board Act of 1915 Special Assmt. Bonds (Cove Impt. Dist.), Ser. 04-02 5.05s, 9/2/35	BB+/P	1,005,000	927,464
5s, 9/2/30	BB+/P	245,000	233,198

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Corona-Norco, School Dist. Pub. Fin. Auth. Special Tax Bonds (Sr. Lien), Ser. A, 5s, 9/1/28	BBB+	380,000	380,851
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Foothill/Eastern Corridor Agcy. Rev. Bonds (CA Toll Road), 5 3/4s, 1/15/40	Baa3	2,745,000	2,733,691
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Golden State Tobacco Securitization Corp. Rev. Bonds Ser. A-2, 5.3s, 6/1/37	B3	2,000,000	1,490,180
(Enhanced Asset), Ser. A, 5s, 6/1/30	A2	500,000	518,070
(Enhanced Asset), Ser. A, 5s, 6/1/29	A2	1,125,000	1,177,234

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Irvine Pub. Fac. & Infrastructure Auth. Special Assmt. Bonds, Ser. A, 4 1/4s, 9/2/24	BBB+	500,000	490,615
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Irvine, Impt. Board Act of 1915 Special Assmt. Bonds, 5s, 9/2/25	BBB+	830,000	889,885
Los Angeles, Regl. Arpt. Impt. Corp. Lease Rev. Bonds (Laxfuel Corp.), 4 1/2s, 1/1/27	A	400,000	398,800
M-S-R Energy Auth. Rev. Bonds, Ser. A, 6 1/2s, 11/1/39	A-	750,000	907,665
Oakland, Unified School Dist. Alameda Cnty., G.O. Bonds (Election of 2012), 6 5/8s, 8/1/38 (Election 2006), Ser. A, 5 1/2s, 8/1/32	BBB/P BBB/P	800,000 500,000	850,320 509,330
Orange Cnty., Cmnty. Fac. Dist. Special Tax Rev. Bonds (Ladera Ranch — No. 02-1), Ser. A, 5.55s, 8/15/33	BBB-/P	900,000	901,026
Poway, Unified School Dist. Pub. Fin. Auth. Special Tax Bonds, 5s, 9/15/32	BBB	500,000	488,040
Rancho Cordova, Cmnty. Fac. Dist. Special Tax Bonds (Sunridge Anatolia), Ser. 03-1, 5s, 9/1/37	BB+/P	350,000	326,890
San Francisco City & Cnty. Arpt. Comm. Intl. Arpt. Rev. Bonds, Ser. A, 5s, 5/1/30	A1	600,000	621,828

Managed Municipal Income Trust 29

<b>MUNICIPAL BONDS AND NOTES (130.0%)* cont.</b>	<b>Rating**</b>	<b>Principal amount</b>	<b>Value</b>
<b>California cont.</b>			
San Francisco City & Cnty., Redev. Agcy. Cmnty. Successor Special Tax Bonds (No. 6 Mission Bay Pub. Impts.), Ser. C, zero %, 8/1/43	BB+/P	\$2,000,000	\$283,380
(Mission Bay), Ser. C, zero %, 8/1/38	BB+/P	2,000,000	403,140
San Francisco, City & Cnty. Redev. Fin. Auth. Tax Alloc. Bonds (Mission Bay South), Ser. D, 6 5/8s, 8/1/39	BBB	250,000	268,738

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Santaluz, Cmnty. Facs. Dist. No. 2 Special Tax Rev. Bonds (Impt. Area No. 1), Ser. A, 5 1/4s, 9/1/26 (Prerefunded 9/1/21)	BBB+	1,630,000	1,718,542
Sunnyvale, Special Tax Rev. Bonds (Cmnty. Fac. Dist. No. 1), 7 3/4s, 8/1/32	B+/P	835,000	836,002
Univ of CA, Ser. AF Rev. bonds, 5s, 5/15/36 <b>T</b>	AA	7,000,000	7,447,230
Vernon, Elec. Syst. Rev. Bonds, Ser. A, 5 1/2s, 8/1/41	A-	250,000	254,313
Yucaipa Special Tax Bonds (Cmnty. Fac. Dist. No. 98-1 Chapman Heights), 5 3/8s, 9/1/30	BBB+	375,000	385,939
			<b>61,174,408</b>
<b>Colorado (3.6%)</b>			
CO Pub. Hwy. Auth. Rev. Bonds (E-470), Ser. C, 5 3/8s, 9/1/26	Baa2	500,000	512,140
CO State Hlth. Fac. Auth. Rev. Bonds (Christian Living Cmnty.), Ser. A, 8 1/4s, 1/1/24 (Prerefunded 1/1/14)	AA+	375,000	383,359
(Christian Living Cmnty.), 6 3/8s, 1/1/41 (Total Longterm Care National), Ser. A, 6 1/4s, 11/15/40	BB-/P	810,000	814,771
(Evangelical Lutheran), Ser. A, 6 1/8s, 6/1/38 (Prerefunded 6/1/14)	BBB-/F	300,000	312,609
(Christian Living Cmnty.), Ser. A, 5 3/4s, 1/1/26	A3	2,045,000	2,114,141
(Evangelical Lutheran Good Samaritan Society), 5 5/8s, 6/1/43	BB-/P	1,925,000	1,948,601
(Valley View Assn.), 5 1/4s, 5/15/42	A3	250,000	253,218
(Covenant Retirement Cmnty.), Ser. A, 5s, 12/1/33	BBB+	3,495,000	3,424,052
(Evangelical Lutheran Good Samaritan Society), 5s, 12/1/33	BBB-	900,000	830,340
	A3	1,100,000	1,060,796
E-470 CO Pub. Hwy. Auth. Rev. Bonds, Ser. C1, NATL, 5 1/2s, 9/1/24	A	1,000,000	1,043,600
Plaza, Tax Allocation Bonds (Metro. Dist. No. 1), 5s, 12/1/40	BB/P	1,650,000	1,534,451
Regl. Trans. Dist. Rev. Bonds (Denver Trans.			

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Partners), 6s, 1/15/41	Baa3	750,000	765,645
			<b>14,997,723</b>

**Connecticut (0.3%)**

Hamden, Fac. Rev. Bonds (Whitney Ctr.), Ser. A, 7 3/4s, 1/1/43	BB/P	1,050,000	1,076,072
			<b>1,076,072</b>

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<b>MUNICIPAL BONDS AND NOTES (130.0%)* cont.</b>	<b>Rating**</b>	<b>Principal amount</b>	<b>Value</b>
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**Delaware (1.4%)**

DE State Econ. Dev. Auth. Rev. Bonds (Delmarva Pwr.), 5.4s, 2/1/31	BBB+	\$500,000	\$528,850
(Indian River Pwr.), 5 3/8s, 10/1/45	Baa3	2,600,000	2,476,266
			<b>6,080,116</b>
DE State Hlth. Facs. Auth. VRDN (Christiana Care), Ser. A, 0.08s, 10/1/38	VMIG1	3,075,000	3,075,000

**District of Columbia (1.7%)**

DC Rev. Bonds (Howard U.), Ser. A, 6 1/2s, 10/1/41	A-	2,500,000	2,694,325
(Howard U.), Ser. A, 6 1/4s, 10/1/32	A-	1,000,000	1,083,590
(Kipp Charter School), 6s, 7/1/33	BBB+	230,000	241,141
			<b>7,298,131</b>
DC Tobacco Settlement Fin. Corp. Rev. Bonds, Ser. A, zero %, 6/15/46	B/F	17,500,000	1,471,575
Metro. Washington, Arpt. Auth. Dulles Toll Rd. Rev. Bonds (2nd Sr. Lien), Ser. B, zero %, 10/1/40	Baa1	10,000,000	1,807,500

**Florida (4.8%)**

Broward Cnty., Arpt. Syst. Rev. Bonds, Ser. Q-2, 5s, 10/1/31	A1	1,000,000	1,004,950
			<b>423,345</b>
Double Branch Cmnty. Dev. Dist. Special Assmt. Bonds (Sr. Lien), Ser. A-1, 4 1/8s, 5/1/31	A-	500,000	423,345

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Escambia Cnty., Env. Impt. Rev. Bonds (Intl. Paper Co.), Ser. A, 5s, 8/1/26	BBB	2,000,000	1,999,900
Fishhawk, CCD IV Special Assessment Bonds, 7 1/4s, 5/1/43	B/P	400,000	407,400
FL Hsg. Fin. Corp. Rev. Bonds, Ser. G, GNMA Coll., FNMA Coll., FHLMC Coll., 5 3/4s, 1/1/37	Aa1	355,000	375,785
Florida State Higher Edl. Fac. Rev. Bonds (U. of Tampa), Ser. A, 5s, 4/1/32	BBB+	600,000	602,016
Greater Orlando Aviation Auth. Rev. Bonds (JetBlue Airways Corp.), 5s, 11/15/36	B/P	1,000,000	823,140
Heritage Harbour Marketplace Cmnty., Dev. Dist. Special Assmt. Bonds, 5.6s, 5/1/36	CCC/P	350,000	295,243
Jacksonville, Econ. Dev. Comm. Hlth. Care Fac. Rev. Bonds (FL Proton Therapy Inst.), Ser. A, 6s, 9/1/17	BB-/P	450,000	485,051
Jacksonville, Econ. Dev. Comm. Indl. Dev. Rev. Bonds (Gerdau Ameristeel US, Inc.), 5.3s, 5/1/37	Baa3	2,450,000	2,279,088
Lakeland, Retirement Cmnty. 144A Rev. Bonds (1st Mtge. — Carpenters), 6 3/8s, 1/1/43	BBB-/F	840,000	838,253
Lee Cnty., Indl. Dev. Auth. Hlth. Care Fac. Rev. Bonds (Shell Pt./Alliance Oblig. Group), 5 1/8s, 11/15/36	BB+	1,075,000	989,806
(Shell Pt./Alliance Cmnty.), 5s, 11/15/22	BB+	1,500,000	1,510,575
Martin Cnty., Rev. Bonds (Indiantown Cogeneration), 4.2s, 12/15/25	Ba1	500,000	422,130
Miami Beach, Hlth. Fac. Auth. Hosp. Rev. Bonds (Mount Sinai Med. Ctr.), 5s, 11/15/29	Baa2	1,000,000	986,970
Palm Beach Cnty., Hlth. Fac. Auth. Rev. Bonds (Acts Retirement-Life Cmnty.), 5 1/2s, 11/15/33	BBB+	2,000,000	1,978,440

<b>MUNICIPAL BONDS AND NOTES (130.0%)* cont.</b>	<b>Rating**</b>	<b>Principal amount</b>	<b>Value</b>
<b>Florida cont.</b>			
Palm Coast Pk. Cmnty. Dev. Dist. Special Assmt. Bonds, 5.7s, 5/1/37	B/P	\$910,000	\$572,208
South Lake Hosp. Dist. Rev. Bonds (South Lake Hosp.), Ser. A, 6s, 4/1/29	Baa1	1,000,000	1,080,670
Tolomato, Cmnty. Dev. Dist. Special Assmt. Bonds, 5.4s, 5/1/37	CCC/P	860,000	808,305
Verandah, West Cmnty. Dev. Dist. Special Assmt. Bonds (Cap. Impt.), 5s, 5/1/33	BB-/P	500,000	449,245
Verano Ctr. Cmnty. Dev. Dist. Special Assmt. Bonds (Cmnty. Infrastructure), Ser. A, 5 3/8s, 5/1/37	B-/P	935,000	657,427
Village Cmnty. Dev. Dist. No. 8 Special Assmt. Bonds (Phase II), 6 1/8s, 5/1/39	BB/P	435,000	468,312
Village Cmnty. Dev. Dist. No. 9 Special Assmt. Bonds, 5s, 5/1/22	B+/P	585,000	599,221
			<b>20,057,480</b>
<b>Georgia (3.3%)</b>			
Atlanta, Wtr. & Waste Wtr. Rev. Bonds, Ser. A, 6 1/4s, 11/1/39	Aa3	2,500,000	2,839,625
Clayton Cnty., Dev. Auth. Special Fac. Rev. Bonds (Delta Airlines), Ser. A, 8 3/4s, 6/1/29	B	3,000,000	3,504,480
Forsyth Cnty., Hosp. Auth. Rev. Bonds (Baptist Hlth. Care Syst.), U.S. Govt. Coll., 6 1/4s, 10/1/18 (Escrowed to maturity)	AA+	1,325,000	1,529,050
Fulton Cnty., Res. Care Fac. Rev. Bonds (Canterbury Court), Class A, 6 1/8s, 2/15/34	BB/P	600,000	592,056

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GA State Private College & U. Auth. Rev. Bonds  
(Mercer U.)

