

PUTNAM MUNICIPAL OPPORTUNITIES TRUST
Form N-CSR
June 29, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

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

Investment Company Act file number: (811-07626)

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

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

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

Copy to: Bryan Chegwidden, Esq.
Ropes & Gray LLP
1211 Avenue of the Americas
New York, New York 10036

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

Date of fiscal year end: April 30, 2018

Date of reporting period: May 1, 2017 — April 30, 2018

Item 1. Report to Stockholders:

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

Putnam Municipal Opportunities Trust

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Consider these risks before investing: Lower-rated bonds may offer higher yields in return for more risk. Bond investments are subject to interest-rate risk (the risk of bond prices falling if interest rates rise) and credit risk (the risk of an issuer defaulting on interest or principal payments). Interest-rate risk is greater for longer-term bonds, and credit risk is greater for below-investment-grade bonds. Unlike bonds, funds that invest in bonds have fees and expenses. Bond prices may fall or fail to rise over time for several reasons, including general financial market conditions, changing market perceptions (including perceptions about the risk of default, and expectations about monetary policy or interest rates), changes in government intervention in the financial markets, and factors related to a specific issuer or industry. These and other factors may lead to increased volatility and reduced liquidity in the fund's portfolio holdings. You can lose money by investing in the fund. The fund's shares trade on a stock exchange at market prices, which may be lower than the fund's net asset value.

Message from the Trustees

June 14, 2018

Dear Fellow Shareholder:

After an extended period of record advances and low volatility for global financial markets, the first half of 2018 has been considerably more challenging. Stocks began the year against a backdrop of optimism, but quickly lost ground in February with a sharp downturn that pushed the U.S. market into correction territory. Stocks subsequently recovered somewhat, but markets have remained choppy. Bond markets have also had a series of ups and downs, due in part to uncertainty surrounding trade policy and the trajectory of U.S. interest rates.

While volatility and declines can be unsettling, seasoned investors recognize that they are natural and ultimately can restore balance in the financial markets. In this changing environment, Putnam's experienced investment professionals continue to monitor risks and seek opportunities. They take a research-intensive approach to investing that includes risk management strategies designed to serve investors in all types of markets.

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As always, we believe investors should maintain a well-diversified portfolio, think about long-term goals, and speak regularly with their financial advisors. In the following pages, you will find an overview of your fund's performance for the reporting period as well as an outlook for the coming months.

Thank you for investing with Putnam.

Putnam Municipal Opportunities Trust has the flexibility to invest in municipal bonds issued by any state in the country or U.S. territory. As a closed-end fund, it shares some common characteristics with open-end mutual funds, but there are some key differences that investors should understand as they consider their portfolio.

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Looking at a closed-end fund's performance

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

A mix of credit qualities

In addition to its flexible geographical focus, Putnam Municipal Opportunities Trust combines bonds of differing credit quality. The fund invests in high-quality bonds, but also includes an allocation to lower-rated bonds, which may offer higher income in return for more risk.

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Data are historical. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return and net asset value will fluctuate, and you may have a gain or a loss when you sell your shares. Performance assumes reinvestment of distributions and does not account for taxes. Fund returns in the bar chart are at NAV. See below and pages 9–10 for additional performance information, including fund returns at market price. Index and Lipper results should be compared with fund performance at NAV. Fund results reflect the use of leverage, while index results are unleveraged and Lipper results reflect varying use of, and methods for, leverage.

This comparison shows your fund's performance in the context of broad market indexes for the 12 months ended 4/30/18. See above and pages 9–10 for additional fund performance information. Index descriptions can be found on page 11.

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

In addition to Paul, your fund is managed by Garrett L. Hamilton, CFA.

Paul, how was the market for municipal bonds during the reporting period?

After rallying in the early months of the period, volatility picked up in the municipal bond market during the second half of the period in response to higher interest rates and the passage of the Tax Cuts and Jobs Act. With the new tax law eliminating advanced refundings, bond issuers rushed to issue new deals before the legislation took effect in 2018, resulting in heavier near-term municipal bond supply. Total municipal bond new-issue volume for December 2017 was \$62.5 billion — surpassing the previous record of \$52.7 billion in December 1985, which was just before the last comprehensive tax overhaul took effect. However, the flood of new issuance was well received by investors, and the municipal bond market rallied as strong demand helped buoy prices.

The Federal Reserve announced three interest-rate hikes during the period, raising the federal funds rate in June and December of 2017 and in March 2018. At period end, the federal funds rate stood at a target range of 1.50% to 1.75%. With interest rates rising, municipal bonds outperformed U.S. Treasuries and the broader

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Credit qualities are shown as a percentage of the fund's net assets (common and preferred shares) as of 4/30/18. A bond rated BBB or higher (SP-3 or higher, for short-term debt) is considered investment grade. This chart reflects the highest security rating provided by one or more of Standard & Poor's, Moody's, and Fitch. Ratings may vary over time.

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

Top ten state allocations are shown as a percentage of the fund's net assets (common and preferred shares) as of 4/30/18. Summary information may differ from the portfolio schedule included in the financial statements due to the differing treatment of interest accruals, the floating-rate portion of tender-option bonds, derivative securities, if any, the use of different classifications of securities for presentation purposes, and rounding. Holdings and allocations may vary over time.

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fixed-income markets during the period. [Bond prices generally fall as rates rise.]

How did the fund perform during the reporting period?

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For the 12 months ended April 30, 2018, the fund outperformed its benchmark, the Bloomberg Barclays Municipal Bond Index, and the average return of its Lipper peer group, General & Insured Municipal Debt Funds (leveraged closed-end).

What was your investment strategy in this environment?

Given our outlook for interest rates trending higher, the fund began the period with more of a barbell approach to structuring the portfolio — overweighting short-term bonds, underweighting intermediate-term bonds with maturities of 5 to 10 years, and overweighting bonds with maturities of 11 to 16 years. However, with the flattening of the yield curve that materialized as the period progressed, we began steering the portfolio away from the short and long ends of the curve and focusing more on bonds with maturities of 15 to 20 years where we saw better value.

Duration positioning, which affects the portfolio's sensitivity to interest rates, was generally neutral relative to the benchmark index. From a credit-quality standpoint, the fund held an overweight exposure to higher-quality bonds rated A and BBB. From a sector-positioning perspective, we placed greater focus on higher education, essential service utilities, and continuing-care retirement community bonds relative to the fund's Lipper group. This strategy was positive for performance results.

We maintained an underweight position in Puerto Rico-based issuers relative to the fund's Lipper peers. Puerto Rico's current economic and financial situation remains extremely difficult and could further challenge the debt restructuring process, in our view. This underweight exposure aided performance, as Puerto Rico debt generally declined during the period. By the close of the period, the fund no longer held investments in Puerto Rico.

The fund reduced its dividend rate during the reporting period. What led to that decision?

Since the fund is leveraged through the use of preferred shares, costs to the portfolio have risen, as prevailing short-term interest rates have climbed more than long-term rates, which are still relatively low, historically speaking. Accordingly, the fund's monthly dividend rate declined from \$0.0541 to \$0.0461 in February 2018.

What are your thoughts about the new tax law and its effects on the municipal bond market?

The Tax Cuts and Jobs Act reduced corporate tax rates and to a lesser extent, individual rates; changed some popular deductions; and eliminated advance refundings for municipal issuers. However, the tax-exempt status of municipal bonds remains intact. As such, we do not believe the new tax law will materially affect demand for municipal bonds from individuals. However, in our view, the reduction in corporate taxes may lower demand from banks, property and casualty insurers, or other corporate buyers.

The legislation, in our view, will have a more meaningful positive impact on the supply side of the technical equation. We believe the elimination of advance refundings could remove up to 20% of the municipal market's annual supply — a fairly significant portion of the municipal bond supply.

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What is your outlook for interest rates in the coming months?

Jerome Powell was sworn in as the new Federal Reserve chair on February 5, 2018. Investors generally believe that Chairman Powell will implement the plan laid out by his predecessor, Janet Yellen, for gradual rate increases. At the Fed's first meeting under Chairman Powell in March 2018, the central bank reiterated its plan for three interest-rate hikes this year but hinted that it would be open to the possibility of a fourth hike if necessary to keep the U.S. economy from overheating. The Fed also revised its outlook for three rate hikes in 2019 instead of two, and projected the unemployment rate, which stood at 4.1% at period-end, would fall to 3.8% in 2018.

We expect that solid global economic growth will facilitate the continued normalization of short-term interest rates from their still historic lows and the continued flattening of the yield curve, with short-term rates rising more than

long-term rates. Should incoming data signal a strengthening economic outlook, we believe the Fed might be inclined to tighten a little faster to keep inflationary pressures at bay or, conversely, tighten more slowly if fiscal policy proves less stimulative.

Broadly speaking, the municipal bond market continues to adjust to fluctuating supply and demand conditions created by the new tax legislation. In our view, the asset class offers a high-quality, low-default investment option for investors seeking attractive tax-free income and diversification opportunities.

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

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

Please note that the holdings discussed in this report may not have been held by the fund for the entire period. Portfolio composition is subject to review in accordance with the fund's investment strategy and may vary in the future. Current and future portfolio holdings are subject to risk. Statements in the Q&A concerning the fund's performance or portfolio composition relative to those of the fund's Lipper peer group may reference information produced by Lipper Inc. or through a third party.

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

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Your fund's performance

This section shows your fund's performance, price, and distribution information for periods ended April 30, 2018, the end of its most recent fiscal year. In accordance with regulatory requirements for mutual funds, we also include performance information as of the most recent calendar quarter-end. Performance should always be considered in light of a fund's investment strategy. Data represent past performance. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return, net asset value, and market price will fluctuate, and you may have a gain or a loss when you sell your shares.

Fund performance Total return and comparative index results for periods ended 4/30/18

| | | 10 years | | Annual average | | 3 years | | Annual average | |
|--|-------|----------|-------|----------------|-------|---------|-------|----------------|--|
| NAV | 6.06% | 85.80% | 6.39% | 24.01% | 4.40% | 12.63% | 4.04% | 4.36% | |
| Market price | 5.54 | 92.16 | 6.75 | 21.46 | 3.97 | 12.48 | 4.00 | -0.80 | |
| Bloomberg Barclays Municipal Bond Index | 5.06 | 51.55 | 4.24 | 12.78 | 2.44 | 7.09 | 2.31 | 1.56 | |
| Lipper General & Insured | | | | | | | | | |

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| | | | | | | | | |
|--|------|-------|------|-------|------|-------|------|------|
| Municipal Debt Funds (leveraged closed-end) category average* | 5.97 | 86.45 | 6.40 | 21.30 | 3.92 | 11.07 | 3.55 | 2.65 |
|--|------|-------|------|-------|------|-------|------|------|

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

Index and Lipper results should be compared with fund performance at net asset value. Fund results reflect the use of leverage, while index results are unleveraged and Lipper results reflect varying use of, and methods for, leverage.

* Over the 1-year, 3-year, 5-year, 10-year, and life-of-fund periods ended 4/30/18, there were 61, 61, 61, 53, and 26 funds, respectively, in this Lipper category.

Performance includes the deduction of management fees and administrative expenses.

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Fund price and distribution information For the 12-month period ended 4/30/18

| | | |
|--|-----------------|---------------------|
| Distributions | | |
| Number | | 12 |
| Income ¹ | | \$0.6252 |
| Capital gains ² | | — |
| Total | | \$0.6252 |
| Distributions — Preferred shares | | |
| Income ¹ | \$426.43 | \$418.55 |
| Capital gains ² | — | — |
| Total | \$426.43 | \$418.55 |
| Share value | NAV | Market price |
| 4/30/17 | \$12.98 | \$12.27 |
| 4/30/18 | 12.92 | 11.57 |
| Current dividend rate (end of period) | | |
| Current dividend rate ³ | 4.28% | 4.78% |
| Taxable equivalent ⁴ | 7.23 | 8.07 |

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

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

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

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

⁴ Assumes maximum 40.80% federal tax rate for 2018. Results for investors subject to lower tax rates would not be as advantageous.

Fund performance as of most recent calendar quarter Total return for periods ended 3/31/18

| | | 10 years | | 3 years | | Annual average | | |
|---------------------|-------|----------|----------------|---------|----------------|----------------|-------|-------|
| | | | Annual average | | Annual average | | | |
| NAV | 6.10% | 89.74% | 6.61% | 26.63% | 4.84% | 12.17% | 3.90% | 5.72% |
| Market price | 5.58 | 96.19 | 6.97 | 23.24 | 4.27 | 11.99 | 3.85 | 2.18 |

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

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Terms and definitions

Important terms

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

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

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

Fixed-income terms

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

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

Comparative indexes

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

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

ICE BofAML (Intercontinental Exchange 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.

ICE Data Indices, LLC (“ICE BofAML”), used with permission. ICE BofAML permits use of the ICE BofAML indices and related data on an “as is” basis; makes no warranties regarding same; does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the ICE BofAML indices or any data included in, related to, or derived therefrom; assumes no liability in connection with the use of the foregoing; and does not sponsor, endorse, or recommend Putnam Investments, or any of its products or services.

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

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

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Other information for shareholders

Important notice regarding share repurchase program

In September 2017, the Trustees of your fund approved the renewal of a share repurchase program that had been in effect since 2005. This renewal allows your fund to repurchase, in the 12 months beginning October 10, 2017, up to 10% of the fund’s common shares outstanding as of October 9, 2017.

Important notice regarding delivery of shareholder documents

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

Proxy voting

Putnam is committed to managing our mutual funds in the best interests of our shareholders. The Putnam funds’ proxy voting guidelines and procedures, as well as information regarding how your fund voted proxies relating to portfolio securities during the 12-month period ended June 30, 2017, are available in the Individual Investors section of putnam.com, and on the SEC’s website, www.sec.gov. If you have questions about finding forms on the SEC’s website, you may call the SEC at 1-800-SEC-0330. You may also obtain the Putnam funds’ proxy voting guidelines and procedures at no charge by calling Putnam’s Shareholder Services at 1-800-225-1581.

Fund portfolio holdings

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

Trustee and employee fund ownership

Putnam employees and members of the Board of Trustees place their faith, confidence, and, most importantly, investment dollars in Putnam mutual funds. As of April 30, 2018, Putnam employees had approximately

\$510,000,000 and the Trustees had approximately \$80,000,000 invested in Putnam mutual funds. These amounts include investments by the Trustees' and employees' immediate family members as well as investments through retirement and deferred compensation plans.

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Important notice regarding Putnam's privacy policy

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

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

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

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

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

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

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

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

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

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

How to withdraw from a Plan Participants may withdraw from a Fund's Plan at any time by notifying the Agent, either in writing or by telephone. Such withdrawal will be effective immediately if notice is received by the Agent with sufficient time prior to any distribution record date; otherwise, such withdrawal will be effective with respect to any subsequent distribution following notice of withdrawal. There is no penalty for withdrawing from or not participating in a Plan.

