

A world of investing.®



Putnam Short Duration Bond Fund

Annual report
10 | 31 | 22



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

FUND SYMBOL
CLASS A
PARTX

Putnam Short Duration Bond Fund

Annual report

10 | 31 | 22

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Message from the Trustees

December 12, 2022

Dear Fellow Shareholder:

Financial markets are reminding us that the journey to long-term returns often involves weathering periods of heightened volatility. This year, stocks and bonds have experienced losses, and U.S. gross domestic product has declined slightly. Persistent inflation has caused the U.S. Federal Reserve to raise interest rates, and it may maintain high interest rates in 2023 until inflation indicators move meaningfully lower.

While this environment is challenging, you can be confident that Putnam portfolio managers are working for you. Our teams are actively researching new and attractive investment opportunities for your fund while assessing risks.

We also would like to announce changes to the Board of Trustees. In July 2022, we welcomed Jennifer Williams Murphy and Marie Pillai as new Trustees. Both have a wealth of investment advisory and executive management experience. We also want to thank our Trustees who retired from the Board on June 30, 2022. Paul Joskow served with us since 1997, and Ravi Akhoury joined the Board in 2009. We wish them well.

Thank you for investing with Putnam.

Respectfully yours,



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

Robert L. Reynolds
President and Chief Executive Officer
Putnam Investments

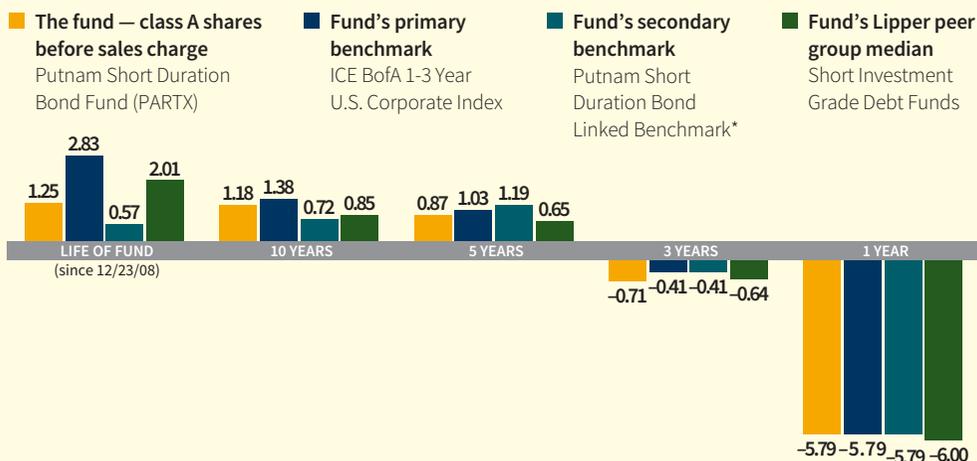


A handwritten signature in black ink that reads "Kenneth R. Leibler".

Kenneth R. Leibler
Chair, Board of Trustees

Performance history as of 10/31/22

Annualized total return (%) comparison



Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. Share price, principal value, and return will fluctuate, and you may have a gain or a loss when you sell your shares.

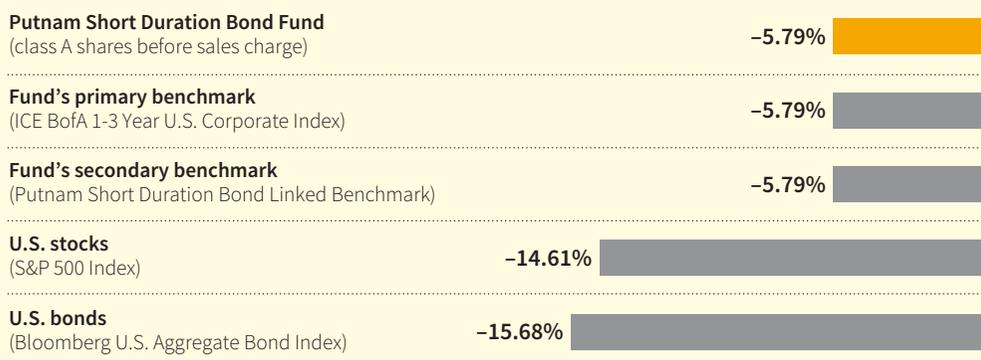
Performance of class A shares assumes reinvestment of distributions and does not account for taxes. Fund returns in the bar chart do not reflect a sales charge of 2.25%; had they, returns would have been lower. See below and pages 8–10 for additional performance information. For a portion of the periods, the fund had expense limitations, without which returns would have been lower. To obtain the most recent month-end performance, visit putnam.com.

