PUTNAM MUNICIPAL OPPORTUNITIES TRUST
Form N-CSR
June 29, 2009

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: Beth S. Mazor, Vice President
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Registrants telephone number, including area code: (617) 292-1000

Date of fiscal year end: April 30, 2009

Date of reporting period: May 1, 2008 - April 30, 2009

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:

Since 1937, when George Putnam created a prudent mix of stocks and bonds in a single, professionally managed portfolio, we have championed the wisdom of the balanced approach. Today, we offer a world of equity, fixed-income, multi-asset, and absolute-return portfolios so investors can pursue a range of financial goals. Our seasoned portfolio managers seek superior results over time, backed by original, fundamental research on a global scale. We believe in service excellence, in the value of experienced financial advice, and in putting clients first in everything we do.

In 1830, Massachusetts Supreme Judicial Court Justice Samuel Putnam established The Prudent Man Rule, a legal foundation for responsible money management.

THE PRUDENT MAN RULE

All that can be required of a trustee to invest is that he shall conduct himself faithfully and exercise a sound discretion. He is to observe how men of prudence, discretion, and intelligence manage their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income, as well as the probable safety of the capital to be invested.

Putnam Municipal Opportunities Trust

Annual Report

4|30|09

Message from the Trustees

Dear Fellow Shareholder:

Since the fourth quarter of 2007, investors have endured one of the most difficult downturns in decades, but there now seem to be early signs that the storm clouds may be starting to clear in the stock market. Although this downturn is far from over and we remain cautious, we are encouraged by a number of developments.

Before its climb was interrupted by profit taking in early May, the stock market experienced a two-month run-up from its March lows. Although many analysts agree that the stock market is in the process of bottoming out, they are careful to note that the market is fairly valued today and that it will require positive corporate earnings growth to continue its climb.

The outlook for the fixed-income market is less clear. Hundreds of billions of dollars in economic stimulus spending have increased the U.S. deficit, which may weaken demand for Treasuries. Corporate and municipal debt may fare slightly better.

Under President and CEO Robert L. Reynolds, Putnam Investments has instituted several changes in order to position Putnam mutual funds for a market recovery. In April, Walter C. Donovan, a 25-year investment industry veteran, joined Putnam as Chief Investment Officer. Mr. Donovan will lead a reinvigorated investment organization strengthened by the arrival during the past few months of several well-regarded senior portfolio managers, research analysts, and equity traders.

We also are pleased to announce that Ravi Akhoury has been elected to the Board of Trustees of the Putnam Funds and W. Thomas Stephens has rejoined the Board. From 1992 to 2007, Mr. Akhoury was Chairman and CEO of MacKay Shields, a multi-product investment management firm with over $40 billion in assets under management. He serves as advisor to New York Life Insurance Company, and previously was a member of its Executive Management Committee.

Mr. Stephens retired in December 2008 as Chairman and Chief Executive Officer of Boise Cascade, L.L.C., a paper, forest products, and timberland assets company. He is a Director of TransCanada Pipelines, Ltd., an energy infrastructure company. From 1997 to 2008, Mr. Stephens served on the Board of Trustees of the Putnam Funds. Until 2004, he also was a Director of Xcel Energy Incorporated, Qwest Communications, and Norske Canada, Inc.

An update on the proposed merger of your fund

In early January 2009, Putnam Investments and the Board of Trustees announced that the previously announced merger of Putnam Municipal Opportunities Trust (the Fund) into Putnam Tax Exempt Income Fund, an open-end fund, would be delayed in light of current unsettled market conditions. We would like to take the opportunity of this annual report to update Fund shareholders on the status of the merger transaction.

As a result of preferred share remarketing failures that began in February 2008, the Fund’s preferred shareholders have faced significant liquidity issues, and the Fund’s common shareholders have been paying preferred shareholders so-called “maximum dividend rates” required by the terms of the preferred shares. As a result, we have devoted considerable efforts since then to addressing the situation in a manner that takes into account the interests of both common and preferred shareholders.

Our efforts have resulted in several actions to date. In July 2008, we announced the use of tender option bonds as a substitute form of financial leverage that would permit the redemption of 15% of the Fund’s outstanding preferred shares. In September 2008, we announced a preliminary plan to merge the Fund into the comparable open-end Putnam fund noted above.

In approving the proposed merger, the Board of Trustees considered, among other factors, marketplace developments for leveraged closed-end funds, the risks and costs to the Fund’s common shareholders of maintaining the current preferred share leverage over time, the cost and availability of alternative leverage financing sources for the Fund, the level of discount then prevailing in the trading price of the Fund’s shares as compared with net asset value, and general conditions in the municipal bond market. A plan of merger was formally approved and announced in October 2008. We noted at the time that completion of the merger would be subject to a number of conditions and other factors and that the expected dates for submission to shareholders and merger completion could be delayed in light of changing market conditions.

Because the open-end fund into which the Fund would merge is not legally permitted to issue preferred shares, the Board of Trustees authorized the Fund to redeem all of its preferred shares through a series of partial redemptions in anticipation of shareholder approval and completion of the merger. In light of unsettled market conditions at the time, the Board granted Putnam Investments discretion with respect to the amount and timing of such redemptions. From November 2008 through January 2009, Putnam Investments carried out preferred share redemptions that significantly reduced the Fund’s preferred share leverage, though the Fund today remains leveraged in a manner reasonably comparable to its industry peers.