Plan administration The Agent will credit all shares acquired for a participant under a Plan to the account in which the participant's common shares are held. Each participant will

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be sent reasonably promptly a confirmation by the Agent of each acquisition made for his or her account.

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

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

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

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

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Financial statements

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

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

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

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

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

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

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Report of Independent Registered Public Accounting Firm

To the Trustees and Shareholders of
Putnam Municipal Opportunities Trust

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the fund's portfolio, of Putnam Municipal Opportunities Trust (the "Fund") as of April 30, 2018, the related statements of operations and cash flows for the year ended April 30, 2018, the statement of changes in net assets for each of the two years in the period ended April 30, 2018, including the related notes, and the financial highlights for each of the five years in the period ended April 30, 2018 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of April 30, 2018, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period ended April 30, 2018 and the financial highlights for each of the five years in the period ended April 30, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of April 30, 2018 by correspondence with the custodian, and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Boston, Massachusetts
June 14, 2018

We have served as the auditor of one or more investment companies in the Putnam Investments family of mutual funds since at least 1957. We have not determined the specific year we began serving as auditor.

Municipal Opportunities Trust 17

The fund's portfolio 4/30/18

Key to holding's abbreviations

ABAG Association Of Bay Area Governments

AGC Assured Guaranty Corp.

AGM Assured Guaranty Municipal Corporation

AMBAC AMBAC Indemnity Corporation

BAM Build America Mutual

COP Certificates of Participation

FGIC Financial Guaranty Insurance Company

FHL Banks Coll. Federal Home Loan Banks

System Collateralized

FRB Floating Rate Bonds: the rate shown is the current interest rate at the close of the reporting period. Rates may be subject to a cap or floor. For certain securities, the rate may represent a fixed rate currently in place at the close of the reporting period.

FRN Floating Rate Notes: the rate shown is the current interest rate or yield at the close of the reporting period. Rates may be subject to a cap or floor. For certain securities, the rate may represent a fixed rate currently in place at the close of the reporting period.

G.O. Bonds General Obligation Bonds

NATL National Public Finance Guarantee Corp.

PSFG Permanent School Fund Guaranteed

U.S. Govt. Coll. U.S. Government Collateralized

VRDN Variable Rate Demand Notes, which are floating-rate securities with long-term maturities that carry coupons that reset and are payable upon demand either daily, weekly or monthly. The rate shown is the current interest rate at the close of the reporting period. Rates are set by remarketing agents and may take into consideration market supply and demand, credit quality and the current SIFMA Municipal Swap Index rate, which was 1.75% as of the close of the reporting period.

| MUNICIPAL BONDS AND NOTES (134.9%)* | Rating** | Principal amount | Value |
|-------------------------------------|----------|------------------|-------|
| Alabama (1.6%) | | | |

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| | | | |
|--|------|-------------|------------------|
| Black Belt Energy Gas Dist. Mandatory Put Bonds (9/1/23), Ser. A, 4.00%, 12/1/48 | A3 | \$1,700,000 | \$1,811,809 |
| Jefferson Cnty., Swr. Rev. Bonds, Ser. D, 6.50%, 10/1/53 | BBB- | 2,000,000 | 2,351,100 |
| Jefferson, Cnty. Rev. Bonds, (Warrants) 5.00%, 9/15/34 | AA | 2,075,000 | 2,339,148 |
| 5.00%, 9/15/33 | AA | 275,000 | 311,814 |
| Selma, Indl. Dev. Board Rev. Bonds, (Gulf Opportunity Zone Intl. Paper Co.), Ser. A, 5.80%, 5/1/34 | Baa2 | 750,000 | 808,133 |
| | | | 7,622,004 |

Arizona (3.2%)

| | | | |
|--|------|-----------|-----------|
| AZ State Indl. Dev. Auth. Ed. 144A Rev. Bonds, (BASIS Schools, Inc.), Ser. D, 5.00%, 7/1/51 | BB | 510,000 | 517,456 |
| Casa Grande, Indl. Dev. Auth. Rev. Bonds, (Casa Grande Regl. Med. Ctr.), Ser. A, 7.625%, 12/1/29 (escrow) F | D/P | 3,025,000 | 9,042 |
| Glendale, Excise Tax Rev. Bonds, 5.00%, 7/1/30 | AA | 1,700,000 | 1,977,984 |
| Glendale, Indl. Dev. Auth. Rev. Bonds, (Midwestern U.), 5.125%, 5/15/40 | A | 2,125,000 | 2,235,479 |
| Maricopa Cnty., Indl. Dev. Auth. Ed. Rev. Bonds (Reid Traditional Schools Painted Rock Academy), 5.00%, 7/1/36 | Baa3 | 350,000 | 366,944 |
| (Horizon Cmnty. Learning Ctr.), 5.00%, 7/1/35 | BB+ | 500,000 | 513,455 |
| Maricopa Cnty., Poll. Control Rev. Bonds, (El Paso Elec. Co.), Ser. A, 7.25%, 2/1/40 | Baa1 | 2,400,000 | 2,491,416 |
| Phoenix, Civic Impt. Corp. Arpt. Rev. Bonds, Ser. A, 5.00%, 7/1/40 (Prerefunded 7/1/20) | A1 | 1,000,000 | 1,061,880 |

18 Municipal Opportunities Trust

| MUNICIPAL BONDS AND NOTES (134.9%)* cont. | Rating** | Principal amount | Value |
|--|-----------------|-------------------------|-------------------|
| Arizona cont. | | | |
| Phoenix, Indl. Dev. Auth. Ed. Rev. Bonds, (Great Hearts Academies), 3.75%, 7/1/24 | BBB- | \$645,000 | \$665,775 |
| Salt Verde, Fin. Corp. Gas Rev. Bonds, 5.50%, 12/1/29 | Baa1 | 1,350,000 | 1,618,043 |
| U. Med. Ctr. Corp. Hosp. Rev. Bonds, U.S. Govt. Coll., 6.50%, 7/1/39 (Prerefunded 7/1/19) | AAA/P | 1,000,000 | 1,052,080 |
| Yavapai Cnty., Indl. Dev. Auth. Hosp. Fac. Rev. Bonds, (Yavapai Regl. Med. Ctr.), 5.00%, 8/1/34 | A3 | 500,000 | 541,375 |
| Yuma, Indl. Dev. Auth. Hosp. Rev. Bonds, (Yuma Regl. Med. Ctr.), Ser. A, 5.00%, 8/1/32 | A- | 2,065,000 | 2,313,585 |
| | | | 15,364,514 |

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California (15.2%)

| | | | |
|--|------|------------|------------|
| ABAG Fin. Auth. for Nonprofit Corps. Rev. Bonds, (Episcopal Sr. Cmnty.), Ser. A, 5.00%, 7/1/32 | A-/F | 550,000 | 589,617 |
| Burbank, Unified School Dist. G.O. Bonds, (Election of 1997), Ser. C, NATL, FGIC, zero %, 8/1/23 | AA- | 1,000,000 | 870,980 |
| CA Muni. Fin. Auth. Rev. Bonds, (Biola U.), 5.00%, 10/1/42 | Baa1 | 500,000 | 539,745 |
| CA State Edl. Fac. Auth. Rev. Bonds, (Loyola-Marymount U.), NATL, zero %, 10/1/21 | A2 | 1,300,000 | 1,201,967 |
| CA State Muni. Fin. Auth Mobile Home Park Rev. Bonds, (Caritas Affordable Hsg., Inc.), 5.25%, 8/15/39 | BBB+ | 400,000 | 436,812 |
| CA State Poll. Control Fin. Auth. Rev. Bonds, (San Jose Wtr. Co.) 5.10%, 6/1/40 | A | 3,500,000 | 3,772,860 |
| 4.75%, 11/1/46 | A | 750,000 | 803,580 |
| CA State Poll. Control Fin. Auth. Solid Waste Disp. 144A Mandatory Put Bonds (8/1/2018), (Republic Svcs., Inc.), Ser. A, 2.05%, 8/1/23 | A-2 | 5,250,000 | 5,250,000 |
| CA State Poll. Control Fin. Auth. Wtr. Fac. Rev. Bonds, (American Wtr. Cap. Corp.), 5.25%, 8/1/40 | A | 1,000,000 | 1,065,570 |
| CA State Pub. Wks. Board Rev. Bonds Ser. I-1, 6.125%, 11/1/29 (Prerefunded 11/1/19) | Aaa | 1,000,000 | 1,064,840 |
| (Dept. of Forestry & Fire), Ser. E, 5.00%, 11/1/32 | A1 | 1,575,000 | 1,577,174 |
| CA Statewide Cmnty. Dev. Auth. Rev. Bonds, (899 Charleston, LLC), Ser. A, 5.25%, 11/1/44 | BB/P | 450,000 | 476,100 |
| Golden State Tobacco Securitization Corp. Rev. Bonds, Ser. A-1 5.75%, 6/1/47 | B3 | 1,510,000 | 1,553,382 |
| 5.125%, 6/1/47 | B3 | 3,970,000 | 3,969,921 |
| 5.00%, 6/1/33 | B+ | 100,000 | 100,878 |
| 5.00%, 6/1/29 | BBB | 1,000,000 | 1,129,080 |
| Los Angeles, Dept. of Arpt. Rev. Bonds, (Los Angeles Intl. Arpt.), 5.00%, 5/15/30 | AA | 1,000,000 | 1,107,120 |
| Los Angeles, CA Dept. Wtr. & Pwr. Rev. Bonds, Ser. C., 5%, 7/1/42 T | AA | 12,350,000 | 14,446,122 |
| Los Angeles, Regl. Arpt. Impt. Corp. Lease Rev. Bonds, (Laxfuel Corp.), 4.50%, 1/1/27 | A | 600,000 | 624,840 |
| M-S-R Energy Auth. Rev. Bonds Ser. A, 6.50%, 11/1/39 | BBB+ | 3,000,000 | 4,155,270 |
| Ser. B, 6.50%, 11/1/39 | BBB+ | 3,000,000 | 4,155,270 |

Municipal Opportunities Trust 19

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| MUNICIPAL BONDS AND NOTES (134.9%)* cont. | Rating** | Principal amount | Value |
|---|----------|------------------|-------------------|
| California cont. | | | |
| Metro. Wtr. Dist. Rev. Bonds, (Southern CA Wtr. Wks.), 5.75%, 8/10/18 | AAA | \$2,050,000 | \$2,073,247 |
| North Natomas, Cmnty. Fac. Special Tax Bonds, (Dist. No. 4), Ser. E, 5.00%, 9/1/30 | BBB+ | 1,250,000 | 1,389,175 |
| Oakland, Alameda Cnty. Unified School Dist. G.O. Bonds, (Election of 2012), 6.625%, 8/1/38 (Prerefunded 8/1/21) | Aa3 | 500,000 | 572,505 |
| Redwood City, Elementary School Dist. G.O. Bonds, FGIC, NATL, zero %, 8/1/21 | A+ | 1,990,000 | 1,844,014 |
| Sacramento, Regl. Trans. Dist. Rev. Bonds, (Farebox), 5.00%, 3/1/42 | A3 | 1,320,000 | 1,389,920 |
| San Bernardino, Cmnty. College Dist. G.O. Bonds, Ser. A, 4.00%, 8/1/33 | Aa2 | 1,500,000 | 1,592,865 |
| San Diego Cnty., Regl. Arpt. Auth. Rev. Bonds, Ser. A, 5.00%, 7/1/40 | A2 | 3,750,000 | 3,963,225 |
| Stockton, Pub. Wtr. Fin. Auth. Rev. Bonds, (Delta Wtr. Supply), Ser. A, 6.25%, 10/1/40 | A | 875,000 | 1,020,381 |
| Sunnyvale, Cmnty. Fac. Dist. Special Tax Bonds, 7.65%, 8/1/21 | B+/P | 285,000 | 285,795 |
| Univ. of CA Rev. Bonds, Ser. AF, 5%, 5/15/36 T | AA | 9,000,000 | 10,034,626 |
| | | | 73,056,881 |
| Colorado (2.4%) | | | |
| CO State Hlth. Fac. Auth. Rev. Bonds (Evangelical Lutheran Good Samaritan Society Oblig. Group (The)), 5.625%, 6/1/43 | Baa2 | 600,000 | 668,010 |
| (Valley View Hosp. Assn.), 5.00%, 5/15/40 (Covenant Retirement Cmnty.), Ser. A, 5.00%, 12/1/35 | A- | 1,000,000 | 1,088,920 |
| (Evangelical Lutheran Good Samaritan Society Oblig. Group (The)), 5.00%, 12/1/33 | BBB+/F | 1,000,000 | 1,082,240 |
| CO State Hlth. Fac. Auth. Hosp. Rev. Bonds, (Christian Living Neighborhood), 5.00%, 1/1/37 | Baa2 | 1,650,000 | 1,739,447 |
| Denver City & Cnty., Arpt. Rev. Bonds, (Sub. Syst.), Ser. A, 5.50%, 11/15/31 | BB/P | 550,000 | 576,345 |
| E-470 CO Pub. Hwy. Auth. FRN Mandatory Put Bonds, (Sr. Libor Index) FRN Mandatory Put Bonds (9/1/21), (Sr. Libor Index), Ser. B, 2.322%, 9/1/39 | A2 | 950,000 | 1,062,081 |
| FRN Mandatory Put Bonds (9/1/19), (Sr. Libor Index), Ser. A, 2.174%, 9/1/39 | A3 | 1,400,000 | 1,412,110 |
| Park Creek, Metro. Dist. Tax Allocation Bonds, (Sr. Ltd. Property Tax Supported), Ser. A, 5.00%, 12/1/45 | A3 | 500,000 | 501,060 |
| Pub. Auth. for CO Energy Rev. Bonds, (Natural Gas Purchase), 6.50%, 11/15/38 | A/F | 200,000 | 219,260 |
| | A3 | 2,250,000 | 3,083,085 |
| | | | 11,432,558 |

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Connecticut (0.2%)

| | | | |
|--|------|-----------|------------------|
| Harbor Point Infrastructure Impt. Dist. 144A Tax Alloc. Bonds, (Harbor Point Ltd.), 5.00%, 4/1/39 | BB/P | 1,000,000 | 1,062,730 |
| | | | 1,062,730 |

20 Municipal Opportunities Trust

MUNICIPAL BONDS AND NOTES (134.9%)* cont.