Before June 1, 2018, the fund was managed with a materially different investment strategy and may have achieved materially different performance results under its current investment strategy from that shown for periods before this date.

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

* The Putnam Short Duration Bond Linked Benchmark represents the performance of the ICE BofA U.S. Treasury Bill Index through May 31, 2018, and the performance of the ICE BofA 1-3 Year U.S. Corporate Index thereafter.

Recent 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 10/31/22. See above and pages 8–10 for additional fund performance information. Index descriptions can be found on page 15.

All Bloomberg indices are provided by Bloomberg Index Services Limited.

Interview with your fund's portfolio manager

Albert Chan discusses the investing environment and fund performance for the 12 months ended October 31, 2022, as well as his outlook on the bond market.



Albert Chan, CFA
Portfolio Manager

Albert is Head of Portfolio Construction, Fixed Income. He has an M.S. in Financial Engineering from the University of California, Berkeley, and a B.S. in Computer Engineering from Simon Fraser University. Albert has been in the investment industry since he joined Putnam in 2002.

Andrew C. Benson, Joanne M. Driscoll, CFA, Michael J. Lima, CFA, and Brett S. Kozlowski, CFA, are also Portfolio Managers of the fund.

What was the market like during the 12-month reporting period ended October 31, 2022?

U.S. economic conditions were mixed. U.S. unemployment remained low, but inflation spiked, hitting 40-year highs in the second half of the period driven by lingering supply chain disruptions and soaring energy and food prices. Elevated geopolitical tensions [Russia/Ukraine, China/Taiwan] further added to market uncertainty.

Faced with persistently high inflation, the Federal Reserve raised its benchmark interest rate five times, from 0.00%–0.25% to 3.00%–3.25%. At its September 2022 meeting, the Fed affirmed that ongoing interest-rate increases were appropriate and forecasted its target rate range to be 4.25%–4.50% by the end of 2022. It also lowered the U.S. growth forecast for 2022, 2023, and 2024.

Bond prices fell and yields rose for much of the period as the markets priced in more aggressive monetary policy. At times, yields on some shorter-term Treasuries rose above those of longer-term bonds. As a result, the yield curve remained inverted for much of the second half

Portfolio composition

Investment-grade corporate bonds	59.0%
Commercial mortgage-backed securities	10.5%
Non-agency residential mortgage-backed securities	8.0%
Collateralized loan obligations	2.8%
High-yield corporate bonds	2.7%
Asset-backed securities	1.7%
Cash and net other assets	15.3%

Allocations are shown as a percentage of the fund's net assets as of 10/31/22. Cash and net other assets, if any, represent the market value weights of cash, derivatives, short-term securities, and other unclassified assets in the portfolio. Summary information may differ from the portfolio schedule 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. Allocations may not total 100% because the chart includes the notional value of certain derivatives (the economic value for purposes of calculating periodic payment obligations), in addition to the market value of securities. Holdings and allocations may vary over time.

Top 10 holdings

HOLDING (PERCENTAGE OF FUND'S NET ASSETS)	SECURITY TYPE	COUPON	MATURITY
Bank of America Corp. unsec. sub. notes Ser. MTN (1.7%)	Corporate bonds and notes	4.450%	2026
Bank of America Corp. unsec. sub. notes Ser. MTN (1.2%)	Corporate bonds and notes	4.200%	2024
Banco Santander SA sr. unsec. unsub. FRN (Spain) (1.0%)	Corporate bonds and notes	1.722%	2027
JPMorgan Chase & Co. unsec. sub. notes (1.0%)	Corporate bonds and notes	3.875%	2024
Federal Home Loan Mortgage Corporation 144A Structured Agency Credit Risk Trust FRB Ser. 18-HRP2, Class M3, (ICE LIBOR USD 1 Month + 2.40%) (0.8%)	Mortgage-backed securities	5.986%	2047
BPCE SA 144A sr. unsec. notes (France) (0.8%)	Corporate bonds and notes	1.000%	2026
ING Bank NV 144A unsec. sub. notes (Netherlands) (0.7%)	Corporate bonds and notes	5.800%	2023
Goldman Sachs Group, Inc. (The) sr. unsec. FRN (0.7%)	Corporate bonds and notes	1.948%	2027
General Motors Financial Co., Inc. sr. unsec. sub. notes (0.7%)	Corporate bonds and notes	1.500%	2026
Siemens Financieringsmaatschappij NV 144A company guaranty sr. unsec. notes (Netherlands) (0.7%)	Corporate bonds and notes	0.650%	2024

This table shows the fund's top 10 individual holdings and the percentage of the fund's net assets that each represented as of 10/31/22. Short-term investments and derivatives, if any, are excluded. Holdings may vary over time.

of the period, which in past economic cycles has been an indicator for recession.

