PUTNAM MANAGED MUNICIPAL INCOME TRUST
Form N-CSR
December 29, 2010

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: Beth S. Mazor, Vice President
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Boston, Massachusetts 02109

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

Date of fiscal year end: October 31, 2010

Date of reporting period: November 1, 2009 - October 31, 2010

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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Message from the Trustees

Dear Fellow Shareholder:

Stock markets around the world rallied strongly over the past few months, riding a rising tide of strengthening investor confidence and slowly improving economic and corporate data. Indeed, U.S. stocks delivered their best September in 71 years, and continued to add to those gains in October. Bond markets also have generated positive results for much of 2010 and continue to be a source of refuge for risk-averse investors.

It is important to recognize, however, that we may see periods of heightened market volatility as markets and economies seek more solid ground. The slow pace of the U.S. economic recovery and ongoing European sovereign debt concerns have made markets more susceptible to disappointing news. We believe, however, that Putnam’s research-intensive, actively managed investment approach is well suited for this environment.

In developments affecting oversight of your fund, Barbara M. Baumann has been elected to the Board of Trustees of the Putnam Funds, effective July 1, 2010. Ms. Baumann is president and owner of Cross Creek Energy Corporation of Denver, Colorado, a strategic consultant to domestic energy firms and direct investor in energy assets. We also want to thank Elizabeth T. Kennan, who has retired from the Board of Trustees, for her many years of dedicated and thoughtful leadership.

Lastly, we would like to take this opportunity to welcome new shareholders to the fund and to thank all of our investors for your continued confidence in Putnam.

About the fund

Potential for income exempt from federal income tax

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

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

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

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

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

Consider these risks before investing: Lower-rated bonds may offer higher yields in return for more risk. Funds that invest in bonds are subject to certain risks including interest-rate risk, credit risk, and inflation risk. As interest rates rise, the prices of bonds fall. Long-term bonds are more exposed to interest-rate risk than short-term bonds.

Unlike bonds, bond funds have ongoing fees and expenses. The fund uses leverage, which involves risk and may increase the volatility of the fund's net asset value. The fund's shares trade on a stock exchange at market prices, which may be lower than the fund's net asset value.

How do closed-end funds differ from open-end funds?

More assets at work While open-end funds need to maintain a cash position to meet redemptions, closed-end funds are not subject to redemptions and can keep more of their assets invested in the market.

Traded like stocks Closed-end fund shares are traded on stock exchanges, and their market prices fluctuate in response to supply and demand, among other factors.

Net asset value vs. market price Like an open-end fund's net asset value (NAV) per share, the NAV of a closed-end fund share is equal to the current value of the fund's assets, minus its liabilities, divided by the number of shares outstanding. However, when buying or selling closed-end fund shares, the price you pay or receive is the market price. Market price reflects current market supply and demand and may be higher or lower than the NAV.

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Data is 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 10–11 for additional performance information, including fund returns at market price. Index and Lipper results should be compared with fund performance at NAV. 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

Paul Drury

How did the fund and the municipal bond market perform for the 12-month period, Paul?

For the fiscal year ended October 31, 2010, Putnam Managed Municipal Income Trust advanced 14.11% at net asset value, topping the 7.78% return for its benchmark, the Barclays Capital Municipal Bond Index. However, the fund's return trailed the 15.20% average return of its peers in the Lipper High Yield Municipal Debt Funds category [closed end].

What role did the fund's use of leverage play in the fund's performance?

Leverage generally involves borrowing funds and investing the proceeds with the expectation of producing a return that exceeds the cost of borrowing. Unlike open-end funds, closed-end funds are permitted to engage in investment leverage by issuing preferred shares. Your fund has used this form of investment leverage, which offers opportunities for increased investment yield, while also effectively amplifying the common shareholders’ exposure to the effects of both investment losses and investment gains. To the extent your fund can invest the assets attributable to leverage in securities with greater return than the cost of leverage, the use of leverage should benefit your fund’s common shareholders.

Due to Federal Reserve actions that have reduced short-term borrowing costs to historical lows, and due to generally favorable municipal bond market conditions over recent periods, preferred share leverage has been generally advantageous to your fund’s common shareholders over recent periods. We will continue to monitor the overall impact of preferred share leverage on your fund’s portfolio.

This comparison shows your fund’s performance in the context of broad market indexes for the 12 months ended 10/31/10. See pages 4 and 10–11 for additional fund performance information. Index descriptions can be found on page 12.

What was the market environment like during the year?

During the fund’s fiscal year, the financial markets experienced a broad-based recovery as investors began to reallocate money away from cash and other safe assets into longer-term and higher-risk investments. As the credit markets stabilized and risk tolerance increased, strong demand from yield-hungry investors pushed bond prices higher in the more credit-sensitive sectors of the municipal bond market.

By early 2010, however, the financial markets encountered new concerns — chief among them the growing European debt crisis and fears that it might derail the global economic recovery. Investors were also uncertain about the inevitable withdrawal of stimulus funds around the globe, and how this process would affect growth. Those concerns subsided somewhat by the summer, as the European debt markets stabilized and the Federal Reserve Board again suggested that its easing policies would continue for an extended period. On the whole, the third quarter of 2010 was fairly solid for municipal bonds after a choppy start to the calendar year.

What other factors influenced the municipal bond market during the period?

Build America Bonds — or “BABs” — continued to have a significant impact on the municipal bond market. The program began in early 2009 as part of the federal government’s stimulus package and allows states and municipalities to issue bonds in the taxable market, providing them with access to a wider range of investors. The federal government in turn subsidizes a portion of the interest payments, currently 35%. As of October 31, nearly $90 billion worth of BABs were issued in 2010.

Overall, the plan has been successful in lowering financing costs for states, and has also benefited municipal bond investors by

Credit qualities are shown as a percentage of portfolio value as of 10/31/10. 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 or, if unrated by S&P, by Fitch, and then included in the closest equivalent Moody’s rating. Ratings will vary over time. Credit qualities are included for portfolio securities and are not included for derivative instruments and cash. The fund itself has not been rated by an independent rating agency.

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reducing the supply of tax-exempt bonds in the market, which has led to improved supply and demand dynamics. Congress is currently considering extending the program with a slightly lower subsidy, although, as of this writing, its unclear whether such an extension will be acted upon by the lame-duck Congress.

We also think that the health-care reform legislation should be a modest positive for the tax-exempt bond market, because it contains a 3.8% tax on capital gains, unearned interest, and dividends for individuals with income over $200,000 or households with income over $250,000. Municipal bond income would not be subject to the tax, and any tax increase improves the attractiveness of tax-exempt funds. Ultimately, we believe investors tax burden is likely to head higher, and that should make municipal bonds tax-exempt income even more attractive.

Turning back to the fund, which market segments drove performance during the 12-month period?

The biggest driver of performance was the funds position in BBB-rated securities. Early in 2009, municipal bonds across the board looked extremely undervalued by historical standards, with wider spreads occurring in the lower-rated segments of the market. We targeted those opportunities by increasing the funds exposure to BBB-rated securities throughout 2009 and continued to do so more selectively in 2010. This generally helped performance during the period. As the market recovered, the funds position in

Top ten state allocations are shown as a percentage of the funds portfolio value as of 10/31/10Investments in Puerto Rico represented 2.2% of net assets. Holdings will vary over time.

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tobacco bonds rallied sharply, placing them among the top contributors in 2009. In 2010, we began reducing our exposure to tobacco bonds for two reasons: first, to lock in their strong performance, and second, because we felt their fundamentals had become somewhat less attractive. That said, tobacco bond spreads which measure the sectors excess yield over similar U.S. Treasuries are currently wider than average, and we believe certain opportunities still exist within the sector.

The funds investments in California and Puerto Rico municipal bonds also helped fund performance, as those areas of the market performed well over the past 12 months. In general, however, weve been limiting the funds exposure to general obligation [G.O.] bonds, particularly those issued by local municipalities such as cities and counties, as negative headlines and potential downgrades by ratings agencies could put pressure on bond prices. Instead, weve been finding better opportunities in revenue bonds, which are secured by cash flows tied to specific projects. The health-care and utilities sectors are two areas of the market where we are overweight, and, in general, our positions helped performance over the period.

What is your outlook for the municipal bond market?

While we believe the U.S. economy will continue recovering, growth could remain muted for some time. The volatility that returned to stock and bond markets this spring, aggravated by growing concerns over sovereign debt problems in Europe, appears unlikely to dissipate soon in our view. U.S. unemployment remains persistently high, while consumer and business spending have been sporadic, which has diminished many states tax revenues. However, we believe the real risk for most municipal bonds is not default risk, but headline risk posed by the

This chart shows how the funds top weightings have changed over the past six months. Weightings are shown as a percentage of net assets. Summary information may differ from the portfolio schedule included in the financial statements due to the inclusion of derivative securities and the exclusion of as-of trades, if any, and the use of different classifications of securities for presentation purposes. Holdings will vary over time. Sector concentrations listed after the portfolio schedule in the Financial Statements section of this shareholder report are exclusive of insured status and any interest accruals and may differ from the summary information above.

Data in the chart reflect a new calculation methodology placed in effect within the past six months.

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ongoing media coverage of state budgetary woes. We believe the financial challenges faced by states like California are significant, but can be dealt with. Its important for investors to remember that most states pass a balanced budget every year, and although it took a record-setting time to do so, California recently resolved its budget impasse for the current fiscal year.

Overall, supply/demand technicals are supportive of the market, but over the near term, we believe the market will be tested by a likely increase in supply given uncertainty surrounding the BABs extension. We believe investment opportunities continue to exist in certain areas of the market, such as the BBB-rated segment, and, as always, we are monitoring the market closely, and will seek to take advantage of new opportunities as they develop.

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

The views expressed in this report are exclusively those of Putnam Management. 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 funds investment strategy and may vary in the future. Current and future portfolio holdings are subject to risk.

Of special interest

Effective February 2010, the fund increased its dividend per share from $0.0402 to $0.0440 due to an increase in income from the funds holdings.

Portfolio Manager **Paul Drury** is a Tax Exempt Specialist at Putnam. He 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 funds portfolio managers are Susan McCormack and Thalia Meehan. Brad Libby departed the funds portfolio management team in December 2009.

IN THE NEWS

The Federal Reserves QE2 has set sail. In light of what has been a tepid economic recovery, in October the Fed announced a second round of monetary stimulus via quantitative easing dubbed QE2 by the media involving the purchase of an additional $600 billion of U.S. Treasury bonds through the end of June 2011. The Fed has suggested in recent months that it is particularly concerned about the prospect of deflation, which has plagued the Japanese economy for the better part of the past decade. By purchasing Treasuries, the central bank could drive down already low yields by injecting about $75 billion a month into the capital markets. The idea behind QE2 is that the money would then be reinvested, and the expected upward pressure on asset prices could create inflationary expectations sufficient to prevent deflation from becoming a problem.

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Your fund's performance

This section shows your fund's performance, price, and distribution information for periods ended October 31, 2010, the end of its most recent fiscal year. In accordance with regulatory requirements for mutual funds, we also include performance as of the most recent calendar quarter-end. Performance should always be considered in light of a fund's investment strategy. Data represents past performance. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return, net asset value, and market price will fluctuate, and you may have a gain or a loss when you sell your shares.

Fund performance Total return for periods ended 10/31/10

	NAV	Market price	Barclays Capital Municipal Bond Index	Lipper High Yield Municipal Debt Funds (closed-end) category average*
Annual average				
Life of fund (since 2/24/89)	6.53%	6.24%	6.59%	5.53%
10 years	74.40	55.14	72.25	73.47
Annual average	5.72	4.49	5.59	5.59
5 years	27.62	48.48	28.84	25.04
Annual average	5.00	8.23	5.20	4.52
3 years	16.80	32.68	18.39	11.68
Annual average	5.31	9.88	5.79	3.70
1 year	14.11	25.94	7.78	15.20

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. 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 10/31/10, there were 15, 14, 14, 11, and 6 funds, respectively, in this Lipper category.

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

Distributions	
Number	12
Income [1]	$0.5166
Capital gains [2]	—
Total	**$0.5166**

Distributions — Preferred shares*	**Series A (245 shares)**	**Series C (1,980 shares)**
Income [1]	$254.52	$124.74
Capital gains [2]	—	—
Total	**$254.52**	**$124.74**

Share value	**NAV**	**Market price**
10/31/09	$7.17	$6.59
10/31/10	7.62	7.73
Current yield (end of period)		
Current dividend rate [3]	6.93%	6.83%
Taxable equivalent [4]	10.66%	10.51%

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

* For further information on the preferred shares outstanding during the period, please refer to Note 4: Preferred shares on page 46.

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

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

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

4 Assumes maximum 35% federal tax rate for 2010. 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 9/30/10

	NAV	Market price
Annual average		
Life of fund (since 2/24/89)	6.53%	6.28%
10 years	75.03	65.32
Annual average	5.76	5.16
5 years	26.42	42.69
Annual average	4.80	7.37
3 years	16.68	32.08
Annual average	5.28	9.72
1 year	11.49	22.65

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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 and the net assets allocated to any outstanding preferred shares, divided by the number of outstanding common 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.

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

Comparative indexes

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

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

BofA (Bank of America) 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.

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”).

In this regard, the Board of Trustees, with the assistance of its Contract Committee consisting solely of Trustees who are not “interested persons” (as this term is defined in the Investment Company Act of 1940, as amended) of the Putnam funds (the “Independent Trustees”), requests and evaluates all information it deems reasonably necessary under the circumstances. Over the course of several months ending in June 2010, the Contract Committee met on a number of occasions with representatives of Putnam Management and in executive session to consider the information provided by Putnam Management and other information developed with the assistance of the Board’s independent counsel and independent staff. The Contract Committee reviewed and discussed key aspects of this information with all of the Independent Trustees. At the Trustees’ June 11, 2010 meeting, the Contract Committee recommended, and the Independent Trustees approved, the continuance of your fund’s management and sub-management contracts, effective July 1, 2010. (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 such services, and

- That the fee schedule represented an appropriate sharing between fund 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 fee 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 certain 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 prior years.

Management fee schedules and categories; total expenses

The Trustees reviewed the management fee schedules in effect for all Putnam funds, including fee levels and breakpoints. In reviewing management fees, the Trustees generally focus their attention on material changes in circumstances for example,

changes in assets under management or investment style, changes in Putnam Managements operating costs, 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.

The Trustees reviewed comparative fee and expense information for a custom group of competitive funds selected by Lipper Inc. This comparative information included your funds percentile ranking for effective management fees and total expenses, which provides a general indication of your funds 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 in the custom peer group based on fund asset size and the applicable contractual management fee schedule) and in the 1st quintile in total expenses as of December 31, 2009 (the first quintile representing the least expensive funds and the fifth quintile the most expensive funds).