Delaware (0.8%)

| | | | |
|---|-------|-------------|------------------|
| DE State Econ. Dev. Auth. Rev. Bonds, (Delmarva Pwr.), 5.40%, 2/1/31 | Baa1 | \$1,100,000 | \$1,171,731 |
| DE State Hlth. Fac. Auth. Rev. Bonds, (Bayhealth Med. Ctr.), Ser. A, 4.00%, 7/1/40 | AA- | 1,000,000 | 1,009,140 |
| DE State Hlth. Fac. Auth. VRDN, (Christiana Care), Ser. A, 1.62%, 10/1/38 | VMIG1 | 1,500,000 | 1,500,000 |
| | | | 3,680,871 |

District of Columbia (1.3%)

| | | | |
|---|-------|-----------|------------------|
| DC Rev. Bonds, (Howard U.), Ser. A 6.50%, 10/1/41 | BBB | 1,575,000 | 1,687,597 |
| U.S. Govt. Coll., 6.50%, 10/1/41 (Prerefunded 4/1/21) | AAA/P | 25,000 | 28,070 |
| DC U. Rev. Bonds, (Gallaudet U.), 5.50%, 4/1/34 Metro. Washington, Arpt. Auth. Dulles Toll Rd. Rev. Bonds Ser. A, 5.00%, 10/1/39 | A+ | 1,000,000 | 1,083,490 |
| (Metrorail), Ser. A, zero %, 10/1/37 | A2 | 2,000,000 | 2,070,980 |
| | Baa1 | 3,700,000 | 1,538,941 |
| | | | 6,409,078 |

Florida (4.8%)

| | | | |
|---|--------|-----------|-----------|
| Brevard Cnty., Hlth. Care Fac. Auth. Rev. Bonds, (Health First, Inc.), U.S. Govt. Coll., 7.00%, 4/1/39 (Prerefunded 4/1/19) | A2 | 3,000,000 | 3,137,340 |
| FL State Muni. Pwr. Agcy. Rev. Bonds, (All Requirements Pwr. Supply), Ser. A, 5.00%, 10/1/31 | A2 | 255,000 | 258,068 |
| Halifax Hosp. Med. Ctr. Rev. Bonds, 5.00%, 6/1/36 | A- | 2,250,000 | 2,444,445 |
| Jacksonville, Port Auth. Rev. Bonds, 5.00%, 11/1/38 | A2 | 600,000 | 639,978 |
| Lakeland, Hosp. Syst. Rev. Bonds, (Lakeland Regl. Hlth.), 5.00%, 11/15/40 | A2 | 1,350,000 | 1,474,794 |
| Lakeland, Retirement Cmnty. 144A Rev. Bonds, (1st Mtge. — Carpenters), 6.375%, 1/1/43 | BBB-/F | 340,000 | 345,552 |
| Martin Cnty., Rev. Bonds, (Indiantown Cogeneration), 4.20%, 12/15/25 | Baa2 | 1,400,000 | 1,424,402 |
| Miami-Dade Cnty., Rev. Bonds, (Tran. Syst. Sales Surtax), 5.00%, 7/1/42 | AA | 3,000,000 | 3,240,420 |

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| | | | |
|---|------|-----------|-------------------|
| Miami-Dade Cnty., Aviation Rev. Bonds (Miami Intl. Arpt.), Ser. A-1, 5.375%, 10/1/41 | A2 | 3,000,000 | 3,216,810 |
| 5.00%, 10/1/28 | A2 | 500,000 | 561,975 |
| Miami-Dade Cnty., Expressway Auth. Toll Syst. Rev. Bonds, Ser. A, 5.00%, 7/1/40 | A1 | 1,000,000 | 1,051,440 |
| Orange Cnty., Hlth. Fac. Auth. Rev. Bonds, (Presbyterian Retirement Cmnty.), 5.00%, 8/1/34 | A-/F | 1,350,000 | 1,451,696 |
| Palm Beach Cnty., Hlth. Fac. Auth. Rev. Bonds (Acts Retirement-Life Cmnty.), 5.50%, 11/15/33 (Prerefunded 11/15/20) | A-/F | 1,000,000 | 1,083,790 |
| (Lifespace Cmnty., Inc.), Ser. C, 5.00%, 5/15/38 | A/F | 2,000,000 | 2,157,180 |
| Southeast Overtown Park West Cmnty. Redev. Agcy. 144A Tax Alloc. Bonds, Ser. A-1, 5.00%, 3/1/30 | BBB+ | 360,000 | 394,600 |
| Tolomato, Cmnty. Dev. Dist. Special Assmt. Bonds, 5.40%, 5/1/37 | B+/P | 310,000 | 310,313 |
| | | | 23,192,803 |

Municipal Opportunities Trust 21

| MUNICIPAL BONDS AND NOTES (134.9%)* cont. | Rating** | Principal amount | Value |
|---|-----------------|-------------------------|--------------|
| Georgia (6.2%) | | | |
| Atlanta, Tax Alloc. Bonds, (Atlantic Station) 5.00%, 12/1/22 | A3 | \$1,625,000 | \$1,787,923 |
| 5.00%, 12/1/21 | A3 | 875,000 | 950,084 |
| Atlanta, Tax Allocation Bonds, (Beltline), Ser. B, 5.00%, 1/1/30 | A2 | 1,715,000 | 1,958,050 |
| Atlanta, Arpt. Rev. Bonds, (Hartsfield-Jackson Intl. Arpt.), Ser. A, 5.00%, 1/1/35 | Aa3 | 1,250,000 | 1,307,675 |
| Atlanta, Wtr. & Waste Wtr. Rev. Bonds, Ser. A, 6.25%, 11/1/39 (Prerefunded 11/1/19) | Aa2 | 4,500,000 | 4,788,315 |
| Fulton Cnty., Dev. Auth. Rev. Bonds, (GA Tech Athletic Assn.), Ser. A, 5.00%, 10/1/42 | A2 | 1,350,000 | 1,462,550 |
| Gainesville & Hall Cnty., Dev. Auth. Edl. Fac. Rev. Bonds, (Riverside Military Academy) 5.00%, 3/1/47 | BBB-/F | 1,050,000 | 1,093,281 |
| 5.00%, 3/1/37 | BBB-/F | 1,100,000 | 1,156,012 |
| Gainesville & Hall Cnty., Hosp. Auth. Rev. Bonds, (Northeast GA Hlth. Syst.), Ser. B 5.25%, 2/15/45 | AA- | 1,535,000 | 1,600,560 |
| U.S. Govt. Coll., 5.25%, 2/15/45 (Prerefunded 2/15/20) | AAA/P | 4,965,000 | 5,243,884 |
| Marietta, Dev. Auth. Rev. Bonds, (Fac. of Life U., Inc.), 7.00%, 6/15/39 (Prerefunded 6/15/18) | AAA/P | 1,400,000 | 1,408,666 |
| Muni. Election Auth. of GA Rev. Bonds, (Plant Voltage | | | |

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| | | | |
|--|----|-----------|-------------------|
| Units 3 & 4), Ser. A, 5.50%, 7/1/60 Richmond Cnty., Hosp. Auth. Rev. Bonds, (U. Hlth. Svcs., Inc.) | A+ | 3,500,000 | 3,858,365 |
| 5.00%, 1/1/31 | A1 | 2,175,000 | 2,470,952 |
| 5.00%, 1/1/30 | A1 | 770,000 | 880,149 |
| | | | 29,966,466 |

Illinois (17.0%)

| | | | |
|--|-------|-----------|-----------|
| Chicago, G.O. Bonds | | | |
| Ser. A, 6.00%, 1/1/38 | BBB+ | 1,920,000 | 2,126,054 |
| Ser. A, 5.50%, 1/1/39 | BBB+ | 500,000 | 523,495 |
| Ser. D-05, 5.50%, 1/1/37 | BBB+ | 750,000 | 789,195 |
| Ser. G-07, 5.50%, 1/1/35 | BBB+ | 3,175,000 | 3,346,514 |
| Ser. D-05, 5.50%, 1/1/34 | BBB+ | 1,000,000 | 1,056,370 |
| Ser. A, 5.25%, 1/1/33 | BBB+ | 1,250,000 | 1,292,550 |
| Ser. C, 5.00%, 1/1/38 | BBB+ | 1,500,000 | 1,531,485 |
| Chicago, Board of Ed. G.O. Bonds | | | |
| Ser. C, 5.25%, 12/1/39 | B | 2,250,000 | 2,259,833 |
| Ser. H, 5.00%, 12/1/36 | B | 500,000 | 499,380 |
| (School Reform), Ser. B-1, NATL, zero %, 12/1/21 | Baa2 | 3,500,000 | 3,049,025 |
| Chicago, Motor Fuel Tax Rev. Bonds, 5.00%, 1/1/29 | Ba1 | 500,000 | 514,865 |
| Chicago, O'Hare Intl. Arpt. Rev. Bonds | | | |
| Ser. A, 5.75%, 1/1/39 | A | 640,000 | 694,118 |
| Ser. C, 5.375%, 1/1/39 | A2 | 1,250,000 | 1,357,275 |
| Ser. C, 5.25%, 1/1/28 | A2 | 1,320,000 | 1,442,905 |
| Ser. C, 5.25%, 1/1/27 | A2 | 2,125,000 | 2,327,683 |
| Ser. G, 5.00%, 1/1/37 | A | 400,000 | 439,160 |
| Chicago, Sales Tax Rev. Bonds, 5.00%, 1/1/34 (Prerefunded 1/1/25) | AAA/P | 1,500,000 | 1,732,815 |

22 Municipal Opportunities Trust

| MUNICIPAL BONDS AND NOTES (134.9%)* cont. | Rating** | Principal amount | Value |
|---|----------|------------------|-------------|
| Illinois cont. | | | |
| Chicago, Trans. Auth. Sales Tax Rev. Bonds, 5.25%, 12/1/49 | AA | \$3,000,000 | \$3,293,160 |
| Chicago, Waste Wtr. Transmission Rev. Bonds | | | |
| Ser. C, 5.00%, 1/1/39 | A | 900,000 | 957,555 |
| (2nd Lien), 5.00%, 1/1/39 | A | 1,835,000 | 1,944,256 |
| Ser. A, NATL, zero %, 1/1/24 | A+ | 1,600,000 | 1,329,264 |
| Chicago, Wtr. Wks Rev. Bonds | | | |
| 5.00%, 11/1/42 | A | 645,000 | 678,901 |
| 5.00%, 11/1/39 | A | 1,080,000 | 1,155,924 |
| Cicero, G.O. Bonds, Ser. A, AGM, 5.00%, 1/1/21 | AA | 2,000,000 | 2,110,540 |
| IL Fin. Auth. Rev. Bonds | | | |

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| | | | |
|---|-------|-----------|-----------|
| (Silver Cross Hosp. & Med. Ctr.), 7.00%, 8/15/44 (Prerefunded 8/15/19) | AAA/P | 2,500,000 | 2,659,150 |
| (IL Rush U. Med. Ctr.), Ser. D, U.S. Govt. Coll., 6.625%, 11/1/39 (Prerefunded 5/1/19) | Aaa | 1,490,000 | 1,558,764 |
| (Rush U. Med. Ctr.), Ser. C, U.S. Govt. Coll., 6.625%, 11/1/39 (Prerefunded 5/1/19) | Aaa | 1,425,000 | 1,490,764 |
| IL State G.O. Bonds 5.00%, 11/1/41 | Baa3 | 1,000,000 | 1,015,210 |
| 5.00%, 1/1/41 | Baa3 | 500,000 | 506,955 |
| 5.00%, 2/1/39 | Baa3 | 300,000 | 301,464 |
| 5.00%, 11/1/34 | Baa3 | 1,000,000 | 1,023,630 |
| Ser. A, 5.00%, 12/1/31 | Baa3 | 5,750,000 | 5,921,868 |
| Ser. A, 5.00%, 12/1/28 | Baa3 | 2,500,000 | 2,596,325 |
| IL State Fin. Auth. Rev. Bonds (Three Crowns Park), 5.25%, 2/15/47 | BB-/P | 700,000 | 729,449 |
| (Three Crowns Park), 5.25%, 2/15/37 | BB-/P | 375,000 | 395,198 |
| (Presence Hlth. Network), Ser. C, 5.00%, 2/15/36 | Baa3 | 400,000 | 442,476 |
| (Lifespace Cmnty. Inc.), Ser. A, 5.00%, 5/15/35 | A/F | 1,025,000 | 1,110,167 |
| (Windy City Portfolio), Ser. A-1, 4.375%, 12/1/42 | A- | 1,000,000 | 985,880 |
| (Riverside Hlth. Syst.), 4.00%, 11/15/34 | A+ | 500,000 | 495,810 |
| IL State Fin. Auth. Student Hsg. & Academic Fac. Rev. Bonds, (U. of IL-CHF-Chicago, LLC), Ser. A 5.00%, 2/15/47 | Baa3 | 2,000,000 | 2,118,680 |
| 5.00%, 2/15/37 | Baa3 | 1,000,000 | 1,070,460 |
| Kendall & Kane Cntys., Cmnty. United School Dist. G.O. Bonds, (No. 115 Yorkville), NATL, FGIC, zero %, 1/1/21 | Aa3 | 1,075,000 | 997,987 |
| Lake Cnty., Cmnty. Construction School Dist. G.O. Bonds, (No. 073 Hawthorn) NATL, FGIC, zero %, 12/1/21 | AA+ | 1,805,000 | 1,656,629 |
| U.S. Govt. Coll., NATL, zero %, 12/1/21 (Escrowed to maturity) | AA+ | 145,000 | 133,884 |
| NATL, FGIC, zero %, 12/1/20 | AA+ | 1,495,000 | 1,410,772 |
| U.S. Govt. Coll., NATL, zero %, 12/1/20 (Escrowed to maturity) | AA+ | 155,000 | 146,752 |
| Metro. Pier & Exposition Auth. Rev. Bonds, (McCormick Place Expansion), Ser. B, stepped-coupon zero % (4.700%, 6/15/31), 12/15/37 †† | BB+ | 1,000,000 | 538,670 |

Municipal Opportunities Trust 23

| MUNICIPAL BONDS AND NOTES (134.9%)* cont. | Rating** | Principal amount | Value |
|---|----------|------------------|-------|
| Illinois cont. | | | |