Shorter-maturity bonds, such as those held by the fund, fared better than longer-maturity bonds given their lower sensitivity to interest rates. The fund's primary benchmark, the ICE BofA 1-3 Year U.S. Corporate Index, returned -5.79%. The Bloomberg U.S. Aggregate Bond Index, which is composed largely of U.S. Treasuries, highly rated corporate bonds, and mortgage-backed securities, returned -15.68%.

How did the fund perform for the 12-month reporting period ended October 31, 2022?

The fund performed in line with the return of its primary benchmark, the ICE BofA 1-3 Year U.S. Corporate Index, and outperformed the median return of the funds ranked in its Lipper peer group, Short Investment Grade Debt Funds.

Which holdings and strategies aided the fund's performance versus the benchmark during the period?

Mortgage credit exposure was a notable contributor to relative returns. Positive performance was driven by positioning in cash bond commercial mortgage-backed securities [CMBS]. The CMBS market continued to see improving fundamentals, which benefited our exposure to higher-quality, more liquid areas of the CMBS market, despite broader macroeconomic uncertainties and market volatility.

What about detractors during the period?

During the period, investment-grade corporate credit spreads widened as concerns grew around higher interest rates, surging inflation, and geopolitical tensions. Positioning within corporate credit detracted modestly from relative returns during the period. This performance was driven by the portfolio's exposure to the 3-5 year part of the credit curve, while the benchmark is concentrated on the 1-3 year part of the curve.

“ We favor issuers that we believe are well positioned to manage macroeconomic volatility, as well as those that have stable to improving balance sheets. ”

Albert Chan

What are your current views on the major sectors in which the fund invests?

Within corporate credit, we have a cautious view on U.S. investment-grade corporate bonds. Federal Reserve policy remains a primary focus for risk assets with inflation proving to be persistent, consumer sentiment trending at the lows, and decreases in U.S. real gross domestic product in two of the three most recent quarters. Thus, we expect credit trajectories to be less homogenous across the asset class. We favor issuers that we believe are well positioned to manage macroeconomic volatility, as well as those that have stable to improving balance sheets.

In the CMBS market, we believe commercial real estate fundamentals continue to improve. CMBS delinquency rates are declining while payoff and refinance rates have been strong despite higher interest-rate levels. CMBS can offer protection against elevated inflation with the ability to adjust rents and real assets serving as collateral. The potential for a longer and deeper-than-anticipated economic slowdown poses a risk and warrants close monitoring. However, we continue to focus on securities that we believe have enough credit enhancement to potentially minimize the risk of losses even in a recession scenario. We continue to find opportunities in higher-quality and liquid CMBS cash bonds, including mezzanine non-agency CMBS, interest-only CMBS, and agency CMBS [multifamily collateral].

With the new reality of work-from-home and hybrid models, the office property sector faces significant uncertainty, in our view. We have implemented new credit strategies to differentiate between strong and vulnerable

office properties. We believe the majority of classes originally rated A and above, as well as most of the classes originally rated BBB-, will be insulated from losses.

Within residential mortgage credit, we expect U.S. home prices will experience tepid growth in the next few years due to affordability pressures on demand and a gradual increase in supply. We see a possibility of prices declining in 2023. Given wider credit spreads, we are favoring investment-grade securities with shorter spread duration and credit bonds with seasoned collateral that we believe can withstand home price declines.

We believe many prepayment-sensitive assets now offer an attractive risk-adjusted return at current price levels and significant upside potential if elevated prepayment speeds revert to historical norms. We continue to see prepayment-protected subsectors performing well and delivering value and diversification within the sector.

Regarding term structure and currency, we expect to maintain relatively neutral duration

[interest-rate sensitivity] positioning versus the benchmark and do not expect to take active currency risk.

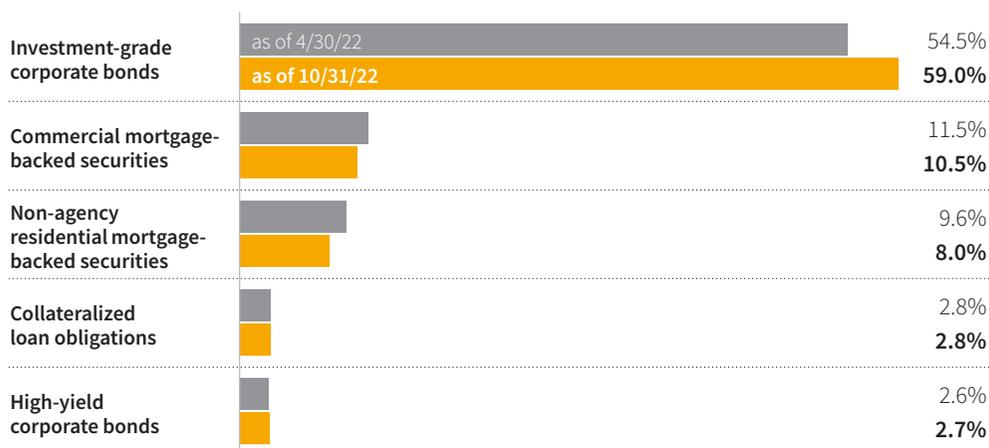
How did you use derivatives during the period?