Your fund currently has the benefit of breakpoints in its management fee that provide shareholders with significant economies of scale in the form of reduced fee levels as the funds 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 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 Managements 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 currently in place represented an appropriate sharing of economies of scale 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 such fees with fees charged to the funds, as well as an assessment of the differences in the services provided to these two types of clients. The Trustees observed, in this regard, 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 market places. The Trustees considered the fact that fee rates across different asset classes are typically 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, and 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 Coordinating Committee of the Trustees and the Investment Oversight Committees of the Trustees, which met on a regular basis with the funds’ portfolio teams 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 the investment performance of each fund over multiple time periods and considered information comparing each fund’s performance with various benchmarks and with the performance of competitive funds.

The Committee noted the substantial improvement in the performance of most Putnam funds during 2009. The Committee also noted the disappointing investment performance of a number of the funds for periods ended December 31, 2009 and considered information provided by Putnam Management regarding the factors contributing to the underperformance and actions being taken to improve performance. The Trustees indicated their intention to continue to monitor performance trends to assess the effectiveness of these efforts and to evaluate whether additional changes to address areas of underperformance are warranted.

In the case of your fund, the Trustees considered that your fund’s 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) for the one-year, three-year and five-year periods ended December 31, 2009 (the first quartile representing the best-performing funds and the fourth quartile the worst-performing funds):

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

Over the one-year, three-year and five-year periods ended December 31, 2009, there were 15, 14 and 14 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.)

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 and soft-dollar allocations, 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. The Trustees considered a change made, at Putnam Management’s request, to the Putnam funds’ brokerage allocation policies commencing in 2010, which increased the permitted soft dollar allocation to third-party services over what had been authorized in previous years. The Trustees noted that a portion of available soft dollars continues to be allocated to the payment of fund expenses. The Trustees indicated their continued intent to monitor regulatory developments in this area with the assistance of their Brokerage Committee and also indicated their continued intent to monitor the potential benefits associated with fund brokerage and soft-dollar allocations and trends in industry practices 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 contract, the Trustees reviewed your fund's investor servicing agreement with Putnam Fiduciary Trust Company ("PFTC"), an affiliate of Putnam Management. The Trustees concluded that the fees payable by the funds to PFTC for such services are reasonable in relation to the nature and quality of such services.

Other information for shareholders

Important notice regarding share repurchase program

In September 2010, 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, 2010, up to 10% of the fund's common shares outstanding as of October 7, 2010.

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.

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, 2010, are available in the Individual Investors section at putnam.com, and on the SEC's Web site, www.sec.gov. If you have questions about finding forms on the SEC's Web site, 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 Web site at www.sec.gov. In addition, the fund's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. You may call the SEC at 1-800-SEC-0330 for information about the SEC's Web site 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, 2010, Putnam employees had approximately $324,000,000 and the Trustees had approximately $68,000,000 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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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 funds financial statements.

The funds portfolio lists all the funds 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 funds 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 funds net investment gain or loss. This is done by first adding up all the funds 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 funds net gain or loss for the fiscal year.

Statement of changes in net assets shows how the funds net assets were affected by the funds net investment gain or loss, by distributions to shareholders, and by changes in the number of the funds 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 funds 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 (the fund), including the funds portfolio, as of October 31, 2010 and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the 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 our 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, 2010 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, 2010, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Boston, Massachusetts
December 17, 2010

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The fund's portfolio 10/31/10

Key to holding's abbreviations

AGM Assured Guaranty Municipal Corporation

AMBAC AMBAC Indemnity Corporation

COP Certificates of Participation

FGIC Financial Guaranty Insurance Company

FNMA Coll. Federal National Mortgage Association Collateralized

FRB Floating Rate Bonds

FRN Floating Rate Notes

G.O. Bonds General Obligation Bonds

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

MUNICIPAL BONDS AND NOTES (127.6%)*	Rating**	Principal amount	Value
Alabama (1.9%)			
Butler, Indl. Dev. Board Solid Waste Disp. Rev. Bonds (GA. Pacific Corp.), 5 3/4s, 9/1/28	BBB	$1,500,000	$1,455,945
Courtland, Indl. Dev. Board Env. Impt. Rev. Bonds			

(Intl. Paper Co.), Ser. A, 5s, 11/1/13	BBB	1,500,000	1,618,800
Cullman Cnty., Hlth. Care Auth. Rev. Bonds			
(Cullman Regl. Med. Ctr.), Ser. A, 6 3/4s, 2/1/29	Baa3	3,000,000	3,166,230
Selma, Indl. Dev. Board Rev. Bonds (Gulf			
Opportunity Zone Intl. Paper Co.), Ser. A,			
6 1/4s, 11/1/33	BBB	1,000,000	1,079,140
Sylacauga, Hlth. Care Auth. Rev. Bonds (Coosa			
Valley Med. Ctr.), Ser. A			
6s, 8/1/35	B/P	250,000	219,438
6s, 8/1/25	B/P	650,000	602,550
			8,142,103
Arizona (5.1%)			
Apache Cnty., Indl. Dev. Auth. Poll. Control Rev.			
Bonds (Tucson Elec. Pwr. Co.)			
Ser. B, 5 7/8s, 3/1/33	Baa3	1,000,000	1,003,890
Ser. A, 5.85s, 3/1/28	Baa3	250,000	250,775
AZ Hlth. Fac. Auth. Hosp. Syst. Rev. Bonds			
(John C. Lincoln Hlth. Network), 6 3/8s, 12/1/37			
(Prerefunded 12/1/12)	BBB	1,500,000	1,687,050
Calhoun Cnty., Sales & Use Tax Rev. Bonds			
(Georgia-Pacific Corp.), 6 3/8s, 11/1/26	Ba3	830,000	834,997
Casa Grande, Indl. Dev. Auth. Rev. Bonds (Casa			
Grande Regl. Med. Ctr.), Ser. A			
7 5/8s, 12/1/29	B+/P	1,800,000	1,824,804
7 1/4s, 12/1/19	B+/P	1,000,000	1,031,090
Cochise Cnty., Indl. Dev. Auth. Rev. Bonds			
(Sierra Vista Regl. Hlth. Ctr.), Ser. A, 6.2s, 12/1/21	BBB+/P	440,000	481,725
Coconino Cnty., Poll. Control Rev. Bonds			
(Tuscon/Navajo Elec. Pwr.), Ser. A,			
7 1/8s, 10/1/32	Baa3	3,750,000	3,765,038
(Tucson Elec. Pwr. Co. Navajo), Ser. A,			
5 1/8s, 10/1/32	Baa3	2,000,000	2,002,040

Maricopa Cnty., Poll. Control Rev. Bonds (El Paso Elec. Co.), Ser. A, 7 1/4s, 2/1/40	Baa2	2,200,000	2,564,848

MUNICIPAL BONDS AND NOTES (127.6%)* *cont.*	Rating**	Principal amount	Value
Arizona *cont.*			
Navajo Cnty., Poll. Control Corp. Mandatory Put Bonds (6/1/16), Ser. E, 5 3/4s, 6/1/34	Baa2	$1,950,000	$2,158,026
Phoenix, Indl. Dev. Auth. Ed. Rev. Bonds (Career Success Schools), 7 1/8s, 1/1/45	BBB-	500,000	510,880
Pima Cnty., Indl. Dev. Auth. Rev. Bonds			
(Tucson Elec. Pwr.), Ser. A, 6 3/8s, 9/1/29	Baa3	500,000	518,555
(Horizon Cmnty. Learning Ctr.), 5.05s, 6/1/25	BBB	1,140,000	1,033,627
Salt Verde, Fin. Corp. Gas Rev. Bonds, 5 1/2s, 12/1/29	A	2,000,000	2,089,280
Tempe, Indl. Dev. Auth. Sr. Living Rev. Bonds (Friendship Village), Ser. A, 5 3/8s, 12/1/13	BB-/P	393,000	389,604
			22,146,229
Arkansas (0.2%)			
Arkadelphia, Pub. Ed. Fac. Board Rev. Bonds (Ouachita Baptist U.), 6s, 3/1/33	BBB-/P	840,000	870,097
			870,097
California (10.3%)			
CA Hlth. Fac. Fin. Auth. Rev. Bonds, AMBAC, 5.293s, 7/1/17	A2	3,400,000	3,407,241
CA Muni. Fin. Auth. COP (Cmnty. Hosp. Central CA), 5 1/4s, 2/1/37	Baa2	1,105,000	1,063,795

CA Poll. Control Fin. Auth. Rev. Bonds (Pacific Gas &			
Electric Corp.), Class D, FGIC, 4 3/4s, 12/1/23	A3	2,500,000	2,512,525
CA Poll. Control Fin. Auth. Solid Waste Disp. FRB			
(Waste Management, Inc.), Ser. C, 5 1/8s, 11/1/23	BBB	2,150,000	2,228,668
CA Poll. Control Fin. Auth. Solid Waste Disp. Rev.			
Bonds (Waste Management, Inc.), Ser. A-2,			
5.4s, 4/1/25	BBB	1,760,000	1,820,738
CA State G.O. Bonds, 6 1/2s, 4/1/33	A1	5,000,000	5,850,100
CA State Pub. Wks. Board Rev. Bonds, Ser. I-1,			
6 5/8s, 11/1/34	A2	5,595,000	6,170,445
CA Statewide Cmnty. Dev. Auth. COP (The Internext			
Group), 5 3/8s, 4/1/30	BBB	3,950,000	3,849,946
CA Statewide Cmnty. Dev. Auth. Rev. Bonds			
(Thomas Jefferson School of Law), Ser. A,			
7 1/4s, 10/1/38	BB+	560,000	603,512
(American Baptist Homes West), 5 3/4s, 10/1/25	BBB–	3,000,000	3,090,450
Cathedral City, Impt. Board Act of 1915 Special			
Assmt. Bonds (Cove Impt. Dist.), Ser. 04-02			
5.05s, 9/2/35	BBB–/P	1,015,000	877,173
5s, 9/2/30	BBB–/P	245,000	222,600
Chula Vista, Cmnty. Fac. Dist. Special Tax Rev. Bonds			
(No. 06-1 Eastlake Woods Area), 6.1s, 9/1/21	BBB/P	1,000,000	1,030,650
(No. 07-1 Otay Ranch Village Eleven), 5.8s, 9/1/28	BB+/P	290,000	290,365
Foothill/Eastern Corridor Agcy. Rev. Bonds			
(Toll Road), 5.85s, 1/15/23	Baa3	500,000	513,965
(CA Toll Roads), 5 3/4s, 1/15/40	Baa3	2,745,000	2,714,091
M-S-R Energy Auth. Rev. Bonds, Ser. A,			
6 1/2s, 11/1/39	A	750,000	881,295

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	874,989

MUNICIPAL BONDS AND NOTES (127.6%)* *cont.*	**Rating****	**Principal amount**	**Value**
California *cont.*			
Poway, Unified School Dist. Cmnty. Facs. Special Tax Bonds (Dist. No. 14- Area A), 5 1/8s, 9/1/26	B+/P	$850,000	$797,725
Sacramento, Special Tax (North Natomas Cmnty. Fac.), Ser. 4-C, 6s, 9/1/33	BBB/P	1,245,000	1,238,750
San Francisco, City & Cnty. Redev. Fin. Auth. Tax Alloc. Bonds (Mission Bay South), Ser. D, 6 5/8s, 8/1/39	BBB	250,000	268,213
Santaluz, Cmnty. Facs. Dist. No. 2 Special Tax Rev. Bonds (Impt. Area No. 1), Ser. B, 6 3/8s, 9/1/30	BBB/P	2,810,000	2,815,254
Sunnyvale, Special Tax Rev. Bonds (Cmnty. Fac. Dist. No. 1), 7 3/4s, 8/1/32	B+/P	835,000	840,411
Thousand Oaks, Cmnty. Fac. Dist. Special Tax Rev. Bonds (Marketplace 94-1), zero %, 9/1/14	B+/P	1,720,000	1,278,304
			45,241,205
Colorado (2.1%)			
CO Hlth. Fac. Auth. Rev. Bonds			
(Christian Living Cmntys.), Ser. A, 5 3/4s, 1/1/26	BB/P	425,000	410,788
(Christian Living Cmntys.), Ser. A, 8 1/4s, 1/1/24	BB/P	375,000	402,589
(Evangelical Lutheran), Ser. A, 6 1/8s, 6/1/38	A3	2,045,000	2,108,620
(Total Longterm Care National), Ser. A, 6 1/4s, 11/15/40	BBB/F	300,000	308,772
(Valley View Assn.), 5 1/4s, 5/15/42	BBB	3,495,000	3,385,081

CO Pub. Hwy. Auth. Rev. Bonds			
(E-470 Pub. Hwy.), Ser. C1, NATL, 5 1/2s, 9/1/24	A	1,000,000	1,018,560
(E-470 Pub. Hwy.), Ser. C, 5 3/8s, 9/1/36	Baa2	500,000	505,095
Denver, City & Cnty. Special Fac. Arpt. Rev. Bonds			
(United Airlines), Ser. A, 5 1/4s, 10/1/32	B	325,000	290,752
Regl. Trans. Dist. Rev. Bonds (Denver Trans. Partners),			
6s, 1/15/41	Baa3	750,000	788,190
			9,218,447
Connecticut (0.4%)			
CT State Dev. Auth. 1st. Mtg. Gross Rev. Hlth. Care			
Rev. Bonds (Elim Street Park Baptist, Inc.),			
5.85s, 12/1/33	BBB+	650,000	633,906
Hamden, Fac. Rev. Bonds (Whitney Ctr.), Ser. A,			
7 3/4s, 1/1/43	BB/P	1,050,000	1,125,800
			1,759,706
Delaware (0.8%)			
DE St. Econ. Dev. Auth. Rev. Bonds			
(Delmarva Pwr.), 5.4s, 2/1/31	BBB+	500,000	526,275
(Indian River Pwr.), 5 3/8s, 10/1/45	Baa3	2,600,000	2,604,810
Sussex Cnty., Rev. Bonds (First Mtge. Cadbury			
Lewes), Ser. A, 5.9s, 1/1/26	B/P	500,000	444,780
			3,575,865
District of Columbia (0.5%)			
DC Tobacco Settlement Fin. Corp. Rev. Bonds, Ser. A,			
zero %, 6/15/46	BB/F	17,500,000	661,675
Metro. Washington, Arpt. Auth. Dulles Toll Rd. Rev.			
Bonds (2nd Sr. Lien), Ser. B, zero %, 10/1/40	Baa1	10,000,000	1,568,600
			2,230,275