Ser. C, 5 1/4s, 10/1/30	Baa2	750,000	772,545
Ser. A, 5 1/4s, 10/1/27	Baa2	1,000,000	1,053,470
Ser. A, 5s, 10/1/32	Baa2	1,000,000	1,001,250

Gainesville & Hall Cnty., Devauth Retirement  
Cmnty. Rev. Bonds (Acts Retirement-Life Cmnty.),  
Ser. A-2, 6 3/8s, 11/15/29

BBB+	700,000	738,752
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Marietta, Dev. Auth. Rev. Bonds (U. Fac. Life U.,  
Inc.), Ser. PJ, 6 1/4s, 6/15/20

Ba3	1,070,000	1,082,262
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Rockdale Cnty., Dev. Auth. Rev. Bonds (Visy  
Paper), Ser. A, 6 1/8s, 1/1/34

B-/P	600,000	606,012
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**13,719,502**

**Guam (—%)**

Territory of GU, Pwr. Auth. Rev. Bonds, Ser. A,  
5s, 10/1/34

BBB	200,000	194,928
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**194,928**

**Hawaii (1.2%)**

HI Dept. of Trans. Special Fac. Rev. Bonds  
(Continental Airlines, Inc.), 7s, 6/1/20

B2	1,010,000	1,010,758
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HI State Dept. Budget & Fin. Rev. Bonds

(Craigside), Ser. A, 9s, 11/15/44  
(Hawaiian Elec. Co. — Subsidiary),  
6 1/2s, 7/1/39  
(Kahala Nui), 5 1/8s, 11/15/32

B/P	400,000	449,840
Baa1	3,000,000	3,287,040
BBB-/F	400,000	400,424

**5,148,062**

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<b>MUNICIPAL BONDS AND NOTES (130.0%)* cont.</b>	<b>Rating**</b>	<b>Principal amount</b>	<b>Value</b>
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**Illinois (5.1%)**

Chicago, G.O. Bonds, Ser. A, 5s, 1/1/33

A+	\$2,000,000	\$1,907,380
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Chicago, Special Assmt. Bonds (Lake Shore East),

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6 3/4s, 12/1/32	BB/P	1,749,000	1,768,291
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Chicago, O'Hare Intl. Arpt. Rev. Bonds, Ser. C, 5s, 1/1/26	A2	2,595,000	2,707,182
<hr/>			
Du Page Cnty., Special Svc. Area No. 31 Special Tax Bonds (Monarch Landing)			
5 5/8s, 3/1/36	B/P	350,000	339,714
5.4s, 3/1/16	B/P	114,000	117,065
<hr/>			
IL Fin. Auth. Rev. Bonds			
(Provena Hlth.), Ser. A, 7 3/4s, 8/15/34	Baa1	1,500,000	1,802,925
(Silver Cross Hosp. & Med. Ctr.), 7s, 8/15/44	BBB-	2,000,000	2,167,077
(IL Rush U. Med. Ctr.), Ser. C, 6 5/8s, 11/1/39	A2	1,075,000	1,179,533
(Navistar Intl. Recvy. Zone), 6 1/2s, 10/15/40	B3	1,500,000	1,525,005
(Roosevelt U.), 6 1/4s, 4/1/29	Baa3	1,500,000	1,564,410
(Three Crowns Pk. Plaza), Ser. A, 5 7/8s, 2/15/26	B+/P	1,000,000	1,007,830
(Landing At Plymouth Place), Ser. A, 5.35s, 5/15/15	B+/P	600,000	597,564
(American Wtr. Cap. Corp.), 5 1/4s, 10/1/39	A-	1,575,000	1,563,896
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IL Hlth. Fac. Auth. Rev. Bonds			
(Cmnty. Rehab. Providers Fac.), Ser. A, 7 7/8s, 7/1/20	CCC/P	95,494	67,701
(Elmhurst Memorial Hlth. Care), 5 5/8s, 1/1/28	Baa2	550,000	550,149
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IL State G.O. Bonds			
5s, 3/1/34	A3	750,000	723,060
5s, 8/1/21	A3	750,000	815,055
<hr/>			
Railsplitter, Tobacco Settlement Auth. Rev. Bonds, 6s, 6/1/28	A-	1,050,000	1,116,833
<hr/>			
			<b>21,520,670</b>
<b>Indiana (2.3%)</b>			
IN State Fin. Auth. Rev. Bonds (OH Valley Elec. Corp.), Ser. A, 5s, 6/1/32	Baa3	750,000	708,345
<hr/>			
IN State Fin. Auth. Edl. Fac. Rev. Bonds (Butler U.), Ser. B			
5s, 2/1/32	BBB+	1,000,000	1,007,310
5s, 2/1/29	BBB+	1,000,000	1,018,170
<hr/>			
Indianapolis, Arpt. Auth. Rev. Bonds (Federal Express Corp.), 5.1s, 1/15/17	Baa1	3,500,000	3,821,545

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Jasper Cnty., Indl. Poll. Control Rev. Bonds			
AMBAC, 5.7s, 7/1/17	Baa2	1,125,000	1,224,090
NATL, 5.6s, 11/1/16	A	700,000	754,775
Ser. A, NATL, 5.6s, 11/1/16	A	500,000	539,125

St. Joseph Cnty., Econ. Dev. Rev. Bonds (Holy Cross Village Notre Dame), Ser. A, 5 3/4s, 5/15/15			
	B+/P	455,000	463,772

**9,537,132**

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<b>MUNICIPAL BONDS AND NOTES (130.0%)* cont.</b>	<b>Rating**</b>	<b>Principal amount</b>	<b>Value</b>
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**Iowa (2.1%)**

IA Fin. Auth. Hlth. Care Fac. Rev. Bonds (Care Initiatives), Ser. A			
5 1/4s, 7/1/17	BB+	\$1,040,000	\$1,088,682
5s, 7/1/19	BB+	2,750,000	2,832,473

IA Fin. Auth. Hlth. Fac. Rev. Bonds (Dev. Care Initiatives), Ser. A, 5 1/2s, 7/1/25	BB+	950,000	958,085
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IA State Fin. Auth. Midwestern Disaster Rev. Bonds (IA Fertilizer Co.), 5 1/4s, 12/1/25	BB-	2,000,000	1,827,360
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Orange Cnty., Hosp. Rev. Bonds, 5 1/2s, 9/1/27	BB/P	1,180,000	1,179,894
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Tobacco Settlement Auth. of IA Rev. Bonds, Ser. C, 5 3/8s, 6/1/38	B+	1,250,000	969,875
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**8,856,369**

**Kansas (0.1%)**

Lenexa, Hlth. Care Fac. Rev. Bonds (LakeView Village), 7 1/8s, 5/15/29	BB/P	500,000	521,590
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**521,590**

**Kentucky (1.5%)**

Breckinridge Cnty., Lease Program VRDN, Ser. A, 0.08s, 2/1/32	VMIG1	2,795,000	2,795,000
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KY Econ. Dev. Fin. Auth. Rev. Bonds (First Mtge.), Ser. IA, 8s, 1/1/29 (Masonic Home Indpt. Living II), 7 1/4s, 5/15/41 (Masonic Home Indpt. Living II), 7s, 5/15/30	B+/P  BB-/P BB-/P	267,000  500,000 500,000	267,029  531,495 530,850
KY State Econ. Dev. Fin. Auth. Hlth. Care Rev. Bonds (Masonic Homes of KY), 5 3/8s, 11/15/42	BB-/P	900,000	806,112
Louisville/Jefferson Cnty., Metro. Govt. College Rev. Bonds (Bellarmine U.), Ser. A, 6s, 5/1/28	Baa3	500,000	521,920
Owen Cnty., Wtr. Wks. Syst. Rev. Bonds (American Wtr. Co.), Ser. A, 6 1/4s, 6/1/39	A-	700,000	733,404
			<b>6,185,810</b>
<b>Louisiana (1.5%)</b>			
LA State Local Govt. Env. Facs. & Cmnty. Dev. Auth. Rev. Bonds (Westlake Chemical Corp.), 6 3/4s, 11/1/32	BBB	2,200,000	2,354,880
Pub. Facs. Auth. Dock & Wharf Rev. Bonds (Impala Warehousing, LLC), 6 1/2s, 7/1/36	B+/P	1,000,000	923,280
Rapides, Fin. Auth. FRB (Cleco Pwr.), AMBAC, 4.7s, 11/1/36	BBB+	750,000	688,733
Stadium & Exposition Dist. Rev. Bonds, Ser. A, 5s, 7/1/32	A3	2,145,000	2,207,784
			<b>6,174,677</b>
<b>Maine (0.9%)</b>			
ME Hlth. & Higher Edl. Fac. Auth. Rev. Bonds (ME Gen. Med. Ctr.), 7 1/2s, 7/1/32	Ba1	1,000,000	1,140,920
Rumford, Solid Waste Disp. Rev. Bonds (Boise Cascade Corp.), 6 7/8s, 10/1/26	B2	2,500,000	2,509,575
			<b>3,650,495</b>
<b>Maryland (1.5%)</b>			
Baltimore Cnty., Rev. Bonds (Oak Crest Village, Inc. Fac.), Ser. A, 5s, 1/1/37	BBB+	2,000,000	1,941,140
MD Econ. Dev. Corp. Poll. Control Rev. Bonds			

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(Potomac Electric Power Co.), 6.2s, 9/1/22	A	550,000	652,003
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<b>MUNICIPAL BONDS AND NOTES (130.0%)* cont.</b>	<b>Rating**</b>	<b>Principal amount</b>	<b>Value</b>
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**Maryland cont.**

MD State Indl. Dev. Fin. Auth. Rev. Bonds (Synagro-Baltimore), Ser. A, 5 3/8s, 12/1/14	BBB+/F	\$1,000,000	\$1,022,080
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MD State Indl. Dev. Fin. Auth. Econ. Dev. Rev. Bonds (Our Lady of Good Counsel School), Ser. A, 6s, 5/1/35	BB-/P	400,000	405,552
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Westminster, Econ. Dev. Rev. Bonds (Carroll Lutheran Village), Ser. A 6 1/4s, 5/1/34	BB/P	600,000	591,816
5 7/8s, 5/1/21	BB/P	1,600,000	1,604,816

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**6,217,407**

**Massachusetts (6.6%)**

MA Edl. Fin. Auth. Rev. Bonds, Ser. B, 5 1/2s, 1/1/23	AA	730,000	774,457
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MA State Dev. Fin. Agcy. Rev. Bonds (Sabis Intl.), Ser. A, 8s, 4/15/39	BBB	690,000	799,165
(Linden Ponds, Inc. Fac.), Ser. A-1, 6 1/4s, 11/15/46	B-/P	850,850	688,363
(Linden Ponds, Inc. Fac.), Ser. A-1, 6 1/4s, 11/15/39	B-/P	532,400	448,760
(Linden Ponds, Inc. Fac.), Ser. A-1, 6 1/4s, 11/15/26	B-/P	275,400	245,819
(Boston U.), 6s, 5/15/59	A1	500,000	559,575
(Loomis Cmnty.), Ser. A, 6s, 1/1/33	BBB-	200,000	198,632
(Linden Ponds, Inc. Fac.), Ser. A-2, 5 1/2s, 11/15/46	B-/P	88,265	64,555
(New England Conservatory of Music), 5 1/4s, 7/1/38	Baa1	805,000	815,207
(Wheelock College), Ser. C, 5 1/4s, 10/1/29	BBB	1,700,000	1,722,644
(First Mtge. — Orchard Cove), 5s, 10/1/19	BB/P	550,000	537,614
(Linden Ponds, Inc. Fac.), Ser. B, zero %, 11/15/56	B-/P	439,022	2,502

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MA State Dev. Fin. Agcy. 144A Rev. Bonds (Groves in Lincoln, Inc. (The)), Ser. B1, 7 1/4s, 6/1/16 <b>F</b>	CCC/P	1,329,720	42,551
MA State Dev. Fin. Agcy. Hlth. Care Fac. 144A Rev. Bonds (Adventcare), Ser. A, 6.65s, 10/15/28	B/P	1,050,000	1,070,664
MA State Dev. Fin. Agcy. Solid Waste Disp. (Dominion Energy Brayton), Ser. 1, 5 3/4s, 12/1/42 (Prerefunded (5/1/19))	BBB+	1,050,000	1,298,640
MA State Hlth. & Edl. Fac. Auth. Rev. Bonds (Norwood Hosp.), Ser. C, 7s, 7/1/14 (Escrowed to maturity)	BB/P	600,000	626,466
(Jordan Hosp.), Ser. E, 6 3/4s, 10/1/33	B+	2,550,000	2,553,188
(Suffolk U.), Ser. A, 6 1/4s, 7/1/30	Baa2	1,000,000	1,082,310
(Quincy Med. Ctr.), Ser. A, 6 1/4s, 1/15/28 (In default) †	D/P	330,776	33
(Suffolk U.), Ser. A, 5 3/4s, 7/1/39	Baa2	950,000	983,564
(Baystate Med. Ctr.), Ser. I, 5 3/4s, 7/1/36	A+	1,500,000	1,601,865
(Springfield College), 5 5/8s, 10/15/40	Baa1	450,000	464,526
(Springfield College), 5 1/2s, 10/15/31	Baa1	1,100,000	1,135,937
(Springfield College), 5 1/2s, 10/15/26	Baa1	1,500,000	1,591,875
(Fisher College), Ser. A, 5 1/8s, 4/1/37	BBB-	250,000	226,448

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<b>MUNICIPAL BONDS AND NOTES (130.0%)* cont.</b>	<b>Rating**</b>	<b>Principal amount</b>	<b>Value</b>
<b>Massachusetts cont.</b>			
MA State Hlth. & Edl. Fac. Auth. Rev. Bonds (Emerson Hosp.), Ser. E, Radian Insd., 5s, 8/15/25	BB/P	\$1,500,000	\$1,373,280
(Milford Regl. Med.), Ser. E, 5s, 7/15/22	Baa3	2,200,000	2,234,672
MA State Indl. Fin. Agcy. Rev. Bonds (1st Mtge. Berkshire Retirement), Ser. A, 6 5/8s, 7/1/16	BBB	885,000	888,646
MA State Port Auth. Special Fac. Rev. Bonds (Conrac), Ser. A, 5 1/8s, 7/1/41	A	750,000	766,380
Metro. Boston, Trans. Pkg. Corp. Rev. Bonds			

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(Systemwide Pkg.), 5 1/4s, 7/1/33	A1	1,500,000	1,612,275
5s, 7/1/41	A1	1,500,000	1,549,005
			<b>27,959,618</b>
<b>Michigan (5.4%)</b>			
Detroit, Wtr. & Swr. Dept. Rev. Bonds, Ser. A, 5s, 7/1/32	BB-	1,200,000	1,082,496
Detroit, Wtr. Supply Syst. Rev. Bonds, Ser. B, AGM, 6 1/4s, 7/1/36	AA-	1,660,000	1,687,440
Flint, Hosp. Bldg. Auth. Rev. Bonds (Hurley Med. Ctr.), 6s, 7/1/20	Ba1	210,000	210,267
Ser. A, 5 1/4s, 7/1/39	Ba1	750,000	642,780
Garden City, Hosp. Fin. Auth. Rev. Bonds (Garden City Hosp.), Ser. A, 5 3/4s, 9/1/17	BB-/P	280,000	279,689
Kentwood, Economic Dev. Rev. Bonds (Holland Home), 5 5/8s, 11/15/32	BB+/F	2,195,000	2,146,095
MI State Hosp. Fin. Auth. Rev. Bonds Ser. A, 6 1/8s, 6/1/39	A1	2,000,000	2,143,260
(Henry Ford Hlth.), 5 3/4s, 11/15/39	A2	1,600,000	1,640,016
(Henry Ford Hlth. Syst.), Ser. A, 5 1/4s, 11/15/46	A2	2,565,000	2,467,787
(Chelsea Cmnty. Hosp. Oblig.), 5s, 5/15/25 (Prerefunded 5/15/15)	AA+	755,000	807,722
MI State Strategic Fund Ltd. Oblig. Rev. Bonds (Cadillac Place Office Bldg.), 5 1/4s, 10/15/26	A1	1,250,000	1,353,650
MI State Strategic Fund, Ltd. Rev. Bonds (Worthington Armstrong Venture), U.S. Govt. Coll., 5 3/4s, 10/1/22 (Escrowed to maturity)	AAA/P	1,350,000	1,630,004
MI Tobacco Settlement Fin. Auth. Rev. Bonds, Ser. A, 6s, 6/1/48	B-	4,000,000	3,025,640
Monroe Cnty., Hosp. Fin. Auth. Rev. Bonds (Mercy Memorial Hosp.), 5 1/2s, 6/1/20	Baa2	1,480,000	1,550,685
Wayne Cnty., Arpt. Auth. Rev. Bonds, Ser. A, 5s, 12/1/21	A2	2,000,000	2,203,420