The market events that followed the bankruptcy filing by Lehman Brothers in September 2008 represent the proverbial 100-year flood. Although the Fund’s portfolio was well positioned to commence preferred share redemptions, liquidity in all major markets declined significantly during this period. As a result, in January 2009 Putnam Investments advised the Board of Trustees that prevailing market conditions made it inadvisable to implement additional redemptions of the preferred shares. In particular, certain credit quality segments (e.g., securities rated BBB and below) of the municipal bond market represented in the Fund’s portfolio were facing, and continue to face at this time, liquidity challenges.

In recent months we have continued to monitor prospects for completing the proposed merger in light of evolving market conditions. While liquidity conditions in all markets have generally improved, Putnam Investments has advised the Board of Trustees that prevailing market conditions continue to make it inadvisable to implement the remaining redemptions of the preferred shares. In addition, improved liquidity conditions will be necessary for the open-end fund’s portfolio managers to be well positioned to respond to potential post-merger redemptions from former Fund common shareholders. At the same time, as a result of recent Federal Reserve actions, which have reduced short-term borrowing costs to historical lows, the current cost of maintaining the Fund’s preferred share leverage continues to be highly favorable to the common shareholders.

All in all, because of continued liquidity challenges in certain credit quality segments of the municipal bond market, as well as the continuing benefits of preferred share leverage to the Fund’s common shareholders, Putnam Investments has advised the Trustees that implementation of the merger in the near future would not be in the best interests of the Fund’s common shareholders. Accordingly, the Board of Trustees has authorized Putnam Investments to suspend further efforts to implement the merger at this time.

We continue to believe that the proposed merger may well represent the best long-term option for the Fund's common shareholders, but it is not certain when, or if, conditions may emerge that would make it advisable to renew efforts to complete the merger. We will continue to monitor market conditions in light of the interests of both common and preferred shareholders, and will communicate with the Fund's shareholders on a periodic basis regarding these matters.

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

About the fund

Potential for high current income exempt from federal income tax

Taxes on income are a significant challenge of fixed-income investing. Investing in municipal bonds through a fund such as Putnam Municipal Opportunities Trust can help address this challenge. While the stated yields on municipal bonds are usually lower than those of taxable bonds, the income most of these bonds pay has the advantage of being exempt from federal tax.

Municipal bonds are typically issued by states and local municipalities to raise funds for building and maintaining public facilities. The bonds are backed by either the issuing city or town, by revenues collected from usage fees, or by state tax revenues. Depending on the type of backing, the bonds will have varying degrees of credit risk, which is the risk that the issuer will not be able to repay the bond.

Many municipal bonds are not rated by independent rating agencies such as Standard & Poor's and Moody's. This is primarily because many issuers decide not to pursue a rating that might be below investment grade.

As a result, portfolio managers must do additional research to determine whether these bonds are prudent investments.

Evaluating a bond's credit risk is one area in which Putnam has expertise. Putnam's research team analyzes each issue in depth and assigns non-rated bonds an agency-equivalent Putnam rating. This analysis helps the team identify bonds with attractive risk/return profiles among bonds not rated by agencies.

Once the fund has invested in a bond, the portfolio managers continue to monitor developments that affect the overall bond market, the sector, and the issuer of the bond. Typically, higher-risk, lower-rated bonds are reviewed more frequently because of their greater potential risk.

The goal of research and active management is to stay a step ahead of the industry and pinpoint opportunities to adjust holdings for the benefit of the fund's shareholders.

Lower-rated bonds may offer higher yields in return for more risk. Capital gains, if any, are taxable for federal and, in most cases, state purposes. 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. Please consult with your tax advisor for more information. Mutual funds that invest in bonds are subject to certain risks, including interest-rate risk, credit risk, and inflation risk. As interest rates rise, the prices of bonds fall. Long-term bonds are more exposed to interest-rate risk than short-term bonds. Unlike bonds, bond funds have ongoing fees and expenses. The fund uses leverage, which involves risk and may increase the volatility of the fund's net asset value. The fund's shares trade on a stock exchange at market prices, which may be higher or lower than the fund's net asset value.

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

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

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

Net asset value vs. market price

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

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Performance and portfolio snapshots

Average annual total return (%) comparison as of 4/30/09

Data is historical. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return and net asset value will fluctuate, and you may have a gain or a loss when you sell your shares. Performance assumes reinvestment of distributions and does not account for taxes. Fund returns in the bar chart are at NAV. See pages 7 and 11–12 for additional performance information, including fund returns at market price. Index and Lipper results should be compared to fund performance at NAV. Lipper calculates performance differently than the closed-end funds it ranks, due to varying methods for determining a fund's monthly reinvestment NAV.

"With the announcement of more well-defined government initiatives in 2009...there are signs that a degree of confidence is returning to the capital markets."

Thalia Meehan, Portfolio Manager, Putnam Municipal Opportunities Trust

Credit qualities shown as a percentage of portfolio value as of 4/30/09. A bond rated Baa or higher (MIG3/VMIG3 or higher, for short-term debt) is considered investment grade. The chart reflects Moody's ratings; percentages may include bonds not rated by Moody's but considered by Putnam Management to be of comparable quality. Ratings will vary over time.

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Interview with your fund's Portfolio Manager

Thalia Meehan

Thalia, it has been a difficult year for the fixed-income markets. How did the volatility affect the municipal bond market?