MUNICIPAL BONDS AND NOTES (127.6%)* *cont.*	Rating**	Principal amount	Value
Florida (7.0%)			
Double Branch Cmnty. Dev. Dist. Rev. Bonds, Ser. A, 6.7s, 5/1/34	A	$930,000	$962,485
Escambia Cnty., Env. Impt. Rev. Bonds (Intl. Paper Co.), Ser. A, 5s, 8/1/26	BBB	2,000,000	1,967,740
Fishhawk, Cmnty. Dev. Dist. II Rev. Bonds			
Ser. A, 6 1/8s, 5/1/34	B/P	445,000	447,563
Ser. B, 5 1/8s, 11/1/14	B/P	35,000	34,726
FL Hsg. Fin. Corp. Rev. Bonds, Ser. G, 5 3/4s, 1/1/37	Aa1	1,035,000	1,097,411
Halifax, Hosp. Med. Ctr. Rev. Bonds, Ser. A, 5 3/8s, 6/1/46	A	4,380,000	4,385,036
Heritage Harbour Marketplace Cmnty., Dev. Dist. Special Assmt. Bonds, 5.6s, 5/1/36	B/P	375,000	306,514
Heritage Harbour, South Cmnty. Dev. Distr. Rev. Bonds, Ser. A, 6 1/2s, 5/1/34	BB+/P	460,000	474,738
Hillsborough Cnty., Indl. Dev. Auth. Poll. Control Mandatory Put Bonds (9/1/13) (Tampa Elec. Co.), Ser. B, 5.15s, 9/1/25	Baa1	400,000	436,772
Jacksonville, Econ. Dev. Comm. Hlth. Care Fac. Rev. Bonds (Proton Therapy Inst.), Class A, 6s, 9/1/17	B/P	450,000	477,860
Jacksonville, Econ. Dev. Comm. Indl. Dev. Rev. Bonds (Gerdau Ameristeel US, Inc.), 5.3s, 5/1/37	BBB	2,450,000	2,173,591
Lakeland, Retirement Cmnty. Rev. Bonds (1st Mtge. Carpenters), 6 3/8s, 1/1/43	BBB/F	840,000	806,182

Lee Cnty., Indl. Dev. Auth. Hlth. Care Fac. Rev. Bonds			
(Cypress Cove Hlth. Pk.), Ser. A, 6 3/8s, 10/1/25	BB/P	1,100,000	915,728
(Shell Pt./Alliance Oblig. Group), 5 1/8s, 11/15/36	BB	1,075,000	927,843
(Shell Pt./Alliance Cmnty.), 5s, 11/15/22	BB	1,500,000	1,424,460
Main St. Cmnty., Dev. Dist. Special Assmt. Bonds,			
Ser. A, 6.8s, 5/1/38	BB/P	245,000	209,164
Miami Beach, Hlth. Fac. Auth. Hosp. Rev. Bonds			
(Mount Sinai Med. Ctr.), Ser. A			
6.8s, 11/15/31	Ba1	500,000	507,440
6.7s, 11/15/19	Ba1	1,335,000	1,371,045
Palm Coast Pk. Cmnty. Dev. Dist. Special Assmt.			
Bonds, 5.7s, 5/1/37	B+/P	960,000	578,304
Reunion West, Cmnty. Dev. Dist. Special Assmt.			
Bonds, 1.919s, 5/1/36 (In default)	D/P	1,670,000	912,238
Six Mile Creek, Cmnty. Dev. Dist. Rev. Bonds,			
5.65s, 5/1/22	CCC/P	1,240,000	403,000
South Lake Hosp. Dist. (South Lake Hosp.), Ser. A,			
6s, 4/1/29	Baa2	1,000,000	1,052,500
South Miami, Hlth. Fac. Auth. Rev. Bonds (Baptist			
Hlth.), 5 1/4s, 11/15/33 (Prerefunded 2/1/13)	Aaa	1,500,000	1,652,775
South Village, Cmnty. Dev. Dist. Rev. Bonds, Ser. A,			
5.7s, 5/1/35	B/P	940,000	706,175
Tampa Bay, Cmnty. Dev. Dist. Special Assmt. Bonds			
(New Port), Ser. A, 5 7/8s, 5/1/38 (In default)	D/P	655,000	209,600
Tolomato, Cmnty. Dev. Dist. Special Assmt. Bonds			
(Split Pine Cmnty. Dev. Dist.), Ser. A, 5 1/4s, 5/1/39	B/P	1,825,000	1,242,278
6.55s, 5/1/27	B/P	700,000	527,156
5.4s, 5/1/37	BB/P	1,415,000	1,138,070

MUNICIPAL BONDS AND NOTES (127.6%)* *cont.*	**Rating****	**Principal amount**	**Value**
Florida *cont.*			
Verandah, West Cmnty. Dev. Dist. Rev. Bonds (Cap. Impt.), Ser. A, 6 5/8s, 5/1/33	BB/P	$455,000	$455,905
Verano Ctr. Cmnty. Dev. Dist. Special Assmt. Bonds (Cmnty. Infrastructure)			
Ser. A, 5 3/8s, 5/1/37	B□/P	1,000,000	632,770
Ser. B, 5s, 11/1/13	B□/P	605,000	452,685
Village Cmnty. Dev. Dist. No. 8 Special Assmt. Bonds (Dist. No. 8 Phase II), 6 1/8s, 5/1/39	BB□/P	500,000	515,045
Wentworth Estates, Cmnty. Dev. Dist. Special Assmt. Bonds, Ser. A, 5 5/8s, 5/1/37 (In default) □	D/P	970,000	363,750
World Commerce Cmnty. Dev. Dist. Special Assmt., Ser. A-1			
6 1/2s, 5/1/36 (In default) □	D/P	1,250,000	422,738
6 1/4s, 5/1/22 (In default) □	D/P	695,000	244,661
			30,435,948
Georgia (2.8%)			
Atlanta, Wtr. & Waste Wtr. Rev. Bonds, Ser. A, 6 1/4s, 11/1/39	A1	2,500,000	2,832,550
Clayton Cnty., Dev. Auth. Special Fac. Rev. Bonds (Delta Airlines), Ser. A, 8 3/4s, 6/1/29	CCC+	2,000,000	2,316,960
Forsyth Cnty., Hosp. Auth. Rev. Bonds (Baptist Hlth. Care Syst.), U.S. Govt. Coll., 6 1/4s, 10/1/18 (Escrowed to maturity)	AAA	1,690,000	1,982,319
Fulton Cnty., Res. Care Fac. Rev. Bonds			
(Canterbury Court), Class A, 6 1/8s, 2/15/34	BB□/P	600,000	561,540
(First Mtge. Lenbrook), Ser. A, 5s, 7/1/17	B/P	1,370,000	1,260,893

Gainesville & Hall Cnty., Devauth Retirement Cmnty.			
Rev. Bonds (Acts Retirement-Life Cmnty.), Ser. A-2,			
6 3/8s, 11/15/29	BBB+	700,000	737,226
Marietta, Dev. Auth. Rev. Bonds (U. Fac. Life U., Inc.),			
Ser. PJ, 6 1/4s, 6/15/20	Ba3	1,315,000	1,300,877
Med. Ctr. Hosp. Auth. Rev. Bonds (Spring Harbor			
Green Island), 5 1/4s, 7/1/27	B+/P	575,000	513,211
Rockdale Cnty., Dev. Auth. Rev. Bonds (Visy Paper),			
Ser. A, 6 1/8s, 1/1/34	B+/P	600,000	604,986
			12,110,562
Hawaii (0.8%)			
HI Dept. of Trans. Special Fac. Rev. Bonds			
(Continental Airlines, Inc.), 7s, 6/1/20	B	1,315,000	1,315,039
HI State Dept. Budget & Fin. Rev. Bonds			
(Craigside), Ser. A, 9s, 11/15/44	B/P	400,000	463,644
(Hawaiian Elec. Co. Subsidiary), 6 1/2s, 7/1/39	Baa1	1,500,000	1,678,845
			3,457,528
Illinois (2.9%)			
Du Page Cnty., Special Svc. Area No. 31 Special Tax			
Bonds (Monarch Landing)			
5 5/8s, 3/1/36	CCC/P	350,000	284,774
5.4s, 3/1/16	CCC/P	196,000	190,773
IL Fin. Auth. Rev. Bonds			
(American Wtr. Cap. Corp.), 5 1/4s, 10/1/39	BBB+	1,575,000	1,624,676
(IL Rush U. Med Ctr.), Ser. C, 6 5/8s, 11/1/39	A3	1,075,000	1,173,717

MUNICIPAL BONDS AND NOTES (127.6%)* *cont.*	**Rating****	**Principal amount**	**Value**

Illinois *cont.*			
IL Fin. Auth. Rev. Bonds			
(Landing At Plymouth Place), Ser. A, 5.35s,			
5/15/15	B+/P	$600,000	$591,702
(Landing At Plymouth Place), Ser. A, 6s, 5/15/25	B+/P	200,000	186,766
(Navistar Intl. Recvy. Zone), 6 1/2s, 10/15/40	BB	1,000,000	1,043,100
(Provena Hlth.), Ser. A, 7 3/4s, 8/15/34	Baa1	1,500,000	1,757,550
(Roosevelt U.), 6 1/4s, 4/1/29	Baa2	1,500,000	1,615,530
(Silver Cross Hosp. & Med. Ctr.), 7s, 8/15/44	BBB	2,000,000	2,246,540
(Three Crowns Pk. Plaza), Ser. A, 5 7/8s, 2/15/26	B+/P	1,000,000	1,002,370
IL Hlth. Fac. Auth. Rev. Bonds			
(Cmnty. Rehab. Providers Fac.), Ser. A,			
7 7/8s, 7/1/20	CCC/P	130,697	104,300
(St. Benedict), Ser. 03A-1, 6.9s, 11/15/33			
(In default)	D/P	500,000	150,000
(Elmhurst Memorial Hlth. Care), 5 5/8s, 1/1/28	Baa1	550,000	547,855
			12,519,653
Indiana (1.7%)			
Indianapolis, Arpt. Auth. Rev. Bonds (Federal			
Express Corp.), 5.1s, 1/15/17	Baa2	3,500,000	3,777,130
Jasper Cnty., Indl. Poll. Control Rev. Bonds			
AMBAC, 5.7s, 7/1/17	Baa2	1,125,000	1,251,090
NATL, 5.6s, 11/1/16	A	700,000	775,677
Ser. A, NATL, 5.6s, 11/1/16	A	500,000	554,025
Jasper Hosp. Auth. Rev. Bonds (Memorial Hosp.),			
5 1/2s, 11/1/32	A	500,000	501,400
St. Joseph Cnty., Econ. Dev. Rev. Bonds (Holy Cross			
Village Notre Dame), Ser. A, 5 3/4s, 5/15/15	B/P	455,000	467,936
			7,327,258
Iowa (2.7%)			
IA Fin. Auth. Hlth. Care Fac. Rev. Bonds			
(Care Initiatives)			
9 1/4s, 7/1/25 (Prerefunded 7/1/11)	AAA	4,180,000	4,506,249
Ser. A, 5 1/4s, 7/1/17	BB+	1,040,000	998,150
Ser. A, 5s, 7/1/19	BB+	2,750,000	2,532,915

Ser. A, 5 1/2s, 7/1/25	BB+	950,000	877,012
IA Fin. Auth. Retirement Cmnty. Rev. Bonds (Friendship Haven), Ser. A			
6 1/8s, 11/15/32	BB/P	750,000	748,628
6s, 11/15/24	BB/P	200,000	200,026
IA State Higher Ed. Loan Auth. Rev. Bonds, 5s, 10/1/22	BB/F	800,000	758,640
Tobacco Settlement Auth. of IA Rev. Bonds, Ser. C, 5 3/8s, 6/1/38	BBB	1,250,000	1,042,888
			11,664,508
Kansas (0.1%)			
Lenexa, Hlth. Care Fac. Rev. Bonds (LakeView Village), 7 1/8s, 5/15/29	BB+/P	500,000	529,260
			529,260
Kentucky (0.6%)			
KY Econ. Dev. Fin. Auth. Rev. Bonds (First Mtge.), Ser. IA, 8s, 1/1/29	B+/P	290,000	292,743
KY Econ. Dev. Fin. Auth. Hlth. Syst. Rev. Bonds (Norton Hlth. Care), Ser. A, 6 1/2s, 10/1/20	A-/F	1,040,000	1,052,969

MUNICIPAL BONDS AND NOTES (127.6%)* *cont.*	**Rating****	**Principal amount**	**Value**
Kentucky *cont.*			
Louisville/Jefferson Cnty., Metro. Govt. College Rev. Bonds (Bellarmine U.), Ser. A, 6s, 5/1/28	Baa2	$500,000	$530,610
Owen Cnty., Wtr. Wks. Syst. Rev. Bonds (American Wtr. Co.), Ser. A, 6 1/4s, 6/1/39	BBB+	700,000	770,651

			2,646,973
Louisiana (1.0%)			
Rapides, Fin. Auth. FRB (Cleco Pwr.), AMBAC, 4.7s, 11/1/36	Baa2	750,000	684,915
Tobacco Settlement Fin. Corp. Rev. Bonds, Ser. 01-B, 5 7/8s, 5/15/39	BBB	2,700,000	2,722,113
W. Feliciana Parish, Poll. Control Rev. Bonds (Gulf States Util. Co.), Ser. C, 7s, 11/1/15	Baa2	1,160,000	1,160,000
			4,567,028
Maine (0.6%)			
Rumford, Solid Waste Disp. Rev. Bonds (Boise Cascade Corp.), 6 7/8s, 10/1/26	B2	2,500,000	2,517,725
			2,517,725
Maryland (1.6%)			
Baltimore Cnty., Rev. Bonds (Oak Crest Village, Inc. Fac.), Ser. A, 5s, 1/1/37	BBB+	2,000,000	1,891,140
MD Econ. Dev. Corp. Poll. Control Rev. Bonds (Potomac Electric Power Co.), 6.2s, 9/1/22	A	550,000	652,509
MD State Hlth. & Higher Edl. Fac. Auth. Rev. Bonds			
(WA Cnty. Hosp.), 5 3/4s, 1/1/38	BBB-	450,000	461,363
(King Farm Presbyterian Cmnty.), Ser. A, 5 1/4s, 1/1/27	B/P	710,000	596,876
MD State Indl. Dev. Fin. Auth. Rev. Bonds (Synagro-Baltimore), Ser. A, 5 3/8s, 12/1/14	BBB+/F	1,000,000	1,043,960
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	401,088
Westminster, Econ. Dev. Rev. Bonds (Carroll Lutheran Village), Ser. A			
6 1/4s, 5/1/34	BB/P	600,000	537,096
5 7/8s, 5/1/21	BB/P	1,600,000	1,509,680