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22,870,951

**Minnesota (2.9%)**

Douglas Cnty., Gross Hlth. Care Fac. Rev. Bonds (Douglas Cnty. Hosp.), Ser. A, 6 1/4s, 7/1/34	BBB-	3,000,000	3,155,070
Inver Grove Heights, Nursing Home Rev. Bonds (Presbyterian Homes Care), 5 3/8s, 10/1/26	B/P	700,000	681,240
North Oaks, Sr. Hsg. Rev. Bonds (Presbyterian Homes North Oaks), 6 1/8s, 10/1/39	BB/P	315,000	321,703

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<b>MUNICIPAL BONDS AND NOTES (130.0%)* cont.</b>	<b>Rating**</b>	<b>Principal amount</b>	<b>Value</b>
<b>Minnesota cont.</b>			
Northfield, Hosp. Rev. Bonds, 5 3/8s, 11/1/26	BBB-	\$750,000	\$771,323
Rochester, Hlth. Care Fac. Rev. Bonds (Olmsted Med. Ctr.), 5 7/8s, 7/1/30	A-/F	1,000,000	1,122,210
Sartell, Hlth. Care & Hsg. Facs. Rev. Bonds (Country Manor Campus, LLC)			
5 1/4s, 9/1/30	B-/P	500,000	470,665
5 1/4s, 9/1/27	B-/P	750,000	728,423
Sauk Rapids Hlth. Care & Hsg. Fac. Rev. Bonds (Good Shepherd Lutheran Home), 7 1/2s, 1/1/39 (Prerefunded 1/1/16)	AAA/P	500,000	575,410
St. Paul, Hsg. & Redev. Auth. Charter School Lease Rev. Bonds (Nova Classical Academy), Ser. A			
6 5/8s, 9/1/42	BBB-	250,000	262,155
6 3/8s, 9/1/31	BBB-	250,000	261,468
St. Paul, Hsg. & Redev. Auth. Hosp. Rev. Bonds (Healtheast), 6s, 11/15/35	BBB-	1,350,000	1,374,665
St. Paul, Port Auth. Lease Rev. Bonds (Regions Hosp. Pkg. Ramp), Ser. 1, 5s, 8/1/36	A-/P	1,125,000	1,023,896

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Wayzata, Sr. Hsg. Rev. Bonds (Folkestone Sr. Living Cmnty.), Ser. B, 4 7/8s, 5/1/19	BB+/P	1,500,000	1,513,020
			<b>12,261,248</b>
<b>Mississippi (0.9%)</b>			
MS Bus. Fin. Corp. Gulf Opportunity Zone VRDN (Chevron USA, Inc.), Ser. B, 0.08s, 12/1/30	VMIG1	1,925,000	1,925,000
			<b>3,634,328</b>
Warren Cnty., Gulf Opportunity Zone Rev. Bonds (Intl. Paper Co.), Ser. A, 6 1/2s, 9/1/32	BBB	1,600,000	1,709,328
			<b>3,634,328</b>
<b>Missouri (0.6%)</b>			
Kansas City, Incl. Dev. Auth. Hlth. Fac. Rev. Bonds (First Mtge. Bishop Spencer), Ser. A, 6 1/2s, 1/1/35	B/P	1,500,000	1,502,805
			<b>2,607,795</b>
St. Louis Arpt. Rev. Bonds (Lambert-St. Louis Intl.), Ser. A-1, 6 5/8s, 7/1/34	A3	1,000,000	1,104,990
			<b>2,607,795</b>
<b>Montana (0.1%)</b>			
MT Fac. Fin. Auth. Rev. Bonds (Sr. Living St. John's Lutheran), Ser. A, 6s, 5/15/25	B+/P	500,000	504,525
			<b>504,525</b>
<b>Nebraska (0.7%)</b>			
Central Plains, Energy Rev. Bonds (NE Gas No. 1), Ser. A, 5 1/4s, 12/1/18	A3	1,500,000	1,693,050
			<b>2,745,680</b>
Lancaster Cnty., Hosp. Auth. Rev. Bonds (Immanuel Oblig. Group), 5 1/2s, 1/1/30	AA-/F	1,000,000	1,052,630
			<b>2,745,680</b>
<b>Nevada (1.5%)</b>			
Clark Cnty., Impt. Dist. Special Assmt. Bonds (Mountains Edge Local No. 142), 5s, 8/1/21	BBB-	650,000	655,343
(Summerlin No. 151), 5s, 8/1/20	BB-/P	410,000	376,155
(Summerlin No. 151), 5s, 8/1/16	BB-/P	970,000	949,320
			<b>3,598,248</b>
Henderson, Local Impt. Dist. Special Assmt. Bonds (No. T-17), 5s, 9/1/18	BB+/P	360,000	359,824
(No. T-18), 5s, 9/1/16	CCC/P	995,000	961,936
			<b>3,598,248</b>

<b>MUNICIPAL BONDS AND NOTES (130.0%)* cont.</b>	<b>Rating**</b>	<b>Principal amount</b>	<b>Value</b>
<b>Nevada cont.</b>			
Las Vegas, Special Assessment Bonds (Dist. No. 607 Local Impt.), 5s, 6/1/23	BB/P	\$450,000	\$453,047
Reno, Sales Tax VRDN (Reno Trans. Rail Access Corridor (ReTRAC)), 0.09s, 6/1/42	VMIG1	2,500,000	2,500,000
			<b>6,255,625</b>
<b>New Hampshire (1.7%)</b>			
NH Hlth. & Ed. Fac. Auth. Rev. Bonds (Rivermead), Ser. A, 6 7/8s, 7/1/41	BB+/P	2,000,000	2,118,520
(Rivermead), Ser. A, 6 5/8s, 7/1/31	BB+/P	1,320,000	1,379,796
(Kendal at Hanover), Ser. A, 5s, 10/1/18	BBB+	1,875,000	1,921,950
NH State Bus. Fin. Auth. Rev. Bonds (Elliot Hosp. Oblig. Group), Ser. A, 6s, 10/1/27	Baa1	1,700,000	1,804,635
			<b>7,224,901</b>
<b>New Jersey (7.8%)</b>			
Burlington Cnty., Bridge Comm. Econ. Dev. Rev. Bonds (The Evergreens), 5 5/8s, 1/1/38	BB+/P	3,200,000	2,804,544
NJ Hlth. Care Fac. Fin. Auth. Rev. Bonds (St. Joseph Hlth. Care Syst.), 6 5/8s, 7/1/38	BBB-	2,250,000	2,272,500
(St. Peter's U. Hosp.), 6 1/4s, 7/1/35	Ba1	2,000,000	1,995,080
(United Methodist Homes), Ser. A, 5 3/4s, 7/1/29	BBB-/F	2,250,000	2,195,438
(Holy Name Hosp.), 5s, 7/1/36	Baa2	2,500,000	2,342,100
NJ State Econ. Dev. Auth. Rev. Bonds (Newark Arpt. Marriott Hotel), 7s, 10/1/14	Baa3	2,400,000	2,440,800
(United Methodist Homes), Ser. A-1, 6 1/4s, 7/1/33 (Prerefunded 7/1/14)	AAA/P	1,000,000	1,059,170
(First Mtge. Lions Gate), Ser. A, 5 7/8s, 1/1/37 (Cigarette Tax), 5 3/4s, 6/15/29	B/P	430,000	401,904
(Prerefunded 6/15/14)	Aaa	1,000,000	1,034,130
(MSU Student Hsg. — Provident Group — Montclair LLC), 5 3/8s, 6/1/25	Baa3	2,000,000	2,113,680
(Continental Airlines, Inc.), 5 1/4s, 9/15/29	B2	3,000,000	2,754,330

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5s, 6/15/26	Baa1	500,000	518,745
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NJ State Econ. Dev. Auth. Retirement Cmnty. Rev. Bonds (Seabrook Village, Inc.), 5 1/4s, 11/15/36	BB-/P	860,000	797,203
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NJ State Econ. Dev. Auth. Solid Waste Fac. Mandatory Put Bonds (6/1/14) (Disp. Waste Mgt.), Ser. A, 5.3s, 6/1/15	BBB	1,750,000	1,795,168
<hr/>			
NJ State Econ. Dev. Auth. Wtr. Fac. Rev. Bonds (NJ American Wtr. Co.)			
Ser. A, 5.7s, 10/1/39	A1	2,600,000	2,751,814
Ser. D, 4 7/8s, 11/1/29	A1	700,000	724,500
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North Hudson, Swr. Auth. Rev. Bonds, Ser. A, 5s, 6/1/42	A-	1,000,000	1,015,990
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Tobacco Settlement Fin. Corp. Rev. Bonds, Ser. 1A			
5s, 6/1/41	B2	1,000,000	724,830
4 5/8s, 6/1/26	B1	2,000,000	1,724,500
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Union Cnty., Util. Auth. Resource Recvy. Fac. Lease Rev. Bonds (Covanta Union), Ser. A, 5 1/4s, 12/1/31	AA+	1,450,000	1,497,111
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			<b>32,963,537</b>

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<b>MUNICIPAL BONDS AND NOTES (130.0%)* cont.</b>	<b>Rating**</b>	<b>Principal amount</b>	<b>Value</b>
<hr/>			
<b>New Mexico (1.6%)</b>			
Farmington, Poll. Control Rev. Bonds (Public Service Co. of NM San Juan), Ser. D, 5.9s, 6/1/40	BBB	\$500,000	\$526,065
(San Juan), Ser. B, 4 7/8s, 4/1/33	BBB	4,500,000	4,248,855
(AZ Pub. Svc. Co.), Ser. B, 4.7s, 9/1/24	Baa1	2,000,000	2,068,580
<hr/>			
			<b>6,843,500</b>
<b>New York (9.5%)</b>			
Broome Cnty., Indl. Dev. Agcy. Continuing Care Retirement Rev. Bonds (Good Shepard Village),			



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Ser. A, 6 3/4s, 7/1/28	B/P	600,000	603,810
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Huntington, Hsg. Auth. Sr. Hsg. Fac. Rev. Bonds (Gurwin Jewish Sr. Residence), Ser. A			
6s, 5/1/39	B+/P	500,000	477,430
6s, 5/1/29	B+/P	750,000	745,065
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Livingston Cnty., Indl. Dev. Agcy. Civic Fac. Rev. Bonds (Nicholas H. Noyes Memorial Hosp.), 5 3/4s, 7/1/15			
	BB	850,000	850,425
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Nassau Cnty., Indl. Dev. Agcy. Rev. Bonds (Keyspan-Glenwood), 5 1/4s, 6/1/27			
	A-	2,775,000	2,781,466
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Niagara, Area Dev. Corp. Solid Waste Disp. Fac. Rev. Bonds (Covanta Holding Corp.), Ser. A, 5 1/4s, 11/1/42			
	Ba2	1,100,000	973,566
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NY City, G.O. Bonds, Ser. F, 5s, 8/1/31			
	Aa2	1,500,000	1,608,660
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NY City, Indl. Dev. Agcy. Special Fac. Rev. Bonds (American Airlines — JFK Intl. Arpt.), 7 1/2s, 8/1/16			
	B+/P	2,915,000	3,080,922
(British Airways PLC), 5 1/4s, 12/1/32	BB	3,425,000	3,138,978
(Jetblue Airways Corp.), 5s, 5/15/20	B	265,000	259,085
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NY City, Muni. Wtr. & Swr. Fin. Auth. Rev. bonds 5s, 6/15/31 <b>T</b>			
	AA+	10,000,000	10,715,280
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NY State Dorm Auth. Rev. Bonds, Ser. A, 5s, 3/15/38			
	AAA	1,500,000	1,587,255
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NY State Dorm. Auth. Non-State Supported Debt Rev. Bonds (Orange Regl. Med. Ctr.), 6 1/4s, 12/1/37			
	Ba1	725,000	723,166
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NY State Dorm. Auth. Ser. C Rev bonds 5s, 3/15/31 <b>T</b>			
	AAA	5,000,000	5,362,000
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NY State Energy Research & Dev. Auth. Gas Fac. Rev. Bonds (Brooklyn Union Gas), 6.952s, 7/1/26			
	A3	3,800,000	3,811,590
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Port Auth. NY & NJ Special Oblig. Rev. Bonds (JFK Intl. Air Term.), 6s, 12/1/42			
	Baa3	1,000,000	1,072,440
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Port Auth. of NY & NJ Rev. Bonds (Kennedy Intl. Arpt. — 5th Installment), 6 3/4s, 10/1/19	BB+/P	180,000	176,310
Suffolk Cnty., Indl. Dev. Agcy. Civic Fac. Rev. Bonds (Southampton Hosp. Assn.), Ser. A, 7 1/4s, 1/1/30	B-/P	1,250,000	1,236,950
Syracuse, Indl. Dev. Agcy. Rev. Bonds (1st Mtge. — Jewish Home), Ser. A, 7 3/8s, 3/1/21	B+/P	685,000	674,855
			<b>39,879,253</b>

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<b>MUNICIPAL BONDS AND NOTES (130.0%)* cont.</b>	<b>Rating**</b>	<b>Principal amount</b>	<b>Value</b>
<b>North Carolina (1.9%)</b>			
NC Eastern Muni. Pwr. Agcy. Syst. Rev. Bonds, Ser. C, 6 3/4s, 1/1/24	A-	\$750,000	\$898,838
NC Med. Care Cmnty. Hlth. Care Fac. Rev. Bonds (Presbyterian Homes), 5.4s, 10/1/27	BB/P	2,000,000	1,933,480
(First Mtge. — Presbyterian Homes), 5 3/8s, 10/1/22	BB/P	1,110,000	1,121,067
NC Med. Care Comm. Retirement Fac. Rev. Bonds (Carolina Village), 6s, 4/1/38	BB/P	500,000	502,460
(First Mtge.), Ser. A-05, 5 1/2s, 10/1/35	BB+/P	1,730,000	1,706,074
(First Mtge.), Ser. A-05, 5 1/4s, 10/1/25	BB+/P	700,000	701,617
(Forest at Duke), 5 1/8s, 9/1/27	BBB+/F	1,000,000	1,017,090
NC State Hsg. Fin. Agcy. FRB (Homeownership), Ser. 26-A, 5 1/2s, 1/1/38	Aa2	215,000	219,281
			<b>8,099,907</b>
<b>Ohio (5.8%)</b>			
American Muni. Pwr. — Ohio, Inc. Rev. Bonds (Prairie Street Energy Campus), Ser. A, 5 1/4s, 2/15/33	AA-	5,000,000	5,233,200

Buckeye, Tobacco Settlement Fin.