We used interest-rate swaps to hedge the fund's duration back to that of the primary benchmark.

What is the team's near-term outlook?

We believe fundamentals are stable, albeit with a more tepid outlook. Third-quarter 2022 earnings results have been better than expected, with 70% of issuers exceeding earnings estimates thus far. However, we have seen an uptick in negative guidance revisions and a reduction in earnings visibility with the uncertain macroeconomic backdrop weighing on fiscal 2022 and 2023 outlooks. Fortunately, banks continue to show strong capital positions, and their diversity across business lines has proven beneficial amid the year-to-date volatility. We believe this should be supportive of the fund's positioning. [Financials remain the largest sector exposure on an

Comparison of top sector weightings



This chart shows how the fund's top weightings have changed over the past six months. Allocations are shown as a percentage of the fund's net assets. Current period summary information may differ from the portfolio schedule 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.

absolute basis.] Meanwhile, technicals [supply/demand dynamics] appear to be less favorable after a highly supportive period in 2021.

We remain focused on downside protection, utilizing the expertise of Putnam's Fixed Income team to diversify across credit risk [corporate and mortgage] and prepayment risk. In keeping with the fund's lower duration, we will continue to source attractive relative value opportunities at the short end of the yield curve as the market conditions evolve.

Thank you for your time and for bringing us up to date, Albert.

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.

ABOUT DERIVATIVES

Derivatives are an increasingly common type of investment instrument, the performance of which is *derived* from an underlying security, index, currency, or other area of the capital markets. Derivatives employed by the fund's managers generally serve one of two main purposes: to implement a strategy that may be difficult or more expensive to invest in through traditional securities, or to hedge unwanted risk associated with a particular position.

For example, the fund's managers might use currency forward contracts to capitalize on an anticipated change in exchange rates between two currencies. This approach would require a significantly smaller outlay of capital than purchasing traditional bonds denominated in the underlying currencies. In another example, the managers may identify a bond that they believe is undervalued relative to its risk of default, but may seek to reduce the interest-rate risk of that bond by using interest-rate swaps, a derivative through which two parties "swap" payments based on the movement of certain rates.

Like any other investment, derivatives may not appreciate in value and may lose money. Derivatives may amplify traditional investment risks through the creation of leverage and may be less liquid than traditional securities. And because derivatives typically represent contractual agreements between two financial institutions, derivatives entail "counterparty risk," which is the risk that the other party is unable or unwilling to pay. Putnam monitors the counterparty risks we assume. For example, Putnam often enters into collateral agreements that require the counterparties to post collateral on a regular basis to cover their obligations to the fund. Counterparty risk for exchange-traded futures and centrally cleared swaps is mitigated by the daily exchange of margin and other safeguards against default through their respective clearinghouses.

Your fund's performance

This section shows your fund's performance, price, and distribution information for periods ended October 31, 2022, 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 and expense information taken from the fund's current prospectus. Performance should always be considered in light of a fund's investment strategy. Data represent past performance. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return and principal value will fluctuate, and you may have a gain or a loss when you sell your shares. Performance information does not reflect any deduction for taxes a shareholder may owe on fund distributions or on the redemption of fund shares. Before June 1, 2018, the fund was managed with a materially different investment strategy and may have achieved materially different performance results under its current investment strategy from that shown for periods before this date. For the most recent month-end performance, please visit the Individual Investors section at putnam.com or call Putnam at 1-800-225-1581. Class R, R6, and Y shares are not available to all investors. See the Terms and definitions section in this report for definitions of the share classes offered by your fund.