			7,093,712
Massachusetts (8.3%)			
Boston, Indl. Dev. Fin. Auth. Rev. Bonds			
(Springhouse, Inc.), 6s, 7/1/28	BB/P	1,600,000	1,518,128
MA Dev. Fin. Agcy. Sr. Living Fac. Rev. Bonds,			
Ser. B1, 7 1/4s, 6/1/16	BB/P	2,000,000	2,009,000
MA Edl. Fin. Auth. Rev. Bonds, Ser. B, 5 1/2s, 1/1/23	AA	1,000,000	1,029,650
MA State Dev. Fin. Agcy. Rev. Bonds			
(Boston Biomedical Research), 5 3/4s, 2/1/29	Baa3	1,000,000	962,750
(First Mtge. Orchard Cove), 5s, 10/1/19	BB+/P	550,000	514,234
(Linden Ponds, Inc.), Ser. A, 5 3/4s, 11/15/42	BB/P	1,200,000	848,508
(Linden Ponds, Inc.), Ser. A, 5 1/2s, 11/15/22	BB/P	390,000	317,359
(Linden Ponds, Inc.), Ser. A, 5 3/4s, 11/15/35	BB/P	755,000	552,683
(Sabis Intl.), Ser. A, 8s, 4/15/39	BBB	690,000	784,461
(Wheelock College), Ser. C, 5 1/4s, 10/1/29	BBB	1,700,000	1,748,501
MA State Dev. Fin. Agcy. Hlth. Care Fac. Rev. Bonds			
(Adventcare), Ser. A, 6.65s, 10/15/28	B/P	1,050,000	971,429

MUNICIPAL BONDS AND NOTES (127.6%)* *cont.*	**Rating****	**Principal amount**	**Value**
Massachusetts *cont.*			
MA State Dev. Fin. Agcy. Solid Waste Disp.			
Mandatory Put Bonds (5/1/19) (Dominion Energy			
Brayton), Ser. 1, 5 3/4s, 12/1/42	A	$1,050,000	$1,145,676
MA State Hlth. & Edl. Fac. Auth. Rev. Bonds			
(Baystate Med. Ctr.), Ser. F, 5.7s, 7/1/27	A+	1,000,000	1,030,900
(Baystate Med. Ctr.), Ser. I, 5 3/4s, 7/1/36	A+	1,500,000	1,651,245
(Civic Investments/HPHC), Ser. A, 9s, 12/15/15			
(Prerefunded 12/15/12)	AAA/P	2,175,000	2,470,626
(Emerson Hosp.), Ser. E, Radian Insd., 5s, 8/15/25	BB/P	1,500,000	1,394,505

(Fisher College), Ser. A, 5 1/8s, 4/1/37	BBB□	250,000	222,388
(Jordan Hosp.), Ser. E, 6 3/4s, 10/1/33	BB□	2,550,000	2,566,473
(Milford Regl. Med.), Ser. E, 5s, 7/15/22	Baa3	2,200,000	2,171,092
(Norwood Hosp.), Ser. C, 7s, 7/1/14 (Escrowed			
to maturity)	BB/P	1,185,000	1,374,292
(Quincy Med. Ctr.), Ser. A, 6 1/4s, 1/15/28	BB□/P	1,700,000	1,612,416
(Springfield College), 5 1/2s, 10/15/31	Baa1	1,100,000	1,162,018
(UMass Memorial), Ser. C, 6 1/2s, 7/1/21	Baa1	3,450,000	3,512,066
(UMass Memorial), Ser. C, 6 5/8s, 7/1/32	Baa1	2,225,000	2,250,343
MA State Indl. Fin. Agcy. Rev. Bonds			
(1st Mtge. Stone Institute & Newton Home),			
7.9s, 1/1/24	B□/P	750,000	749,265
(1st Mtge. Berkshire Retirement), Ser. A,			
6 5/8s, 7/1/16	BBB	1,865,000	1,871,826
			36,441,834
Michigan (4.1%)			
Detroit, G.O. Bonds (Cap. Impt.), Ser. A-1,			
5s, 4/1/15	BB	950,000	924,692
Detroit, Wtr. Supply Syst. Rev. Bonds, Ser. B, AGM,			
6 1/4s, 7/1/36	AA+	1,660,000	1,811,591
Flint, Hosp. Bldg. Auth. Rev. Bonds (Hurley Med. Ctr.),			
6s, 7/1/20	Ba1	1,120,000	1,127,538
Garden City, Hosp. Fin. Auth. Rev. Bonds (Garden			
City Hosp.), Ser. A, 5 3/4s, 9/1/17	Ba1	450,000	449,960
MI State Hosp. Fin. Auth. Rev. Bonds			
Ser. A, 6 1/8s, 6/1/39	A1	2,000,000	2,187,400
(Henry Ford Hlth.), 5 3/4s, 11/15/39	A1	1,600,000	1,680,400
(Henry Ford Hlth.), Ser. A, 5 1/4s, 11/15/46	A1	2,565,000	2,564,949
(Chelsea Cmnty. Hosp. Oblig.), 5s, 5/15/25			
(Prerefunded 5/15/15)	AAA	755,000	877,589
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	1,608,849

MI Tobacco Settlement Fin. Auth. Rev. Bonds, Ser. A, 6s, 6/1/48	BBB	4,000,000	3,200,480
Monroe Cnty., Hosp. Fin. Auth. Rev. Bonds (Mercy Memorial Hosp.), 5 1/2s, 6/1/20	Baa3	1,480,000	1,473,399
			17,906,847
Minnesota (2.2%)			
Douglas Cnty., Gross Hlth. Care Fac. Rev. Bonds (Douglas Cnty. Hosp.), Ser. A, 6 1/4s, 7/1/34	BBB	3,000,000	3,204,510
Duluth, Econ. Dev. Auth. Hlth. Care Fac. Rev. Bonds (BSM Properties, Inc.), Ser. A, 5 7/8s, 12/1/28	B+/P	115,000	103,030

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MUNICIPAL BONDS AND NOTES (127.6%)* *cont.*	**Rating****	**Principal amount**	**Value**
Minnesota *cont.*			
Inver Grove Heights, Nursing Home Rev. Bonds (Presbyterian Homes Care), 5 3/8s, 10/1/26	B/P	$700,000	$660,296
North Oaks, Sr. Hsg. Rev. Bonds (Presbyterian Homes North Oaks), 6 1/8s, 10/1/39	BB/P	315,000	318,600
Northfield, Hosp. Rev. Bonds, 5 3/8s, 11/1/26	BBB	750,000	765,188
Rochester, Hlth. Care Fac. Rev. Bonds (Olmsted Med. Ctr.), 5 7/8s, 7/1/30	BBB/F	1,000,000	1,023,210
Sauk Rapids Hlth. Care & Hsg. Fac. Rev. Bonds (Good Shepherd Lutheran Home)			
7 1/2s, 1/1/39	B+/P	500,000	519,350
6s, 1/1/34	B+/P	400,000	374,372
St. Paul, Hsg. & Redev. Auth. Hosp. Rev. Bonds (Healtheast)			

6s, 11/15/35	Ba1	1,350,000	1,329,345
Ser. B, 5.85s, 11/1/17	Ba1	250,000	250,790
St. Paul, Port Auth. Lease Rev. Bonds (Regions Hosp. Pkg. Ramp), Ser. 1, 5s, 8/1/36	BBB+/P	1,125,000	978,323
			9,527,014
Mississippi (0.9%)			
MS Bus. Fin. Corp. Poll. Control Rev. Bonds (Syst. Energy Resources, Inc.), 5.9s, 5/1/22	BBB	1,630,000	1,635,738
MS Home Corp. Rev. Bonds (Single Fam. Mtge.), Ser. B-2, GNMA Coll., FNMA Coll., 6.45s, 12/1/33	Aaa	635,000	672,636
Warren Cnty., Gulf Opportunity Zone (Intl. Paper Co.), Ser. A, 6 1/2s, 9/1/32	BBB	1,600,000	1,738,640
			4,047,014
Missouri (3.6%)			
Cape Girardeau Cnty., Indl. Dev. Auth. Hlth. Care Fac. Rev. Bonds (St. Francis Med. Ctr.), Ser. A, 5 1/2s, 6/1/16	A+	1,000,000	1,056,960
Kansas City, Indl. Dev. Auth. Hlth. Fac. Rev. Bonds (First Mtge. Bishop Spencer), Ser. A, 6 1/2s, 1/1/35	BB/P	2,000,000	1,975,780
MO State Hlth. & Edl. Fac. Auth. Rev. Bonds, Ser. 2003A (St. Lukes Health), 5 1/2s, 11/15/28 T	AAA	10,000,000	11,008,145
MO State Hsg. Dev. Comm. Mtge. Rev. Bonds			
(Single Fam. Homeowner Loan), Ser. A-1, GNMA Coll, FNMA Coll, 7 1/2s, 3/1/31	AAA	155,000	165,184
(Single Fam. Homeowner Loan), Ser. B-1, GNMA Coll., FNMA Coll., 7.45s, 9/1/31	AAA	185,000	191,660
(Single Fam. Homeowner Loan), Ser. A-1, GNMA Coll., FNMA Coll., 6 3/4s, 3/1/34	AAA	270,000	282,309
St. Louis Arpt. Rev. Bonds (Lambert-St. Louis Intl.), Ser. A-1, 6 5/8s, 7/1/34	A	1,000,000	1,098,270
			15,778,308

Montana (0.8%)			
MT Fac. Fin. Auth. Rev. Bonds (Sr. Living St. John's Lutheran), Ser. A, 6s, 5/15/25	B+/P	500,000	451,460
MT Fac. Fin. Auth. VRDN (Sisters of Charity), Ser. A, 0.28s, 12/1/25	VMIG1	3,015,000	3,015,000
MT State Board Inv. Exempt Fac. Rev. Bonds (Stillwater Mining), 8s, 7/1/20	B	250,000	241,210
			3,707,670

MUNICIPAL BONDS AND NOTES (127.6%)* *cont.*	**Rating****	**Principal amount**	**Value**
Nebraska (0.6%)			
Central Plains, Energy Rev. Bonds (NE Gas No. 1), Ser. A, 5 1/4s, 12/1/18	BB+	$1,500,000	$1,590,015
Lancaster Cnty., Hosp. Auth. Rev. Bonds (Immanuel Oblig. Group), 5 1/2s, 1/1/30	A–/F	1,000,000	1,046,040
			2,636,055
Nevada (2.3%)			
Clark Cnty., Impt. Dist. Special Assmt. Bonds			
(Summerlin No. 151), 5s, 8/1/16	BB–/P	990,000	905,434
(Summerlin No. 142), 6 3/8s, 8/1/23	BB+/P	935,000	926,454
(Summerlin No. 151), 5s, 8/1/20	BB–/P	420,000	352,905
Clark Cnty., Indl. Dev. Rev. Bonds (Southwest Gas Corp.), Ser. C, AMBAC, 5.95s, 12/1/38	Baa2	5,000,000	5,047,150
Clark Cnty., Local Impt. Dist. Special Assmt. Bonds (No. 142), 6.1s, 8/1/18	BB+/P	240,000	240,547
Henderson, Local Impt. Dist. Special Assmt. Bonds (No. T-17), 5s, 9/1/18	BB+/P	370,000	327,169

(No. T-18), 5s, 9/1/16	B/P	1,925,000	1,018,421
Las Vegas, Local Impt. Board Special Assmt.			
(Dist. No. 607), 5.9s, 6/1/18	BB/P	1,165,000	1,117,573
			9,935,653
New Hampshire (1.0%)			
NH Hlth. & Ed. Fac. Auth. Rev. Bonds			
(Huntington at Nashua), Ser. A, 6 7/8s, 5/1/33	BB/P	600,000	608,262
(Kendal at Hanover), Ser. A, 5s, 10/1/18	BBB+	1,875,000	1,962,244
NH State Bus. Fin. Auth. Rev. Bonds (Elliot Hosp.			
Oblig. Group), Ser. A, 6s, 10/1/27	Baa1	1,700,000	1,788,485
			4,358,991
New Jersey (6.8%)			
Burlington Cnty., Bridge Comm. Econ. Dev. Rev.			
Bonds (The Evergreens), 5 5/8s, 1/1/38	BB+/P	1,000,000	892,460
NJ Econ. Dev. Auth. Rev. Bonds			
(Cedar Crest Village, Inc.), Ser. A, U.S. Govt.			
Coll., 7 1/4s, 11/15/31 (Prerefunded 11/15/11)	AAA/F	1,250,000	1,351,200
(Cigarette Tax), 5 1/2s, 6/15/24	BBB	4,000,000	4,003,400
(Cigarette Tax), 5 3/4s, 6/15/29	BBB	1,000,000	995,070
(First Mtge. Lions Gate), Ser. A, 5 7/8s, 1/1/37	B/P	430,000	386,936
(First Mtge. Presbyterian Home), Ser. A,			
6 3/8s, 11/1/31	BB/P	500,000	443,865
(MSU Student Hsg. Provident Group			
Montclair LLC), 5 3/8s, 6/1/25	Baa3	2,000,000	2,072,620
(Newark Arpt. Marriott Hotel), 7s, 10/1/14	Ba1	2,400,000	2,405,544
(United Methodist Homes), Ser. A-1, 6 1/4s, 7/1/33	BB+	1,000,000	997,490
NJ Econ. Dev. Auth. Retirement Cmnty. Rev. Bonds			
(Seabrook Village, Inc.), 5 1/4s, 11/15/36	BB/P	860,000	767,266
NJ Econ. Dev. Auth. Solid Waste Mandatory Put			
Bonds (6/1/14) (Disp. Waste Mgt.), 5.3s, 6/1/15	BBB	1,750,000	1,915,410
NJ Econ. Dev. Auth. Wtr. Fac. Rev. Bonds			
(American Wtr. Co.)			
Ser. A, 5.7s, 10/1/39	A2	2,600,000	2,678,546