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Auth. Rev. Bonds			
Ser. A-3, 6 1/4s, 6/1/37	B3	850,000	693,260
Ser. A-2, 6s, 6/1/42	B3	2,500,000	1,939,000
Ser. A-2, 5 7/8s, 6/1/30	B3	4,315,000	3,504,686
Ser. A-2, 5 3/4s, 6/1/34	B3	1,675,000	1,308,812
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Cleveland, Arpt. Syst. Rev. Bonds,			
Ser. A, 5s, 1/1/31	A-	400,000	403,172
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Franklin Cnty., Hlth. Care Fac. Rev. Bonds (Presbyterian Svcs.), Ser. A, 5 5/8s, 7/1/26			
	BBB-	2,750,000	2,893,743
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Hickory Chase Cmnty. Auth. Rev. Bonds (Infrastructure Impt.), 7s, 12/1/38 <b>F</b>			
	CCC/P	644,000	77,216
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Lake Cnty., Hosp. Fac. Rev. Bonds (Lake Hosp. Syst.), Ser. C, 5 5/8s, 8/15/29			
	A3	1,530,000	1,623,391
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Lorain Cnty., Port Auth. Recovery Zone Fac. Rev. Bonds (U.S. Steel Corp.), 6 3/4s, 12/1/40			
	BB-	1,000,000	990,120
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OH State Air Quality Dev. Auth. Rev. Bonds (Valley Elec. Corp.), Ser. E, 5 5/8s, 10/1/19			
	Baa3	1,300,000	1,417,221
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OH State Higher Edl. Fac. Comm. Rev. Bonds (U. Hosp. Hlth. Syst.), Ser. 09-A, 6 3/4s, 1/15/39 (Prerefunded 1/15/15)			
	A2	2,000,000	2,154,680
(Kenyon College), 5s, 7/1/44	A1	800,000	803,992
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Southeastern OH Port Auth. Hosp. Fac. Rev. Bonds, 5 3/4s, 12/1/32			
	BB/P	900,000	874,593
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Toledo-Lucas Cnty., Port Auth. Rev. Bonds (CSX Transn, Inc.), 6.45s, 12/15/21			
	Baa2	500,000	594,025
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			<b>24,511,111</b>
<b>Oklahoma (1.2%)</b>			
OK Hsg. Fin. Agcy. Single Fam. Rev. Bonds (Homeownership Loan), Ser. B, 5.35s, 3/1/35			
	Aaa	855,000	878,359
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OK Hsg. Fin. Agcy. Single Family Mtge. Rev. Bonds (Homeownership Loan), Ser. C, GNMA Coll., FNMA Coll., 5.95s, 3/1/37			
	Aaa	770,000	794,786
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<b>MUNICIPAL BONDS AND NOTES (130.0%)* cont.</b>	<b>Rating**</b>	<b>Principal amount</b>	<b>Value</b>
<b>Oklahoma cont.</b>			
Tulsa Cnty., Indl. Auth. Rev. Bonds (Sr. Living Cmnty. Montereau, Inc.), Ser. A			
7 1/8s, 11/1/30	BB-/P	\$1,250,000	\$1,328,788
6 7/8s, 11/1/23	BB-/P	500,000	510,340
Tulsa, Muni. Arpt. Trust Rev. Bonds (American Airlines, Inc.)			
6 1/4s, 6/1/20	B+/P	500,000	489,355
Ser. B, 5 1/2s, 12/1/35	B+/P	1,250,000	1,141,325
			<b>5,142,953</b>
<b>Oregon (0.3%)</b>			
Multnomah Cnty., Hosp. Fac. Auth. Rev. Bonds (Terwilliger Plaza, Inc.), 5s, 12/1/29			
	BBB/F	350,000	349,605
Warm Springs Reservation, Confederated Tribes 144A Rev. Bonds (Pelton Round Butte Tribal), Ser. B, 6 3/8s, 11/1/33			
	A3	700,000	762,489
			<b>1,112,094</b>
<b>Pennsylvania (6.2%)</b>			
Allegheny Cnty., Higher Ed. Bldg. Auth. Rev. Bonds (Robert Morris U.), Ser. A, 5 1/2s, 10/15/30			
	Baa3	1,000,000	1,016,680
Allegheny Cnty., Indl. Dev. Auth. Rev. Bonds (U.S. Steel Corp.), 6 3/4s, 11/1/24			
	BB-	2,000,000	2,059,340
Allentown, Neighborhood Impt. Zone Dev. Auth. Rev. Bonds, Ser. A			
5s, 5/1/42	Baa2	800,000	712,312
5s, 5/1/35	Baa2	500,000	457,525
5s, 5/1/32	Baa2	200,000	186,506
Chester Cnty., Indl. Dev. Auth. Student Hsg. Rev. Bonds (West Chester U. Student Hsg., LLC), Ser. A, 5s, 8/1/45			
	Baa3	600,000	529,098

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Lancaster Cnty., Hosp. Auth. Rev. Bonds (Brethren Village), Ser. A, 6 3/8s, 7/1/30	BB-/P	625,000	626,644
Lebanon Cnty., Hlth. Facs. Rev. Bonds (Pleasant View Retirement), Ser. A, 5.3s, 12/15/26	BB/P	1,800,000	1,758,366
Lycoming Cnty., Auth. Rev. Bonds, 5s, 5/1/26	A	2,000,000	2,133,840
Lycoming Cnty., Auth. Hlth. Syst. Rev. Bonds (Susquehanna Hlth. Syst.), Ser. A, 5 3/4s, 7/1/39	BBB+	3,000,000	3,076,770
Montgomery Cnty., Indl. Auth. Resource Recvy. Rev. Bonds (Whitemarsh Cont. Care), 6 1/4s, 2/1/35	B-/P	1,100,000	1,074,612
Northampton Cnty., Hosp. Auth. Mandatory Put Bonds (8/15/16) (Saint Luke's Hosp.), Ser. C, 4 1/2s, 8/15/32	A3	1,500,000	1,573,785
PA Econ. Dev. Fin. Auth. Exempt Fac. Rev. Bonds (Allegheny Energy Supply Co.), 7s, 7/15/39	Baa3	2,000,000	2,007,980
PA State Econ. Dev. Fin. Auth. Resource Recvy. Rev. Bonds (Colver), Ser. F, AMBAC, 5s, 12/1/15	BBB-	1,650,000	1,657,673
PA State Higher Edl. Fac. Auth. Rev. Bonds (Shippensburg U.), 6 1/4s, 10/1/43	Baa3	500,000	534,315
(Edinboro U. Foundation), 5.8s, 7/1/30	Baa3	1,000,000	1,000,460

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<b>MUNICIPAL BONDS AND NOTES (130.0%)* cont.</b>	<b>Rating**</b>	<b>Principal amount</b>	<b>Value</b>
<b>Pennsylvania cont.</b>			
PA State Higher Edl. Fac. Auth. Rev. Bonds (Gwynedd Mercy College), Ser. KK1, 5 3/8s, 5/1/42	BBB	\$785,000	\$752,454
(Indiana U.), Ser. A, 5s, 7/1/41	BBB+	500,000	461,315
Philadelphia, Auth. for Indl. Dev. Rev. Bonds (Master Charter School), 6s, 8/1/35	BBB+	600,000	618,684

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Philadelphia, Gas Wks. Rev. Bonds, Ser. 9, 5s, 8/1/30	BBB+	1,000,000	1,006,750
Philadelphia, Hosp. & Higher Ed. Fac. Auth. Rev. Bonds (Graduate Hlth. Syst.), 7 1/4s, 7/1/14 (In default) †	D/P	2,594,738	259
Pittsburgh G.O. Bonds, Ser. B, 5s, 9/1/26	A1	1,000,000	1,097,040
Susquehanna, Area Regl. Arpt. Syst. Auth. Rev. Bonds, Ser. A, 6 1/2s, 1/1/38	Baa3	1,325,000	1,413,974
Wilkes-Barre, Fin. Auth. Rev. Bonds (Wilkes U.), 5s, 3/1/22	BBB	560,000	575,126
			<b>26,331,508</b>
<b>Puerto Rico (1.0%)</b>			
Cmnwlth. of PR, G.O. Bonds Ser. A, FGIC, 5 1/2s, 7/1/21 (Pub. Impt.), Ser. A, NATL, 5 1/2s, 7/1/20	Baa3 A	1,000,000 1,000,000	814,480 948,120
Cmnwlth. of PR, Indl. Tourist Edl. Med. & Env. Control Facs. Rev. Bonds (Cogen. Fac.-AES), 6 5/8s, 6/1/26	Ba1	1,000,000	888,530
Cmnwlth. of PR, Sales Tax Fin. Corp. Rev. Bonds, Ser. A, zero %, 8/1/30	A+	5,000,000	1,389,050
			<b>4,040,180</b>
<b>Rhode Island (0.4%)</b>			
Tobacco Settlement Fin. Corp. Rev. Bonds, Ser. A, 6 1/8s, 6/1/32	BBB	1,490,000	1,476,069
			<b>1,476,069</b>
<b>South Carolina (1.0%)</b>			
Georgetown Cnty., Env. Impt. Rev. Bonds (Intl. Paper Co.), Ser. A, 5s, 8/1/30	BBB	1,135,000	1,107,261
SC State Pub. Svc. Auth. Rev. Bonds (Santee Cooper), Ser. A, 5 3/4s, 12/1/43	AA-	3,000,000	3,272,970
			<b>4,380,231</b>
<b>Tennessee (0.6%)</b>			
Johnson City, Hlth. & Edl. Fac. Board Hosp. Rev. Bonds (Mountain States Hlth. Alliance), 6s, 7/1/38	Baa1	1,450,000	1,525,255

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Johnson City, Hlth. & Edl. Facs. Board Retirement Fac. Rev. Bonds (Appalachian Christian Village), Ser. A, 6 1/4s, 2/15/32 (Prerefunded 2/15/14)	AAA/P	1,000,000	1,016,700
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**2,541,955**

**Texas (13.2%)**

Abilene, Hlth. Fac. Dev. Corp. Rev. Bonds (Sears Methodist Retirement), Ser. A, U.S. Govt. Coll., 7s, 11/15/33 (Prerefunded, 11/15/13)	AAA/P	76,000	76,906
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Brazos, Harbor Indl. Dev. Corp. Env. Fac. Mandatory Put Bonds (5/1/28) (Dow Chemical), 5.9s, 5/1/38	BBB	2,200,000	2,288,572
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<b>MUNICIPAL BONDS AND NOTES (130.0%)* cont.</b>	<b>Rating**</b>	<b>Principal amount</b>	<b>Value</b>
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**Texas cont.**

Central TX Regl. Mobility Auth. Rev. Bonds (Sr. Lien), Ser. A, 5s, 1/1/33	Baa2	\$525,000	\$507,995
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Clifton, Higher Ed. Fin. Corp. Rev. Bonds (Idea Pub. Schools), 6s, 8/15/33	BBB	500,000	523,670
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Harris Cnty., Cultural Ed. Fac. Fin. Corp. Rev. Bonds (YMCA of Greater Houston), Ser. A, 5s, 6/1/33	Baa3	1,000,000	949,670
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Harris Cnty., Cultural Ed. Fac. Fin. Corp. VRDN (The Methodist Hosp.), Ser. C-1, 0.08s, 12/1/24	A-1+	5,720,000	5,720,000
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Houston, Arpt. Syst. Rev. Bonds (Continental Airlines, Inc.), Ser. E, 7s, 7/1/29	B2	500,000	501,880
(Continental Airlines, Inc.), Ser. E, 6 3/4s, 7/1/29	B2	2,500,000	2,506,675
(Continental Airlines, Inc.), Ser. C, 5.7s, 7/15/29	B2	6,185,000	5,771,162
Ser. A, 5s, 7/1/24	A	1,500,000	1,603,110