Annualized fund performance Total return for periods ended 10/31/22

	Life of fund	10 years	5 years	3 years	1 year
Class A (12/23/08)					
Before sales charge	1.25%	1.18%	0.87%	-0.71%	-5.79%
After sales charge	1.08	0.95	0.41	-1.46	-7.91
Class B (12/23/08)					
Before CDSC	1.09	1.01	0.68	-0.91	-5.98
After CDSC	1.09	1.01	0.68	-0.91	-6.91
Class C (12/23/08)					
Before CDSC	0.82	0.57	0.14	-1.42	-6.51
After CDSC	0.82	0.57	0.14	-1.42	-7.43
Class R (12/23/08)					
Net asset value	1.00	0.93	0.63	-0.94	-6.08
Class R6 (7/2/12)					
Net asset value	1.51	1.44	1.13	-0.45	-5.52
Class Y (12/23/08)					
Net asset value	1.51	1.44	1.13	-0.42	-5.53

Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. After-sales-charge returns for class A shares reflect the deduction of the maximum 2.25% sales charge levied at the time of purchase. Class B share returns after contingent deferred sales charge (CDSC) reflect the applicable CDSC, which is 1% in the first year, declining over time to 0.50% in the second year, and is eliminated thereafter. Class C share returns after CDSC reflect a 1% CDSC for the first year that is eliminated thereafter. Class R, R6, and Y shares have no initial sales charge or CDSC. Performance for class R6 shares prior to their inception is derived from the historical performance of class Y shares and has not been adjusted for the lower investor servicing fees applicable to class R6 shares; had it, returns would have been higher.

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

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

Comparative annualized index returns For periods ended 10/31/22

	Life of fund	10 years	5 years	3 years	1 year
ICE BofA 1-3 Year U.S. Corporate Index	2.83%	1.38%	1.03%	-0.41%	-5.79%
Putnam Short Duration Bond Linked Benchmark*	0.57	0.72	1.19	-0.41	-5.79
Lipper Short Investment Grade Debt Funds category median†	2.01	0.85	0.65	-0.64	-6.00

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

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

* The Putnam Short Duration Bond Linked Benchmark represents the performance of the ICE BofA U.S. Treasury Bill Index through May 31, 2018, and the performance of the ICE BofA 1-3 Year U.S. Corporate Index thereafter.

† Over the 1-year, 3-year, 5-year, 10-year, and life-of-fund periods ended 10/31/22, there were 372, 346, 310, 215, and 156 funds, respectively, in this Lipper category.

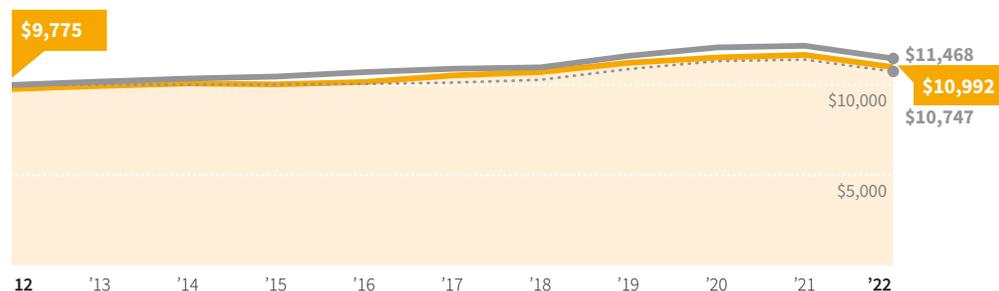
Change in the value of a \$10,000 investment (\$9,775 after sales charge)

Cumulative total return from 10/31/12 to 10/31/22

↗ Putnam Short Duration Bond Fund class A shares after sales charge

↘ ICE BofA 1-3 Year U.S. Corporate Index

⋯ Putnam Short Duration Bond Linked Benchmark*



Past performance does not indicate future results. At the end of the same time period, a \$10,000 investment in the fund's class B and C shares would have been valued at \$11,062 and \$10,586, respectively, and no contingent deferred sales charges would apply. A \$10,000 investment in the fund's class R, R6, and Y shares would have been valued at \$10,970, \$11,535, and \$11,533, respectively.

* The Putnam Short Duration Bond Linked Benchmark represents the performance of the ICE BofA U.S. Treasury Bill Index through May 31, 2018, and the performance of the ICE BofA 1-3 Year U.S. Corporate Index thereafter.

Fund price and distribution information For the 12-month period ended 10/31/22

Distributions	Class A		Class B	Class C	Class R	Class R6	Class Y
Number	12		12	12	12	12	12
Income	\$0.163712		\$0.143826	\$0.089641	\$0.139811	\$0.188631	\$0.188631
Capital gains							
Long-term gains	0.008000		0.008000	0.008000	0.008000	0.008000	0.008000
Short-term gains	0.004000		0.004000	0.004000	0.004000	0.004000	0.004000
Total	\$0.175712		\$0.155826	\$0.101641	\$0.151811	\$0.200631	\$0.200631
Share value	Before sales charge	After sales charge	Net asset value				
10/31/21	\$10.18	\$10.41	\$10.17	\$10.16	\$10.24	\$10.22	\$10.20
10/31/22	9.42	9.64	9.41	9.40	9.47	9.46	9.44
Current rate (end of period)	Before sales charge	After sales charge	Net asset value				
Current dividend rate ¹	2.54%	2.48%	2.33%	1.75%	2.28%	2.80%	2.80%
Current 30-day SEC yield ²	N/A	4.45	4.35	3.80	4.30	4.81	4.80