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| | | | |
|---|--------|--------------|-------------------|
| Metro. Pier & Exposition Auth. Dedicated State Tax Rev. Bonds, (McCormick), Ser. A, NATL, zero %, 12/15/30 | A | \$12,000,000 | \$6,776,400 |
| Metro. Wtr. Reclamation Dist. of Greater Chicago G.O. Bonds, (Green Bond), Ser. E, 5.00%, 12/1/30 | AA+ | 1,310,000 | 1,500,487 |
| Railsplitter Tobacco Settlement Auth. Rev. Bonds, 5.00%, 6/1/24 | A | 1,500,000 | 1,676,190 |
| Railsplitter, Tobacco Settlement Auth. Rev. Bonds, 6.00%, 6/1/28 (Prerefunded 6/1/21) | AAA/P | 4,150,000 | 4,628,952 |
| Southern IL U. Rev. Bonds, (Hsg. & Auxiliary), Ser. A, NATL, zero %, 4/1/25 | A | 1,870,000 | 1,451,307 |
| | | | 81,792,602 |
| Indiana (1.3%) | | | |
| IN Bk. Special Program Gas Rev. Bonds, Ser. A, 5.25%, 10/15/21 | A3 | 180,000 | 196,961 |
| IN State Fin. Auth. Rev. Bonds (BHI Sr. Living), 5.75%, 11/15/41 | BBB+/F | 1,000,000 | 1,081,820 |
| (Duke Energy Ind.), Ser. C, 4.95%, 10/1/40 | Aa3 | 1,000,000 | 1,034,370 |
| IN State Fin. Auth. Econ. Dev. Mandatory Put Bonds (6/1/2018), (Republic Svcs., Inc.), 1.65%, 12/1/37 | A-2 | 3,000,000 | 2,999,040 |
| U. Southern IN Rev. Bonds, (Student Fee), Ser. J, AGC, 5.75%, 10/1/28 (Prerefunded 10/1/19) | AA | 1,000,000 | 1,053,730 |
| | | | 6,365,921 |
| Kentucky (1.3%) | | | |
| KY Pub. Trans. Infrastructure Auth. Rev. Bonds, (1st Tier Downtown Crossing), Ser. A, 6.00%, 7/1/53 | Baa3 | 1,000,000 | 1,108,390 |
| Louisville & Jefferson Cnty., Metro. Govt. College Rev. Bonds, (Bellarmine U.), Ser. A, 6.00%, 5/1/38 (Prerefunded 5/1/18) | Baa3 | 290,000 | 290,000 |
| Louisville & Jefferson Cnty., Metro. Govt. Hlth. Syst. Rev. Bonds, (Norton Healthcare, Inc.), Ser. A, 5.00%, 10/1/30 | A- | 2,750,000 | 3,116,878 |
| Louisville, Regl. Arpt. Auth. Syst. Rev. Bonds, Ser. A 5.00%, 7/1/32 | A+ | 1,030,000 | 1,116,726 |
| 5.00%, 7/1/31 | A+ | 385,000 | 418,310 |
| | | | 6,050,304 |
| Louisiana (0.2%) | | | |
| LA State Pub. Fac. Auth. Rev. Bonds, (Ochsner Clinic Foundation), 5.00%, 5/15/47 | A3 | 650,000 | 701,916 |
| | | | 701,916 |
| Maryland (1.0%) | | | |
| MD Econ. Dev. Corp. Poll. Control Rev. Bonds, (Potomac Electric Power Co.), 6.20%, 9/1/22 | A2 | 650,000 | 672,575 |
| MD State Hlth. & Higher Edl. Fac. Auth. FRN Mandatory Put Bonds (5/15/18), (Johns Hopkins Hlth. Syst.), Ser. A, 1.864%, 5/15/46 | Aa3 | 4,100,000 | 4,100,615 |
| | | | 4,773,190 |

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24 Municipal Opportunities Trust

| MUNICIPAL BONDS AND NOTES (134.9%)* <i>cont.</i> | Rating** | Principal amount | Value |
|---|----------|------------------|-------------------|
| Massachusetts (4.6%) | | | |
| MA State Dept. Trans. Rev. Bonds, (Metro Hwy. Syst.), Ser. B, 5.00%, 1/1/37 | A+ | \$2,500,000 | \$2,604,475 |
| MA State Dev. Fin. Agcy. Rev. Bonds (Sabis Intl.), Ser. A, 8.00%, 4/15/39 (Prerefunded 10/15/19) | BBB | 575,000 | 624,059 |
| (Linden Ponds, Inc. Fac.), Ser. A-1, 6.25%, 11/15/26 (Milford Regl. Med. Ctr. Oblig. Group), Ser. F, 5.75%, 7/15/43 | B-/P | 960,369 | 995,874 |
| (Suffolk U.), Ser. A, 5.75%, 7/1/39 | BBB- | 500,000 | 539,480 |
| (Suffolk U.), Ser. A, U.S. Govt. Coll., 5.75%, 7/1/39 (Prerefunded 7/1/19) | Baa2 | 395,000 | 408,556 |
| (Loomis Cmnty.), Ser. A, 5.75%, 1/1/28 | AAA/P | 780,000 | 814,843 |
| (Carleton-Willard Village), 5.625%, 12/1/30 | BBB | 1,100,000 | 1,235,278 |
| (Linden Ponds, Inc.), Ser. A-2, 5.50%, 11/15/46 (Emerson College), Ser. A, 5.00%, 1/1/40 (Prerefunded 1/1/20) | A- | 750,000 | 786,083 |
| (Emerson College), Ser. A, U.S. Govt. Coll., 5.00%, 1/1/40 (Prerefunded 1/1/20) | B-/P | 51,190 | 51,202 |
| (Suffolk U.), 5.00%, 7/1/34 | BBB+ | 270,000 | 282,820 |
| (Intl. Charter School), 5.00%, 4/15/33 | BBB+ | 2,730,000 | 2,868,821 |
| (Linden Ponds, Inc.), Ser. B, zero %, 11/15/56 | Baa2 | 625,000 | 694,819 |
| MA State Edl. Fin. Auth. Rev. Bonds, (Ed. Loan — Issue 1) | BBB- | 1,000,000 | 1,068,290 |
| 5.00%, 1/1/27 | B-/P | 254,614 | 51,704 |
| 4.375%, 1/1/32 | AA | 800,000 | 879,720 |
| MA State Hlth. & Edl. Fac. Auth. Rev. Bonds (Care Group), Ser. B-2, NATL, 5.375%, 2/1/26 (Prerefunded 8/1/18) | AA | 445,000 | 458,595 |
| (Northeastern U.), Ser. A, 5.00%, 10/1/35 | A | 700,000 | 706,349 |
| MA State Hsg. Fin. Agcy. Rev. Bonds, Ser. C, 5.35%, 12/1/42 | A2 | 3,250,000 | 3,439,898 |
| MA State Port Auth. Special Fac. Rev. Bonds, (Conrac), Ser. A, 5.125%, 7/1/41 | Aa2 | 600,000 | 610,926 |
| | A | 2,855,000 | 3,063,501 |
| | | | 22,185,293 |
| Michigan (7.9%) | | | |
| Detroit, G.O. Bonds, AMBAC, 5.25%, 4/1/24 | A-/P | 222,425 | 210,294 |
| Detroit, City School Dist. G.O. Bonds, Ser. A, AGM, 6.00%, 5/1/29 | Aa1 | 1,000,000 | 1,186,920 |
| Detroit, Wtr. Supply Syst. Rev. Bonds, Ser. B AGM, 6.25%, 7/1/36 | AA | 5,000 | 5,232 |
| AGM, U.S. Govt. Coll., 6.25%, 7/1/36 | | | |

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| | | | |
|---|--------|-----------|-----------|
| (Prerefunded 7/1/19) | AA | 1,420,000 | 1,490,730 |
| Flint, Hosp. Bldg. Auth. Rev. Bonds, (Hurley Med. Ctr.), 7.50%, 7/1/39 | Ba1 | 500,000 | 539,235 |
| Great Lakes, Wtr. Auth. Swr. Rev. Bonds, (Brazos Presbyterian Homes, Inc.), Ser. C, 5.00%, 7/1/36 | Baa1 | 910,000 | 994,666 |
| Karegnondi, Wtr. Auth. Rev. Bonds, (Wtr. Supply Syst.), Ser. A, 5.25%, 11/1/31 | A2 | 2,445,000 | 2,710,136 |
| Kentwood, Economic Dev. Rev. Bonds, (Holland Home Oblig. Group), 5.00%, 11/15/37 | BBB-/F | 1,750,000 | 1,879,395 |

Municipal Opportunities Trust 25

| MUNICIPAL BONDS AND NOTES (134.9%)* <i>cont.</i> | Rating** | Principal amount | Value |
|---|----------|------------------|-------------|
| Michigan cont. | | | |
| MI State Fin. Auth. Rev. Bonds | | | |
| (Henry Ford Hlth. Syst.), 5.00%, 11/15/41 | A | \$1,800,000 | \$1,987,938 |
| Ser. H-1, 5.00%, 10/1/39 | AA- | 1,575,000 | 1,699,299 |
| (MidMichigan Hlth.), 5.00%, 6/1/39 | A1 | 1,000,000 | 1,098,140 |
| (Local Govt. Loan Program — Detroit Wtr. & Swr. Dept. (DWSD)), Ser. C, 5.00%, 7/1/35 | Baa1 | 1,100,000 | 1,199,330 |
| (Local Govt. Loan Program — Detroit Wtr. & Swr. Dept. (DWSD)), Ser. C, 5.00%, 7/1/34 | Baa1 | 1,900,000 | 2,069,062 |
| (Local Govt. Loan Program — Detroit Wtr. & Swr. Dept. (DWSD)), Ser. D-2, 5.00%, 7/1/34 | Baa1 | 1,000,000 | 1,088,980 |
| (Local Govt. Program Detroit Wtr. & Swr.), Ser. D4, 5.00%, 7/1/34 | A3 | 100,000 | 109,232 |
| (Detroit Wtr. & Swr.), Ser. C-6, 5.00%, 7/1/33 | A3 | 850,000 | 932,450 |
| (Detroit), Ser. C-3, 5.00%, 4/1/27 | Aa2 | 750,000 | 842,400 |
| MI State Hosp. Fin. Auth. Rev. Bonds | | | |
| (Trinity Hlth. Credit Group), Ser. A, 5%, 12/1/47 T | AA- | 8,500,000 | 9,181,518 |
| (Henry Ford Hlth.), 5.75%, 11/15/39 | | | |
| (Prerefunded 11/15/19) | A3 | 2,000,000 | 2,114,760 |
| MI State Hsg. Dev. Auth. Rev. Bonds, (Rental Hsg.), Ser. D, 3.95%, 10/1/37 | AA | 1,050,000 | 1,081,857 |
| MI State Strategic Fund Ltd. Rev. Bonds, (Worthington Armstrong Venture), 5.75%, 10/1/22 (Escrowed to maturity) | AAA/P | 1,650,000 | 1,865,375 |
| MI State Strategic Fund Ltd. Oblig. Rev. Bonds, (Evangelical Homes of MI) | | | |
| 5.50%, 6/1/47 | BB+/F | 675,000 | 699,881 |
| 5.25%, 6/1/32 | BB+/F | 320,000 | 332,102 |
| MI Tobacco Settlement Fin. Auth. Rev. Bonds, Ser. A, 6.00%, 6/1/34 | B- | 575,000 | 578,433 |
| Wayne Cnty., Arpt. Auth. Rev. Bonds, Ser. A, | | | |

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| | | | |
|----------------|----|-----------|-------------------|
| 5.00%, 12/1/21 | A2 | 2,000,000 | 2,175,200 |
| | | | 38,072,565 |

Minnesota (0.6%)

| | | | |
|--|------|-----------|------------------|
| Moorhead, Edl. Fac. Rev. Bonds, (Concordia College Corp.), 5.00%, 12/1/40 | Baa1 | 500,000 | 552,350 |
| St. Cloud, Hlth. Care Rev. Bonds, (CentraCare Hlth. Syst.), Ser. A, 5.125%, 5/1/30 | A1 | 160,000 | 169,128 |
| St. Paul, Hsg. & Redev. Auth. Hlth. Care Fac. Rev. Bonds, (HealthPartners Oblig. Group), Ser. A, 5.00%, 7/1/33 | A+ | 2,000,000 | 2,226,060 |
| | | | 2,947,538 |

Mississippi (0.9%)

| | | | |
|---|-------|-----------|------------------|
| MS Bus. Fin. Corp. Rev. Bonds, (Syst. Energy Resources, Inc.), 5.875%, 4/1/22 | BBB+ | 1,445,000 | 1,448,150 |
| MS State Bus. Fin. Commission Gulf Opportunity Zone VRDN, (Chevron USA, Inc.), Ser. B, 1.60%, 12/1/30 | VMIG1 | 775,000 | 775,000 |
| Warren Cnty., Gulf Opportunity Zone Rev. Bonds, (Intl. Paper Co.), Ser. A, 6.50%, 9/1/32 | Baa2 | 2,000,000 | 2,033,600 |
| | | | 4,256,750 |

26 Municipal Opportunities Trust

MUNICIPAL BONDS AND NOTES (134.9%)* cont.

| | Rating** | Principal amount | Value |
|--|----------|------------------|-------|
|--|----------|------------------|-------|

Missouri (0.2%)

| | | | |
|---|-------|-------------|------------------|
| MO State Hlth. & Edl. Fac. Auth. VRDN, (WA U. (The)), Ser. D, 1.55%, 9/1/30 | VMIG1 | \$1,000,000 | \$1,000,000 |
| | | | 1,000,000 |

Nebraska (0.2%)

| | | | |
|--|------|---------|----------------|
| Lancaster Cnty., Hosp. Auth. Rev. Bonds, (Immanuel Oblig. Group), 5.625%, 1/1/40 | AA/F | 925,000 | 972,101 |
| | | | 972,101 |

Nevada (0.8%)

| | | | |
|--|-------|-----------|------------------|
| Clark Cnty., Arpt. Rev. Bonds, Ser. A-2, 5.00%, 7/1/33 | Aa3 | 1,565,000 | 1,741,751 |
| Reno, Sales Tax VRDN, (Reno Trans. Rail Access Corridor (ReTRAC)), 1.71%, 6/1/42 | VMIG1 | 1,935,000 | 1,935,000 |
| | | | 3,676,751 |

New Hampshire (0.9%)

| | | | |
|--|------|-----------|------------------|
| NH State Hlth. & Ed. Fac. Auth. Rev. Bonds (Catholic Med. Ctr.), 5.00%, 7/1/44 | A- | 1,000,000 | 1,088,040 |
| (Elliot Hosp.), 5.00%, 10/1/38 | Baa1 | 500,000 | 539,855 |
| (Southern NH Med. Ctr.), 5.00%, 10/1/37 | A- | 2,500,000 | 2,723,625 |
| | | | 4,351,520 |

New Jersey (8.2%)