La Vernia, Higher Ed. Fin. Corp. Rev. Bonds

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(Kipp, Inc.), Ser. A			
6 3/8s, 8/15/44	BBB	1,100,000	1,173,282
6 1/4s, 8/15/39	BBB	1,975,000	2,099,405
<hr/>			
Love Field, Arpt. Modernization Corp. Special Fac. Rev. Bonds (Southwest Airlines Co.), 5 1/4s, 11/1/40	Baa3	3,500,000	3,450,300
<hr/>			
Matagorda Cnty., Poll. Control Rev. Bonds (Central Pwr. & Light Co.), Ser. A, 6.3s, 11/1/29 (Dist. No. 1), Ser. A, AMBAC, 4.4s, 5/1/30	Baa2 Baa2	1,000,000 1,250,000	1,103,950 1,166,438
<hr/>			
Newark, Cultural Ed. Facs. Fin. Corp. Rev. Bonds (AW Brown-Fellowship Leadership Academy), Ser. A, 6s, 8/15/42	BBB-	670,000	657,330
<hr/>			
North Texas Edl. Fin. Co. Rev. Bonds (Uplift Edl.), Ser. A, 5 1/4s, 12/1/47	BBB-	2,000,000	1,879,520
<hr/>			
North TX, Tollway Auth. Rev. Bonds Ser. A, 6s, 1/1/25 (Toll 2nd Tier), Ser. F, 5 3/4s, 1/1/38	A2 A3	1,000,000 1,750,000	1,130,540 1,827,910
<hr/>			
Red River, Hlth. Retirement Facs. Dev. Corp. Rev. Bonds (Sears Methodist Retirement Syst. Oblig. Group)			
Ser. C, 6 1/4s, 5/9/53	B/P	39,000	34,627
Ser. B, 6.15s, 11/15/49	B/P	749,000	645,750
Ser. A, 6.05s, 11/15/46	B/P	441,000	377,359
Ser. D, 6.05s, 11/15/46	B/P	76,000	65,032
Ser. A, 5.45s, 11/15/38	B/P	1,124,000	905,000
Ser. A, 5.15s, 11/15/27	B/P	593,000	517,114
<hr/>			
Sam Rayburn, Muni. Pwr. Agcy. Rev. Bonds, 5s, 10/1/21	BBB+	500,000	556,500
<hr/>			
Tarrant Cnty., Cultural Ed. Fac. Fin. Corp. Retirement Fac. Rev. Bonds (Sr. Living Ctr.), Ser. A, 8 1/4s, 11/15/39 (Buckner Retirement Svcs., Inc.), 5 1/4s, 11/15/37 (Air Force Village), 5 1/8s, 5/15/27	B+/P A- BBB-/F	3,000,000 1,900,000 3,100,000	3,042,330 1,839,504 3,056,848
<hr/>			



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<b>MUNICIPAL BONDS AND NOTES (130.0%)* cont.</b>	<b>Rating**</b>	<b>Principal amount</b>	<b>Value</b>
<b>Texas cont.</b>			
Travis Cnty., Cultural Ed. Facs. Fin. Corp. Rev. Bonds (Wayside Schools), Ser. A, 5 1/4s, 8/15/42	BB+	\$1,000,000	\$865,930
TX Muni. Gas Acquisition & Supply Corp. I Rev. Bonds, Ser. A, 5 1/4s, 12/15/24	A-	2,000,000	2,164,500
TX Private Activity Surface Trans. Corp. Rev. Bonds (NTE Mobility), 7 1/2s, 12/31/31 (LBJ Infrastructure), 7s, 6/30/40	Baa2 Baa3	2,000,000 1,500,000	2,266,460 1,639,500
TX State Dept. of Hsg. & Cmnty. Affairs Rev. Bonds, Ser. C, GNMA Coll., FNMA Coll., FHLMC Coll., 6.9s, 7/2/24	AA+	350,000	358,397
TX State Muni. Gas Acquisition & Supply Corp. III Rev. Bonds, 5s, 12/15/28	A3	1,500,000	1,492,050
TX State Trans. Comm. Tpk. Syst. Mandatory Put Bonds (2/15/15) (1st Tier), Ser. B, 1 1/4s, 8/15/42	A-	1,000,000	1,002,910
			<b>55,768,126</b>
<b>Utah (0.4%)</b>			
Murray City, Hosp. Rev. VRDN (IHC Hlth. Svcs., Inc.), Ser. C, 0.07s, 5/15/36	A-1+	1,675,000	1,675,000
			<b>1,675,000</b>
<b>Virginia (2.2%)</b>			
Albemarle Cnty., Indl. Dev. Auth. Res. Care Fac. Rev. Bonds (Westminster-Canterbury), 5s, 1/1/24	BB-/P	600,000	586,884
Chesapeake, Toll Rd. Rev. Bonds (Sr. Trans. Syst.), Ser. A, 5s, 7/15/27	BBB	300,000	302,928
Henrico Cnty., Econ. Dev. Auth. Res. Care Fac. Rev. Bonds (Westminster-Canterbury), 5s, 10/1/22	BBB	1,000,000	1,020,780

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(United Methodist Homes), 5s, 6/1/22	BB+/P	625,000	629,744
<hr/>			
Lynchburg, Indl. Dev. Auth. Res. Care Fac. Rev. Bonds (Westminster-Canterbury)			
5s, 7/1/31	BB/P	1,250,000	1,167,813
4 7/8s, 7/1/21	BB/P	1,000,000	1,028,060
<hr/>			
Route 460 Funding Corp. Toll Rd. Rev. Bonds (Sr. Lien), Ser. A, 5 1/8s, 7/1/49	Baa3	450,000	423,050
<hr/>			
VA State Small Bus. Fin. Auth. Rev. Bonds (Elizabeth River Crossings OPCO, LLC), 6s, 1/1/37	BBB-	900,000	934,983
(Express Lanes, LLC), 5s, 7/1/34	BBB-	1,150,000	1,067,407
<hr/>			
Washington Cnty., Indl. Dev. Auth. Hosp. Fac. Rev. Bonds (Mountain States Hlth. Alliance), Ser. C, 7 3/4s, 7/1/38	Baa1	1,700,000	1,937,303
<hr/>			
			<b>9,098,952</b>

**Washington (3.6%)**

WA State G.O. Bonds (Sr. 520 Corridor-Motor Vehicle Tax), Ser. C, 5s, 6/1/28 <b>T</b>	AA+	5,000,000	5,488,910
<hr/>			
Port Seattle, Port Indl. Dev. Corp. Rev. Bonds (Delta Airlines, Inc.), 5s, 4/1/30	B	300,000	265,785
<hr/>			

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<b>MUNICIPAL BONDS AND NOTES (130.0%)* cont.</b>	<b>Rating**</b>	<b>Principal amount</b>	<b>Value</b>
<hr/>			
<b>Washington cont.</b>			
Skagit Cnty., Pub. Hosp. Rev. Bonds (Dist. No. 001), 5 3/4s, 12/1/35	Baa2	\$2,500,000	\$2,499,875
<hr/>			
Tobacco Settlement Auth. of WA Rev. Bonds			
6 5/8s, 6/1/32	Baa1	2,385,000	2,390,629
6 1/2s, 6/1/26	A3	415,000	415,959
5 1/4s, 6/1/32	A-	1,275,000	1,302,897
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WA State Higher Ed. Fac. Auth. Rev. Bonds

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(Whitworth U.), 5 5/8s, 10/1/40	Baa1	400,000	404,276
<hr/>			
WA State Hlth. Care Fac. Auth. Rev. Bonds (WA Hlth. Svcs.), 7s, 7/1/39	Baa3	1,000,000	1,092,240
(Kadlec Med. Ctr.), 5 1/2s, 12/1/39	Baa3	1,500,000	1,422,465
<hr/>			
			<b>15,283,036</b>
<b>West Virginia (0.6%)</b>			
WV State Econ. Dev. Auth. Poll Control Rev. Bonds (Appalachian Pwr. Co. — Amos), Ser. C, 3 1/4s, 5/1/19	BBB	1,950,000	1,961,232
<hr/>			
WV State Hosp. Fin. Auth. Rev. Bonds (Thomas Hlth. Syst.), 6 3/4s, 10/1/43	B+/P	735,000	723,799
<hr/>			
			<b>2,685,031</b>
<b>Wisconsin (0.7%)</b>			
Pub. Fin. Auth. Arpt. Fac. Rev. Bonds (Sr. Oblig. Group), 5 1/4s, 7/1/28	BBB-	350,000	339,196
<hr/>			
WI State Hlth. & Edl. Facs. Auth. Rev. Bonds (St. Johns Cmnty. Inc.), Ser. A, 7 5/8s, 9/15/39	BB+/P	1,150,000	1,218,966
(Prohealth Care, Inc.), 6 5/8s, 2/15/39	A1	1,250,000	1,372,825
<hr/>			
			<b>2,930,987</b>
<b>Total municipal bonds and notes (cost \$537,544,969)</b>			<b>\$547,566,104</b>
<hr/>			
<b>PREFERRED STOCKS (0.9%)*</b>		<b>Shares</b>	<b>Value</b>
<hr/>			
MuniMae Tax Exempt Bond Subsidiary, LLC 144A Ser. A-5, \$5.00 cum. pfd.		3,950,000	\$3,950,316
<hr/>			
<b>Total preferred stocks (cost \$3,950,000)</b>			<b>\$3,950,316</b>
<hr/>			
<b>COMMON STOCKS (0.0%)*</b>		<b>Shares</b>	<b>Value</b>
<hr/>			
Tembec, Inc. (Canada) †		1,750	\$4,481
<hr/>			
<b>Total common stocks (cost \$1,273,945)</b>			<b>\$4,481</b>
<hr/>			
<b>TOTAL INVESTMENTS</b>			
<hr/>			

**Total investments (cost \$542,768,914)****\$551,520,901**

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**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 November 1, 2012 through October 31, 2013 (the reporting period). Within the following notes to the portfolio, references to "ASC 820" represent Accounting Standards Codification 820 *Fair Value Measurements and Disclosures* and references to "OTC", if any, represent over-the-counter.

\* Percentages indicated are based on net assets (applicable to common shares outstanding) of \$421,306,569.

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

† Non-income-producing security.

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

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

At the close of the reporting period, the fund maintained liquid assets totaling \$15,505,430 to cover tender option bonds.

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

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

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

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

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

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

Health care	41.4%
Utilities	19.7
Transportation	15.1
Education	12.2

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:

<b>Valuation inputs</b>			
<b>Investments in securities:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Common stocks:*			
Basic materials	\$4,481	\$—	\$—
<b>Total common stocks</b>	<b>4,481</b>	<b>—</b>	<b>—</b>
Municipal bonds and notes	—	547,566,104	—
Preferred stocks	—	3,950,316	—
<b>Totals by level</b>	<b>\$4,481</b>	<b>\$551,516,420</b>	<b>\$—</b>

\* Common stock classifications are presented at the sector level, which may differ from the fund's portfolio presentation.

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

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**Statement of assets and liabilities 10/31/13**

**ASSETS**

Investment in securities, at value (Note 1):	
Unaffiliated issuers (identified cost \$542,768,914)	\$551,520,901
Cash	714,124
Interest and other receivables	9,298,141

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Receivable for investments sold	295,000
<b>Total assets</b>	<b>561,828,166</b>
<b>LIABILITIES</b>	
Preferred share remarketing agent fees	92,110
Distributions payable to preferred shareholders (Note 1)	1,135
Distributions payable to shareholders	2,233,562
Payable for investments purchased	77,216
Payable for compensation of Manager (Note 2)	769,361
Payable for custodian fees (Note 2)	3,545
Payable for investor servicing fees (Note 2)	34,818
Payable for Trustee compensation and expenses (Note 2)	186,758
Payable for administrative services (Note 2)	1,554
Payable for floating rate notes issued (Note 1)	13,507,990
Other accrued expenses	113,548
<b>Total liabilities</b>	<b>17,021,597</b>
Series A remarketed preferred shares: (245 shares authorized and issued at \$100,000 per share) (Note 4)	24,500,000
Series C remarketed preferred shares: (1,980 shares authorized and issued at \$50,000 per share) (Note 4)	99,000,000
<b>Net assets</b>	<b>\$421,306,569</b>
<b>REPRESENTED BY</b>	
Paid-in capital — common shares (Unlimited shares authorized) (Notes 1 and 5)	\$457,403,510

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Distributions in excess of net investment income (Note 1)	(1,243,981)
Accumulated net realized loss on investments (Note 1)	(43,604,947)
Net unrealized appreciation of investments	8,751,987
<b>Total — Representing net assets applicable to common shares outstanding</b>	<b>\$421,306,569</b>

**COMPUTATION OF NET ASSET VALUE**

<b>Net asset value per common share</b>	
(\$421,306,569 divided by 57,412,202 shares)	\$7.34

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

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**Statement of operations** Year ended 10/31/13

<b>INTEREST INCOME</b>	<b>\$30,920,657</b>
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**EXPENSES**

Compensation of Manager (Note 2)	\$3,160,763
Investor servicing fees (Note 2)	225,757
Custodian fees (Note 2)	10,857
Trustee compensation and expenses (Note 2)	42,236
Administrative services (Note 2)	13,252
Interest and fees expense (Note 2)	80,605
Preferred share remarketing agent fees	187,826
Other	338,572
<b>Total expenses</b>	<b>4,059,868</b>
Expense reduction (Note 2)	(654)

<b>Net expenses</b>	<b>4,059,214</b>
<b>Net investment income</b>	<b>26,861,443</b>
Net realized loss on investments (Notes 1 and 3)	(3,452,838)
Net realized loss on swap contracts (Note 1)	(1,004,679)
Net realized loss on futures contracts (Note 1)	(31,870)
Net unrealized depreciation of investments during the year	(39,393,566)
<b>Net loss on investments</b>	<b>(43,882,953)</b>
<b>Net decrease in net assets resulting from operations</b>	<b>\$(17,021,510)</b>

**DISTRIBUTIONS TO SERIES A AND C REMARKETED PREFERRED SHAREHOLDERS (NOTE 1):**

From ordinary income	
Taxable net investment income	(126)
From tax exempt net investment income	(164,292)
<b>Net decrease in net assets resulting from operations (applicable to common shareholders)</b>	<b>\$(17,185,928)</b>

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

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**Statement of changes in net assets**

<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>Year ended 10/31/13</b>	<b>Year ended 10/31/12</b>
<b>Operations:</b>		
Net investment income	\$26,861,443	\$27,681,690
Net realized loss on investments	(4,489,387)	(3,195,255)
Net unrealized appreciation (depreciation) of investments	(39,393,566)	44,600,253



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<b>Net increase (decrease) in net assets resulting from operations</b>	<b>(17,021,510)</b>	<b>69,086,688</b>
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**DISTRIBUTIONS TO SERIES A AND C REMARKETED PREFERRED SHAREHOLDERS (NOTE 1):**

From ordinary income		
Taxable net investment income	(126)	(1,401)
From tax exempt net investment income	(164,292)	(187,662)

<b>Net increase (decrease) in net assets resulting from operations (applicable to common shareholders)</b>	<b>(17,185,928)</b>	<b>68,897,625</b>
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**DISTRIBUTIONS TO COMMON SHAREHOLDERS: (NOTE 1)**

From ordinary income		
Taxable net investment income	(19,163)	(168,479)
From tax exempt net investment income	(26,880,875)	(26,996,651)

Increase from issuance of common shares in connection with reinvestment of distributions	530,516	1,075,030
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Decrease from shares repurchased (Note 5)	(1,866,311)	—
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<b>Total increase (decrease) in net assets</b>	<b>(45,421,761)</b>	<b>42,807,525</b>
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**NET ASSETS**