The classification of distributions, if any, is an estimate. Before-sales-charge share value and current dividend rate for class A shares, if applicable, do not take into account any sales charge levied at the time of purchase. After-sales-charge share value, current dividend rate, and current 30-day SEC yield, if applicable, are calculated assuming that the maximum sales charge (2.25% for class A shares) was levied at the time of purchase. Final distribution information will appear on your year-end tax forms.

¹ Most recent distribution, including any return of capital and excluding capital gains, annualized and divided by share price before or after sales charge at period-end.

² Based only on investment income and calculated using the maximum offering price for each share class, in accordance with SEC guidelines.

Annualized fund performance as of most recent calendar quarter

Total return for periods ended 9/30/22

	Life of fund	10 years	5 years	3 years	1 year
Class A (12/23/08)					
Before sales charge	1.28%	1.23%	0.95%	-0.49%	-5.92%
After sales charge	1.12	1.00	0.50	-1.24	-8.04
Class B (12/23/08)					
Before CDSC	1.12	1.07	0.75	-0.69	-6.12
After CDSC	1.12	1.07	0.75	-0.69	-7.05
Class C (12/23/08)					
Before CDSC	0.85	0.62	0.22	-1.24	-6.65
After CDSC	0.85	0.62	0.22	-1.24	-7.57
Class R (12/23/08)					
Net asset value	1.03	0.97	0.72	-0.73	-6.22
Class R6 (7/2/12)					
Net asset value	1.54	1.49	1.21	-0.24	-5.75
Class Y (12/23/08)					
Net asset value	1.54	1.49	1.21	-0.24	-5.67

See the discussion following the fund performance table on page 8 for information about the calculation of fund performance.

Your fund's expenses

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

Expense ratios

	Class A	Class B	Class C	Class R	Class R6	Class Y
Total annual operating expenses for the fiscal year ended 10/31/21	0.62%	0.82%	1.37%	0.87%	0.37%	0.37%
Annualized expense ratio for the six-month period ended 10/31/22*	0.62%	0.82%	1.37%	0.87%	0.37%	0.37%

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

Expenses are shown as a percentage of average net assets.

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

Expenses per \$1,000

The following table shows the expenses you would have paid on a \$1,000 investment in each class of the fund from 5/1/22 to 10/31/22. It also shows how much a \$1,000 investment would be worth at the close of the period, assuming *actual returns* and expenses.

	Class A	Class B	Class C	Class R	Class R6	Class Y
Expenses paid per \$1,000*†	\$3.09	\$4.09	\$6.82	\$4.34	\$1.85	\$1.85
Ending value (after expenses)	\$978.60	\$977.60	\$974.90	\$977.60	\$980.00	\$979.90

* Expenses for each share class are calculated using the fund's annualized expense ratio for each class, which represents the ongoing expenses as a percentage of average net assets for the six months ended 10/31/22. The expense ratio may differ for each share class.

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

Estimate the expenses you paid

To estimate the ongoing expenses you paid for the six months ended 10/31/22, use the following calculation method. To find the value of your investment on 5/1/22, call Putnam at 1-800-225-1581.

How to calculate the expenses you paid

Value of your investment on 5/1/22 ÷ **\$1,000** X **Expenses paid per \$1,000** = **Total expenses paid**

Example Based on a \$10,000 investment in class A shares of your fund.

\$10,000 ÷ **\$1,000** X **\$3.09** (see preceding table) = **\$30.90**

Compare expenses using the SEC's method

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

	Class A	Class B	Class C	Class R	Class R6	Class Y
Expenses paid per \$1,000**†	\$3.16	\$4.18	\$6.97	\$4.43	\$1.89	\$1.89
Ending value (after expenses)	\$1,022.08	\$1,021.07	\$1,018.30	\$1,020.82	\$1,023.34	\$1,023.34

* Expenses for each share class are calculated using the fund's annualized expense ratio for each class, which represents the ongoing expenses as a percentage of average net assets for the six months ended 10/31/22. The expense ratio may differ for each share class.

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

Consider these risks before investing

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

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 generally greater for longer-term bonds, and credit risk is generally greater for below-investment-grade bonds. Unlike bonds, funds that invest in bonds have fees and expenses. Lower-rated bonds may offer higher yields in return for more risk. Funds that invest in government securities are not guaranteed. Mortgage-backed securities are subject to prepayment risk, which means that they may increase in value less when interest rates decline and decline in value more when interest rates rise.