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| | | | |
|---|------|------------|-----------|
| Bayonne, G.O. Bonds, (Qualified Gen. Impt.), BAM, 5.00%, 7/1/39 | AA | 1,300,000 | 1,428,648 |
| NJ State Econ. Dev. Auth. Rev. Bonds (NYNJ Link Borrower, LLC), 5.375%, 1/1/43 | BBB- | 500,000 | 545,615 |
| Ser. WW, 5.25%, 6/15/32 | Baa1 | 1,500,000 | 1,620,885 |
| Ser. AAA, 5.00%, 6/15/36 | Baa1 | 750,000 | 797,445 |
| (Biomedical Research), Ser. A, 5.00%, 7/15/29 | Baa1 | 400,000 | 435,004 |
| Ser. B, 5.00%, 11/1/26 | Baa1 | 4,500,000 | 4,919,760 |
| 5.00%, 6/15/26 | Baa1 | 500,000 | 535,855 |
| NJ State Econ. Dev. Auth. Special Fac. Rev. Bonds, (Port Newark Container Term., LLC), 5.00%, 10/1/37 | Ba1 | 2,000,000 | 2,155,540 |
| NJ State Econ. Dev. Auth. Wtr. Fac. Rev. Bonds, (NJ American Wtr. Co.) | | | |
| Ser. A, 5.70%, 10/1/39 | A1 | 3,900,000 | 4,070,547 |
| Ser. B, 5.60%, 11/1/34 | A1 | 500,000 | 527,710 |
| NJ State Higher Ed. Assistance Auth. Rev. Bonds, (Student Loan), Ser. 1A, 5.00%, 12/1/22 | Aaa | 2,500,000 | 2,723,625 |
| NJ State Hlth. Care Fac. Fin. Auth. Rev. Bonds (St. Joseph Hlth. Care Syst.), 6.625%, 7/1/38 (Prerefunded 7/1/18) | Baa3 | 2,750,000 | 2,771,230 |
| (St. Peter's U. Hosp.), 5.75%, 7/1/37 | Ba1 | 1,500,000 | 1,507,470 |
| (Hackensack Meridian Hlth.), Ser. A, 5.00%, 7/1/35 | AA- | 700,000 | 801,157 |
| NJ State Trans. Trust Fund Auth. Rev. Bonds (Federal Hwy. Reimbursement Notes), 5.00%, 6/15/30 | A+ | 1,900,000 | 2,078,771 |
| (Federal Hwy. Reimbursement Notes), 5.00%, 6/15/28 | A+ | 1,000,000 | 1,105,180 |
| (Trans. Syst.), Ser. A, zero %, 12/15/30 | Baa1 | 10,000,000 | 5,668,000 |
| South Jersey, Port Corp. Rev. Bonds, (Marine Term.), Ser. S-1, 5.00%, 1/1/34 | Baa1 | 1,000,000 | 1,064,040 |

Municipal Opportunities Trust 27

| MUNICIPAL BONDS AND NOTES (134.9%)* cont. | Rating** | Principal amount | Value |
|--|----------|------------------|-------------------|
| New Jersey cont. | | | |
| Tobacco Settlement Fin. Corp. Rev. Bonds, Ser. A, 5.00%, 6/1/34 | A- | \$1,750,000 | \$1,944,583 |
| Union Cnty., Util. Auth. Resource Recvy. Fac. Lease Rev. Bonds, (Covanta Union), Ser. A, 5.25%, 12/1/31 | AA+ | 2,300,000 | 2,515,303 |
| | | | 39,216,368 |
| New Mexico (0.3%) | | | |
| Sante Fe, Retirement Fac. Rev. Bonds, (El Castillo Retirement Res.), 5.00%, 5/15/42 | BBB- | 1,460,000 | 1,506,209 |
| | | | 1,506,209 |

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New York (6.7%)

| | | | |
|---|-------|------------|-------------------|
| Broome Cnty., Incl. Dev. Agcy. Continuing Care Retirement Rev. Bonds, (Good Shepard Village), Ser. A, U.S. Govt. Coll., 6.875%, 7/1/40 (Prerefunded 7/1/18) | AAA/P | 320,000 | 322,550 |
| Liberty, Dev. Corp. Rev. Bonds, (Goldman Sachs Headquarters), 5.25%, 10/1/35 | A3 | 2,000,000 | 2,447,540 |
| Metro. Trans. Auth. Rev. Bonds, (Green Bonds), Ser. C-1, 4.00%, 11/15/32 | A1 | 1,000,000 | 1,050,650 |
| Metro. Trans. Auth. Dedicated Tax Mandatory Put Bonds (6/1/22), Ser. A-2A, 2.20%, 11/1/26 | AA | 3,940,000 | 3,943,940 |
| NY Counties., Tobacco Trust III Rev. Bonds, (Tobacco Settlement), 6.00%, 6/1/43 | A3 | 120,000 | 120,211 |
| NY State Dorm. Auth. Non-State Supported Debt Rev. Bonds, (Orange Regl. Med. Ctr.), FHL Banks Coll., U.S. Govt. Coll., 6.25%, 12/1/37 (Prerefunded 12/1/18) | Baa3 | 1,800,000 | 1,846,440 |
| NY State Dorm. Auth. Rev. Bonds, Ser. C, 5%, 3/15/31T | AAA | 5,000,000 | 5,381,751 |
| NY State Dorm. Auth. Rev. Bonds, Ser. A Group C, 5%, 3/15/42 T | AAA | 10,845,000 | 12,362,227 |
| NY State Trans. Special Fac. Dev. Corp. Rev. Bonds, (Laguardia Arpt. Term. B Redev. Program), Ser. A, 5.00%, 7/1/41 | Baa3 | 1,000,000 | 1,074,440 |
| Port Auth. of NY & NJ Rev. Bonds, Ser. 207, 5.00%, 9/15/30 | Aa3 | 3,150,000 | 3,670,002 |
| | | | 32,219,751 |

North Carolina (0.7%)

| | | | |
|---|-------|-----------|------------------|
| NC Eastern Muni. Pwr. Agcy. Syst. Rev. Bonds, Ser. C, 6.75%, 1/1/24 (Prerefunded 1/1/19) | AAA/F | 1,000,000 | 1,032,350 |
| NC State Med. Care Cmnty. Hlth. Care Fac. Rev. Bonds, (Deerfield), Ser. A, 6.00%, 11/1/33 (Prerefunded 11/1/18) | A-/F | 805,000 | 821,865 |
| NC State Med. Care Comm. Hlth. Fac. Rev. Bonds, (Presbyterian Homes), Ser. C, 5.00%, 10/1/36 | A-/F | 550,000 | 611,199 |
| NC State Med. Care Comm. Retirement Fac. Rev. Bonds, (Salemtowne), 5.25%, 10/1/37 | BB/P | 1,000,000 | 1,064,300 |
| | | | 3,529,714 |

28 Municipal Opportunities Trust

MUNICIPAL BONDS AND NOTES (134.9%)* cont.

Ohio (7.8%)

American Muni. Pwr., Inc. Rev. Bonds,

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| | | | |
|--|-------|-------------|-------------------|
| (Meldahl Hydroelectric (Green Bond)), Ser. A, 5.00%, 2/15/30 | A | \$1,250,000 | \$1,413,125 |
| Buckeye, Tobacco Settlement Fin. Auth. Rev. Bonds Ser. A-2, 6.50%, 6/1/47 | B3 | 1,160,000 | 1,176,240 |
| Ser. A-3, 6.25%, 6/1/37 | B- | 2,225,000 | 2,274,707 |
| Ser. A-2, 6.00%, 6/1/42 | B3 | 1,500,000 | 1,499,910 |
| Ser. A-2, 5.75%, 6/1/34 | B- | 8,825,000 | 8,773,286 |
| Franklin Cnty., Hlth. Care Fac. Rev. Bonds, (OH Presbyterian Retirement Svcs. (OPRS) Cmnty. Oblig. Group), Ser. A, 6.00%, 7/1/35 | BBB/F | 1,125,000 | 1,226,655 |
| Franklin Cnty., Hosp. Fac. Rev. Bonds, (Nationwide Children's Hosp.), Ser. A, 4.00%, 11/1/44 | Aa2 | 2,050,000 | 2,077,532 |
| Lake Cnty., Hosp. Fac. Rev. Bonds, (Lake Hosp. Syst., Inc.), Ser. C 6.00%, 8/15/43 | A3 | 495,000 | 500,425 |
| U.S. Govt. Coll., 6.00%, 8/15/43 (Prerefunded 8/15/18) | AAA/P | 2,605,000 | 2,636,208 |
| OH State G.O. Bonds, (Infrastructure Impt.), Ser. A, 4.00%, 2/1/33 | Aa1 | 2,000,000 | 2,090,500 |
| OH State Air Quality Dev. Auth. FRB, (Columbus Southern Pwr. Co.), Ser. B, 5.80%, 12/1/38 | A2 | 2,000,000 | 2,102,240 |
| OH State Higher Edl. Fac. Comm. Rev. Bonds, (Kenyon College) 5.00%, 7/1/44 | A | 3,265,000 | 3,406,962 |
| U.S. Govt. Coll., 5.00%, 7/1/44 (Prerefunded 7/1/20) | AAA/P | 1,735,000 | 1,844,270 |
| OH State Hosp. Rev. Bonds, (U. Hosp. Hlth. Syst.), Ser. A, 5.00%, 1/15/41 | A2 | 700,000 | 758,520 |
| OH State Hosp. Fac. Rev. Bonds, (Cleveland Clinic Hlth. Syst.), Ser. A, 4.00%, 1/1/34 | Aa2 | 1,250,000 | 1,311,288 |
| OH State Private Activity Rev. Bonds, (Portsmouth Bypass), AGM, 5.00%, 12/31/35 | AA | 1,125,000 | 1,237,005 |
| Scioto Cnty., Hosp. Rev. Bonds, (Southern OH Med. Ctr.) 5.00%, 2/15/33 | A2 | 605,000 | 668,955 |
| 5.00%, 2/15/32 | A2 | 745,000 | 828,060 |
| Southeastern OH Port Auth. Hosp. Fac. Rev. Bonds 5.75%, 12/1/32 | BB-/F | 625,000 | 674,413 |
| (Memorial Hlth. Syst. Oblig. Group), 5.50%, 12/1/43 | BB-/F | 120,000 | 127,961 |
| Warren Cnty., Hlth. Care Fac. Rev. Bonds, (Otterbein Homes Oblig. Group) 5.00%, 7/1/33 | A | 500,000 | 545,000 |
| 5.00%, 7/1/32 | A | 250,000 | 273,228 |
| | | | 37,446,490 |
| Oregon (1.1%) | | | |
| Keizer, Special Assmt. Bonds, (Keizer Station), Ser. A, 5.20%, 6/1/31 | Aa3 | 1,655,000 | 1,659,038 |

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| | | | |
|--|-------|---------|---------|
| Multnomah Cnty., Hosp. Fac. Auth. Rev. Bonds, (Terwilliger Plaza, Inc.), 5.00%, 12/1/36 | BBB/F | 650,000 | 717,152 |
|--|-------|---------|---------|

Municipal Opportunities Trust 29

| MUNICIPAL BONDS AND NOTES (134.9%)* cont. | Rating** | Principal amount | Value |
|---|-----------------|-------------------------|------------------|
| Oregon cont. | | | |
| OR Hlth. Sciences U. Rev. Bonds, Ser. A, 5.75%, 7/1/39 (Prerefunded 7/1/19) | Aa3 | \$1,250,000 | \$1,305,838 |
| Salem, Hosp. Fac. Auth. Rev. Bonds, (Salem Hlth.), Ser. A, 5.00%, 5/15/33 | A+ | 1,500,000 | 1,685,445 |
| | | | 5,367,473 |
| Pennsylvania (6.1%) | | | |
| Cap. Region Wtr. Rev. Bonds 5.00%, 7/15/32 | A+ | 1,000,000 | 1,152,480 |
| 5.00%, 7/15/31 | A+ | 1,250,000 | 1,444,125 |
| Chester Cnty., Hlth. & Ed. Fac. Auth. Rev. Bonds, (Immaculata U.), 5.00%, 11/1/46 | BB/F | 2,000,000 | 1,940,880 |
| Cumberland Cnty., Muni. Auth. Rev. Bonds, (Diakon Lutheran Social Ministries) 5.00%, 1/1/32 | BBB+/F | 200,000 | 220,004 |
| 5.00%, 1/1/31 | BBB+/F | 1,000,000 | 1,103,560 |
| Dauphin Cnty., Gen. Auth. Hlth. Syst. Rev. Bonds, (Pinnacle Hlth. Syst.), Ser. A, 5.00%, 6/1/34 | A1 | 450,000 | 504,540 |
| Delaware River Port Auth. PA & NJ Rev. Bonds, Ser. D, 5.00%, 1/1/40 | A2 | 1,200,000 | 1,252,152 |
| Doylestown, Hosp. Auth. Rev. Bonds, (Doylestown Hosp.), Ser. A, 5.00%, 7/1/41 | Baa2 | 1,650,000 | 1,729,877 |
| Erie, Higher Ed. Bldg. Auth. Rev. Bonds, (Mercyhurst College), 5.50%, 3/15/38 (Prerefunded 9/15/18) | BB+ | 725,000 | 734,867 |
| Franklin Cnty., Indl. Dev. Auth. Rev. Bonds, (Chambersburg Hosp.), 5.375%, 7/1/42 | A2 | 1,000,000 | 1,057,770 |
| Geisinger, Auth. Rev. Bonds, (Geisinger Hlth. Syst.), Ser. A-2, 5.00%, 2/15/39 | Aa2 | 250,000 | 279,545 |
| Northampton Cnty., Hosp. Auth. Rev. Bonds, (St. Luke's Hosp. — Bethlehem), Ser. A, 5.50%, 8/15/40 (Prerefunded 8/15/18) | A3 | 1,250,000 | 1,263,200 |
| PA State COP, Ser. A 5.00%, 7/1/35 | A2 | 1,050,000 | 1,159,862 |
| 5.00%, 7/1/31 | A2 | 425,000 | 478,350 |
| PA State Econ. Dev. Fin. Auth. Exempt Fac. Rev. Bonds, (Amtrak), Ser. A, 5.00%, 11/1/32 | A1 | 1,000,000 | 1,064,490 |
| PA State Higher Edl. Fac. Auth. Rev. Bonds (Gwynedd Mercy College), Ser. KK1, | | | |

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| | | | |
|--|-----|-----------|-----------|
| 5.375%, 5/1/42 | BBB | 500,000 | 518,245 |
| (St. Joseph's U.), Ser. A, 5.00%, 11/1/40 | A- | 3,000,000 | 3,167,040 |
| PA State Hsg. Fin. Agcy. Rev. Bonds, Ser. 15-117A, 3.95%, 10/1/30 | AA+ | 900,000 | 912,204 |
| PA State Pub. School Bldg. Auth. Rev. Bonds, (Northampton Cnty. Area Cmnty. College Foundation), BAM, 5.00%, 6/15/32 | AA | 2,030,000 | 2,198,449 |
| PA State Tpk. Comm. Rev. Bonds Ser. B-1, 5.00%, 6/1/42 | A3 | 1,350,000 | 1,475,550 |
| Ser. A, 5.00%, 12/1/38 | A1 | 1,000,000 | 1,094,840 |
| Ser. 2nd, 5.00%, 12/1/37 | A3 | 1,000,000 | 1,105,730 |
| Philadelphia, Gas Wks. Rev. Bonds, 5.00%, 8/1/32 | A | 1,000,000 | 1,121,050 |
| Pittsburgh & Allegheny Cnty., Sports & Exhib. Auth. Hotel Rev. Bonds, AGM, 5.00%, 2/1/35 | AA | 1,225,000 | 1,288,994 |