Ser. D, 4 7/8s, 11/1/29	A2	700,000	688,506

MUNICIPAL BONDS AND NOTES (127.6%)* *cont.*	Rating**	Principal amount	Value
New Jersey *cont.*			
NJ Hlth. Care Fac. Fin. Auth. Rev. Bonds			
(St. Joseph Hlth. Care Syst.), 6 5/8s, 7/1/38	BBB	$2,250,000	$2,373,233
(St. Peters U. Hosp.), 5 3/4s, 7/1/37	Baa3	2,665,000	2,710,971
(United Methodist Homes), Ser. A, 5 3/4s, 7/1/29	BB+	2,250,000	2,138,738
(Atlantic City Med.), 5 3/4s, 7/1/25	A1	695,000	712,292
(Holy Name Hosp.), 5s, 7/1/36	Baa2	2,500,000	2,296,875
			29,830,422
New Mexico (1.5%)			
Farmington, Poll. Control Rev. Bonds			
(Public Service Co. of NM San Juan), Ser. D,			
5.9s, 6/1/40	Baa3	500,000	519,995
(San Juan), Ser. B, 4 7/8s, 4/1/33	Baa3	4,500,000	4,261,950
(AZ Pub. Svc. Co.), Ser. B, 4.7s, 9/1/24	Baa2	2,000,000	2,009,500
			6,791,445
New York (7.5%)			
Broome Cnty., Indl. Dev. Agcy. Continuing Care			
Retirement Rev. Bonds (Good Shepard Village),			
Ser. A, 6 3/4s, 7/1/28	B/P	600,000	602,910
Huntington, Hsg. Auth. Sr. Hsg. Fac. Rev. Bonds			
(Gurwin Jewish Sr. Residence),			
Ser. A, 6s, 5/1/29	B+/P	750,000	739,298
Ser. A, 6s, 5/1/39	B+/P	500,000	470,830
Livingston Cnty., Indl. Dev. Agcy. Civic Fac.			
Rev. Bonds (Nicholas H. Noyes Memorial Hosp.),			
5 3/4s, 7/1/15	BB	1,960,000	1,960,020

Nassau Cnty., Indl. Dev. Agcy. Rev. Bonds			
(Keyspan-Glenwood), 5 1/4s, 6/1/27	A–	2,775,000	2,827,059
Niagara Cnty., Indl. Dev. Agcy. Mandatory Put			
Bonds (11/15/12) (Solid Waste Disp.), Ser. A,			
5.45s, 11/15/26	Baa2	500,000	517,265
NY City, Indl. Dev. Agcy. Rev. Bonds (Liberty-7			
World Trade Ctr.)			
Ser. B, 6 3/4s, 3/1/15	BB/P	200,000	203,394
Ser. A, 6 1/4s, 3/1/15	BB/P	2,775,000	2,804,582
NY City, Indl. Dev. Agcy. Civic Fac. Rev. Bonds			
(Staten Island U. Hosp.), Ser. A, 6 3/8s, 7/1/31	Baa3	760,000	768,786
NY City, Indl. Dev. Agcy. Special Arpt. Fac.			
Rev. Bonds,			
(Airis JFK I, LLC), Ser. A, 5 1/2s, 7/1/28	BBB–	1,300,000	1,206,985
(American Airlines – JFK Intl. Arpt.), 7 1/2s, 8/1/16	B–	5,975,000	6,283,011
(British Airways PLC), 5 1/4s, 12/1/32	BB–	3,425,000	2,856,587
(Jetblue Airways Corp.), 5s, 5/15/20	B–	325,000	300,544
NY State Dorm. Auth. Rev. Bonds (Winthrop-U.			
Hosp. Assn.), Ser. A, 5 1/2s, 7/1/32	Baa1	900,000	914,373
NY State Dorm. Auth. Non-State Supported Debt Rev.			
Bonds (Orange Regl. Med. Ctr.), 6 1/4s, 12/1/37	Ba1	725,000	742,009
NY State Energy Research & Dev. Auth. Gas Fac.			
Rev. Bonds (Brooklyn Union Gas), 6.952s, 7/1/26	A3	3,800,000	3,800,266

MUNICIPAL BONDS AND NOTES (127.6%)* *cont.*	**Rating****	**Principal amount**	**Value**
New York *cont.*			
Port Auth. NY & NJ Special Oblig. Rev. Bonds			

(Kennedy Intl. Arpt. 5th Installment),			
6 3/4s, 10/1/19	BB+/P	$200,000	$198,666
(Kennedy Intl. Arpt. 4th Installment),			
6 3/4s, 10/1/11	BB+/P	200,000	200,740
Seneca Cnty., Indl. Dev. Agcy. Solid Waste Disp. Mandatory Put Bonds (10/1/13) (Seneca Meadows, Inc.), 6 5/8s, 10/1/35	BB	670,000	679,487
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	1,254,363
Suffolk Cnty., Indl. Dev. Agcy. Cont. Care Retirement Rev. Bonds (Peconic Landing), Ser. A, 8s, 10/1/30	BB/P	2,700,000	2,756,592
Syracuse, Indl. Dev. Agcy. Rev. Bonds (1st Mtge. Jewish Home), Ser. A, 7 3/8s, 3/1/21	B+/P	800,000	802,160
			32,889,927
North Carolina (1.9%)			
NC Eastern Muni. Pwr. Agcy. Syst. Rev. Bonds, Ser. C, 6 3/4s, 1/1/24	A	750,000	921,098
NC Hsg. Fin. Agcy. FRN (Homeownership), Ser. 26, Class A, 5 1/2s, 1/1/38	Aa2	685,000	709,249
NC Med. Care Cmnty. Hlth. Care Fac. Rev. Bonds			
(Presbyterian Homes), 5.4s, 10/1/27	BB/P	2,000,000	1,999,900
(First Mtge. Presbyterian Homes),			
5 3/8s, 10/1/22	BB/P	1,110,000	1,140,736
NC Med. Care Comm. Retirement Fac. Rev. Bonds			
(Carolina Village), 6s, 4/1/38	BB/P	500,000	444,345
(First Mtge.), Ser. A-05, 5 1/2s, 10/1/35	BB+/P	1,730,000	1,557,069
(First Mtge.), Ser. A-05, 5 1/4s, 10/1/25	BB+/P	700,000	661,213
(Forest at Duke), 5 1/8s, 9/1/27	BBB+/F	1,000,000	1,015,750
			8,449,360
Ohio (7.9%)			
American Muni. Pwr. Ohio, Inc. Rev. Bonds, 5 1/4s, 2/15/33 T	AAA	10,000,000	10,612,230

Buckeye, Tobacco Settlement Fin. Auth. Rev. Bonds,			
Ser. A-2			
6s, 6/1/42	BBB	2,000,000	1,579,500
5 7/8s, 6/1/30	BBB	3,340,000	2,805,299
5 3/4s, 6/1/34	BBB	8,500,000	6,786,740
5 1/8s, 6/1/24	BBB	990,000	862,726
Erie Cnty., OH Hosp. Fac. Rev. Bonds (Firelands Regl. Med. Ctr.), 5 5/8s, 8/15/32	A–	2,825,000	2,848,956
Franklin Cnty., Hlth. Care Fac. Rev. Bonds (Presbyterian Svcs.), Ser. A, 5 5/8s, 7/1/26	BBB	2,750,000	2,777,225
Hickory Chase, Cmnty. Auth. Infrastructure Impt. Rev. Bonds (Hickory Chase), 7s, 12/1/38	BB–/P	700,000	492,037
Lake Cnty., Hosp. Fac. Rev. Bonds (Lake Hosp. Syst.), Ser. C, 5 5/8s, 8/15/29	Baa1	1,530,000	1,548,590
OH State Air Quality Dev. Auth. Rev. Bonds (Valley Elec. Corp.), Ser. E, 5 5/8s, 10/1/19	Baa3	1,300,000	1,422,317

MUNICIPAL BONDS AND NOTES (127.6%)* *cont.*	**Rating****	**Principal amount**	**Value**
Ohio *cont.*			
OH State Higher Edl. Fac. Commn. Rev. Bonds (U. Hosp. Hlth. Syst.), Ser. 09-A, 6 3/4s, 1/15/39	A2	$2,000,000	$2,142,640
Toledo-Lucas Cnty., Port Auth. Rev. Bonds (CSX Transn, Inc.), 6.45s, 12/15/21	Baa3	500,000	582,140
			34,460,400
Oklahoma (1.3%)			
OK Hsg. Fin. Agcy. Single Family Mtge. Rev. Bonds			

(Homeownership Loan),			
Ser. B, 5.35s, 3/1/35	Aaa	2,020,000	2,129,706
Ser. C, GNMA Coll., FNMA Coll., 5.95s, 3/1/37	Aaa	1,820,000	1,948,073
Tulsa Cnty., Indl. Auth. Rev. Bonds (Sr. Living			
Cmnty. Montereau, Inc.), Ser. A			
7 1/8s, 11/1/30	BB□/P	1,250,000	1,307,400
6 7/8s, 11/1/23	BB□/P	500,000	512,865
			5,898,044
Oregon (1.4%)			
Multnomah Cnty., Hosp. Fac. Auth. Rev. Bonds			
(Terwilliger Plaza), 6 1/2s, 12/1/29	BB□/P	3,200,000	3,223,807
OR Hlth. Sciences U. Rev. Bonds, Ser. A,			
5 3/4s, 7/1/39	A2	2,000,000	2,192,120
Warm Springs Reservation, Confederated Tribes			
Rev. Bonds (Pelton Round Butte Tribal), Ser. B,			
6 3/8s, 11/1/33	A3	700,000	738,430
			6,154,357
Pennsylvania (6.8%)			
Allegheny Cnty., Higher Ed. Bldg. Auth. Rev. Bonds			
(Robert Morris U.), Ser. A, 5 1/2s, 10/15/30	Baa3	1,000,000	1,033,250
Allegheny Cnty., Hosp. Dev. Auth. Rev. Bonds			
(Hlth. Syst.-West PA), Ser. A, 5 3/8s, 11/15/40	BB□	5,905,000	4,557,537
Allegheny Cnty., Indl. Dev. Auth. Rev. Bonds			
(U.S. Steel Corp.), 6 3/4s, 11/1/24	Ba2	2,000,000	2,201,000
(Env. Impt.), 5 1/2s, 11/1/16	Ba2	850,000	897,422
Bucks Cnty., Indl. Dev. Auth. Retirement Cmnty.			
Rev. Bonds (Ann□s Choice, Inc.), Ser. A			
6 1/8s, 1/1/25	BB/P	1,160,000	1,165,324
5.3s, 1/1/14	BB/P	690,000	709,327
5.2s, 1/1/13	BB/P	1,000,000	1,026,850
5.1s, 1/1/12	BB/P	400,000	407,248
Cumberland Cnty., Muni. Auth. Rev. Bonds			

(Presbyterian Homes Oblig.), Ser. A, 5.45s, 1/1/21	BBB+	550,000	557,667
(Presbyterian Homes), Ser. A, 5.35s, 1/1/20	BBB+	515,000	522,189
Delaware Cnty., Indl. Dev. Auth. Resource Recvy. Rev. Bonds, Ser. A, 6.1s, 7/1/13	Ba1	335,000	336,082
Lancaster Cnty., Hosp. Auth. Rev. Bonds (Brethren Village), Ser. A, 6 3/8s, 7/1/30	BB–/P	625,000	621,125
Lebanon Cnty., Hlth. Facs. Rev. Bonds (Pleasant View Retirement), Ser. A, 5.3s, 12/15/26	BB/P	500,000	464,130
Lycoming Cnty., Auth. Hlth. Syst. Rev. Bonds (Susquehanna Hlth. Syst.), Ser. A, 5 3/4s, 7/1/39	BBB+	3,000,000	3,126,390

MUNICIPAL BONDS AND NOTES (127.6%)* *cont.*	**Rating****	**Principal amount**	**Value**
Pennsylvania *cont.*			
Montgomery Cnty., Indl. Auth. Resource Recvy. Rev. Bonds (Whitemarsh Cont. Care), 6 1/4s, 2/1/35	B–/P	$1,100,000	$1,001,847
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	1,568,324
PA Econ. Dev. Fin. Auth. Exempt Fac. Rev. Bonds			
(Allegheny Energy Supply Co.), 7s, 7/15/39	Baa3	2,000,000	2,255,140
(Reliant Energy), Ser. B, 6 3/4s, 12/1/36	B1	650,000	673,686
PA State Econ. Dev. Fin. Auth. Resource Recvy. Rev. Bonds (Colver), Ser. F, AMBAC, 5s, 12/1/15	BBB–	1,650,000	1,676,531
PA State Higher Edl. Fac. Auth. Rev. Bonds			
(Edinboro U. Foundation), 5.8s, 7/1/30	Baa3	1,000,000	1,027,980
(Widener U.), 5.4s, 7/15/36	BBB+	1,000,000	1,016,970

Philadelphia, Gas Wks. Rev. Bonds, Ser. 9, 5s, 8/1/30	BBB+	1,000,000	1,006,830
Philadelphia, Hosp. & Higher Ed. Fac. Auth. Rev. Bonds (Graduate Hlth. Syst.), 7 1/4s, 7/1/11 (In default)	D/P	2,707,789	812
Scranton, G.O. Bonds, Ser. C, 7.1s, 9/1/31 (Prerefunded 9/1/11)	AAA/P	750,000	791,415
Susquehanna, Area Regl. Arpt. Syst. Auth. Rev. Bonds, Ser. A, 6 1/2s, 1/1/38	Baa3	500,000	508,805
Wilkes-Barre, Fin. Auth. (Wilkes U.), 5s, 3/1/22	BBB	560,000	586,538
			29,740,419
Puerto Rico (2.8%)			
Cmnwlth. of PR, G.O. Bonds			
Ser. A, FGIC, 5 1/2s, 7/1/21	A3	1,000,000	1,092,740
(Pub. Impt.), Ser. A, NATL, 5 1/2s, 7/1/20	A	1,000,000	1,100,640
Cmnwlth. of PR, Aqueduct & Swr. Auth. Rev. Bonds, Ser. A			
6s, 7/1/44	Baa1	1,200,000	1,280,220
6s, 7/1/38	Baa1	1,000,000	1,084,760
Cmnwlth. of PR, Hwy. & Trans. Auth. Rev. Bonds			
Ser. N, 5 1/2s, 7/1/25	A3	1,000,000	1,084,010
Ser. L, AMBAC, 5 1/4s, 7/1/38	A3	1,845,000	1,852,915
Cmnwlth. of PR, Indl. Tourist Edl. Med. & Env. Control Facs. Rev. Bonds (Cogen. Fac.-AES), 6 5/8s, 6/1/26	Baa3	1,000,000	1,007,250
Cmnwlth. of PR, Sales Tax Fin. Corp. Rev. Bonds, Ser. A, zero %, 8/1/30	A+	11,500,000	3,551,774
			12,054,309
Rhode Island (0.3%)			
Tobacco Settlement Fin. Corp. Rev. Bonds, Ser. A, 6 1/8s, 6/1/32	BBB	1,490,000	1,498,225

			1,498,225
South Carolina (1.8%)			
Georgetown Cnty., Env. Impt. Rev. Bonds (Intl. Paper Co.), Ser. A, 5s, 8/1/30	BBB	1,135,000	1,100,291
Orangeburg Cnty., Solid Waste Disp. Fac. Rev. Bonds (SC Elec. & Gas), AMBAC, 5.7s, 11/1/24	A	2,500,000	2,507,500