Market conditions in the municipal bond market remained quite unsettled for much of the reporting period. The fourth quarter of 2008 was particularly challenging, given the extreme turmoil in credit markets following the collapse of Lehman Brothers last September. In addition, forced selling by hedge funds and investment banks that needed to raise capital and cover losses put pressure on municipal bonds. All of this added up to an environment in which all investment-grade asset classes, including municipal bonds, underperformed U.S. Treasuries.

The U.S. Federal Reserve [the Fed] and the U.S. Treasury implemented several wide-ranging measures to restore market stability and investor confidence, joining policymakers around the globe in efforts to shore up bank balance sheets and re-establish the flow of credit. But the U.S. economy continued to struggle into 2009, extending the recession that took hold in 2008. Financial markets, though improved from the fourth quarter, remained in disarray, as consumer confidence was weak, housing prices continued to retreat, and unemployment rose to levels not seen in decades. However, strong coupon reinvestment in January and February bolstered the performance of high-grade municipal bonds. Consequently, municipal bonds posted their best quarterly performance since 2004 in the first quarter of 2009 — a trend that continued through the close of the fiscal year on April 30, 2009.

How did the fund perform for the fiscal year?

Despite the positive momentum in the final months of the reporting period, municipal bonds still posted negative returns for the 12 months ended April 30, 2009. The fund fell 9.59% at net asset value, trailing its Lipper class, General Municipal Debt Funds [leveraged closed-end], which declined 9.02%. This result was due to the fund's slightly higher concentration of municipal bonds in the lower end of the investment-grade spectrum than many of its peers. The fund also lagged its benchmark, the Barclays Capital Municipal Bond Index, which returned 3.11%. Unlike the fund, this national benchmark invests only in investment-grade municipal bonds.

Broad market index and fund performance

This comparison shows your fund's performance in the context of broad market indexes for the 12 months ended 4/30/09. See the previous page and pages 11–12 for additional fund performance information. Index descriptions can be found on page 13.

How was the supply of municipal bonds affected by market conditions?

During the fourth quarter, dealer liquidity became more constrained with the Lehman Brothers bankruptcy, the exit of UBS from the institutional market, and Bank of America's purchase of Merrill Lynch.

We saw a temporary lack of primary market supply, as municipal bond issuers delayed new issuance due to market conditions. Because new issues typically help provide price discovery in the marketplace, as dealers delayed pricing new issues, secondary market liquidity was hurt. These factors put downward pressure on municipal bond prices, hurting asset class performance further. Yields widened to unprecedented levels in mid-December before partially recovering as the primary market reopened and fund flows turned positive. The municipal market remained bifurcated as investors flocked to short-maturity bonds rated AA or above, while shunning issues with a credit rating below AA.

While overall issuance was down during the period, investors saw the introduction of a new type of debt Build America Bonds [BABs], which were authorized under the American Recovery and Reinvestment Act in February 2009. BABs are a new form of debt that was unveiled as part of the stimulus bill. Designed to provide more affordable access to capital for cash-strapped state and local governments, BABs are issued as taxable securities, with local and state governments receiving a 35% subsidy of the interest direct from the Treasury. The new taxable debt issuance by traditionally tax-exempt issuers created concerns about the future of the tax-exempt bond supply, and thus helped fuel the municipal bond rally into April.

How did you position the portfolio in response to these factors?

During the period, the fund's overall credit quality remained high, although we did add to the portfolio's investments in municipal bonds rated A and BBB [the lower range of the investment-grade sector], as credit spreads widened and their prices became very attractive.

The portfolio's underweight position in the long end of the yield curve and its overweight exposure to 15- to 25-year maturities aided relative performance. From a sector perspective, an overweight position in tobacco bonds constrained results, though an overweight to defensive sectors such as utilities, health care, and higher public education industries proved beneficial. An underweight position in the land-secured and airline tax-exempt bonds, whose prospects are tied to economic growth, also helped performance.

What holdings had the most impact on performance?

Any high-quality, short-maturity bonds benefited as investors sought out quality during the period. As the yield curve steepened and shorter-maturity issues outperformed their longer-maturity counterparts, this fund's positions in these types of bonds outperformed on a relative basis. Bonds with high coupon rates also helped performance. Prerefunded bonds fit this description because they're generally shorter maturities and they're almost always backed by bonds issued by the U.S. Treasury or other government agencies. In addition, many prerefunded bonds carry higher coupon rates because they are older bonds. **Badger Tobacco Settlement Asset Securitization Corp**. revenue bonds is an example of a holding in our fund that fell into this category.

Composition by state

This table shows the fund's top 10 state allocations and the percentage of the fund's net assets that each state represented as of 4/30/09. Holdings will vary over time.

STATE	PERCENTAGE OF FUND'S NET ASSETS
Texas	16.1%
California	16.0
Massachusetts	11.2
Nevada	10.2
Ohio	7.2
New York	6.5
Florida	5.4
Illinois	4.9
Wisconsin	4.9
Pennsylvania	4.6

As for holdings that hurt performance, any bond with a long maturity or lower credit quality suffered as the yield curve steepened and lower-rated instruments were punished when investors fled from perceived risk. The fund's investments in **Buckeye Tobacco Settlement Finance Authority** revenue bonds have longer maturities and carry lower investment-grade credit ratings. Tobacco settlement bonds are secured by the income stream from tobacco companies lawsuit settlement obligations to individual states, and generally offer higher yields than bonds of comparable quality. Because the market for tobacco bonds is large and relatively liquid, investors who wanted to trim credit exposure sold these

liquid bonds first, which put pressure on the sector as a whole. Similarly, **The Internext Group** revenue bonds were also avoided by investors due to their lower investment-grade quality, and their price fell accordingly.