Beginning of year	466,728,330	423,920,805
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<b>End of year</b> (including distributions in excess of net investment income of \$1,243,981 and \$1,148,179, respectively)	<b>\$421,306,569</b>	<b>\$466,728,330</b>
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**NUMBER OF FUND SHARES**

<b>Common shares outstanding at beginning of year</b>	<b>57,627,845</b>	<b>57,489,218</b>
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Shares issued in connection with dividend reinvestment plan	65,258	138,627
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Shares repurchased (Note 5)	(280,901)	—
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<b>Common shares outstanding at end of year</b>	<b>57,412,202</b>	<b>57,627,845</b>
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**Remarketed preferred shares outstanding at beginning**

**and end of year** **2,225** **2,225**

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

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

**PER-SHARE OPERATING PERFORMANCE**

	Year ended				
	10/31/13	10/31/12	10/31/11	10/31/10	10/31/09
<b>Net asset value, beginning of period (common shares)</b>	<b>\$8.10</b>	<b>\$7.37</b>	<b>\$7.62</b>	<b>\$7.17</b>	<b>\$6.23</b>
<i>Investment operations:</i>					
Net investment income <sup>a</sup>	.47	.48	.51	.52	.50
Net realized and unrealized gain (loss) on investments	(.76)	.72	(.23)	.46	.92
<b>Total from investment operations</b>	<b>(.29)</b>	<b>1.20</b>	<b>.28</b>	<b>.98</b>	<b>1.42</b>
<i>Distributions to preferred shareholders:</i>					
From net investment income	-e	-e	-e	(.01)	(.02)
<b>Total from investment operations (applicable to common shareholders)</b>	<b>(.29)</b>	<b>1.20</b>	<b>.28</b>	<b>.97</b>	<b>1.40</b>
<i>Distributions to common shareholders:</i>					
From net investment income	(.47)	(.47)	(.53)	(.52)	(.46)
<b>Total distributions</b>	<b>(.47)</b>	<b>(.47)</b>	<b>(.53)</b>	<b>(.52)</b>	<b>(.46)</b>
<b>Increase from shares repurchased</b>	<b>-e</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net asset value, end of period (common shares)</b>	<b>\$7.34</b>	<b>\$8.10</b>	<b>\$7.37</b>	<b>\$7.62</b>	<b>\$7.17</b>
<b>Market price, end of period</b>					

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(common shares)	\$6.70	\$8.37	\$7.50	\$7.73	\$6.59
<b>Total return at market price (%)</b> (common shares) <sup>b</sup>	(14.78)	18.52	4.47	25.94	24.96
<b>RATIOS AND SUPPLEMENTAL DATA</b>					
<b>Net assets, end of period</b> (common shares) (in thousands)	\$421,307	\$466,728	\$423,921	\$437,394	\$410,733
Ratio of expenses to average net assets (including interest expense) (%) <sup>c,d</sup>	0.90 <sup>f</sup>	.89 <sup>f</sup>	1.03 <sup>f</sup>	.94 <sup>f</sup>	1.03 <sup>f</sup>
Ratio of net investment income to average net assets (%) <sup>c</sup>	5.91	6.12	7.04	7.03	7.66
Portfolio turnover (%)	15	15	17	17	25

<sup>a</sup> Per share net investment income has been determined on the basis of the weighted average number of shares outstanding during the period.

<sup>b</sup> Total return assumes dividend reinvestment.

<sup>c</sup> Ratios reflect net assets available to common shares only; net investment income ratio also reflects reduction for dividend payments to preferred shareholders.

<sup>d</sup> Includes amounts paid through expense offset arrangements (Note 2).

<sup>e</sup> Amount represents less than \$0.01 per share.

<sup>f</sup> Includes interest and fee expense associated with borrowings which amounted to 0.02%, 0.02%, 0.01%, 0.02% and 0.05% of the average net assets for the periods ended October 31, 2013, October 31, 2012, October 31, 2011, October 31, 2010 and October 31, 2009, respectively (Note 1).

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

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**Notes to financial statements 10/31/13**

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 November 1, 2012 through October 31, 2013.

Putnam Managed Municipal Income Trust (the fund) is a Massachusetts business trust, which is registered under the Investment Company Act of 1940, as amended, as a diversified closed-end management investment company. The investment objective of the fund is to seek a high level of current income exempt from federal income tax. The fund intends to achieve its objective by investing in a diversified portfolio of tax-exempt municipal securities which Putnam Management believes does not involve undue

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risk to income or principal. Up to 60% of the fund's assets may consist of high-yield tax-exempt municipal securities that are below investment grade and involve special risk considerations. The fund also uses leverage primarily by issuing preferred shares in an effort to enhance the returns for the common shareholders.

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

### **Note 1: Significant accounting policies**

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

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

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

**Security transactions and related investment income** Security transactions are recorded on the trade date (the date the order to buy or sell is executed). Gains or losses on securities sold are determined on the identified cost basis. Interest income is recorded on the accrual basis. All premiums/discounts are amortized/accreted on a yield-to-maturity basis. The premium in excess of the call price, if any, is amortized to the call date; thereafter, any remaining premium is amortized to maturity.

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

The potential risk to the fund is that the change in value of futures contracts may not correspond to the change in value of the hedged instruments. In addition, losses may arise from changes in the value of the underlying instruments, if there is an illiquid secondary market for the contracts, if interest or exchange rates move unexpectedly or if the counterparty to the contract is unable to perform. With futures, there is minimal counterparty credit risk to the fund since futures are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default. Risks may exceed amounts recognized on the Statement

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of assets and liabilities. When the contract is closed, the fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

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

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

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

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

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

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

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

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

There was no collateral posted by the fund for these 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 \$29,013,420 were held by the TOB trust and served as collateral for \$13,507,990 in floating-rate bonds outstanding.

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For the reporting period ended, the fund incurred interest expense of \$14,095 for these investments based on an average interest rate of 11%.

**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.

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At October 31, 2013 the fund had a capital loss carryover of \$43,667,395 available to the extent allowed by the Code to offset future net capital gain, if any. The amounts of the carryovers and the expiration dates are:

### Loss carryover

Short-term	Long-term	Total	Expiration
\$2,065,646	\$5,635,903	\$7,701,549	*
3,275,525	N/A	3,275,525	October 31, 2014
954,441	N/A	954,441	October 31, 2015
11,265,981	N/A	11,265,981	October 31, 2016
12,490,924	N/A	12,490,924	October 31, 2017
3,146,619	N/A	3,146,619	October 31, 2018
4,832,356	N/A	4,832,356	October 31, 2019

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

**Distributions to shareholders** Distributions to common and preferred shareholders from net investment income are recorded by the fund on the ex-dividend date. Distributions from capital gains, if any, are recorded on the ex-dividend date and paid at least annually. Dividends on remarketed preferred shares become payable when, as and if declared by the Trustees. Each dividend period for the remarketed preferred shares Series A is generally a 28 day period. The applicable dividend rate for the remarketed preferred shares Series A on October 31, 2013 was 0.099%. Each dividend period for the remarketed preferred shares Series C is generally a 7 day period. The applicable dividend rate for the remarketed preferred shares Series C on October 31, 2013 was 0.099%.

During the reporting period, the fund has experienced unsuccessful remarketings of its remarketed preferred shares. As a result, dividends to the remarketed preferred shares have been paid at the "maximum dividend rate," pursuant to the fund's by-laws, which, based on the current credit quality of the remarketed preferred shares, equals 110% of the 60-day "AA" composite commercial paper rate.

The amount and character of income and gains to be distributed are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles. These differences include temporary and/or permanent differences from the expiration of a capital loss carryover, from dividends payable, from defaulted bond interest, from market discount, and from straddle loss deferrals. Reclassifications are made to the fund's capital accounts to reflect income and gains available for distribution (or available capital loss carryovers) under income tax regulations. At the close of the reporting period, the fund reclassified \$107,211 to decrease distributions in excess of net investment income, \$574,060 to decrease paid-in-capital and \$466,849 to decrease accumulated net realized loss.

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

Unrealized appreciation	\$26,013,646
Unrealized depreciation	(17,250,462)
<hr/>	
Net unrealized appreciation	8,763,184
Undistributed tax-exempt income	1,037,854
Undistributed ordinary income	391,849
Capital loss carryforward	(43,667,395)
Cost for federal income tax purposes	\$542,757,717

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

### Note 2: Management fee, administrative services and other transactions

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

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

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

Following the death on October 8, 2013 of The Honourable Paul G. Desmarais, who controlled directly and indirectly a majority of the voting shares of Power Corporation of Canada, the ultimate parent company of Putnam Management, the Trustees of the fund approved an interim management contract with Putnam Management. Consistent with Rule 15a-4 under the Investment Company Act of 1940, the interim management contract will remain in effect until the earlier to occur of (i) approval by the fund's shareholders of a new management contract and (ii) March 7, 2014. Except with respect to termination, the substantive terms of the interim management contract, including terms relating to fees payable to Putnam Management, are identical to the terms of the fund's previous management contract with Putnam Management. The Trustees of the fund also approved the continuance, effective October 8, 2013, of the sub-management contract between Putnam Management and Putnam Investments Limited (PIL) described below, for a term no longer than March 7, 2014. The Trustees of the fund have called a shareholder meeting for February 27, 2014, at which shareholders of the fund will consider approval of a proposed new management contract between the fund and Putnam Management. The substantive terms of the proposed new management contract, including terms relating to fees, are identical to the terms of the fund's previous management contract.

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

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

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

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

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

The fund has entered into expense offset arrangements with Putnam Investor Services, Inc. and State Street whereby Putnam Investor Services, Inc.'s and State Street's fees are reduced by credits allowed on cash balances. For the reporting period, the fund's expenses were reduced by \$654 under the expense offset arrangements.

Each independent Trustee of the fund receives an annual Trustee fee, of which \$288, as a quarterly retainer, has been allocated to the fund, and an additional fee for each Trustees meeting attended. Trustees also are reimbursed for expenses they incur relating to their services as Trustees.

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

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

### **Note 3: Purchases and sales of securities**

During the reporting period, cost of purchases and proceeds from sales of investment securities other than short-term investments aggregated \$85,435,048 and \$88,570,621, respectively. There were no purchases or proceeds from sales of long-term U.S. government securities.

### **Note 4: Preferred shares**

The Series A (245) and Series C (1,980) Remarketed Preferred shares are redeemable at the option of the fund on any dividend payment date at a redemption price of \$100,000 per Series A Remarketed Preferred share and \$50,000 per Series C Remarketed Preferred share, plus an amount equal to any dividends accumulated on a daily basis but unpaid through the redemption date (whether or not such dividends have been declared) and, in certain circumstances, a call premium.

It is anticipated that dividends paid to holders of remarketed preferred shares will be considered tax-exempt dividends under the Internal Revenue Code of 1986. To the extent that the fund earns taxable income and capital gains by the conclusion of a fiscal year, it may be required to apportion to the holders of the remarketed preferred shares throughout that year additional dividends as necessary to result in an after-tax equivalent to the applicable dividend rate for the period. Total additional dividends for the reporting period were \$49.



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

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### Note 5: Shares repurchased

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

For the reporting period, the fund repurchased 280,901 common shares for an aggregate purchase price of \$1,866,311 which reflects a weighted-average discount from net asset value per share of 9.44%.

At the close of the reporting period, Putnam Investments, LLC owned approximately 771 shares of the fund (0.001% of the fund's shares outstanding), valued at \$5,659 based on net asset value.

### Note 6: Market, credit and other risks

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

### Note 7: Summary of derivative activity

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

Futures contracts (number of contracts)	—*
<hr/>	
OTC total return swap contracts (notional)	\$1,500,000

\* For the reporting period, the transactions were minimal.

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

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

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

#### Derivatives not accounted for as hedging instruments under ASC 815

	Futures	Swaps	Total
Interest rate contracts	\$(31,870)	\$(1,004,679)	\$(1,036,549)
<b>Total</b>	<b>\$(31,870)</b>	<b>\$(1,004,679)</b>	<b>\$(1,036,549)</b>

**Note 8: New accounting pronouncement**

In January 2013, ASU 2013-01, "Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities," amended ASU No. 2011-11, "Disclosures about Offsetting Assets and Liabilities." The ASUs create new disclosure requirements requiring entities to disclose both gross and net information for derivatives and other financial instruments that are either offset in the Statement of assets and liabilities or subject to an enforceable master netting arrangement or similar agreement. The disclosure requirements are effective for annual reporting periods beginning on or after January 1, 2013 and interim periods within those annual periods. Putnam Management is currently evaluating the application of ASUs 2013-01 and 2011-11 and their impact, if any, on the fund's financial statements.

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**Federal tax information (Unaudited)**

The fund has designated 99.93% of dividends paid from net investment income during the reporting period as tax exempt for Federal income tax purposes.

The Form 1099 that will be mailed to you in January 2014 will show the tax status of all distributions paid to your account in calendar 2013.

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**Shareholder meeting results (Unaudited)****September 19, 2013 annual meeting**

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

<b>Votes for</b>	<b>Votes against</b>	<b>Abstentions</b>
48,947,570	2,150,880	1,102,894

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

	<b>Votes for</b>	<b>Votes withheld</b>
Liaquat Ahamed	49,604,181	2,597,172
Ravi Akhoury	49,597,153	2,604,200
Barbara M. Baumann	49,796,554	2,404,799
Jameson A. Baxter	49,747,455	2,453,898
Charles B. Curtis	49,784,106	2,417,247

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Robert J. Darretta	49,642,451	2,558,901
Katinka Domotorffy	49,687,636	2,513,717
Paul L. Joskow	49,805,536	2,395,817
Kenneth R. Leibler	49,792,685	2,408,668
George Putnam, III	49,671,117	2,530,236
Robert L. Reynolds	49,733,947	2,467,406
W. Thomas Stephens	49,508,836	2,692,517

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

All tabulations are rounded to the nearest whole number.

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## About the Trustees

### Independent Trustees

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

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

As of October 31, 2013, there were 116 Putnam funds. All Trustees serve as Trustees of all Putnam funds.