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| MUNICIPAL BONDS AND NOTES (134.9%)* cont. | Rating** | Principal amount | Value |
|---|-----------------|-------------------------|-------------------|
| Pennsylvania cont. | | | |
| Susquehanna, Area Regl. Arpt. Auth. Syst. Rev. Bonds, 5.00%, 1/1/38 | Baa3 | \$500,000 | \$553,240 |
| Westmoreland Cnty., Muni. Auth. Rev. Bonds, BAM, 5.00%, 8/15/27 | AA | 450,000 | 517,703 |
| | | | 29,338,747 |
| Rhode Island (0.6%) | | | |
| Tobacco Settlement Fin. Corp. Rev. Bonds, Ser. B, 5.00%, 6/1/50 | BBB-/P | 2,750,000 | 2,822,408 |
| | | | 2,822,408 |
| South Carolina (3.6%) | | | |
| SC State Pub. Svcs. Auth. Rev. Bonds (Santee Cooper), Ser. A, 5.75%, 12/1/43 | A1 | 3,000,000 | 3,353,910 |
| Ser. A, 5.50%, 12/1/54 | A1 | 3,000,000 | 3,277,890 |
| Ser. E, 5.25%, 12/1/55 | A1 | 1,950,000 | 2,123,940 |
| Ser. A, 5.00%, 12/1/55 | A1 | 2,000,000 | 2,124,740 |
| Ser. A, 5.00%, 12/1/50 | A1 | 3,500,000 | 3,747,275 |
| Ser. C, 5.00%, 12/1/46 | A1 | 2,500,000 | 2,676,150 |
| | | | 17,303,905 |
| Tennessee (0.8%) | | | |
| Johnson City, Hlth. & Edl. Fac. Board Hosp. Rev. Bonds, (Mountain States Hlth. Alliance), 6.00%, 7/1/38 | A- | 3,450,000 | 3,650,238 |
| | | | 3,650,238 |
| Texas (17.8%) | | | |
| Arlington, Higher Ed. Fin. Corp. Rev. Bonds, | | | |

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| | | | |
|---|-------|------------|------------|
| (Uplift Ed.), Ser. A | | | |
| 5.00%, 12/1/36 | BBB- | 500,000 | 541,905 |
| PSFG, 5.00%, 12/1/35 | AAA | 500,000 | 566,215 |
| Austin-Bergstrom Landhost Enterprises, Inc. Rev. Bonds | | | |
| 5.00%, 10/1/35 | A3 | 580,000 | 649,246 |
| 5.00%, 10/1/34 | A3 | 530,000 | 594,183 |
| Bexar Cnty., G.O. Bonds, 4.00%, 6/15/33 | Aaa | 1,250,000 | 1,319,138 |
| Brazos River Harbor Naval Dist. Env. Rev. Bonds, (Dow Chemical Co.), Ser. A-4, 5.95%, 5/15/33 | BBB | 400,000 | 409,436 |
| Central TX Regl. Mobility Auth. Rev. Bonds, (Sr. Lien), Ser. A, 5.00%, 1/1/33 | BBB+ | 425,000 | 461,529 |
| Clifton, Higher Ed. Fin. Corp. Rev. Bonds, (IDEA Pub. Schools), 5.00%, 8/15/28 | BBB+ | 300,000 | 341,409 |
| Dallas, Area Rapid Transit Rev. Bonds, U.S. Govt. Coll., 5.00%, 12/1/33 (Prerefunded 12/1/18) | AA+ | 16,000,000 | 16,292,297 |
| Dallas-Fort Worth, Intl. Arpt. Fac. Impt. Corp. Rev. Bonds, Ser. A, 5.25%, 11/1/30 | A+ | 3,000,000 | 3,341,340 |
| Harris Cnty., Cultural Ed. Fac. Fin. Corp. Rev. Bonds (Brazos Presbyterian Homes, Inc.), 5.00%, 1/1/37 | BB+/F | 1,000,000 | 1,049,390 |
| (YMCA of the Greater Houston Area), Ser. A, 5.00%, 6/1/33 | Baa3 | 800,000 | 846,984 |
| Houston, Util. Syst. Rev. Bonds, Ser. A, 5.00%, 11/15/33 | AA | 1,500,000 | 1,602,645 |

Municipal Opportunities Trust 31

| MUNICIPAL BONDS AND NOTES (134.9%)* cont. | Rating** | Principal amount | Value |
|---|----------|------------------|-------------|
| Texas cont. | | | |
| Love Field, Gen. Arpt. Modernization Corp. Rev. Bonds | | | |
| 5.00%, 11/1/36 | A1 | \$1,000,000 | \$1,114,880 |
| 5.00%, 11/1/35 | A1 | 1,000,000 | 1,103,710 |
| Lower CO River Auth. Transmission Svcs. Contract Corp. Rev. Bonds, 5.00%, 5/15/33 | A | 700,000 | 790,244 |
| Matagorda Cnty., Poll. Control Rev. Bonds, (Dist. No. 1), Ser. A, AMBAC, 4.40%, 5/1/30 | A- | 1,500,000 | 1,593,510 |
| New Hope Cultural Ed. Fac. Fin. Corp. Rev. Bonds, (Children's Hlth. Syst. of TX), Ser. A, 4.00%, 8/15/34 | Aa2 | 600,000 | 622,140 |
| New Hope, Cultural Ed. Fac. Fin. Corp. Rev. Bonds (Wesleyan Homes, Inc.), 5.50%, 1/1/43 | BB-/P | 500,000 | 532,030 |
| (Collegiate Hsg.-College Station I, LLC), AGM, 5.00%, 4/1/46 | AA | 2,100,000 | 2,239,146 |
| (Collegiate Hsg.-Tarleton St.), 5.00%, 4/1/34 | Baa3 | 1,000,000 | 1,078,360 |

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| | | | |
|---|---|--|---|
| (Woman's U.-Collegiate Hsg. Denton, LLC), Ser. A-1, AGM, 4.125%, 7/1/53 North TX, Tollway Auth. Rev. Bonds (1st Tier), Ser. I, 6.50%, 1/1/43 Ser. D, AGC, zero %, 1/1/28 Red River, Hlth. Retirement Fac. Dev. Corp. Rev. Bonds, (Sears Methodist Retirement Syst. Oblig. Group) Ser. B, 6.15%, 11/15/49 (In default) † Ser. A, 5.45%, 11/15/38 (In default) † Tarrant Cnty., Cultural Ed. Fac. Fin. Corp. Retirement Fac. Rev. Bonds, (Buckner Retirement Svcs., Inc.), Ser. B, 5.00%, 11/15/46 Houston Independent School District (Harris County Texas) LTD. Tax Bonds 5.00%, 2/15/34 T 5.00%, 2/15/35 T 5.00%, 2/15/42 T TX State G.O. Bonds, (Mobility Fund (The)-Trans. Comm.), Ser. B, 5.00%, 10/1/34 TX State Muni. Gas Acquisition & Supply Corp. III Rev. Bonds, 5.00%, 12/15/28 TX State Muni. Pwr. Agcy. Rev. Bonds, (Syst. Net/ Transmission Converting Security), 5.00%, 9/1/42 TX State Private Activity Bond Surface Trans. Corp. Rev. Bonds, (Blueridge Trans. Group, LLC (SH 288 Toll Lane)), 5.00%, 12/31/55 TX State Trans. Comm. Tpk. Syst. Rev. Bonds, (1st Tier), Ser. A, 5.00%, 8/15/41 Uptown Dev. Auth. Tax Alloc. Bonds, Ser. A 5.00%, 9/1/40 5.00%, 9/1/35 | AA A1 AA D/P D/P A/F Aaa Aaa Aaa Aaa A3 A+ Baa3 A3 BBB BBB | 1,000,000 4,000,000 7,800,000 282,000 814,000 2,000,000 5,000,000 5,000,000 5,000,000 7,500,000 1,500,000 1,400,000 2,000,000 2,500,000 300,000 505,000 | 977,240 4,802,240 5,755,620 395 570 2,191,860 5,720,700 5,720,700 5,720,700 8,735,475 1,635,900 1,480,668 2,151,280 2,691,250 330,891 562,004 85,567,230 |
|---|---|--|---|

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| MUNICIPAL BONDS AND NOTES (134.9%)* cont. | Rating** | Principal amount | Value |
|---|----------|------------------|----------------|
| Utah (0.1%) | | | |
| Salt Lake City, Hosp. Rev. Bonds, AMBAC, U.S. Govt. Coll., 6.75%, 5/15/20 (Escrowed to maturity) | AAA/P | \$700,000 | \$711,354 |
| | | | 711,354 |
| Virginia (1.5%) | | | |
| Fairfax Cnty., Econ. Dev. Auth. Res. Care Fac. Rev. Bonds, (Goodwin House, Inc.), Ser. A, 5.00%, 10/1/36 | BBB/F | 425,000 | 470,467 |

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| | | | |
|---|-------|-----------|-------------------|
| Small Bus. Fin. Auth. Private Activity Rev. Bonds, (Transform 66 P3) | | | |
| 5.00%, 12/31/52 | Baa3 | 750,000 | 808,208 |
| 5.00%, 12/31/49 | Baa3 | 3,500,000 | 3,782,800 |
| Washington Cnty., Indl. Dev. Auth. Hosp. Fac. Rev. Bonds, (Mountain States Hlth. Alliance), Ser. C, 7.75%, 7/1/38 | A- | 2,100,000 | 2,175,159 |
| | | | 7,236,634 |
| Washington (4.9%) | | | |
| Port of Seattle, Rev. Bonds, Ser. C, 5.00%, 4/1/40 | A1 | 875,000 | 944,580 |
| Port Seattle, Port Indl. Dev. Corp. Rev. Bonds, (Delta Airlines, Inc.), 5.00%, 4/1/30 | BBB- | 1,300,000 | 1,416,064 |
| WA State G.O. Bonds (Sr. 520 Corridor-Motor Vehicle Tax), Ser. C, 5%, 6/1/28 T | AA+ | 5,000,000 | 5,402,564 |
| Tobacco Settlement Auth. of WA Rev. Bonds, 5.25%, 6/1/32 | A- | 2,125,000 | 2,284,758 |
| WA State GO Bonds, Ser. C, 5%, 2/1/33 T | AA+ | 6,600,000 | 7,739,487 |
| WA State Hlth. Care Fac. Auth. FRN Mandatory Put Bonds (7/1/22), (Fred Hutchinson Cancer Research Ctr.), Ser. B, 2.372%, 1/1/42 | A | 1,500,000 | 1,514,895 |
| WA State Hlth. Care Fac. Auth. Rev. Bonds (Kadlec Med. Ctr.), 5.50%, 12/1/39 (Prerefunded 12/1/20) | AAA/P | 1,200,000 | 1,303,200 |
| (Overlake Hosp. Med. Ctr.), Ser. A, 5.00%, 7/1/35 | A2 | 2,350,000 | 2,620,485 |
| WA State Hsg. Fin. Comm. 144A Rev. Bonds, (Bayview Manor Homes), Ser. A, 5.00%, 7/1/36 | BB+/P | 375,000 | 385,860 |
| | | | 23,611,893 |
| West Virginia (0.9%) | | | |
| Harrison Cnty., Cmnty. Solid Waste Disp. Rev. Bonds, (Allegheny Energy), Ser. D, 5.50%, 10/15/37 | Baa2 | 3,450,000 | 3,431,957 |
| WV State Hosp. Fin. Auth. Rev. Bonds, (Thomas Hlth. Syst.), 6.75%, 10/1/43 | B+/P | 935,000 | 942,143 |
| | | | 4,374,100 |
| Wisconsin (0.8%) | | | |
| Pub. Fin. Auth. Arpt. Fac. Rev. Bonds, (Sr. Oblig. Group), 5.25%, 7/1/28 | BBB | 350,000 | 378,175 |
| WI State Rev. Bonds, Ser. A, U.S. Govt. Coll., 6.00%, 5/1/27 (Prerefunded 5/1/19) | AAA/P | 235,000 | 244,760 |
| WI State Hlth. & Edl. Fac. Auth. Rev. Bonds (Prohealth Care, Inc.), 6.625%, 2/15/39 (Prerefunded 2/15/19) | AAA/P | 1,500,000 | 1,554,630 |
| (Prohealth Care, Inc.), 5.00%, 8/15/39 | A1 | 750,000 | 813,833 |
| (Three Pillars Sr. Living), 5.00%, 8/15/33 | A/F | 430,000 | 465,174 |

Municipal Opportunities Trust 33

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| MUNICIPAL BONDS AND NOTES (134.9%)* cont. | Rating** | Principal amount | Value |
|--|----------|------------------|----------------------|
| Wisconsin cont. | | | |
| WI State Pub. Fin. Auth Sr. Living 144A Rev. Bonds, (Mary's Woods at Marylhurst), Ser. A | | | |
| 5.25%, 5/15/42 | BB/F | \$250,000 | \$271,815 |
| 5.25%, 5/15/37 | BB/F | 250,000 | 273,103 |
| | | | 4,001,490 |
| Wyoming (0.4%) | | | |
| Campbell Cnty., Solid Waste Fac. Rev. Bonds, (Basin Elec. Pwr. Co-op), Ser. A, 5.75%, 7/15/39 | | | |
| | A | 2,000,000 | 2,084,480 |
| | | | 2,084,480 |
| TOTAL INVESTMENTS | | | |
| Total investments (cost \$627,077,322) | | | \$648,922,840 |

Notes to the fund's portfolio

Unless noted otherwise, the notes to the fund's portfolio are for the close of the fund's reporting period, which ran from May 1, 2017 through April 30, 2018 (the reporting period). Within the following notes to the portfolio, references to "Putnam Management" represent Putnam Investment Management, LLC, the fund's manager, an indirect wholly-owned subsidiary of Putnam Investments, LLC and references to "ASC 820" represent Accounting Standards Codification 820. *Fair Value Measurements and Disclosures.*

* Percentages indicated are based on net assets of \$481,133,807.

** The Moody's, Standard & Poor's or Fitch ratings indicated are believed to be the most recent ratings available at the close of the reporting period for the securities listed. Ratings are generally ascribed to securities at the time of issuance. While the agencies may from time to time revise such ratings, they undertake no obligation to do so, and the ratings do not necessarily represent what the agencies would ascribe to these securities at the close of the reporting period. Securities rated by Fitch are indicated by "/F." Securities rated by Putnam are indicated by "/P." The Putnam rating categories are comparable to the Standard & Poor's classifications. If a security is insured, it will usually be rated by the ratings organizations based on the financial strength of the insurer. Ratings are not covered by the Report of Independent Registered Public Accounting Firm.

† This security is non-income-producing.

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

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

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

At the close of the reporting period, the fund maintained liquid assets totaling \$84,177,434 to cover tender option bonds.

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

On Mandatory Put Bonds, the rates shown are the current interest rates at the close of the reporting period and the dates shown represent the next mandatory put dates.