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

Investors saw their patience rewarded in the final months of Putnam Municipal Opportunities Trusts fiscal year. With the announcement of more extensive government initiatives, including the U.S. Treasurys plan to handle toxic mortgage assets and the administrations foray into the automotive industry, there are signs that a degree of confidence is returning to the capital markets.

Concerns remain about state budgets, the future of bond insurers, and the potential for regulatory changes, though market sentiment has improved due to the strong response to BABs and the emergence of new buyers of state and local debt.

In this environment, we see two notable reasons why municipal bond funds remain particularly attractive. The first is the likelihood of higher future tax rates, with income tax rates likely to rise when the Bush tax cuts are scheduled to sunset at the end of 2010. This has the potential to make municipal bonds an even more attractive asset class relative to taxable fixed income. Second, the overall credit quality of the municipal asset class is strong. As I mentioned in the last report, we believe that many areas of the municipal bond market have been oversold, creating the chance for us to add bonds with attractive yields to the portfolio.

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

IN THE NEWS

The Obama administration estimates a record $1.84 trillion budget deficit for 2009. The combination of higher government debt and stimulus spending has cooled investors attitudes toward Treasury bonds, whose prices have fallen more than 20% since the start of 2009, despite their safe-haven status. Historically, Treasury bonds have been among the investments most vulnerable to fears of rising inflation, which can result from increased government spending. Massive government stimulus often leads to higher prices for consumer goods because the Federal Reserve, in effect, prints more money to pay for the additional spending. This, in turn, can diminish the purchasing power of the dollar. Higher interest rates will push down Treasury prices because when interest rates rise, bond prices fall, and vice versa.

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

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

Comparison of top sector weightings

This chart shows how the funds top weightings have changed over the past six months. Weightings are shown as a percentage of net assets. Holdings will vary over time. Sector concentrations listed after the portfolio schedule in the Financial Statements section of this shareholder report are exclusive of insured or prerefunded status and may differ from the summary information below.

Of special interest

In 2008, and consistent with the experience of other closed-end funds with preferred shares outstanding, the fund experienced unsuccessful remarketing of its preferred shares. The remarketing failures appeared to have been driven by broad-based liquidity issues that were impacting credit markets in general and did not affect the credit rating of the fund's preferred shares or its ability to pay dividends to its preferred shareholders. The fund's preferred shareholders continued to receive dividends at the "maximum dividend rate," determined by reference to a market rate (such as commercial paper) pursuant to the fund's by-laws. Typically, the difference between the rates paid to holders of preferred shares and the rates earned by the fund augment the flow of income to holders of common shares. However, given market conditions, we were paying higher rates to holders of preferred shares and holding a higher percentage of cash to redeem preferred shares. Consequently, the fund's dividend rate for common shareholders decreased from $0.0605 to $0.0566 per share in November 2008.

Since the decrease in the distribution rate last November, the credit markets have begun to stabilize, and we have seen a decrease in short-term rates paid to preferred shareholders. In addition, the fund reinvested cash in long municipal bonds, which contributed to an increase in income distributable to common shareholders. Consequently, the fund's monthly dividend increased to $0.0628 per share effective with the April 2009 distribution.

Your fund's performance

This section shows your fund's performance for periods ended April 30, 2009, the end of its most recent fiscal year. In accordance with regulatory requirements for mutual funds, we also include performance as of the most recent calendar quarter-end. Performance should always be considered in light of a fund's investment strategy. Data represents past performance. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return, net asset value, and market price will fluctuate, and you may have a gain or a loss when you sell your shares.

Fund performance Total return for periods ended 4/30/09

	NAV	Market price	Barclays Capital Municipal Bond Index	Lipper General Municipal Debt Funds (leveraged closed-end) category average*
Annual average				
Life of fund (since 5/28/93)	4.91%	4.01%	5.44%	4.92%
10 years	42.32	26.51	59.47	44.29
Annual average	3.59	2.38	4.78	3.70
5 years	10.65	4.89	22.34	8.89
Annual average	2.04	0.96	4.11	1.64
3 years	−3.65	−1.49	12.11	−5.68

Annual average	−1.23	−0.50	3.88	−2.04
1 year	−9.59	−6.32	3.11	−9.02

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

Index and Lipper results should be compared to fund performance at net asset value. Lipper calculates performance differently than the closed-end funds it ranks, due to varying methods for determining a fund’s monthly reinvestment NAV.

* Over the 1-year, 3-year, 5-year, 10-year, and life-of-fund periods ended 4/30/09, there were 59, 59, 58, 41, and 33 funds, respectively, in this Lipper category.

Fund price and distribution information For the 12-month period ended 4/30/09

Distributions from common shares			
Number		12	
Income [1]		$0.6836	
Capital gains [2]		—	
Total		$0.6836	
Distributions — preferred shares*	Series A	Series B	Series C
Income [1]	$483.09	$626.90	$635.98
Capital gains [2]	—	—	—
Total	$483.09	$626.90	$635.98
Share value	NAV	Market price	
4/30/08	$12.41	$11.13	
4/30/09	10.47	9.73	
Current yield (end of period)	NAV	Market price	
Current dividend rate [3]	7.20%	7.75%	

Taxable equivalent [4]	11.08	11.92

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

* For further information on the preferred shares outstanding during the period, please refer to Note 4: Preferred shares on page 33.