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

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## Officers

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

**Jonathan S. Horwitz** (Born 1955)

Executive Vice President, Principal Executive Officer, and Compliance Liaison  
Since 2004

**Steven D. Krichmar** (Born 1958)

Vice President and Principal Financial Officer  
Since 2002  
Chief of Operations, Putnam Investments and Putnam Management

**Robert T. Burns** (Born 1961)

Vice President and Chief Legal Officer  
Since 2011  
General Counsel, Putnam Investments, Putnam Management, and Putnam Retail Management

**Robert R. Leveille** (Born 1969)

Vice President and Chief Compliance Officer  
Since 2007  
Chief Compliance Officer, Putnam Investments, Putnam Management, and Putnam Retail Management

**Michael J. Higgins** (Born 1976)

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

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

**Janet C. Smith** (Born 1965)

Vice President, Principal Accounting Officer, and Assistant Treasurer  
Since 2007  
Director of Fund Administration Services, Putnam Investments and Putnam Management

**Susan G. Malloy** (Born 1957)

Vice President and Assistant Treasurer  
Since 2007  
Director of Accounting & Control Services, Putnam Investments and Putnam Management

**James P. Pappas** (Born 1953)

Vice President  
Since 2004  
Director of Trustee Relations, Putnam Investments and Putnam Management

**Mark C. Trenchard** (Born 1962)

Vice President and BSA Compliance Officer  
Since 2002  
Director of Operational Compliance, Putnam Investments and Putnam Retail Management

**Nancy E. Florek** (Born 1957)

Vice President, Director of Proxy Voting and Corporate Governance, Assistant Clerk, and Associate Treasurer  
Since 2000

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## The Putnam family of funds

The following is a list of Putnam's open-end mutual funds offered to the public. *Investors should carefully consider the investment objective, risks, charges, and expenses of a fund before investing. For a prospectus, or a summary prospectus if available, containing this and other information for any Putnam fund or product, call your financial*

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advisor at 1-800-225-1581 and ask for a prospectus. Please read the prospectus carefully before investing.

### **Growth**

Growth Opportunities Fund  
International Growth Fund  
Multi-Cap Growth Fund  
Small Cap Growth Fund  
Voyager Fund

### **Blend**

Asia Pacific Equity Fund  
Capital Opportunities Fund  
Capital Spectrum Fund  
Emerging Markets Equity Fund  
Equity Spectrum Fund  
Europe Equity Fund  
Global Equity Fund  
International Capital Opportunities Fund  
International Equity Fund  
Investors Fund  
Low Volatility Equity Fund  
Multi-Cap Core Fund  
Research Fund  
Strategic Volatility Equity Fund

### **Value**

Convertible Securities Fund  
Equity Income Fund  
George Putnam Balanced Fund  
Global Dividend Fund  
The Putnam Fund for Growth and Income

**\* An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.**

International Value Fund  
Multi-Cap Value Fund  
Small Cap Value Fund

### **Income**

American Government Income Fund  
Diversified Income Trust  
Emerging Markets Income Fund  
Floating Rate Income Fund  
Global Income Trust  
High Yield Advantage Fund  
High Yield Trust  
Income Fund  
Money Market Fund\*  
Short Duration Income Fund  
U.S. Government Income Trust

### **Tax-free income**

AMT-Free Municipal Fund  
Intermediate-Term Municipal Income Fund  
Short-Term Municipal Income Fund  
Tax Exempt Income Fund  
Tax Exempt Money Market Fund\*  
Tax-Free High Yield Fund

#### *State tax-free income funds:*

Arizona, California, Massachusetts, Michigan,  
Minnesota, New Jersey, New York, Ohio,  
and Pennsylvania.

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### **Absolute Return**

Absolute Return 100 Fund®  
Absolute Return 300 Fund®  
Absolute Return 500 Fund®  
Absolute Return 700 Fund®

### **Global Sector**

Global Consumer Fund  
Global Energy Fund

*Putnam RetirementReady® Funds* — portfolios with automatically adjusting allocations to stocks, bonds, and money market instruments, becoming more conservative over time.

RetirementReady 2055 Fund  
RetirementReady 2050 Fund  
RetirementReady 2045 Fund  
RetirementReady 2040 Fund

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Global Financials Fund  
Global Health Care Fund  
Global Industrials Fund  
Global Natural Resources Fund  
Global Sector Fund  
Global Technology Fund  
Global Telecommunications Fund  
Global Utilities Fund

RetirementReady 2035 Fund  
RetirementReady 2030 Fund  
RetirementReady 2025 Fund  
RetirementReady 2020 Fund  
RetirementReady 2015 Fund

### **Asset Allocation**

*Putnam Global Asset Allocation Funds* — portfolios with allocations to stocks, bonds, and money market instruments that are adjusted dynamically within specified ranges as market conditions change.

*Putnam Retirement Income Lifestyle Funds* — portfolios with managed allocations to stocks, bonds, and money market investments to generate retirement income.

Retirement Income Fund Lifestyle 1  
Retirement Income Fund Lifestyle 2  
Retirement Income Fund Lifestyle 3

Dynamic Asset Allocation Balanced Fund  
Dynamic Asset Allocation  
Conservative Fund  
Dynamic Asset Allocation Growth Fund  
Dynamic Risk Allocation Fund

Check your account balances and the most recent month-end performance in the Individual Investors section at [putnam.com](http://putnam.com).

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## Fund information

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

### **Investment Manager**

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

### **Investment Sub-Manager**

Putnam Investments Limited  
57-59 St James's Street  
London, England SW1A 1LD

### **Marketing Services**

Putnam Retail Management

### **Trustees**

Jameson A. Baxter, *Chair*  
Liaquat Ahamed  
Ravi Akhoury  
Barbara M. Baumann  
Charles B. Curtis  
Robert J. Darretta  
Katinka Domotorffy  
John A. Hill  
Paul L. Joskow  
Kenneth R. Leibler  
Robert E. Patterson  
George Putnam, III

Robert R. Leveille  
*Vice President and  
Chief Compliance Officer*

Michael J. Higgins  
*Vice President, Treasurer,  
and Clerk*

Janet C. Smith  
*Vice President,  
Principal Accounting Officer,  
and Assistant Treasurer*

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One Post Office Square  
Boston, MA 02109

Robert L. Reynolds  
W. Thomas Stephens

Susan G. Malloy  
*Vice President and  
Assistant Treasurer*

**Custodian**

State Street Bank  
and Trust Company

**Officers**

Robert L. Reynolds  
*President*

James P. Pappas  
*Vice President*

**Legal Counsel**

Ropes & Gray LLP

Jonathan S. Horwitz  
*Executive Vice President,  
Principal Executive Officer, and  
Compliance Liaison*

Mark C. Trenchard  
*Vice President and  
BSA Compliance Officer*

**Independent Registered  
Public Accounting Firm**

KPMG LLP

Steven D. Krichmar  
*Vice President and  
Principal Financial Officer*

Nancy E. Florek  
*Vice President, Director of  
Proxy Voting and Corporate  
Governance, Assistant Clerk,  
and Associate Treasurer*

Robert T. Burns  
*Vice President and  
Chief Legal Officer*

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

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Item 2. Code of Ethics:

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

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

Item 3. Audit Committee Financial Expert:

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

### Item 4. Principal Accountant Fees and Services:

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

Fiscal year ended	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
October 31, 2013	\$70,041	\$27,675	\$6,458	\$ —
October 31, 2012	\$68,324	\$26,550	\$6,300	\$ —

For the fiscal years ended October 31, 2013 and October 31, 2012, the fund's independent auditor billed aggregate non-audit fees in the amounts of \$34,133 and \$32,850 respectively, to the fund, Putnam Management and any entity controlling, controlled by or under common control with Putnam Management that provides ongoing services to the fund.

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

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

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

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

The Audit and Compliance Committee also has adopted a policy to pre-approve the engagement by Putnam Management and certain of its affiliates of the funds' independent auditors, even in



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

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

Fiscal year ended	Audit-Related Fees	Tax Fees	All Other Fees	Total Non-Audit Fees
October 31, 2013	\$ —	\$ —	\$ —	\$ —
October 31, 2012	\$ —	\$ —	\$ —	\$ —

### Item 5. Audit Committee of Listed Registrants

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

Kenneth R. Leibler (Chairperson)

Robert J. Darretta

John A. Hill

Barbara M. Baumann

Charles B. Curtis

Katinka Domotorffy

(b) Not applicable

### Item 6. Schedule of Investments:

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

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

#### **Proxy voting guidelines of the Putnam funds**

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

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

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

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

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

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

### **I. BOARD-APPROVED PROPOSALS**

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

#### **Matters relating to the Board of Directors**

##### ***Uncontested Election of Directors***

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

- The funds will **withhold votes** from the entire board of directors if
  - the board does not have a majority of independent directors,
  - the board has not established independent nominating, audit, and compensation committees,

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

### Commentary:

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

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

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

their duties properly because of excessive commitments.

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

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

### **Contested Elections of Directors**

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

### **Classified Boards**

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

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

### **Other Board-Related Proposals**

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

### **Executive Compensation**

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

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

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- The funds will vote **against** any stock option or restricted stock plan where the company's actual grants of stock options and restricted stock under all equity-based compensation plans during the prior three (3) fiscal years have resulted in an average annual dilution of greater than 1.67%.
- The funds will vote **against** stock option plans that permit the replacing or repricing of underwater options (and against any proposal to authorize a replacement or repricing of underwater options).
- The funds will vote **against** stock option plans that permit issuance of options with an exercise price below the stock's current market price.
- Except where the funds are otherwise withholding votes for the entire board of directors, the funds will vote **for** an employee stock purchase plan that has the following features: (1) the shares purchased under the plan are acquired for no less than 85% of their market value; (2) the offering period under the plan is 27 months or less; and (3) dilution is 10% or less.
- The funds will vote **for** proposals to approve a company's executive compensation program (*i.e.*, "say on pay" proposals in which the company's board proposes that shareholders indicate their support for the company's compensation philosophy, policies, and practices), except that the funds will vote on a **case-by-case basis** if the company is assigned to the lowest category, through independent third party benchmarking performed by the funds' proxy voting service, for the correlation of the company's executive compensation program with its performance.
- The funds will vote **for** bonus plans under which payments are treated as performance-based compensation that is deductible under Section 162(m) of the Internal Revenue Code of 1986, as amended, except that the funds will vote on a **case-by-case basis** if any of the following circumstances exist:

the award pool or amount per employee under the plan is unlimited, or

the plan's performance criteria is undisclosed, or

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

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

### **Capitalization**

Many proxy proposals involve changes in a company's capitalization, including the authorization of additional stock, the issuance of stock, the repurchase of outstanding stock, or the approval of a stock split. The management of a company's capital structure involves a number of important issues, including cash flow, financing needs, and market conditions that are unique to the circumstances of the

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company. As a result, the funds will vote on a **case-by-case basis** on board-approved proposals involving changes to a company's capitalization, except that where the funds are not otherwise withholding votes from the entire board of directors:

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

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

### **Acquisitions, Mergers, Reincorporations, Reorganizations and Other Transactions**

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

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

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

### **Anti-Takeover Measures**

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

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

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

proposals to approve such matters on a case-by-case basis.

### **Other Business Matters**

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

- The funds will vote on a **case-by-case basis** on proposals to amend a company's charter or bylaws (except for charter amendments necessary to effect stock splits, to change a company's name or to authorize additional shares of common stock).
- The funds will vote **against** authorization to transact other unidentified, substantive business at the meeting.
- The funds will vote on a **case-by-case basis** on proposals to ratify the selection of independent auditors if there is evidence that the audit firm's independence or the integrity of an audit is compromised.
- The funds will vote on a **case-by-case basis** on other business matters where the funds are otherwise withholding votes for the entire board of directors.

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

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

## **II. SHAREHOLDER PROPOSALS**

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

- The funds will vote on a **case-by-case basis** on shareholder proposals requiring that the chairman's position be filled by someone other than the chief executive officer.
- The funds will vote **for** shareholder proposals asking that director nominees receive support from holders of a majority of votes cast or a majority of shares outstanding in order to be (re)elected.

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

- The funds will vote **for** shareholder proposals to eliminate supermajority vote requirements in the company's charter documents.
- The funds will vote **for** shareholder proposals to require shareholder approval of shareholder rights plans.
- The funds will vote for shareholder proposals to amend a company's charter documents to permit shareholders to call special meetings, but only if both of the following conditions are met:
  - the proposed amendment limits the right to call special meetings to shareholders holding at least 15% of the company's outstanding shares, and
  - applicable state law does not otherwise provide shareholders with the right to call special meetings.
- The funds will vote **for** shareholder proposals requiring companies to make cash payments under management severance agreements only if both of the following conditions are met:
  - the company undergoes a change in control, and
  - the change in control results in the termination of employment for the person receiving the severance payment.
- The funds will vote **on a case-by-case basis** on shareholder proposals requiring companies to accelerate vesting of equity awards under management severance agreements only if both of the following conditions are met:
  - the company undergoes a change in control, and
  - the change in control results in the termination of employment for the person receiving the severance payment.
- The funds will vote **on a case-by-case basis** on shareholder proposals to limit a company's ability to make excise tax gross-up payments under management severance agreements.
- The funds will vote **on a case-by-case basis** on shareholder proposals requesting that the board adopt a policy to recoup, in the event of a significant restatement of financial results or significant extraordinary write-off, to the fullest extent practicable, for the benefit of the company, all performance-based bonuses or awards that were paid to senior executives based on the company having met or exceeded specific performance targets to the extent that the specific performance targets were not, in fact, met.
- The funds will vote **for** shareholder proposals calling for the company to obtain shareholder approval for any future golden coffins or unearned death benefits (payments or awards of unearned salary or bonus, accelerated vesting or the continuation of unvested equity awards, perquisites or other payments or awards in respect of an executive following his or her death), and **for** shareholder proposals calling for the company to cease providing golden coffins or unearned death benefits.
- The funds will vote **for** shareholder proposals requiring a company to report on its executive retirement benefits (e.g., deferred compensation, split-dollar life insurance, SERPs and pension benefits).
- The funds will vote **for** shareholder proposals requiring a company to disclose its relationships with executive compensation consultants (e.g., whether the company, the board or the compensation



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committee retained the consultant, the types of services provided by the consultant over the past five years, and a list of the consultant's clients on which any of the company's executives serve as a director).