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

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

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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 | 21.0% |
| Utilities | 19.4 |
| Transportation | 17.3 |
| Prerefunded | 17.0 |
| State debt | 11.4 |

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:

| Investments in securities: | Valuation inputs | | |
|----------------------------|------------------|----------------------|-----------------|
| | Level 1 | Level 2 | Level 3 |
| Municipal bonds and notes | \$— | \$648,912,833 | \$10,007 |
| Totals by level | \$— | \$648,912,833 | \$10,007 |

During the reporting period, transfers within the fair value hierarchy, if any, did not represent, in the aggregate, more than 1% of the fund's net assets measured as of the end of the period. Transfers are accounted for using the end of period pricing valuation method.

At the start and close of the reporting period, Level 3 investments in securities represented less than 1% of the fund's net assets and were not considered a significant portion of the fund's portfolio.

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

Municipal Opportunities Trust 35

Statement of assets and liabilities 4/30/18

ASSETS

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| | |
|--|--------------------|
| Investment in securities, at value (Note 1): | |
| Unaffiliated issuers (identified cost \$627,077,322) | \$648,922,840 |
| Cash | 26,552,586 |
| Interest and other receivables | 8,980,539 |
| Receivable for investments sold | 315,000 |
| Prepaid assets | 33,285 |
| Total assets | 684,804,250 |

LIABILITIES

| | |
|--|-------------------|
| Payable for investments purchased | 7,840,270 |
| Payable for shares of the fund repurchased | 382,380 |
| Payable for compensation of Manager (Note 2) | 836,976 |
| Payable for custodian fees (Note 2) | 4,148 |
| Payable for investor servicing fees (Note 2) | 40,630 |
| Payable for Trustee compensation and expenses (Note 2) | 219,940 |
| Payable for administrative services (Note 2) | 2,691 |
| Payable for floating rate notes issued (Note 1) | 53,651,248 |
| Distributions payable to shareholders | 1,723,526 |
| Distributions payable to preferred shareholders (Note 1) | 59,360 |
| Preferred share remarketing agent fees | 32,947 |
| Other accrued expenses | 151,327 |
| Total liabilities | 64,945,443 |

| | |
|---|----------------------|
| Series B remarketed preferred shares: (2,876 shares authorized and issued at \$25,000 per share) (Note 4) | 71,900,000 |
| Series C remarketed preferred shares: (2,673 shares authorized and issued at \$25,000 per share) (Note 4) | 66,825,000 |
| Net assets | \$481,133,807 |

REPRESENTED BY

| | |
|--|----------------------|
| Paid-in capital — common shares (Unlimited shares authorized) (Notes 1 and 5) | \$451,961,524 |
| Undistributed net investment income (Note 1) | 911,455 |
| Accumulated net realized gain on investments (Note 1) | 6,415,310 |
| Net unrealized appreciation of investments | 21,845,518 |
| Total — Representing net assets applicable to common shares outstanding | \$481,133,807 |

COMPUTATION OF NET ASSET VALUE

| | |
|--|---------|
| Net asset value per common share | |
| (\$481,133,807 divided by 37,230,208 shares) | \$12.92 |

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

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Statement of operations Year ended 4/30/18

| INVESTMENT INCOME | |
|---|---------------------|
| Interest income | \$29,705,002 |
| Total investment income | 29,705,002 |
| EXPENSES | |
| Compensation of Manager (Note 2) | 3,586,547 |
| Investor servicing fees (Note 2) | 250,719 |
| Custodian fees (Note 2) | 12,470 |
| Trustee compensation and expenses (Note 2) | 17,153 |
| Administrative services (Note 2) | 14,832 |
| Interest and fees expense (Note 1) | 955,866 |
| Legal | 437,052 |
| Preferred share remarketing agent fees | 227,864 |
| Other | 137,889 |
| Total expenses | 5,640,392 |
| Expense reduction (Note 2) | (61,049) |
| Net expenses | 5,579,343 |
| Net investment income | 24,125,659 |
| REALIZED AND UNREALIZED GAIN (LOSS) | |
| Net realized gain (loss) on: | |
| Securities from unaffiliated issuers (Notes 1 and 3) | 15,529,601 |
| Total net realized gain | 15,529,601 |
| Change in net unrealized appreciation (depreciation) on: | |
| Securities in unaffiliated issuers | (20,848,116) |
| Total change in net unrealized depreciation | (20,848,116) |
| Net loss on investments | (5,318,515) |
| Net increase in net assets resulting from operations | 18,807,144 |
| Distributions to Series B and C remarketed preferred shareholders (Note 1): | |
| From ordinary income | |
| Taxable net investment income | (53,566) |
| From tax exempt net investment income | (2,432,301) |
| Net increase in net assets resulting from operations (applicable to common shareholders) | 16,321,277 |

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

Municipal Opportunities Trust 37

Statement of changes in net assets

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| DECREASE IN NET ASSETS | Year ended 4/30/18 | Year ended 4/30/17 |
|---|----------------------|----------------------|
| Operations | | |
| Net investment income | \$24,125,659 | \$26,277,566 |
| Net realized gain on investments | 15,529,601 | 5,307,155 |
| Net unrealized depreciation of investments | (20,848,116) | (32,037,962) |
| Net increase (decrease) in net assets resulting from operations | 18,807,144 | (453,241) |
| Distributions to Series B and C remarketed preferred shareholders (Note 1): | | |
| From ordinary income | | |
| Taxable net investment income | (53,566) | (6,840) |
| From tax exempt net investment income | (2,432,301) | (1,765,002) |
| Net increase (decrease) in net assets resulting from operations (applicable to common shareholders) | 16,321,277 | (2,225,083) |
| Distributions to common shareholders (note 1): | | |
| From ordinary income | | |
| Taxable net investment income | (755,817) | (404,941) |
| From tax exempt net investment income | (22,989,402) | (25,565,581) |
| Increase from preferred share tender offer (Note 4) | 4,112,813 | — |
| Decrease from capital shares repurchased (Note 5) | (10,078,148) | (304,197) |
| Total decrease in net assets | (13,389,277) | (28,499,802) |
| NET ASSETS | | |
| Beginning of year | 494,523,084 | 523,022,886 |
| End of year (including undistributed net investment income of \$911,455 and \$2,492,728, respectively) | \$481,133,807 | \$494,523,084 |
| NUMBER OF FUND SHARES | | |
| Common shares outstanding at beginning of year | 38,088,900 | 38,114,466 |
| Shares repurchased (Note 5) | (858,692) | (25,566) |
| Common shares outstanding at end of year | 37,230,208 | 38,088,900 |
| Series B Remarketed preferred shares outstanding at beginning of year | | |
| | 3,417 | 3,417 |
| Shares repurchased (Note 4) | (541) | — |
| Series B Remarketed preferred shares outstanding at end of year | 2,876 | 3,417 |
| Series C Remarketed preferred shares outstanding at beginning of year | | |
| | 3,737 | 3,737 |
| Shares repurchased (Note 4) | (1,064) | — |
| Series C Remarketed preferred shares outstanding at end of year | 2,673 | 3,737 |

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

Statement of cash flows Year ended April 30, 2018

| CASH FLOWS FROM OPERATING ACTIVITIES | |
|--|---------------------|
| Net increase in net assets from operations | \$18,807,144 |
| Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities: | |
| Purchase of investment securities | \$(224,085,733) |
| Proceeds from disposition of investment securities | 274,105,077 |
| Purchase of short-term investment securities, net | (3,050,000) |
| Increase in premium amortization | 3,208,626 |
| Increase in accretion | (2,183,378) |
| (Increase) decrease in interest and other receivables | 1,197,497 |
| Increase (decrease) in payable for shares of the fund repurchased | 382,380 |
| (Increase) decrease in receivable for investments sold | 9,767,710 |
| (Increase) decrease in prepaid asset | (348) |
| Increase (decrease) in payable for investments purchased | 4,030,390 |
| Increase (decrease) in compensation of Manager | (57,120) |
| Increase (decrease) in payable for custodian fees | 1,621 |
| Increase (decrease) in payable for investor servicing | (455) |
| Increase (decrease) in payable for Trustee compensation and expenses | (25,262) |
| Increase (decrease) in payable for administrative services | 755 |
| Increase (decrease) in payable for preferred share remarketing fees | (8,785) |
| Increase (decrease) in payable for other accrued expenses | (521,076) |
| Net realized gain (loss) on investments | (15,529,601) |
| Net unrealized appreciation (depreciation) on investments during the year | 20,848,116 |
| Net cash provided in operating activities | 68,080,414 |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Decrease from capital shares repurchased | (10,078,148) |
| Distribution to common shareholders | (24,084,676) |
| Distribution to preferred shareholders | (2,459,006) |
| Decrease from preferred share tender offer | (36,012,187) |
| Purchase of tender option bond transactions | (116,591,615) |
| Proceeds from tender option bond transactions | 128,454,379 |
| Net cash used by financing activities | (60,771,253) |
| Net increase in cash | 26,116,305 |
| Cash balance, beginning of year | 436,281 |
| Cash balance, end of year | \$26,552,586 |
| Supplemental disclosure of cash flow information: | |
| Interest expense during the period | \$613,013 |

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

Municipal Opportunities Trust 39

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

| PER-SHARE OPERATING PERFORMANCE | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| | Year ended | | | | |
| | 4/30/18 | 4/30/17 | 4/30/16 | 4/30/15 | 4/30/14 |
| Net asset value, beginning of period | | | | | |
| (common shares) | \$12.98 | \$13.72 | \$13.35 | \$12.73 | \$13.54 |
| Investment operations: | | | | | |
| Net investment income ^a | .64 | .69 | .74 | .73 | .73 |
| Net realized and unrealized gain (loss) on investments | (.14) | (.70) | .32 | .53 | (.88) |
| Total from investment operations | .50 | (.01) | 1.06 | 1.26 | (.15) |
| Distributions to preferred shareholders: | | | | | |
| From net investment income | (.07) | (.05) | (.01) | — | (.01) |
| Total from investment operations (applicable to common shareholders) | .43 | (.06) | 1.05 | 1.26 | (.16) |
| Distributions to common shareholders: | | | | | |
| From net investment income | (.63) | (.68) | (.71) | (.71) | (.70) |
| Total distributions | (.63) | (.68) | (.71) | (.71) | (.70) |
| Increase from shares repurchased | .03 | — | .03 | .07 | .05 |
| Increase from preferred shares tender offer | .11 | — | — | — | — |
| Net asset value, end of period | | | | | |
| (common shares) | \$12.92 | \$12.98 | \$13.72 | \$13.35 | \$12.73 |
| Market price, end of period | | | | | |
| (common shares) | 11.57 | \$12.27 | \$13.10 | \$12.10 | \$11.61 |
| Total return at market price (%) (common shares)^b | (0.80) | (1.19) | 14.76 | 10.64 | (2.40) |

| RATIOS AND SUPPLEMENTAL DATA | | | | | |
|---|-------------------|-------------------|------------------|------------------|------------------|
| Net assets, end of period | | | | | |
| (common shares)(in thousands) | \$481,134 | \$494,523 | \$523,023 | \$522,103 | \$523,721 |
| Ratio of expenses to average net assets (including interest expense) (%) ^{c,d,e} | 1.12 ^h | 1.12 ^g | .97 | .96 | .99 |
| Ratio of net investment income to average net assets (%) ^d | 4.31 | 4.80 | 5.48 | 5.50 | 5.89 |
| Portfolio turnover (%) | 38 | 22 | 18 | 12 | 11 |

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(Continued on next page)

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Financial highlights *cont.*

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

^b Total return assumes dividend reinvestment.

^c Includes amounts paid through expense offset arrangements, if any (Note 2).

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

^e Includes interest and fee expense associated with borrowings which amounted to:

| | |
|----------------|-------|
| April 30, 2018 | 0.19% |
| April 30, 2017 | 0.10 |
| April 30, 2016 | 0.05 |
| April 30, 2015 | 0.05 |
| April 30, 2014 | 0.05 |

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

^g Includes 0.10% of increased proxy solicitation and legal fees related to the 2017 annual shareholder meeting.

^h Includes 0.04% of increased proxy solicitation and legal fees related to the 2018 annual shareholder meeting.

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

Municipal Opportunities Trust 41

Notes to financial statements 4/30/18

Within the following Notes to financial statements, references to "State Street" represent State Street Bank and Trust Company, references to "the SEC" represent the Securities and Exchange Commission, references to "Putnam Management" represent Putnam Investment Management, LLC, the fund's manager, an indirect wholly-owned subsidiary of Putnam Investments, LLC and references to "OTC", if any, represent over-the-counter. Unless otherwise noted, the "reporting period" represents the period from May 1, 2017 through April 30, 2018.

Putnam Municipal Opportunities Trust (the fund) is a Massachusetts business trust, which is registered under the Investment Company Act of 1940, as amended, as a non-diversified, closed-end management investment company. The fund is currently

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operating as a diversified fund. In the future, the fund may operate as a non diversified fund to the extent permitted by applicable law. Under current law, shareholder approval would be required before the fund could operate as a non-diversified fund. The goal of the fund is to seek as high a level of current income exempt from federal income tax as Putnam Management believes is consistent with the preservation of capital. The fund intends to achieve its objective by investing in a portfolio of investment-grade and some below investment-grade municipal bonds selected by Putnam Management. The fund's shares trade on a stock exchange at market prices, which may be lower than the fund's net asset value. The fund uses leverage, which involves risk and may increase the volatility of the fund's net asset value.

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

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

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

Note 1: Significant accounting policies

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

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

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

Certain investments, including certain restricted and illiquid securities and derivatives, are also valued at fair value following procedures approved by the Trustees. To assess the continuing appropriateness of fair valuations, the Valuation Committee reviews and affirms the reasonableness of such valuations on a regular basis after considering all relevant information that is reasonably available. Such valuations and procedures are reviewed periodically by the Trustees. These valuations consider such factors as significant market or specific security events such as interest rate or credit quality changes, various relationships with other securities, discount rates, U.S. Treasury, U.S. swap and credit yields, index levels, convexity exposures, recovery rates, sales and other

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multiples and resale restrictions. These securities are classified as Level 2 or as Level 3 depending on the priority of the significant inputs. The fair value of securities is generally determined as the amount that the fund could reasonably expect to realize from an orderly disposition of such securities over a reasonable period of time. By its nature, a fair value price is a good faith estimate of the value of a security in a current sale and does not reflect an actual market price, which may be different by a material amount.

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Cash and Cash Equivalents For the purposes of the Statement of Cash Flows, the fund defines Cash and Cash Equivalents as cash (including foreign currency), money market funds and other investments held in lieu of cash and excludes investments made with cash collateral received.

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

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

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 \$81,692,594 were held by the TOB trust and served as collateral for \$53,651,248 in floating-rate bonds outstanding. For the reporting period ended, the fund incurred interest expense of \$613,013 for these investments based on an average interest rate of 1.13%.