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MUNICIPAL BONDS AND NOTES (127.6%)* *cont.*	**Rating****	**Principal amount**	**Value**
South Carolina *cont.*			
SC Hosp. Auth. Rev. Bonds (Med. U.), Ser. A, 6 1/2s, 8/15/32 (Prerefunded 8/15/12)	AAA	$1,250,000	$1,384,163
SC Jobs Econ. Dev. Auth. Hosp. Fac. Rev. Bonds (Palmetto Hlth.)			
Ser. A, 7 3/8s, 12/15/21 (Prerefunded 12/15/10)	AAA/P	1,600,000	1,645,168
Ser. C, 6s, 8/1/20 (Prerefunded 8/1/13)	Baa1	890,000	1,010,675
Ser. C, 6s, 8/1/20 (Prerefunded 8/1/13)	Baa1	110,000	124,915
			7,772,712
South Dakota (0.5%)			
SD Edl. Enhancement Funding Corp. SD Tobacco Rev. Bonds, Ser. B, 6 1/2s, 6/1/32	BBB	2,000,000	2,037,740
			2,037,740
Tennessee (0.6%)			
Johnson City, Hlth. & Edl. Fac. Board Hosp. Rev. Bonds (Mountain States Hlth. Alliance), 6s, 7/1/38	Baa1	1,450,000	1,520,267
Johnson City, Hlth. & Edl. Facs. Board Retirement Fac. Rev. Bonds (Appalachian Christian Village), Ser. A, 6 1/4s, 2/15/32	BB/P	1,000,000	990,600

			2,510,867
Texas (11.6%)			
Abilene, Hlth. Fac. Dev. Corp. Rev. Bonds (Sears			
Methodist Retirement)			
Ser. A, 7s, 11/15/33	B+/P	600,000	551,388
5 7/8s, 11/15/18	B+/P	915,000	866,487
Ser. A, 5 7/8s, 11/15/18	B+/P	18,000	17,046
6s, 11/15/29	B+/P	1,450,000	1,219,768
Alliance, Arpt. Auth. Rev. Bonds (American			
Airlines, Inc.), 5 1/4s, 12/1/29	CCC+	850,000	651,160
Brazos River, Auth. Poll. Control Rev. Bonds (TXU			
Energy Co., LLC)			
Ser. D-1, 8 1/4s, 5/1/33	Ca	1,000,000	400,430
5s, 3/1/41	CCC	1,500,000	525,000
Brazos, Harbor Indl. Dev. Corp. Env. Fac. Mandatory			
Put Bonds (5/1/28) (Dow Chemical), 5.9s, 5/1/38	BBB	2,200,000	2,282,148
Dallas-Fort Worth, Intl. Arpt. Fac. Impt. Rev. Bonds			
(American Airlines, Inc.)			
6 3/8s, 5/1/35	CCC+	1,000,000	875,710
5 1/2s, 11/1/30	CCC+	500,000	394,655
Gulf Coast, Waste Disp. Auth. Rev. Bonds, Ser. A,			
6.1s, 8/1/24	BBB	450,000	457,002
Houston, Arpt. Syst. Rev. Bonds			
(Continental Airlines, Inc.), Ser. C, 5.7s, 7/15/29	B3	6,185,000	5,452,448
(Continental Airlines, Inc.), Ser. E, 6 3/4s, 7/1/29	B3	4,790,000	4,822,954
(Continental Airlines, Inc.), Ser. E, 7s, 7/1/29	B3	500,000	505,380
(Special Fac. Continental Airlines, Inc.), Ser. E,			
6 3/4s, 7/1/21	B3	1,600,000	1,612,000
La Vernia, Higher Ed. Fin. Corp. Rev. Bonds (Kipp Inc.),			
Ser. A, 6 3/8s, 8/15/44	BBB	1,100,000	1,174,910
Matagorda Cnty., Poll. Control Rev. Bonds			
(Cent Pwr. & Light Co.), Ser. A, 6.3s, 11/1/29	Baa2	1,000,000	1,121,490
(Dist. No. 1), Ser. A, AMBAC, 4.4s, 5/1/30	Baa2	1,250,000	1,161,687

MUNICIPAL BONDS AND NOTES (127.6%)* *cont.*	**Rating****	**Principal amount**	**Value**
Texas *cont.*			
Mission, Econ. Dev. Corp. Solid Waste Disp. Rev.			
Bonds (Allied Waste N.A. Inc.), Ser. A, 5.2s, 4/1/18	BBB	$900,000	$907,749
North TX, Thruway Auth. Rev. Bonds			
Ser. A, 6s, 1/1/25	A2	1,000,000	1,114,190
(Toll 2nd Tier), Ser. F, 5 3/4s, 1/1/38	A3	1,750,000	1,833,423
North TX, Thruway Auth. stepped-coupon Rev.			
Bonds, zero %, (6.5s, 1/1/15) 2043 □□	A2	3,000,000	2,520,570
Sam Rayburn Muni. Pwr. Agcy. Rev. Bonds,			
6s, 10/1/21	Baa2	1,950,000	2,008,675
Tarrant Cnty., Cultural Ed. Fac. Fin. Corp.			
Retirement Fac. Rev. Bonds			
(Sr. Living Ctr.), Ser. A, 8 1/4s, 11/15/39	B+/P	4,000,000	4,096,760
(Buckner Retirement Svcs., Inc.), 5 1/4s, 11/15/37	A□	900,000	873,432
(Air Force Village), 5 1/8s, 5/15/27	BBB/F	4,000,000	3,776,160
Tomball, Hosp. Auth. Rev. Bonds			
(Tomball Regl. Hosp.)			
6s, 7/1/29	Baa3	2,500,000	2,511,174
6s, 7/1/19	Baa3	800,000	804,800
TX Muni. Gas Acquisition & Supply Corp. I Rev. Bonds,			
Ser. A, 5 1/4s, 12/15/24	A2	2,000,000	2,062,380
TX Private Activity Surface Trans. Corp. Rev. Bonds			
(NTE Mobility), 7 1/2s, 12/31/31	BBB□/F	2,000,000	2,304,880
(LBJ Infrastructure), 7s, 6/30/40	Baa3	1,000,000	1,093,100

TX State Dept. of Hsg. & Cmnty. Affairs Rev. Bonds,			
Ser. C, GNMA/FNMA Coll., 6.9s, 7/2/24	AAA	650,000	694,551
			50,693,507
Utah (0.5%)			
Carbon Cnty., Solid Waste Disp. Rev. Bonds			
(Laidlaw Env.), Ser. A, 7.45s, 7/1/17	B+/P	600,000	600,744
Tooele Cnty., Harbor & Term. Dist. Port Fac. Rev.			
Bonds (Union Pacific), Ser. A, 5.7s, 11/1/26	Baa2	1,500,000	1,515,900
			2,116,644
Vermont (0.2%)			
VT Hsg. Fin. Agcy. Rev. Bonds			
Ser. 22, AGM, 5s, 11/1/34	AA+	105,000	106,023
(Single Fam.), Ser. 23, AGM, 5s, 5/1/34	AA+	420,000	424,091
Ser. 19A, AGM, 4.62s, 5/1/29	AA+	245,000	244,466
			774,580
Virginia (2.0%)			
Albemarle Cnty., Indl. Dev. Auth. Res. Care Fac.			
Rev. Bonds (Westminster-Canterbury), 5s, 1/1/24	B+/P	600,000	594,822
Henrico Cnty., Econ. Dev. Auth. Res. Care Fac.			
Rev. Bonds			
(United Methodist), Ser. A, 6.7s, 6/1/27	BB+/P	295,000	297,649
(United Methodist), Ser. A, 6.7s, 6/1/27			
(Prerefunded 6/1/12)	BB+/P	105,000	114,693
(United Methodist), Ser. A, 6 1/2s, 6/1/22	BB+/P	600,000	607,830
(Westminster-Canterbury), 5s, 10/1/22	BBB–	1,000,000	1,028,270
James Cnty., Indl. Dev. Auth. Rev. Bonds			
(Williamsburg), Ser. A, 6 1/8s, 3/1/32	BB–/P	1,500,000	1,483,140

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MUNICIPAL BONDS AND NOTES (127.6%)* *cont.*	**Rating****	**Principal amount**	**Value**

Virginia *cont.*			
Lynchburg, Indl. Dev. Auth. Res. Care Fac. Rev.			
Bonds (Westminster-Canterbury)			
5s, 7/1/31	BB/P	$1,250,000	$1,164,550
4 7/8s, 7/1/21	BB/P	1,000,000	985,640
WA Cnty., Indl. Dev. Auth. Hosp. Fac. Rev. Bonds			
(Mountain States Hlth. Alliance), Ser. C,			
7 3/4s, 7/1/38	Baa1	1,700,000	1,971,660
Winchester, Indl. Dev. Auth. Res. Care Fac. Rev.			
Bonds (Westminster-Canterbury), Ser. A,			
5.2s, 1/1/27	BB+/P	700,000	696,920
			8,945,174
Washington (1.6%)			
Tobacco Settlement Auth. of WA Rev. Bonds			
6 5/8s, 6/1/32	BBB	3,385,000	3,422,573
6 1/2s, 6/1/26	BBB	465,000	479,838
WA State Higher Ed. Fac. Auth. Rev. Bonds			
(Whitworth U.), 5 5/8s, 10/1/40	Baa1	400,000	421,900
WA State Hlth. Care Fac. Auth. Rev. Bonds			
(WA Hlth. Svcs.), 7s, 7/1/39	Baa2	1,000,000	1,092,790
(Kadlec Med. Ctr.), 5 1/2s, 12/1/39	Baa2	1,500,000	1,474,290
			6,891,391
West Virginia (1.0%)			
Mason Cnty., Poll. Control (Appalachian Pwr. Co.			
Project), Ser. L, 5 1/2s, 10/1/11	Baa2	725,000	734,019
Princeton, Hosp. Rev. Bonds (Cmnty. Hosp.			
Assn., Inc.), 6.1s, 5/1/29	BB	3,075,000	2,927,861
WV State Hosp. Fin. Auth. Rev. Bonds (Thomas Hlth.			
Syst.), 6 3/4s, 10/1/43	B/P	735,000	745,716
			4,407,596
Wisconsin (2.7%)			

Badger, Tobacco Settlement Asset Securitization Corp.			
Rev. Bonds			
7s, 6/1/28 (Prerefunded 6/1/12)	Aaa	3,000,000	3,301,020
6 3/8s, 6/1/32 (Prerefunded 6/1/12)	Aaa	5,500,000	5,998,025
WI State Hlth. & Edl. Fac. Auth. Rev. Bonds			
(St. Johns Cmntys. Inc.), Ser. A, 7 5/8s, 9/15/39	BB/P	1,150,000	1,240,838
(Prohealth Care, Inc.), 6 5/8s, 2/15/39	A1	1,250,000	1,381,800
			11,921,683
Total municipal bonds and notes (cost $544,496,318)			**$558,232,270**

PREFERRED STOCKS (1.2%)*	**Shares**	**Value**
MuniMae Tax Exempt Bond Subsidiary, LLC 144A		
Ser. A-3, $4.95	2,000,000	$1,660,460
MuniMae Tax Exempt Bond Subsidiary, LLC 144A Ser. A,		
7.50% cum. pfd.	3,786,899	3,528,103
Total preferred stocks (cost $5,786,899)		**$5,188,563**

COMMON STOCKS (%)*	**Shares**	**Value**
Tembec, Inc. (Canada)	1,750	$3,928
Total common stocks (cost $1,273,945)		**$3,928**

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WARRANTS (%)*		**Expiration date**	**Strike price**	**Warrants**	**Value**
Tembec, Inc. (Canada)	CAD	3/03/12	0.00001	3,889	$1,715
Total warrants (cost $154,422)					**$1,715**

TOTAL INVESTMENTS

Total investments (cost $551,711,584)	**$563,426,476**

Key to holding□s currency abbreviations

CAD	Canadian Dollar

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, 2009 through October 31, 2010 (the reporting period).

* Percentages indicated are based on net assets of $437,394,069.

** 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 and does not reflect any subsequent changes. Ratings are not covered by the Report of Independent Registered Public Accounting Firm.

□ Non-income-producing security.

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

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

Debt obligations are considered secured unless otherwise indicated.

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 FRB, FRN, Mandatory Put Bonds and VRDN are the current interest rates at the close of the reporting period.

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

The dates shown parenthetically on prerefunded bonds represents 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):

Health care	52.0%
Utilities	20.2
Transportation	12.5

Accounting Standards Codification ASC 820 *Fair Value Measurements and Disclosures* (ASC 820) establishes a three-level hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of the fund's investments. The three levels are defined as follows:

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

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

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

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

		Valuation inputs	
Investments in securities:	**Level 1**	**Level 2**	**Level 3**
Common stocks:			
Basic materials	$3,928	$	$
Total common stocks	**3,928**		
Municipal bonds and notes		558,232,270	
Preferred stocks		5,188,563	
Warrants	1,715		
Totals by level	**$5,643**	**$563,420,833**	**$**

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

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Statement of assets and liabilities 10/31/10

ASSETS	
Investment in securities, at value (Note 1):	
Unaffiliated issuers (identified cost $551,711,584)	$563,426,476

Cash	90,687
Interest and other receivables	10,448,532
Receivable for investments sold	2,873,756
Total assets	**576,839,451**
LIABILITIES	
Preferred share remarketing agent fees	147,514
Distributions payable to shareholders	2,536,600
Distributions payable to preferred shareholders (Note 1)	4,286
Payable for investments purchased	2,167,975
Payable for compensation of Manager (Note 2)	780,766
Payable for investor servicing fees (Note 2)	18,215
Payable for custodian fees (Note 2)	5,785
Payable for Trustee compensation and expenses (Note 2)	148,174
Payable for administrative services (Note 2)	1,755
Payable for floating rate notes issued (Note 1)	10,026,675
Other accrued expenses	107,637
Total liabilities	**15,945,382**
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

Net assets	**$437,394,069**
REPRESENTED BY	
Paid-in capital common shares (Unlimited shares authorized) (Notes 1 and 5)	$508,191,892
Undistributed net investment income (Note 1)	444,849
Accumulated net realized loss on investments (Note 1)	(82,957,564)
Net unrealized appreciation of investments	11,714,892
Total Representing net assets applicable to common shares outstanding	**$437,394,069**
COMPUTATION OF NET ASSET VALUE	
Net asset value per common share ($437,394,069 divided by 57,371,319 shares)	$7.62

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

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Statement of operations Year ended 10/31/10

INTEREST INCOME	**$33,891,789**
EXPENSES	
Compensation of Manager (Note 2)	$2,999,379
Investor servicing fees (Note 2)	210,455
Custodian fees (Note 2)	11,723
Trustee compensation and expenses (Note 2)	30,150
Administrative services (Note 2)	19,612