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

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

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

[4] Assumes maximum 35% federal tax rate for 2009. 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 3/31/09

	NAV	Market price
Annual average		
Life of fund (since 5/28/93)	4.69%	3.74%
10 years	37.39	20.01
Annual average	3.23	1.84
5 years	3.20	–8.10
Annual average	0.63	–1.68
3 years	–7.32	–6.03
Annual average	–2.50	–2.05
1 year	–11.40	–8.93

Your fund's management

In addition to Thalia Meehan, your fund's Portfolio Managers are Paul Drury, Brad Libby, and Susan McCormack.

Trustee and Putnam employee fund ownership

As of April 30, 2009, 12 of the 14 Trustees of the Putnam funds owned fund shares. The following table shows the approximate value of investments in the fund and all Putnam funds as of that date by the Trustees and Putnam employees. These amounts include investments by the Trustees’ and employees’ immediate family members and investments through retirement and deferred compensation plans.

	Assets in the fund	Total assets in all Putnam funds
Trustees	$125,000	$32,000,000
Putnam employees	$8,000	$339,000,000

Other Putnam funds managed by the Portfolio Managers

Thalia Meehan, Paul Drury, Brad Libby, and Susan McCormack are Portfolio Managers of Putnam’s open-end tax-exempt funds for the following states: Arizona, California, Massachusetts, Michigan, Minnesota, New Jersey, New York, Ohio, and Pennsylvania. The same group also manages Putnam Tax Exempt Income Fund, Putnam Tax-Free High Yield Fund, Putnam AMT-Free Municipal Fund*, Putnam Managed Municipal Income Trust, and Putnam Municipal Opportunities Trust.

Thalia Meehan, Paul Drury, Brad Libby, and Susan McCormack may also manage other accounts and variable trust funds advised by Putnam Management or an affiliate.

*Prior to November 30, 2008, the fund was known as Putnam AMT-Free Insured Municipal Fund.

Portfolio management fund ownership

The following table shows how much the fund’s current Portfolio Managers have invested in the fund and in all Putnam mutual funds (in dollar ranges). Information shown is as of April 30, 2009 and April 30, 2008.

Terms and definitions

Important terms

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

Net asset value (NAV) is the value of all your fund’s assets, minus any liabilities and the net assets allocated to any outstanding preferred shares, divided by the number of outstanding common shares.

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

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

Comparative indexes

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

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

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

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

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

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

Trustee approval of management contract

General conclusions

The Board of Trustees of the Putnam funds oversees the management of each fund and, as required by law, determines annually whether to approve the continuance of your fund's management contract with Putnam Investment Management ("Putnam Management"). In this regard, the Board of Trustees, with the assistance of its Contract Committee consisting solely of Trustees who are not "interested persons" (as such term is defined in the Investment Company Act of 1940, as amended) of the Putnam funds (the "Independent Trustees"), requests and evaluates all information it deems reasonably necessary under the circumstances. Over the course of several months ending in June 2008, the Contract Committee met several times to consider the information provided by Putnam Management and other information developed with the assistance of the Board's independent counsel and independent staff. The Contract Committee reviewed and discussed key aspects of this information with all of the Independent Trustees. The Contract Committee recommended, and the Independent Trustees approved, the continuance of your fund's management contract, effective July 1, 2008.

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

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

- That this fee schedule represented an appropriate sharing between fund shareholders and Putnam Management of such economies of scale as may exist in the management of the fund at current asset levels.

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

Management fee schedules and categories; total expenses

The Trustees reviewed the management fee schedules in effect for all Putnam funds, including fee levels and breakpoints, and the assignment of funds to particular fee categories. In reviewing fees and expenses, the Trustees generally focused their attention on material changes in circumstances — for example, changes in a fund’s size or investment style, changes in Putnam Management’s operating costs or responsibilities, or changes in competitive practices in the mutual fund industry — that suggest that consideration of fee changes might be warranted. The Trustees concluded that the circumstances did not warrant changes to the management

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fee structure of your fund, which had been carefully developed over the years, re-examined on many occasions and adjusted where appropriate. In this regard, the Trustees also noted that shareholders of your fund voted in 2007 to approve new management contracts containing an identical fee structure. The Trustees focused on two areas of particular interest, as discussed further below:

• **Competitiveness**. The Trustees reviewed comparative fee and expense information for competitive funds, which indicated that, in a custom peer group of competitive funds selected by Lipper Inc., your fund ranked in the 60th percentile in management fees and in the 73rd percentile in total expenses as of December 31, 2007 (the first percentile being the least expensive funds and the 100th percentile being the most expensive funds). The Trustees expressed their intention to monitor this information closely to ensure that fees and expenses of your fund continue to meet evolving competitive standards.

• **Economies of scale**. The Trustees considered that most Putnam funds currently have the benefit of breakpoints in their management fees that provide shareholders with significant economies of scale, which means that the effective management fee rate of a fund (as a percentage of fund assets) declines as a fund grows in size and crosses specified asset thresholds. Conversely, as a fund shrinks in size — as has been the case for many Putnam funds in recent years —these breakpoints result in increasing fee levels. In recent years, the Trustees have examined the operation of the existing breakpoint structure during periods of both growth and decline in asset levels. The Trustees concluded that the fee schedules in effect for the funds represented an appropriate sharing of economies of scale at current asset levels.