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

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

Distributions to shareholders Distributions to common and preferred shareholders from net investment income are recorded by the fund on the ex-dividend date. Distributions from capital gains, if any, are recorded on the ex-dividend date and paid at least annually. Dividends on remarketed preferred shares become payable when, as and if declared by the Trustees. Each dividend period for the remarketed preferred shares is generally a 7 day period. The applicable dividend rate for the remarketed preferred shares on April 30, 2018 was 2.750% for Series B and 2.750% for Series C shares. 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.

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

These differences include temporary and/or permanent differences from dividends payable and from market discount. Reclassifications are made to the fund's capital accounts to reflect income and gains available for distribution (or available capital loss carryovers) under income tax regulations. At the close of the reporting period, the fund reclassified \$524,154 to increase undistributed net investment income and \$524,154 to decrease accumulated net realized gain.

Municipal Opportunities Trust 43

Tax cost of investments includes adjustments to net unrealized appreciation (depreciation) which may not necessarily be final tax cost basis adjustments, but closely approximate the tax basis unrealized gains and losses that may be realized and distributed to shareholders. The tax basis components of distributable earnings and the federal tax cost as of the close of the reporting period were as follows:

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| | |
|--------------------------------------|---------------|
| Unrealized appreciation | \$26,643,835 |
| Unrealized depreciation | (4,714,821) |
| Net unrealized appreciation | 21,929,014 |
| Undistributed tax-exempt income | 2,033,583 |
| Undistributed ordinary income | 660,758 |
| Undistributed long-term gain | 6,331,814 |
| Cost for federal income tax purposes | \$626,993,826 |

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

Note 2: Management fee, administrative services and other transactions

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

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

| | | | |
|--------|--|--------|---|
| 0.650% | of the first \$500 million of average weekly net assets, | 0.425% | of the next \$5 billion of average weekly net assets. |
| 0.550% | of the next \$500 million of average weekly net assets | 0.405% | of the next \$5 billion of average weekly net assets. |
| 0.500% | of the next \$500 million of average weekly net assets | 0.390% | of the next \$5 billion of average weekly net assets, |
| 0.45% | of the next \$5 billion of average weekly net assets. | 0.380% | of any excess thereafter. |

For the reporting period, the management fee represented an effective rate (excluding the impact from any expense waivers in effect) of 0.550% of the fund's average net assets.

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

Putnam Investments Limited (PIL), an affiliate of Putnam Management, is authorized by the Trustees to manage a separate portion of the assets of the fund as determined by Putnam Management from time to time. PIL did not manage any portion of the assets of the fund during the reporting period. If Putnam Management were to engage the services of PIL, Putnam Management would pay a quarterly sub-management fee to PIL for its services at an annual rate of 0.40% of the average net assets of the portion of the fund managed by PIL.

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

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

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

The fund has entered into expense offset arrangements with Putnam Investor Services, Inc. and State Street whereby Putnam Investor Services, Inc.'s and State Street's fees are reduced by credits allowed on cash balances. For the reporting period, the fund's expenses were reduced by \$61,049 under the expense offset arrangements.

Each Independent Trustee of the fund receives an annual Trustee fee, of which \$369, 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, the cost of purchases and the proceeds from sales, excluding short-term investments, were as follows:

| | Cost of purchases | Proceeds from sales |
|--|----------------------|----------------------|
| Investments in securities (Long-term) | \$250,882,378 | \$274,078,523 |
| U.S. government securities (Long-term) | — | — |
| Total | \$250,882,378 | \$274,078,523 |

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

Note 4: Preferred shares

The Series B (2,876) and C (2,673) Remarketed Preferred shares are redeemable at the option of the fund on any dividend payment date at a redemption price of \$25,000 per share, plus an amount equal to any dividends accumulated on a daily basis but unpaid through the redemption date (whether or not such dividends have been declared) and, in certain circumstances, a call premium.

It is anticipated that dividends paid to holders of remarketed preferred shares will be considered tax-exempt dividends under the Internal Revenue Code of 1986. To the extent that the fund earns taxable income and capital gains by the conclusion of a fiscal year, it may be required to apportion to the holders of the remarketed preferred shares throughout that year additional dividends as necessary to result in an after-tax equivalent to the applicable dividend rate for the period. Total additional dividends for the reporting period were \$21,203.

Under the Investment Company Act of 1940, the fund is required to maintain asset coverage of at least 200% with respect to the remarketed preferred shares. Additionally, the fund's bylaws impose more stringent asset coverage requirements and restrictions relating to the rating of the remarketed preferred shares by the shares' rating agencies. Should these requirements not be met, or should dividends accrued on the remarketed preferred shares not be paid, the fund may be restricted in its ability to declare

dividends to common shareholders or may be required to redeem certain of the remarketed preferred shares. At year end, no such restrictions have been placed on the fund.

From July 10, 2017 through August 4, 2017, the fund repurchased 541 Series B and 1,064 Series C shares pursuant to an issuer tender offer at an aggregate purchase price of \$12,138,687 and \$23,873,500, respectively. The tender offer purchase price represented 89.75% of the liquidation preference of the Series B and Series C Remarketed Preferred shares and resulted in a \$4,112,813 increase to the net assets of the fund.

Note 5: Shares repurchased

In September 2017, 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, 2018 (based on shares outstanding as of October 9, 2017). 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 9, 2017 (based on shares outstanding as of October 7, 2016). Repurchases are made when the fund's shares are trading at less than net asset value and in accordance with procedures approved by the fund's Trustees.

For the reporting period, the fund repurchased 858,692 common shares for an aggregate purchase price of \$10,078,148, which reflects a weighted-average discount from net asset value per share of 9.96%. The weighted-average discount reflects the payment of commissions by the fund to execute repurchase trades.

For the previous fiscal year, the fund repurchased 25,566 common shares for an aggregate purchase price of \$304,197, which reflects a weighted-average discount from net asset value per share of 8.89%. The weighted-average discount reflects the payment of commissions by the fund to execute repurchase trades.

At the close of the reporting period, Putnam Investments, LLC owned 1,113 shares of the fund (0.003% of the fund's shares outstanding), valued at \$14,380.

Note 6: Market, credit and other risks

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

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Federal tax information (Unaudited)

The fund has designated 96.95% of dividends paid from net investment income during the reporting period as tax exempt for Federal income tax purposes.

Pursuant to §852 of the Internal Revenue Code, as amended, the fund hereby designates \$6,964,995 as a capital gain dividend with respect to the taxable year ended December 31, 2017, or, if subsequently determined to be different, the net capital gain of such year.

The Form 1099 that will be mailed to you in January 2019 will show the tax status of all distributions paid to your account in calendar 2018.

Shareholder meeting results (Unaudited)

April 27, 2018 annual meeting

At the meeting, a proposal to fix the number of Trustees at 12 was approved as follows:

| Votes for | Votes against | Abstentions |
|------------|---------------|-------------|
| 32,445,339 | 1,208,449 | 550,820 |

At the meeting, the vote on the election of 10 nominees as the Fund's Common Trustees was as follows:

| | Votes for | Votes withheld |
|---------------------|------------|----------------|
| Liaquat Ahamed | 32,786,097 | 1,418,615 |
| Ravi Akhoury | 32,799,400 | 1,405,312 |
| Barbara M. Baumann | 32,868,374 | 1,336,337 |
| Jameson A. Baxter | 32,565,884 | 1,638,827 |
| Katinka Domotorffy | 32,793,162 | 1,411,549 |
| Catharine Bond Hill | 32,848,118 | 1,356,593 |
| Paul L. Joskow | 32,591,125 | 1,613,586 |
| Kenneth R. Leibler | 32,638,364 | 1,566,347 |
| Robert L. Reynolds | 32,872,276 | 1,332,435 |
| Manoj P. Singh | 32,759,892 | 1,444,820 |

All tabulations are rounded to the nearest whole number.

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

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

As of April 30, 2018, 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 75, removal, or death.

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Officers

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

Jonathan S. Horwitz *(Born 1955)*

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

Robert T. Burns *(Born 1961)*

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

James F. Clark *(Born 1974)*

Vice President and Chief Compliance Officer
Since 2016
Chief Compliance Officer, Putnam Investments
and Putnam Management

Michael J. Higgins *(Born 1976)*

Vice President, Treasurer, and Clerk
Since 2010

Janet C. Smith *(Born 1965)*

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

Susan G. Malloy *(Born 1957)*

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

Mark C. Trenchard *(Born 1962)*

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

Nancy E. Florek *(Born 1957)*

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

Denere P. Poulack *(Born 1968)*

Assistant Vice President, Assistant Clerk,
and Assistant Treasurer
Since 2004

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

Fund information

Founded over 80 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-Advisor

Putnam Investments Limited
16 St James's Street
London, England SW1A 1ER

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**

PricewaterhouseCoopers LLP

Trustees

Jameson A. Baxter, *Chair*
Kenneth R. Leibler, *Vice Chair*
Liaquat Ahamed
Ravi Akhoury
Barbara M. Baumann
Katinka Domotorffy
Catharine Bond Hill
Paul L. Joskow
Robert E. Patterson
George Putnam, III
Robert L. Reynolds
Manoj P. Singh

Officers

Robert L. Reynolds
President

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

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

James F. Clark
*Vice President and
Chief Compliance Officer*

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

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

Susan G. Malloy
*Vice President and
Assistant Treasurer*

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

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

Denere P. Poulack
*Assistant Vice President, Assistant
Clerk, and Assistant Treasurer*

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

Item 2. Code of Ethics:

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

Item 3. Audit Committee Financial Expert:

The Funds' Audit, Compliance and Distributions 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, Compliance and Distributions 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, Ms. Baumann and Mr. Singh qualifies as an "audit committee financial expert" (as such term has been defined by the Regulations) based on their review of his or her pertinent experience and education. The SEC has stated, and the funds' amended and restated agreement and Declaration of Trust provides, that the designation or identification of a person as an audit committee financial expert pursuant to this Item 3 of Form N-CSR does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Audit, Compliance and Distribution Committee and the Board of Trustees in the absence of such designation or identification.

Item 4. Principal Accountant Fees and Services:

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

| Fiscal year ended | Audit Fees | Audit-Related Fees | Tax Fees | All Other Fees |
|-------------------|------------|--------------------|----------|----------------|
| April 30, 2018 | \$83,787 | \$ — | \$12,294 | \$681 |
| April 30, 2017 | \$78,572 | \$ — | \$12,053 | \$ — |

For the fiscal years ended April 30, 2018 and April 30, 2017, the fund's independent auditor billed aggregate non-audit fees in the amounts of \$490,018 and \$612,842 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.

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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.

All Other Fees represent fees billed for services relating to an analysis of fund profitability

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

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

| Fiscal year ended | Audit-Related Fees | Tax Fees | All Other Fees | Total Non-Audit Fees |
|-------------------|--------------------|-----------|----------------|----------------------|
| April 30, 2018 | \$ — | \$477,043 | \$ — | \$ — |
| April 30, 2017 | \$ — | \$600,789 | \$ — | \$ — |

Item 5. Audit Committee of Listed Registrants

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

Ravi Akhoury

Robert E. Patterson

Barbara M. Baumann

Katinka Domotorffy

Manoj P. Singh

(b) Not applicable

Item 6. Schedule of Investments:

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

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

Proxy voting guidelines of The Putnam Funds

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

The proxy voting guidelines are just that — guidelines. The guidelines are not exhaustive and do not address all potential voting issues. Because the circumstances of individual companies are so varied, there may be instances when the funds do not vote in strict adherence to these guidelines. For example, the proxy voting service is expected to bring to the Proxy Voting Director's attention proxy questions that are company-specific and of a non-routine nature and that, even if covered by the guidelines, may be more appropriately handled on a case-by-case basis. In addition, in interpreting the funds' proxy voting guidelines, the Trustees of The Putnam Funds are mindful of emerging best practices in the areas of corporate governance, environmental stewardship and sustainability, and social responsibility. Recognizing that these matters may, in some instances, bear on investment performance, they may from time to time be considerations in the funds' voting decisions.

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

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

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

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

I. BOARD-APPROVED PROPOSALS¹

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:

¹ The guidelines in this section apply to proposals at U.S. companies. Please refer to Section III, Voting Shares of Non-U.S. Issuers, for additional guidelines applicable to proposals at non-U.S. companies.

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

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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”),
- 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),
- who serves as an executive officer of any company (“home company”) while serving on more than two other public company boards (votes for the nominee withheld at each company where the funds are shareholders; in addition, if the funds are shareholders of the executive’s home company, the funds will withhold votes from members of the home company’s governance committee), or
- who is a member of the governance or other responsible committee, if the company has adopted without shareholder approval a bylaw provision shifting legal fees and costs to unsuccessful plaintiffs in intra-corporate litigation.

Commentary:

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

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

Time commitment: Being a director of a company requires a significant time commitment to adequately prepare for and attend the company's board and committee meetings. Directors must be able to commit the time and attention necessary to perform their fiduciary duties in proper fashion, particularly in times of crisis. The funds' Trustees are concerned about over-committed directors. In some cases, directors may serve on too many boards to make a meaningful contribution. This may be particularly true for senior executives of public companies (or other directors with substantially full-time employment) who serve on more than a few outside boards. Generally, the funds withhold support from directors serving on more than five unaffiliated public company boards, although an exception may be made in the case of a director who represents an investing firm with the sole purpose of managing a portfolio of investments that includes the company. The funds also withhold support from directors who serve as executive officers at a company and on the boards of more than two unaffiliated public companies (votes withheld at outside boards only). The funds may also withhold votes from such directors on a case-by-case basis where it appears that they may be unable to discharge their duties properly because of excessive commitments.

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

Corporate governance practices: Board independence depends not only on its members' individual relationships, but also on the board's overall attitude toward management and shareholders. Independent boards are committed to good corporate governance practices and, by providing objective independent judgment, enhancing shareholder value. The funds may withhold votes on a case-by-case basis from some or all directors who, through their lack of independence or otherwise, have failed to observe good corporate governance practices or, through specific corporate action, have demonstrated a disregard for the interests of shareholders. Such instances may include cases where a board of directors has approved compensation arrangements for one or more members of management that, in the judgment of the funds' Trustees, are excessive by reasonable corporate standards relative to the company's record of performance. It may also represent a disregard for the interests of shareholders if a board of directors fails to register an appropriate response when a director who fails to win the support of a majority of shareholders in an election (sometimes referred to as a "rejected director") continues to serve on the board. While the Trustees recognize that it may in some circumstances be appropriate for a rejected director to continue his or her service on the board, steps should be taken to address the concerns reflected by the shareholders' lack of support for the rejected director. Adopting a fee-shifting bylaw provision without shareholder approval, which may discourage legitimate shareholders lawsuits as well as frivolous ones, is another example of disregard for shareholder interests.

Contested Elections of Directors

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

Classified Boards

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

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

Other Board-Related Proposals

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

Executive Compensation

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

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

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

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

the amount per employee under the plan is unlimited, or

the plan's performance criteria is undisclosed, or

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

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

Capitalization

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

- The funds will vote **for** proposals relating to the authorization and issuance of additional common stock (except where such proposals relate to a specific transaction).