Interest expense and fee expense (Note 2)	74,255
Preferred share remarketing agent fees	313,040
Other	304,603
Total expenses	**3,963,217**
Expense reduction (Note 2)	(983)
Net expenses	**3,962,234**
Net investment income	**29,929,555**
Net realized loss on investments (Notes 1 and 3)	(3,385,022)
Net unrealized appreciation of investments during the year	29,416,794
Net gain on investments	**26,031,772**
Net increase in net assets resulting from operations	**$55,961,327**
DISTRIBUTIONS TO SERIES A AND C REMARKETED PREFERRED SHAREHOLDERS (NOTE 1):	
From ordinary income	
Taxable net investment income	(424)
From tax exempt net investment income	(308,928)
Net increase in net assets resulting from operations (applicable to common shareholders)	**$55,651,975**

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

Statement of changes in net assets

INCREASE IN NET ASSETS	**Year ended 10/31/10**	**Year ended 10/31/09**
Operations:		
Net investment income	$29,929,555	$28,620,573
Net realized loss on investments	(3,385,022)	(12,895,150)
Net unrealized appreciation of investments	29,416,794	65,465,387
Net increase in net assets resulting from operations	**55,961,327**	**81,190,810**
DISTRIBUTIONS TO SERIES A AND C REMARKETED PREFERRED SHAREHOLDERS (NOTE 1):		
From ordinary income		
Taxable net investment income	(424)	(52,099)
From tax exempt net investment income	(308,928)	(955,865)
Net increase in net assets resulting from operations (applicable to common shareholders)	**55,651,975**	**80,182,846**
DISTRIBUTIONS TO COMMON SHAREHOLDERS (NOTE 1):		
From ordinary income		
Taxable net investment income	(13,090)	(230,917)
From tax exempt net investment income	(29,596,065)	(26,075,899)
Increase from issuance of common shares in connection with reinvestment of distributions	618,532	—
Total increase in net assets	**26,661,352**	**53,876,030**
NET ASSETS		

Beginning of year	410,732,717	356,856,687
End of year (including undistributed net investment income of $444,849 and $868,622, respectively)	**$437,394,069**	**$410,732,717**
NUMBER OF FUND SHARES		
Common shares outstanding at beginning of year	**57,288,363**	**57,288,363**
Shares issued in connection with dividend reinvestment plan	82,956	—
Common shares outstanding at end of year	**57,371,319**	**57,288,363**
Remarketed preferred shares outstanding at beginning and end of year	**2,225**	**2,970**
Preferred shares redeemed — Series A (Note 4)	—	(250)
Preferred shares redeemed — Series B (Note 4)	—	(495)
Remarketed preferred shares outstanding at end of year	**2,225**	**2,225**

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

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

PER-SHARE OPERATING PERFORMANCE					
	Year ended				
	10/31/10	**10/31/09**	**10/31/08**	**10/31/07**	**10/31/06**
Net asset value, beginning of period (common shares)	**$7.17**	**$6.23**	**$8.04**	**$8.37**	**$8.20**
Investment operations:					
Net investment income [a]	.52	.50	.56	.55	.53

Net realized and unrealized gain (loss) on investments	.46	.92	(1.84)	(.34)	.13
Total from investment operations	**.98**	**1.42**	**(1.28)**	**.21**	**.66**
Distributions to preferred shareholders:					
From net investment income	(.01)	(.02)	(.12)	(.15)	(.13)
Total from investment operations (applicable to common shareholders)	**.97**	**1.40**	**(1.40)**	**.06**	**.53**
Distributions to common shareholders:					
From net investment income	(.52)	(.46)	(.42)	(.41)	(.41)
Total distributions	**(.52)**	**(.46)**	**(.42)**	**(.41)**	**(.41)**
Increase from shares repurchased	—	—	**.01**	**.02**	**.05**
Net asset value, end of period (common shares)	**$7.62**	**$7.17**	**$6.23**	**$8.04**	**$8.37**
Market price, end of period (common shares)	**$7.73**	**$6.59**	**$5.70**	**$7.18**	**$7.58**
Total return at market price (%) (common shares) [b]	**25.94**	**24.96**	**(15.69)**	**(.14)**	**12.07**
RATIOS AND SUPPLEMENTAL DATA					
Net assets, end of period (common shares) (in thousands)	**$437,394**	**$410,733**	**$356,857**	**$322,047**	**$373,773**
Ratio of expenses to average net assets (excluding interest expense) (%) [c,d]	.92	.98	1.24	1.21	1.14
Ratio of expenses to average net assets (including interest expense) (%) [c,d]	.94 [e]	1.03 [e]	1.28 [e]	1.21	1.14

Ratio of net investment income to average net assets (%) [c]	7.03	7.66	5.87	4.79	4.83
Portfolio turnover (%)	16.66	24.78	40.77	15.26	23.14

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

[b] Total return assumes dividend reinvestment.

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

[d] Includes amounts paid through expense offset arrangements (Note 2).

[e] Includes interest and fee expense associated with borrowings which amounted to 0.02%, 0.05% and 0.04% of the average net assets for the periods ended October 31, 2010, October 31, 2009 and October 31, 2008, respectively (Note 1).

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

Notes to financial statements 10/31/10

Note 1: Significant accounting policies

Putnam Managed Municipal Income Trust (the fund), a Massachusetts business trust, is registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end management investment company. The fund□s investment objective 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 Investment Management, LLC (Putnam Management), the fund□s manager, an indirect wholly-owned subsidiary of Putnam Investments, LLC, believes does not involve undue 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 by issuing preferred shares in an effort to increase the income to the common shares.

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

The 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. Unless otherwise noted, the □reporting period□ represents the period from November 1, 2009 through October 31, 2010.

A) 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.

B) 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. 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.

C) 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 $21,620,375 were held by the TOB trust and served as collateral for $10,026,675 in floating-rate bonds outstanding. For the reporting period ended, the fund incurred interest expense of $29,611 for these investments based on an average interest rate of 0.30%.

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

At October 31, 2010 the fund had a capital loss carryover of $82,396,230 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	**Expiration**
$38,152,374	October 31, 2011
12,656,387	October 31, 2012
574,057	October 31, 2013
3,275,525	October 31, 2014
954,441	October 31, 2015
11,265,981	October 31, 2016

12,490,924	October 31, 2017
3,026,541	October 31, 2018

E) 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, 2010 was 0.253%. 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, 2010 was 0.253%.

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 funds 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 of the expiration of a capital loss carryover, dividends payable, defaulted bond interest, straddle loss deferrals, amortization and accretion. Reclassifications are made to the funds capital accounts to reflect income and gains available for distribution (or available capital loss carryovers) under income tax regulations. For the reporting period ended, the fund reclassified $434,821 to decrease undistributed net investment income and $4,408,634 to decrease paid-in-capital, with a decrease to accumulated net realized losses of $4,843,455.

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

Unrealized appreciation	$33,511,172
Unrealized depreciation	(21,823,041)
Net unrealized appreciation	11,688,131
Undistributed tax-exempt income	3,412,731
Undistributed ordinary income	31,107
Capital loss carryforward	(82,396,230)
Cost for federal income tax purposes	$551,738,345

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F) 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 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 lesser of (i) an annual rate of 0.550% of the average net assets attributable to common and preferred shares outstanding or (ii) the following annual rates expressed as a percentage of the funds average net assets attributable to common and preferred shares outstanding: 0.650% of the first $500 million and 0.550% of the next $500 million, with additional breakpoints at higher asset levels.

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

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 fee rate under the contract multiplied by the liquidation preference of the remarketed preferred shares outstanding during the period).

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 Bank and Trust Company (State Street). Custody fees are based on the fund's asset level, the number of its security holdings and transaction volumes.

Putnam Investor Services, a division of Putnam Fiduciary Trust Company (PFTC), which is an affiliate of Putnam Management, provides investor servicing agent functions to the fund. Putnam Investor Services 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 provided by PFTC during the reporting period are included in Investor servicing fees in the Statement of operations.

The fund has entered into expense offset arrangements with PFTC and State Street whereby PFTC'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 $983 under the expense offset arrangements.

Each independent Trustee of the fund receives an annual Trustee fee, of which $304, 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 $94,629,664 and $88,712,930, respectively. There were no purchases or proceeds from sales of long-term U.S. government securities.

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Note 4: Preferred shares

The Series A (245) and 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 at $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.

On December 10, 2008 the fund redeemed the remaining 495 Series B Remarketed Preferred shares; this redemption represented approximately 25.0% of the fund's $198,000,000 in outstanding preferred shares.

On January 21, 2009 the fund redeemed an additional 250 Series A Remarketed Preferred shares; this redemption represented approximately 17.0% of the fund's $148,500,000 in outstanding preferred shares.

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 $148.

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 October 31, 2010, no such restrictions have been placed on the fund.

Note 5: Share repurchased

In September 2010, 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, 2011 (based on shares outstanding as of October 7, 2010). 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, 2010 (based on shares outstanding as of October 7, 2009) and prior to that, to allow the fund to repurchase up to 10% of its outstanding common shares over the 12-month period ending October 7, 2009 (based on shares outstanding as of October 5, 2008). 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 has not repurchased any common shares.

Note 6: Summary of derivative activity

The following is a summary of the market values of derivative instruments as of the close of the reporting period:

	Asset derivatives	**Liability derivatives**
Derivatives not accounted for as hedging instruments under ASC 815	**Market value**	**Market value**
Equity contracts	$1,715	$—
Total	**$1,715**	**$—**

Change in unrealized appreciation or (depreciation) on derivatives recognized in net gain or (loss) on investments

Derivatives not accounted for as hedging instruments under ASC 815	**Warrants**	**Total**
Equity contracts	$1,355	$1,355
Total	**$1,355**	**$1,355**

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Note 7: Regulatory matters and litigation

In late 2003 and 2004, Putnam Management settled charges brought by the Securities and Exchange Commission (the SEC) and the Massachusetts Securities Division in connection with excessive short-term trading in Putnam funds. Distribution of payments from Putnam Management to certain open-end Putnam funds and their shareholders is expected to be completed in the next several months. These allegations and related matters have served as the general basis for certain lawsuits, including purported class action lawsuits against Putnam Management and, in a limited number of cases, some Putnam funds. Putnam Management believes that these lawsuits will have no material adverse effect on the funds or on Putnam Management's ability to provide investment management services. In addition, Putnam Management has agreed to bear any costs incurred by the Putnam funds as a result of these matters.

Note 8: Market and credit risk

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.

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Federal tax information (Unaudited)

The fund has designated 99.95% of dividends paid from net investment income during the fiscal year as tax exempt for Federal income tax purposes.

The Form 1099 that will be mailed to you in January 2011 will show the tax status of all distributions paid to your account in calendar 2010.

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Shareholder meeting results (Unaudited)

September 10, 2010 annual meeting

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

	Votes for	**Votes withheld**	**Abstentions**	**Broker non-votes**
Ravi Akhoury	48,698,907	1,807,113		
Barbara M. Baumann	48,930,430	1,575,591		
Jameson A. Baxter	48,927,607	1,578,413		

Charles B. Curtis	48,878,802	1,627,219	—	—
Robert J. Darretta	48,758,001	1,748,019	—	—
Myra R. Drucker	48,941,872	1,564,148	—	—
Paul L. Joskow	48,960,598	1,545,422	—	—
Kenneth R. Leibler	49,078,998	1,427,022	—	—
George Putnam, III	48,917,161	1,588,860	—	—
Robert L. Reynolds	49,003,435	1,502,585	—	—
W. Thomas Stephens	48,943,297	1,562,723	—	—
Richard B. Worley	48,962,236	1,543,785	—	—

	Votes for	**Votes withheld**	**Abstentions**	**Broker non-votes**
John A. Hill	1,737	—	—	—
Robert E. Patterson	1,737	—	—	—

All tabulations are rounded to the nearest whole number.

About the Trustees

Independent Trustees

Name **Year of birth** **Position held**	**Principal occupations during past five years**	**Other directorships**
Ravi Akhoury Born 1947	Advisor to New York Life Insurance Company. Trustee of American India Foundation and of the Rubin Museum.	Jacob Ballas Capital India, a non-banking

Trustee since 2009	From 1992 to 2007, was Chairman and CEO of MacKay Shields, a multi-product investment management firm with over $40 billion in assets under management.	finance company focused on private equity advisory services
Barbara M. Baumann Born 1955 Trustee since 2010	President and Owner of Cross Creek Energy Corporation, a strategic consultant to domestic energy firms and direct investor in energy assets. Trustee, and Co-Chair of the Finance Committee, of Mount Holyoke College. Former Chair and current board member of Girls Incorporated of Metro Denver. Member of the Finance Committee, The Children's Hospital of Denver.	SM Energy Company, a publicly held energy company focused on natural gas and crude oil in the United States; UniSource Energy Corporation, a publicly held provider of natural gas and electric service across Arizona; Cody Resources Management, LLP, a privately held energy, ranching, and commercial real estate company
Jameson A. Baxter Born 1943 Trustee since 1994 and Vice Chairman since 2005	President of Baxter Associates, Inc., a private investment firm. Chairman of Mutual Fund Directors Forum. Chairman Emeritus of the Board of Trustees of Mount Holyoke College.	ASHTA Chemicals, Inc.
Charles B. Curtis Born 1940 Trustee since 2001	President Emeritus of the Nuclear Threat Initiative, a private foundation dealing with national security issues. Senior Advisor to the United Nations Foundation. Senior Advisor to the Center for Strategic and International Studies. Member of the Council on Foreign Relations and the National Petroleum Council.	Edison International; Southern California Edison
Robert J. Darretta Born 1946 Trustee since 2007	Health Care Industry Advisor to Permira, a global private equity firm. Until April 2007, was Vice Chairman of the Board of Directors of Johnson & Johnson. Served as Johnson & Johnson's Chief Financial Officer for a decade.	United-Health Group, a diversified health-care company
Myra R. Drucker Born 1948 Trustee since 2004	Vice Chair of the Board of Trustees of Sarah Lawrence College, and a member of the Investment Committee of the Kresge Foundation, a charitable trust. Advisor to the Employee Benefits Investment Committee of The Boeing	Grantham, Mayo, Van Otterloo & Co., LLC, an investment management company

	Company. Retired in 2009 as Chair of the Board of Trustees of Commonfund, a not-for-profit firm that manages assets for educational endowments and foundations. Until July 2010, Advisor to RCM Capital Management and member of the Board of Interactive Data Corporation.	
John A. Hill Born 1942 Trustee since 1985 and Chairman since 2000	Founder and Vice-Chairman of First Reserve Corporation, the leading private equity buyout firm focused on the worldwide energy industry. Serves as a Trustee and Chairman of the Board of Trustees of Sarah Lawrence College. Also a member of the Advisory Board of the Millstein Center for Corporate Governance and Performance at the Yale School of Management.	Devon Energy Corporation, a leading independent natural gas and oil exploration and production company