In connection with their review of the management fees and total expenses of the Putnam funds, the Trustees also reviewed the costs of the services to be provided and profits to be realized by Putnam Management and its affiliates from the relationship with the funds. This information included trends in revenues, expenses and profitability of Putnam Management and its affiliates relating to the investment management and distribution services provided to the funds. In this regard, the Trustees also reviewed an analysis of Putnam Management’s revenues, expenses and profitability with respect to the funds’ management contracts, allocated on a fund-by-fund basis.

Investment performance

The quality of the investment process provided by Putnam Management represented a major factor in the Trustees’ evaluation of the quality of services provided by Putnam Management under your fund’s management contract. The Trustees were assisted in their review of the Putnam funds’ investment process and performance by the work of the Investment Oversight Coordinating Committee of the Trustees and the Investment Oversight Committees of the Trustees, which had met on a regular monthly basis with the funds’ portfolio teams throughout the year. The Trustees concluded that Putnam Management generally provides a high-quality investment process — as measured by the experience and skills of the individuals assigned to the management of fund portfolios, the resources made available to such personnel, and in general the ability of Putnam Management to attract and retain high-quality personnel — but also recognized that this does not guarantee favorable investment results for every fund in every time period. The Trustees considered the investment performance of each fund over multiple time periods and considered information comparing each fund’s performance with various benchmarks and with the performance of competitive funds.

While the Trustees noted the satisfactory investment performance of certain Putnam funds, they considered the disappointing investment performance of many funds in recent periods, particularly over periods in 2007 and 2008. They discussed with senior management of Putnam Management the factors contributing to such underperfor-mance and actions being taken to improve performance. The Trustees recognized that, in recent years, Putnam Management has taken steps to strengthen its investment personnel and processes to address areas of underperformance, including recent efforts to further centralize Putnam Management's equity research function. In this regard, the Trustees took into consideration efforts by Putnam Management to improve its ability to assess and mitigate investment risk in individual funds, across asset classes, and across the complex as a whole. The Trustees indicated their intention to continue to monitor performance trends to assess the effectiveness of these efforts and to evaluate whether additional changes to address areas of underperformance are warranted.

In the case of your fund, the Trustees considered that your fund's common share cumulative total return performance at net asset value was in the following percentiles of its Lipper Inc. peer group (Lipper General Municipal Debt Funds (leveraged closed-end) (compared using tax-adjusted performance to recognize the different federal income tax treatment for capital gains distributions and exempt-interest distributions) for the one-year, three-year and five-year periods ended December 31, 2007 (the first percentile being the best-

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performing funds and the 100th percentile being the worst-performing funds):

One-year period	51st
Three-year period	62nd
Five-year period	52nd

(Because of the passage of time, these performance results may differ from the performance results for more recent periods shown elsewhere in this report.) Over the one-year, three-year and five-year periods ended December 31, 2007, there were 55, 55, and 54 funds, respectively, in your fund's Lipper peer group.* Past performance is no guarantee of future returns.

As a general matter, the Trustees believe that cooperative efforts between the Trustees and Putnam Management represent the most effective way to address investment performance problems. The Trustees noted that investors in the Putnam funds have, in effect, placed their trust in the Putnam organization, under the oversight of the funds' Trustees, to make appropriate decisions regarding the management of the funds. Based on the responsiveness of Putnam Management in the recent past to Trustee concerns about investment performance, the Trustees concluded that it is preferable to seek change within Putnam Management to address performance shortcomings. In the Trustees' view, the alternative of engaging a new investment adviser for an underperforming fund would entail significant disruptions and would not provide any greater assurance of improved investment performance.

Brokerage and soft-dollar allocations; other benefits

The Trustees considered various potential benefits that Putnam Management may receive in connection with the services it provides under the management contract with your fund. These include benefits related to brokerage and soft-dollar allocations, whereby a portion of the commissions paid by a fund for brokerage may be used to acquire research services that may be useful to Putnam Management in managing the assets of the fund and of other clients. The Trustees considered changes made in 2008, at Putnam Management's request, to the Putnam funds' brokerage allocation policy, which expanded the permitted categories of brokerage and research services payable with soft dollars and increased the permitted soft dollar allocation to third-party services over what had been authorized in previous years. The Trustees indicated their continued intent to monitor the potential benefits associated with the allocation of fund brokerage and trends in industry practice to ensure that the principle of seeking "best price and execution" remains paramount in the portfolio trading process.

The Trustees annual review of your funds management contract arrangements also included the review of your funds investor servicing agreement with Putnam Fiduciary Trust Company (PFTC), which provides benefits to affiliates of Putnam Management. In the case of the investor servicing agreement, the Trustees considered that certain shareholder servicing functions were shifted to a third-party service provider by PFTC in 2007.

Comparison of retail and institutional fee schedules

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

* The percentile rankings for your funds common share annualized total return performance in the Lipper General Municipal Debt Funds (leveraged closed-end) category for the one-year, five-year, and ten-year periods ended March 31, 2009, were 64%, 62%, and 65%, respectively. Over the one-year, five-year, and ten-year periods ended March 31, 2009, your fund ranked 38th out of 59, 36th out of 58, and 27th out of 41 funds, respectively. Unlike the information above, these rankings reflect performance before taxes. Note that this more recent information was not available when the Trustees approved the continuance of your funds management contract.