- The funds will vote **for** shareholder proposals that are consistent with the funds' proxy voting guidelines for board-approved proposals.
- The funds will vote on a **case-by-case basis** on other shareholder proposals where the funds are otherwise withholding votes for the entire board of directors.

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

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

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

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

The funds' Trustees believe that performance-based compensation can be an effective tool for aligning management and shareholder interests. However, to fulfill its purpose, performance compensation should only be paid to executives if the performance targets are actually met. A significant

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

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

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

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

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

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

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

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

#### **Uncontested Board Elections**

##### ***Germany***

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

by the funds' proxy voting service).

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

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

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

### **Japan**

- For companies that have established a U.S.-style corporate governance structure, the funds will **withhold votes** from the entire board of directors if
  - the board does not have a majority of outside directors,
  - the board has not established nominating and compensation committees composed of a majority of outside directors, or
  - the board has not established an audit committee composed of a majority of independent directors.
- The funds will **withhold votes** for the appointment of members of a company's board of statutory auditors if a majority of the members of the board of statutory auditors is not independent.

**Commentary:**

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

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

### **Korea**

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- The funds will **withhold votes** from the entire board of directors if
- fewer than half of the directors are outside directors,
  - the board has not established a nominating committee with at least half of the members being outside directors, or
  - the board has not established an audit committee composed of at least three members and in which at least two-thirds of its members are outside directors.

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

### **Russia**

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

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

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

### **United Kingdom**

- The funds will **withhold votes** from the entire board of directors if
- the board does not have at least a majority of independent non-executive directors,
  - the board has not established a nomination committee composed of a majority of independent non-executive directors, or
  - the board has not established compensation and audit committees composed of (1) at least three directors (in the case of smaller companies, two directors) and (2) solely independent non-executive directors, provided that, to the extent permitted under the United Kingdom’s Combined Code on Corporate Governance, the company chairman may serve on (but not serve as chairman of) the compensation and audit committees if the chairman was considered independent upon his or her appointment as chairman.
- The funds will **withhold votes** from any nominee for director who is considered an independent director by the company and who has received compensation within the last three years from the company other than for service as a director, such as investment banking, consulting, legal, or financial advisory fees.

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

### Commentary:

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

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

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

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

### ***All other jurisdictions***

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

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

## **Contested Board Elections**

### ***Italy***

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

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

## **Corporate Governance**

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- The funds will vote **for** proposals to change the size of a board if the board meets the funds' independence standards, and **against** proposals to change the size of a board if the board does not meet the funds' independence standards.
- The funds will vote **for** shareholder proposals calling for a majority of a company's directors to be independent of management.
- The funds will vote **for** shareholder proposals seeking to increase the independence of board nominating, audit, and compensation committees.
- The funds will vote **for** shareholder proposals that implement corporate governance standards similar to those established under U.S. federal law and the listing requirements of U.S. stock exchanges, and that do not otherwise violate the laws of the jurisdiction under which the company is incorporated.

### **Australia**

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

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

### **Taiwan**

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

### **Compensation**

- The funds will vote **for** proposals to approve annual directors' fees, except that the funds will consider these proposals on a **case-by-case basis** in each case in which the funds' proxy voting service has recommended a vote against such a proposal.
- The funds will vote **for** non-binding proposals to approve remuneration reports, except that the funds will vote **against** proposals to approve remuneration reports that indicate that awards under a long-term incentive plan are not linked to performance targets.

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

### **United Kingdom**

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

Commentary: These are the same features that the funds require of employee stock purchase plans proposed by U.S. issuers, except that, to conform to local market practice, the funds support plans or schemes at United Kingdom issuers that permit the purchase of shares at up to a 20% discount (*i.e.*, shares may be purchased for no less than 80% of their market value). By comparison, for U.S. issuers,

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the funds do not support employee stock purchase plans that permit shares to be acquired at more than a 15% discount (*i.e.*, for less than 85% of their market value).

### **Capitalization**

- The funds will vote **for** proposals
  - to issue additional common stock representing up to 20% of the company's outstanding common stock, where shareholders *do not* have preemptive rights, or
  - to issue additional common stock representing up to 100% of the company's outstanding common stock, where shareholders *do have* preemptive rights.
- The funds will vote **for** proposals to authorize share repurchase programs that are recommended for approval by the funds' proxy voting service; otherwise, the funds will vote **against** such proposals.

### **Australia**

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

### **Hong Kong**

- The funds will vote **for** proposals to approve a general mandate permitting the company to engage in non-*pro rata* share issues of up to 20% of total equity in a year if the company's board meets the funds' independence standards; if the company's board does not meet the funds' independence standards, then the funds will vote **against** these proposals.
- The funds will **for** proposals to approve the reissuance of shares acquired by the company under a share repurchase program, provided that: (1) the funds supported (or would have supported, in accordance with these guidelines) the share repurchase program, (2) the reissued shares represent no more than 10% of the company's outstanding shares (measured immediately before the reissuance), and (3) the reissued shares are sold for no less than 85% of current market value.

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

### **Other Business Matters**

- The funds will vote **for** proposals permitting companies to deliver reports and other materials electronically (*e.g.*, via website posting).
- The funds will vote **for** proposals permitting companies to issue regulatory reports in English.
- The funds will vote **against** proposals to shorten shareholder meeting notice periods to fourteen days.

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

### **France**

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

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

### **Germany**

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

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

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

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

### **Taiwan**

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

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

As adopted December 14, 2012

## **Proxy voting procedures of the Putnam funds**

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

### *The role of the funds' Trustees*



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

### *The role of the proxy voting service*

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

### *The role of the Proxy Manager*

Each year, a member of the Office of the Trustees is appointed Proxy Manager to assist in the coordination and voting of the funds' proxies. The Proxy Manager will deal directly with the proxy voting service and, in the case of proxy questions referred by the proxy voting service, will solicit voting recommendations and instructions from the Office of the Trustees, the Chair of the Board Policy and Nominating Committee, and Putnam Management's investment professionals, as appropriate. The Proxy Manager is responsible for ensuring that these questions and referrals are responded to in a timely fashion and for transmitting appropriate voting instructions to the proxy voting service.

### *Voting procedures for referral items*

As discussed above, the proxy voting service will refer proxy questions to the Proxy Manager under certain circumstances. When the application of the proxy voting guidelines is unclear or a particular proxy question is not covered by the guidelines (and does not involve investment considerations), the Proxy Manager will assist in interpreting the guidelines and, as appropriate, consult with one or more senior staff members of the Office of the Trustees and the Chair of the Board Policy and Nominating Committee on how the funds' shares will be voted.

For proxy questions that require a case-by-case analysis pursuant to the guidelines or that are not covered by the guidelines but involve investment considerations, the Proxy Manager will refer such questions, through an electronic request form, to Putnam Management's investment professionals for a voting recommendation. Such referrals will be made in cooperation with the person or persons designated by Putnam Management's Legal and Compliance Department to assist in processing such referral items. In connection with each referral item, the Legal and Compliance Department will conduct a conflicts of interest review, as described below under "Conflicts of interest," and provide electronically a conflicts of interest report (the "Conflicts Report") to the Proxy Manager describing the results of such review. After receiving a referral item from the Proxy Manager, Putnam Management's investment professionals will provide a recommendation electronically to the Proxy Manager and the person or persons designated by the Legal and Compliance Department to assist in processing referral items. Such recommendation will set forth (1) how the proxies should be voted; (2) the basis and

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rationale for such recommendation; and (3) any contacts the investment professionals have had with respect to the referral item with non-investment personnel of Putnam Management or with outside parties (except for routine communications from proxy solicitors). The Proxy Manager will then review the investment professionals' recommendation and the Conflicts Report with one or more senior staff members of the Office of the Trustees in determining how to vote the funds' proxies. The Proxy Manager will maintain a record of all proxy questions that have been referred to Putnam Management's investment professionals, the voting recommendation, and the Conflicts Report.

In some situations, the Proxy Manager and/or one or more senior staff members of the Office of the Trustees may determine that a particular proxy question raises policy issues requiring consultation with the Chair of the Board Policy and Nominating Committee, who, in turn, may decide to bring the particular proxy question to the Committee or the full Board of Trustees for consideration.

### *Conflicts of interest*

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

*As adopted March 11, 2005 and revised June 12, 2009*

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

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

<b>Portfolio Managers</b>	<b>Joined Fund</b>	<b>Employer</b>	<b>Positions Over Past Five Years</b>
Paul Drury	2002	<b>Putnam Management</b> 1989 – Present	Portfolio Manager, Previously, Tax Exempt Specialist
Susan McCormack	2002	<b>Putnam Management</b> 1994 – Present	Portfolio Manager, Previously, Tax Exempt Specialist
Thalia Meehan	2006	<b>Putnam Management</b> 1989 – Present	Portfolio Manager, Previously, Team Leader of Tax Exempt

Group

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

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

Portfolio Leader or Member	Other SEC-registered open-end and closed-end funds		Other accounts that pool assets from more than one client		Other accounts (including separate accounts, managed account programs and single-sponsor defined contribution plan offerings)	
	Number of accounts	Assets	Number of accounts	Assets	Number of accounts	Assets
Paul Drury	15	\$6,731,000,000	0	\$ —	0	\$ —
Susan McCormack	15	\$6,731,000,000	0	\$ —	1	\$1,900,000
Thalia Meehan	15	\$6,731,000,000	0	\$ —	1	\$1,000,000

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

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

- The most attractive investments could be allocated to higher-fee accounts or performance fee accounts.
- The trading of higher-fee accounts could be favored as to timing and/or execution price. For example, higher-fee accounts could be permitted to sell securities earlier than other accounts

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when a prompt sale is desirable or to buy securities at an earlier and more opportune time.

- The trading of other accounts could be used to benefit higher-fee accounts (front- running).
- The investment management team could focus their time and efforts primarily on higher-fee accounts due to a personal stake in compensation.

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

- Performance fee accounts must be included in all standard trading and allocation procedures with all other accounts.
- All accounts must be allocated to a specific category of account and trade in parallel with allocations of similar accounts based on the procedures generally applicable to all accounts in those groups (e.g., based on relative risk budgets of accounts).
- All trading must be effected through Putnam's trading desks and normal queues and procedures must be followed (i.e., no special treatment is permitted for performance fee accounts or higher-fee accounts based on account fee structure).
- Front running is strictly prohibited.
- The fund's Portfolio Manager(s) may not be guaranteed or specifically allocated any portion of a performance fee.

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

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

A potential conflict of interest may arise when the fund and other accounts purchase or sell the same securities. On occasions when the Portfolio Manager(s) consider the purchase or sale of a security to be in the best interests of the fund as well as other accounts, Putnam Management's trading desk may, to the extent permitted by applicable laws and regulations, aggregate the securities to be sold or purchased in order to obtain the best execution and lower brokerage commissions, if any. Aggregation of trades may create the potential for unfairness to the fund or another account if one account is

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avored over another in allocating the securities purchased or sold – for example, by allocating a disproportionate amount of a security that is likely to increase in value to a favored account. Putnam Management’s trade allocation policies generally provide that each day’s transactions in securities that are purchased or sold by multiple accounts are, insofar as possible, averaged as to price and allocated between such accounts (including the fund) in a manner which in Putnam Management’s opinion is equitable to each account and in accordance with the amount being purchased or sold by each account. Certain exceptions exist for specialty, regional or sector accounts. Trade allocations are reviewed on a periodic basis as part of Putnam Management’s trade oversight procedures in an attempt to ensure fairness over time across accounts.

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

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

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

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

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

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

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

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

\*: Assets in the fund

Year	\$0	\$0-\$10,000	\$10,001-\$50,000	\$50,001-\$100,000	\$100,001-\$500,000	\$500,001-\$1,000,000	\$1,000,001 and over
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(b) Not applicable

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

Registrant Purchase of Equity Securities

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs*</u>	<u>Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased under the Plans or Programs**</u>
November 1 – November 30, 2012	—	—	—	5,761,515
December 1 – December 31, 2012	—	—	—	5,761,515
January 1 – January 31, 2013	—	—	—	5,761,515
February 1 – February 28, 2013	—	—	—	5,761,515
March 1 – March 31, 2013	—	—	—	5,761,515
April 1 – April 30, 2013	—	—	—	5,761,515
May 1 – May 31, 2013	—	—	—	5,761,515
June 1 – June 30, 2013	—	—	—	5,761,515
July 1 – July 31, 2013	—	—	—	5,761,515
August 1 – August 31, 2013	193,463	\$6.65	193,463	5,568,052
September 1 – September 30, 2013	—	—	—	5,568,052
October 1 – October 7, 2013	—	—	—	5,568,052

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October 8 – October 31, 2013	87,438	\$6.64	87,438	5,662,526
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\* In October 2005, the Board of Trustees of the Putnam Funds initiated the closed-end fund share repurchase program, which, as subsequently amended, authorized the fund to repurchase of up to 10% of its fund's outstanding common shares over the two-years ending October 5, 2007. The Trustees have subsequently renewed the program on an annual basis. The program renewed by the Board in September 2011, which remained in effect between October 8, 2011 and October 7, 2012, allowed the fund to repurchase up to 5,747,266 of its shares. The program renewed by the Board in September 2012, which will remain in effect between October 8, 2012 and October 7, 2013, allows the fund to repurchase up to 5,761,514 of its shares. The program renewed by the Board in September 2013, which will remain in effect between October 8, 2013 and October 7, 2014, allows the fund to repurchase up to 5,749,964 of its shares.

\*\* Information prior to October 7, 2013 is based on the total number of shares eligible for repurchase under the program, as amended through September 2012. Information from October 8, 2013 forward is based on the total number of shares eligible for repurchase under the program, as amended through September 2013.

### Item 10. Submission of Matters to a Vote of Security Holders:

Not applicable

### Item 11. Controls and Procedures:

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

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

### Item 12. Exhibits:

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

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

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

### SIGNATURES

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

thereunto duly authorized.

Putnam Managed Municipal Income Trust

By (Signature and Title):

/s/Janet C. Smith

Janet C. Smith  
Principal Accounting Officer

Date: December 27, 2013

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

By (Signature and Title):

/s/Jonathan S. Horwitz

Jonathan S. Horwitz  
Principal Executive Officer

Date: December 27, 2013

By (Signature and Title):

/s/Steven D. Krichmar

Steven D. Krichmar  
Principal Financial Officer

Date December 27, 2013