Name **Year of birth** **Position held**	**Principal occupations during past five years**	**Other directorships**
Paul L. Joskow Born 1947 Trustee since 1997	Economist and President of the Alfred P. Sloan Foundation, a philanthropic institution focused primarily on research and education on issues related to science, technology, and economic performance. Elizabeth and James Killian Professor of Economics and Management, Emeritus at the Massachusetts Institute of Technology (MIT). Prior to 2007, served as the Director of the Center for Energy and Environmental Policy Research at MIT.	TransCanada Corporation, an energy company focused on natural gas transmission and power services; Exelon Corporation, an energy company focused on power services
Kenneth R. Leibler Born 1949 Trustee since 2006	Founder and former Chairman of Boston Options Exchange, an electronic marketplace for the trading of derivative securities. Vice Chairman of the Board of Trustees of Beth Israel Deaconess Hospital in Boston, Massachusetts. Until November 2010, director of Ruder Finn Group, a global communications and advertising firm.	Northeast Utilities, which operates New England's largest energy delivery system
Robert E. Patterson Born 1945	Senior Partner of Cabot Properties, LP and Co-Chairman of Cabot Properties, Inc., a private equity firm investing in	None

Trustee since 1984	commercial real estate. Past Chairman and Trustee of the Joslin Diabetes Center.	
George Putnam, III Born 1951 Trustee since 1984	Chairman of New Generation Research, Inc., a publisher of financial advisory and other research services, and founder and President of New Generation Advisors, LLC, a registered investment advisor to private funds. Director of The Boston Family Office, LLC, a registered investment advisor.	None
W. Thomas Stephens Born 1942 Trustee from 1997 to 2008 and since 2009	Retired as Chairman and Chief Executive Officer of Boise Cascade, LLC, a paper, forest products, and timberland assets company, in December 2008.	TransCanada Corporation, an energy company focused on natural gas transmission and power services
Richard B. Worley Born 1945 Trustee since 2004	Managing Partner of Permit Capital LLC, an investment management firm. Serves as a Trustee of the University of Pennsylvania Medical Center, the Robert Wood Johnson Foundation, a philanthropic organization devoted to health-care issues, and the National Constitution Center. Also serves as a Director of the Colonial Williamsburg Foundation, a historical preservation organization, and as Chairman of the Philadelphia Orchestra Association.	Neuberger Berman, an investment management firm
Interested Trustee		
Robert L. Reynolds* Born 1952 Trustee since 2008 and President of the Putnam Funds since July 2009	President and Chief Executive Officer of Putnam Investments since 2008. Prior to joining Putnam Investments, served as Vice Chairman and Chief Operating Officer of Fidelity Investments from 2000 to 2007.	None

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

As of October 31, 2010, there were 104 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 72, removal, or death.

* Mr. Reynolds is an interested person (as defined in the Investment Company Act of 1940) of the fund, Putnam Management, and/or Putnam Retail Management. 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.

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, Treasurer and Compliance Liaison
Since 2004
Senior Vice President and Treasurer, The Putnam Funds

Steven D. Krichmar *(Born 1958)*
Vice President and Principal Financial Officer
Since 2002
Senior Managing Director, Putnam Investments and Putnam Management

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

Beth S. Mazor *(Born 1958)*
Vice President
Since 2002
Managing Director, Putnam Investments and Putnam Management

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

Mark C. Trenchard *(Born 1962)*
Vice President and BSA Compliance Officer
Since 2002

Francis J. McNamara, III *(Born 1955)*
Vice President and Chief Legal Officer
Since 2004
Senior Managing Director, Putnam Investments and Putnam Management

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

Judith Cohen *(Born 1945)*
Vice President, Clerk and Assistant Treasurer
Since 1993
Vice President, Clerk and Assistant Treasurer, The Putnam Funds

Michael Higgins *(Born 1976)*
Vice President, Senior Associate Treasurer and Assistant 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)

Nancy E. Florek *(Born 1957)*
Vice President, Assistant Clerk, Assistant Treasurer and Proxy Manager
Since 2000
Vice President, Assistant Clerk, Assistant Treasurer and Proxy Manager, The Putnam Funds

Susan G. Malloy *(Born 1957)*

Managing Director, Putnam Investments and Putnam Retail Management	Vice President and Assistant Treasurer *Since 2007* Managing Director, Putnam Management

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

Fund information

About Putnam Investments

Founded over 70 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
One Post Office Square
Boston, MA 02109

Custodian
State Street Bank
and Trust Company

Legal Counsel
Ropes & Gray LLP

Independent Registered
Public Accounting Firm

Myra R. Drucker
Paul L. Joskow
Kenneth R. Leibler
Robert E. Patterson
George Putnam, III
Robert L. Reynolds
W. Thomas Stephens
Richard B. Worley

Officers
Robert L. Reynolds
President

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

Steven D. Krichmar
Vice President and
Principal Financial Officer

Janet C. Smith
Vice President, Assistant

Mark C. Trenchard
Vice President and
BSA Compliance Officer

Francis J. McNamara, III
Vice President and
Chief Legal Officer

James P. Pappas
Vice President

Judith Cohen
Vice President, Clerk and
Assistant Treasurer

Michael Higgins
Vice President, Senior Associate
Treasurer and Assistant Clerk

Nancy E. Florek
Vice President, Assistant Clerk,
Assistant Treasurer and
Proxy Manager

Susan G. Malloy

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 May 2008, the Code of Ethics of Putnam Investment Management, LLC was updated in its entirety to include the amendments adopted in August 2007 as well as a several additional technical, administrative and non-substantive changes. In May of 2009, the Code of Ethics of Putnam Investment Management, LLC was amended to reflect that all employees will now be subject to a 90-day blackout restriction on holding Putnam open-end funds, except for portfolio managers and their supervisors (and each of their immediate family members), who will be subject to a one-year blackout restriction on the funds that they manage or supervise. In June 2010, the Code of Ethics of Putnam Investments was updated in its entirety to include the amendments adopted in May of 2009 and to change certain rules and limits contained in the Code of Ethics. In addition, the updated Code of Ethics included numerous technical, administrative and non-substantive changes, which were intended primarily to make the document easier to navigate and understand.

Item 3. Audit Committee Financial Expert:

The Funds' Audit and Compliance Committee is comprised solely of Trustees who are "independent" (as such term has been defined by the Securities and Exchange Commission ("SEC") in regulations implementing Section 407 of the Sarbanes-Oxley Act (the "Regulations")). The Trustees believe that each of the members of the Audit and Compliance Committee also possess a combination of knowledge and experience with respect to financial accounting matters, as well as other attributes, that qualify them for service on the Committee. In addition, the Trustees have determined that each of Mr. Patterson, 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, 2010	$52,880	$24,700	$5,800	$-
October 31, 2009	$53,119	$26,409	$5,800	$-

For the fiscal years ended October 31, 2010 and October 31, 2009, the fund□s independent auditor billed aggregate non-audit fees in the amounts of $30,500 and $32,209 respectively, to the fund, Putnam Management and any entity controlling, controlled by or under common control with Putnam Management that provides ongoing services to the fund.

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

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

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

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

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

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

Fiscal year	Audit-Related	Tax	All Other	Total Non-Audit

ended	Fees	Fees	Fees	Fees
October 31, 2010	$ -	$ -	$ -	$ -
October 31, 2009	$ -	$ -	$ -	$ -

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:

Robert E. Patterson (Chairperson)

Robert J. Darretta
Myra R. Drucker
John A. Hill
Kenneth R. Leibler
Barbara M. Baumann

(b) Not applicable

Item 6. Schedule of Investments:

The registrants 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.

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 Managers 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 Managements 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 Managements Legal and Compliance Department to assist in processing referral items under the funds Proxy Voting Procedures. The Proxy Manager, in consultation with the funds Senior Vice President, 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

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advance of the record date for the issuer s shareholder meetings, so that the funds may vote at the meetings.

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

I. BOARD-APPROVED PROPOSALS

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

Matters relating to the Board of Directors

Uncontested Election of Directors

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

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

the board does not have a majority of independent directors,

the board has not established independent nominating, audit, and compensation committees,

the board has more than 19 members or fewer than five members, absent special circumstances,

the board has not acted to implement a policy requested in a shareholder proposal that received the support of a majority of the shares of the company cast at its previous two annual meetings, or

the board has adopted or renewed a shareholder rights plan (commonly referred to as a poison pill) without shareholder approval during the current or prior calendar year.

The funds will on a **case-by-case basis withhold votes** from the entire board of directors, or from particular directors as may be appropriate, if the board has approved compensation arrangements for one or more company executives that the funds determine are unreasonably excessive relative to the company s performance or has otherwise failed to observe good corporate governance practices.

The funds will **withhold votes** from any nominee for director:

who is considered an independent director by the company and who has received compensation within the last three years from the company other than for service as a director (*e.g.*, investment banking, consulting, legal, or financial advisory fees),

who attends less than 75% of board and committee meetings without valid reasons for the absences (*e.g.*, illness, personal emergency, etc.),

of a public company (Company A) who is employed as a senior executive of another company (Company B), if a director of Company B serves as a senior executive of Company A (commonly referred to as an interlocking directorate), or

who serves on more than five unaffiliated public company boards (for the purpose of this guideline, boards of affiliated registered investment companies will count as one board).

Commentary:

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

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

Time commitment: Being a director of a company requires a significant time commitment to adequately prepare for and attend the companys 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 boards 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 companys record of performance.

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 companys long-term performance. The funds will vote on a **case-by-case basis** on board-approved proposals relating to executive compensation, except as follows:

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

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

The funds will vote **against** any stock option or restricted stock plan where the companys 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 stocks 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 **against** such proposals 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 to require companies to present advisory "say-on-pay" proposals to shareholders on an **annual** basis.

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 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

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

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

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

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 companys 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 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 committee retained the consultant, the types of services provided by the consultant over the past five years, and a list of the consultants clients on which any of the companys 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: In light of the substantial reforms in corporate governance that are currently underway, 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. Generally speaking, shareholder proposals relating to business operations

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are often motivated primarily by political or social concerns, rather than the interests of shareholders as investors in an economic enterprise. 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.

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 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 managements 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 will also consider whether a company's severance payment and performance-based 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. In addition, 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 Election of Directors

Germany

For companies subject to "co-determination," the funds will vote on a **case by-case basis** for the election of nominees to the supervisory board.

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 more than 2,000 employees, company employees are allowed to elect half of the supervisory board members. 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," the Funds will vote for supervisory board members on a case-by-case basis, so that the funds can support independent nominees.

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

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 a nominating committee composed of at least a majority of outside directors, or

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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.

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

The funds will vote **for** proposals to amend a companys 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 Kingdoms 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 directors independence.

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.

Corporate Governance

The funds will vote **for** shareholder proposals calling for a majority of a companys 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.

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.

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.

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.

Germany

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

Commentary: In Germany, shareholders are able to add both proposals and countermotions to a meeting agenda. Countermotions, which must correspond to a proposal on the agenda, generally call for shareholders to oppose the existing proposal, although they may also propose separate voting decisions. Countermotions may be proposed by any shareholder and they are typically added throughout the period between the publication of the meeting agenda and the meeting date. This guideline reflects the funds intention to focus on the original proposal, which

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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.

As adopted December 10, 2010

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

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 Managers 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 Managements 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 Managements investment professionals for a voting recommendation. Such referrals will be made in cooperation with the person or persons designated by Putnam Managements 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 Managements 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 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 Managements 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 Managements 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 professionals recommendation. The Conflicts Report will also include written confirmation that any recommendation from an investment professional provided under circumstances where a

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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 funds portfolio as of the filing date of this report.

Portfolio Managers	**Joined Fund**	**Employer**	**Positions Over Past Five Years**
Paul Drury	2002	**Putnam Management** 1989 Present	Tax Exempt Specialist

Susan McCormack	2002	**Putnam Management** 1994 – Present	Tax Exempt Specialist
Thalia Meehan	2006	**Putnam Management** 1989 – Present	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	13	$7,670,200,000	0	$-	1	$73,200,000
Susan McCormack	13	$7,670,200,000	0	$-	2	$74,400,000
Thalia Meehan	13	$7,670,200,000	0	$-	2	$74,100,000

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

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

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

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

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

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

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

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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 funds 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 Managements 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 Managements daily block trades to the same extent as client accounts (except that pilot accounts do not participate in initial public offerings).

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

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

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

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

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

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

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

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

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

* Assets in the fund

	Year	$0	$1–$10,000	$10,001–$50,000	$50,001–$100,000	$100,001–$500,000	$500,001–$1,000,000	$1,000,001 and over
Paul M Drury	2010	*						
Portfolio Manager	2009	*						
Susan A. McCormack	2010	*						
Portfolio Manager	2009	*						
Thalia Meehan	2010	*						
Portfolio Manager	2009	*						

(b) Not applicable

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

Registrant Purchase of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs*	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased under the Plans or Programs**
November 1 - November 30, 2009	-	-	-	5,728,836
December 1 - December 31, 2009	-	-	-	5,728,836
January 1 - January 31, 2010	-	-	-	5,728,836
February 1 - February 28, 2010	-	-	-	5,728,836
March 1 - March 31, 2010	-	-	-	5,728,836
April 1 - April 30, 2010	-	-	-	5,728,836

May 1 - May 31, 2010	-	-	-	5,728,836
June 1 - June 30, 2010	-	-	-	5,728,836
July 1 - July 31, 2010	-	-	-	5,728,836
August 1 - August 31, 2010	-	-	-	5,728,836
September 1 - September 30, 2010	-	-	-	5,728,836
October 1 - October 7, 2010	-	-	-	5,728,836
October 8 - October 31, 2010	-	-	-	5,735,496

* 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 repurchase of up to 10% of the fund's outstanding common shares over the two-years ending October 5, 2007. The Trustees subsequently renewed the program on four occasions, to permit the repurchase of an additional 10% of the fund's outstanding common shares over each of the twelve-month periods beginning on October 8, 2007, October 8, 2008, October 8, 2009 and October 8, 2010. The October 8, 2008 - October 7, 2009 program, which was announced in September 2008, allowed repurchases up to a total of 5,728,836 shares of the fund. The October 8, 2009 -October 7, 2010 program, which was announced in September 2009, allows repurchases up to a total of 5,728,836 shares of the fund. The October 8, 2010 - October 7, 2011 program, which was announced in September 2010, allows repurchases up to a total of 5,735,496 shares of the fund.

**Information prior to October 7, 2010 is based on the total number of shares eligible for repurchase under the program, as amended through September 2009. Information from October 8, 2010 forward is based on the total number of shares eligible for repurchase under the program, as amended through September 2010.

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 29, 2010

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 29, 2010

By (Signature and Title):

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

Date: December 29, 2010