Other information for shareholders

Important notice regarding share repurchase program

In September 2008, the Trustees of your fund approved the renewal of a share repurchase program that had been in effect since 2005. This renewal will allow your fund to repurchase, in the 12 months beginning October 8, 2008, up to 10% of the funds common shares outstanding as of October 7, 2008.

Putnams policy on confidentiality

In order to conduct business with our shareholders, we must obtain certain personal information such as account holders addresses, telephone numbers, Social Security numbers, and the names of their financial representatives. We use this information to assign an account number and to help us maintain accurate records of transactions and account balances. It is our policy to protect the confidentiality of your information, whether or not you currently own shares of our funds, and, in particular, 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 share this information with outside vendors who provide services to us, such as mailing and proxy solicitation. In those 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. We may also share this information with our Putnam affiliates to service your account or provide you with information about other Putnam products or services. It is also our policy to share account information with your financial representative, if youve listed one on your Putnam account. If you would like clarification about our confidentiality policies or have any questions or concerns, please dont hesitate to contact us at 1-800-225-1581, Monday through Friday, 8:30 a.m. to 8:00 p.m., or Saturdays from 9:00 a.m. to 5:00 p.m. Eastern Time.

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, 2008, are available in the Individual Investors section of putnam.com, and on the SECs Web site, www.sec.gov. If you have questions about finding forms on the SECs Web site, you may call the SEC at 1-800-SEC-0330. You may also obtain the Putnam funds proxy voting guidelines and procedures at no charge by calling Putnams 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 funds Forms N-Q on the SECs Web site at www.sec.gov. In addition, the funds Forms N-Q may be reviewed and copied at the SECs Public Reference Room in Washington, D.C. You may call the SEC at 1-800-SEC-0330 for information about the SECs Web site or the operation of the Public Reference Room.

Financial statements

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

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

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

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

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

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

Report of Independent Registered Public Accounting Firm

To the Trustees and Shareholders of
Putnam Municipal Opportunities Trust:

In our opinion, the accompanying statement of assets and liabilities, including the portfolio, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Putnam Municipal Opportunities Trust (the “fund”) at April 30, 2009, and the results of its operations, the changes in its net assets and the financial highlights for each of the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the fund’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of investments owned at April 30, 2009 by correspondence with the custodian and broker, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Boston, Massachusetts
June 11, 2009

The fund’s portfolio 4/30/09

Key to abbreviations

AGO Assured Guaranty, Ltd.
AMBAC AMBAC Indemnity Corporation
COP Certificate of Participation
FGIC Financial Guaranty Insurance Company
FHA Insd. Federal Housing Administration Insured
FHLMC Coll. Federal Home Loan Mortgage Corporation Collateralized
FNMA Coll. Federal National Mortgage Association Collateralized
FRB Floating Rate Bonds
FRN Floating Rate Notes
FSA Financial Security Assurance
GNMA Coll. Government National Mortgage Association Collater
G.O. Bonds General Obligation Bonds
NATL National Public Finance Guarantee Corp.
Radian Insd. Radian Group Insured
U.S. Govt. Coll. U.S. Government Collateralized
VRDN Variable Rate Demand Notes
XLCA XL Capital Assurance

MUNICIPAL BONDS AND NOTES (145.9%)*	Rating**	Principal amount	Va
Alabama (0.9%)			
Courtland, Indl. Dev. Board Env. Impt. Rev. Bonds (Intl. Paper Co.), Ser. A, 5s, 11/1/13	BBB	$3,000,000	$2,902,
Sylacauga, Hlth. Care Auth. Rev. Bonds (Coosa Valley Med. Ctr.), Ser. A, 6s, 8/1/25	B/P	1,200,000	919,
Alaska (0.2%)			3,821,
Northern Tobacco Securitization Corp. Rev. Bonds, 5 1/2s, 6/1/29 (Prerefunded)	Aaa	750,000	815,
Arizona (3.5%)			815,

AZ Hlth. Fac. Auth. Hosp. Syst. Rev. Bonds (John C. Lincoln Hlth. Network), 6 3/8s, 12/1/37 (Prerefunded)	BBB	1,250,000	1,456,
Casa Grande, Indl. Dev. Auth. Rev. Bonds (Casa Grande Regl. Med. Ctr.), Ser. A, 7 5/8s, 12/1/29	B+/P	3,300,000	2,744,
Cochise Cnty., Indl. Dev. Auth. Rev. Bonds (Sierra Vista Cmnty. Hosp.), Ser. A, 6 3/4s, 12/1/26	BBB/P	435,000	404,
Glendale, Indl. Dev. Auth. Rev. Bonds (Midwestern U.), 5s, 5/15/26	A	800,000	778,
Marana, Impt. Dist. Special Assmt. Bonds (Tangerine Farms Road), 4.6s, 1/1/26	Baa1	2,051,000	1,525,
Maricopa Cnty., Indl. Dev. Auth. Hlth. Fac. Rev. Bonds (Catholic Hlth. Care West), Ser. A, 5 1/4s, 7/1/32	A2	1,000,000	889,
Maricopa Cnty., Poll. Control Rev. Bonds			
(El Paso Elec. Co.), Ser. A, 7 1/4s, 2/1/40	Baa2	2,400,000	2,528,
(Public Service Co. of NM), Ser. A, 6.3s, 12/1/26	Baa3	3,200,000	2,894,
Pima Cnty., Indl. Dev. Auth. Rev. Bonds (Horizon Cmnty. Learning Ctr.), 5.05s, 6/1/25	BBB	1,550,000	1,110,
Scottsdale, Indl. Dev. Auth. Hosp. Rev. Bonds (Scottsdale Hlth. Care), Class A, 5 1/4s, 9/1/30	A3	1,500,000	1,302,
			15,634,
Arkansas (1.1%)			
Independence Cnty., Poll. Control Rev. Bonds (Entergy AR, Inc.), 5s, 1/1/21	A	2,100,000	1,981,
Little Rock G.O. Bonds (Cap. Impt.), FSA, 3.95s, 4/1/19	AAA	45,000	45,
Springdale, Sales & Use Tax Rev. Bonds, FSA, 4.05s, 7/1/26	AAA	1,500,000	1,383,
Washington Cnty., Hosp. Rev. Bonds (Regl. Med. Ctr.), Ser. B, 5s, 2/1/25	Baa1	1,750,000	1,502,
			4,912,
California (16.0%)			
ABC Unified School Dist. G.O. Bonds, Ser. B, FGIC, zero %, 8/1/20	AA	1,500,000	869,
Burbank, Unified School Dist. G.O. Bonds (Election of 1997), Ser. C, FGIC, zero %, 8/1/23	AA	1,000,000	482,
CA Edl. Fac. Auth. Rev. Bonds			
(U. of the Pacific), 5s, 11/1/21	A2	1,500,000	1,493,
(Loyola-Marymount U.), NATL, zero %, 10/1/21	A2	1,300,000	696,
CA Hlth. Fac. Fin. Auth. Rev. Bonds			