The fund may have to invest the proceeds from prepaid investments in other investments with less attractive terms and yields. The fund's exposure to mortgage-backed securities may make the fund's net asset value more susceptible to economic, market, political, and other developments affecting the housing or real estate markets and the servicing of mortgage loans secured by real estate parties. International investing involves currency, economic, and political risks. Emerging market securities have illiquidity and volatility risks. The fund may not achieve its goal, and it is not intended to be a complete investment program. Risks associated with derivatives include increased investment exposure (which may be considered leverage) and, in the case of over-the-counter instruments, the potential inability to terminate or sell derivatives positions and the potential failure of the other party to the instrument to meet its obligations.

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

Terms and definitions

Important terms

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

Before sales charge, or net asset value, is the price, or value, of one share of a mutual fund, without a sales charge. Before-sales-charge figures fluctuate with market conditions.

They are calculated by dividing the net assets of each class of shares by the number of outstanding shares in the class.

After sales charge is the price of a mutual fund share plus the maximum sales charge levied at the time of purchase. After-sales-charge performance figures shown here assume the 2.25% maximum sales charge for class A shares.

Contingent deferred sales charge (CDSC) is generally a charge applied at the time of the redemption of class B or C shares and assumes redemption at the end of the period. Your fund's class B CDSC declines over time from a 1% maximum during the first year to 0.50% during the second year. After the second year, the CDSC no longer applies. The CDSC for class C shares is 1% for one year after purchase.

Share classes

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

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

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

Class R shares are not subject to an initial sales charge or CDSC and are only available to employer-sponsored retirement plans.

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

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

Fixed income terms

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

Mortgage-backed security (MBS), also known as a mortgage "pass-through," is a type of asset-backed security that is secured by a mortgage or collection of mortgages. The following are types of MBSs:

- **Agency credit risk transfer (CRT) security** is backed by a reference pool of agency mortgages. Unlike a regular agency pass-through, the principal invested in a CRT is not backed by a U.S. government agency. To compensate investors for this risk, a CRT typically offers a higher yield than conventional pass-through securities. Similar to a CMBS, a CRT is structured into various tranches for investors, offering different levels of risk and yield based on the underlying reference pool.
- **Agency "pass-through"** has its principal and interest backed by a U.S. government agency, such as the Federal National Mortgage Association (Fannie Mae), Government National Mortgage Association

(Ginnie Mae), and Federal Home Loan Mortgage Corporation (Freddie Mac).

- **Collateralized mortgage obligation (CMO)** represents claims to specific cash flows from pools of home mortgages. The streams of principal and interest payments on the mortgages are distributed to the different classes of CMO interests in “tranches.” Each tranche may have different principal balances, coupon rates, prepayment risks, and maturity dates. A CMO is highly sensitive to changes in interest rates and any resulting change in the rate at which homeowners sell their properties, refinance, or otherwise prepay loans. CMOs are subject to prepayment, market, and liquidity risks.
 - **Interest-only (IO) security** is a type of CMO in which the underlying asset is the interest portion of mortgage, Treasury, or bond payments.
- **Non-agency residential mortgage-backed security (RMBS)** is an MBS not backed by Fannie Mae, Ginnie Mae, or Freddie Mac. One type of RMBS is an Alt-A mortgage-backed security.
- **Commercial mortgage-backed security (CMBS)** is secured by the loan on a commercial property.

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

ICE BofA (Intercontinental Exchange Bank of America) 1-3 Year U.S. Corporate Index is an unmanaged index of U.S. investment-grade corporate debt with a remaining term to maturity of less than three years.

ICE BofA U.S. Treasury Bill Index is an unmanaged index that tracks the performance of U.S. dollar-denominated U.S. Treasury bills publicly issued in the U.S. domestic market. Qualifying securities must have a remaining term of at least one month to final maturity and a minimum amount outstanding of \$1 billion.

Putnam Short Duration Bond Linked Benchmark represents the performance of the ICE BofA U.S. Treasury Bill Index through May 31, 2018, and the performance of the ICE BofA 1-3 Year U.S. Corporate Index thereafter.

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

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

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ICE Data Indices, LLC (“ICE BofA”), used with permission. ICE BofA permits use of the ICE BofA 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 BofA 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.

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

Other information for shareholders

Proxy voting

Putnam is committed to managing our mutual funds in the best interests of our shareholders. The Putnam funds' proxy voting guidelines and procedures, as well as information regarding how your fund voted proxies relating to portfolio securities during the 12-month period ended June 30, 2022, are available in the Individual Investors section of putnam.com and on the Securities and Exchange Commission (SEC) website, www.sec.gov. If you have questions about finding forms on the SEC's website, you may call the SEC at 1-800-SEC-0330. You may also obtain the Putnam funds' proxy voting guidelines and procedures at no charge by calling Putnam's Shareholder Services at 1-800-225-1581.