(Sutter Hlth.), Ser. A, NATL, 5 3/8s, 8/15/30	Aa3	2,500,000	2,436,
AMBAC, 5.293s, 7/1/17	A2	2,400,000	2,389,
CA Hsg. Fin. Agcy. Rev. Bonds (Home Mtge.)			
Ser. E, 4.8s, 8/1/37	Aa2	5,000,000	3,774,
Ser. K, 4 5/8s, 8/1/26	Aa2	10,000,000	8,035,
CA Poll. Control Fin. Auth. Rev. Bonds (Pacific Gas & Electric Corp.), Class D, FGIC, 4 3/4s, 12/1/23	A3	2,500,000	2,304,
CA Poll. Control Fin. Auth. Solid Waste Disp. FRB (Waste Management, Inc.), Ser. C, 5 1/8s, 11/1/23	BBB	850,000	743,
CA State G.O. Bonds, 6 1/2s, 4/1/33	A2	12,000,000	12,915,
CA Statewide Cmnty. Dev. Auth. COP (The Internext Group), 5 3/8s, 4/1/30	BBB	5,250,000	3,611,
Cathedral City, Impt. Board Act of 1915 Special Assmt. Bonds (Cove Impt. Dist.), Ser. 04-02, 5.05s, 9/2/35	BB+/P	775,000	543,

MUNICIPAL BONDS AND NOTES (145.9%)* *cont.*	Rating**	Principal amount	Value
California *cont.*			
Chula Vista COP, NATL, 5s, 8/1/32	AA	$4,000,000	$3,491,080
Chula Vista, Indl. Dev. Rev. Bonds (San Diego Gas), Ser. B, 5s, 12/1/27	A1	1,915,000	1,511,835
Golden State Tobacco Securitization Corp. Rev. Bonds			
Ser. 03 A-1, 6 1/4s, 6/1/33 (Prerefunded)	Aaa	1,025,000	1,129,981
Ser. A-1, 5s, 6/1/33	BBB	1,050,000	670,058
Metro. Wtr. Dist. Rev. Bonds (Southern CA Wtr. Wks.), 5 3/4s, 8/10/18	Aa2	6,000,000	6,580,680
Orange Cnty., Cmnty. Fac. Dist. Special Tax Rev. Bonds (Ladera Ranch No. 02-1), Ser. A, 5.55s, 8/15/33	BBB/P	900,000	678,420
Redwood City, Elementary School Dist. G.O. Bonds, FGIC, zero %, 8/1/21	AA	1,990,000	1,114,937

Rocklin, Unified School Dist. G.O. Bonds, FGIC, zero %, 8/1/27	AA	2,000,000	669,640
Sacramento, Special Tax Rev. Bonds (North Natomas Cmnty. Fac.), Ser. 97-01			
5s, 9/1/20	BB/P	1,195,000	945,508
5s, 9/1/29	BB/P	1,180,000	796,240
5s, 9/1/18	BB/P	1,030,000	885,491
Sacramento, Muni. Util. Dist. Fin. Auth. Rev. Bonds (Cosumnes), NATL, 5s, 7/1/19	AA	1,760,000	1,708,924
San Bernardino Cnty., COP (Med. Ctr. Fin.), Ser. A, NATL, 6 1/2s, 8/1/17	AA	5,000,000	5,329,600
San Diego Cnty., COP, AMBAC, 5 5/8s, 9/1/12	A	4,400,000	4,590,960
San Juan, Unified School Dist. G.O. Bonds, FSA, zero %, 8/1/19	AAA	1,000,000	637,220
Silicon Valley, Tobacco Securitization Auth. Rev. Bonds (Santa Clara), Ser. A, zero %, 6/1/36	BBB+/F	2,700,000	174,555
Sunnyvale, Cmnty. Fac. Dist. Special Tax Rev. Bonds, 7.65s, 8/1/21	BB/P	685,000	616,110
Colorado (3.8%)			71,826,944