Fund portfolio holdings

The fund will file a complete schedule of its portfolio holdings with the SEC for the first and third quarters of each fiscal year on

Form N-PORT within 60 days of the end of such fiscal quarter. Shareholders may obtain the fund's Form N-PORT on the SEC's website at www.sec.gov.

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

Trustee and employee fund ownership

Putnam employees and members of the Board of Trustees place their faith, confidence, and, most importantly, investment dollars in Putnam mutual funds. As of October 31, 2022, Putnam employees had approximately \$449,000,000 and the Trustees had approximately \$60,000,000 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.

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.

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, LLC ("Putnam Management"), the sub-management contract with respect to your fund between Putnam Management and its affiliate, Putnam Investments Limited ("PIL"), and the sub-advisory contract among Putnam Management, PIL, and another affiliate, The Putnam Advisory Company ("PAC"). The Board, with the assistance of its Contract Committee, requests and evaluates all information it deems reasonably necessary under the circumstances in connection with its annual contract review. The Contract Committee consists solely of Trustees who are not "interested persons" (as this term is defined in the Investment Company Act of 1940, as amended (the "1940 Act")) of The Putnam Funds ("Independent Trustees").

At the outset of the review process, members of the Board's independent staff and independent legal counsel considered any possible changes to the annual contract review materials furnished to the Contract Committee during the course of the previous year's review and, as applicable, identified those changes to Putnam Management. Following these discussions and in consultation with the Contract Committee, the Independent Trustees' independent legal counsel requested that Putnam Management and its affiliates furnish specified information, together with any additional information that Putnam Management considered relevant, to the Contract Committee. Over the course of several months ending in June 2022, the Contract Committee met on a number of occasions with representatives of Putnam Management, and separately in executive session, to consider the information that Putnam Management provided. Throughout this process, the Contract Committee was assisted by the members of the Board's independent staff and by independent legal counsel for The Putnam Funds and the Independent Trustees.

In May 2022, the Contract Committee met in executive session to discuss and consider its recommendations with respect to the continuance of the contracts. At the Trustees' June 2022 meeting, the Contract Committee met in

executive session with the other Independent Trustees to review a summary of the key financial, performance and other data that the Contract Committee considered in the course of its review. The Contract Committee then presented its written report, which summarized the key factors that the Committee had considered and set forth its recommendations. The Contract Committee recommended, and the Independent Trustees approved, the continuance of your fund's management contract and the approval of your fund's amended and restated sub-management and sub-advisory contracts, effective July 1, 2022. (Because PIL and PAC are affiliates of Putnam Management and Putnam Management remains fully responsible for all services provided by PIL and PAC, the Trustees have not attempted to evaluate PIL or PAC as separate entities, and all subsequent references to Putnam Management below should be deemed to include reference to PIL and PAC as necessary or appropriate in the context.)

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

- That the fee schedule in effect for your fund represented reasonable compensation in light of the nature and quality of the services being provided to the fund, the fees paid by competitive funds, the costs incurred by Putnam Management in providing services to the fund and the application of certain reductions and waivers noted below; and
- That the fee schedule in effect for your fund represented an appropriate sharing between fund shareholders and Putnam Management of any economies of scale as may exist in the management of the fund at current asset levels.

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

Management, that some aspects of the arrangements may receive greater scrutiny in some years than others and that the Trustees' conclusions may be based, in part, on their consideration of fee arrangements in previous years. For example, with certain exceptions primarily involving newer or repositioned funds, the current fee arrangements under the vast majority of the funds' management contracts were first implemented at the beginning of 2010 following extensive review by the Contract Committee and discussions with representatives of Putnam Management, as well as approval by shareholders.

Management fee schedules and total expenses

The Trustees reviewed the management fee schedules in effect for all Putnam funds, including fee levels and breakpoints. The Trustees also reviewed the total expenses of each Putnam fund, recognizing that in most cases management fees represented the major, but not the sole, determinant of total costs to fund shareholders. (Two funds, one of which is your fund, have implemented so-called "all-in" management fees covering substantially all routine fund operating costs.) The Trustees considered that the proposed amended and restated sub-management and sub-advisory contracts would lower the sub-management and sub-advisory fees paid by Putnam Management to PIL and PAC, respectively.

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

Under its management contract, your fund pays a management fee at a fixed rate of 37 basis points to Putnam Management. Putnam Management is obligated to pay, out of the management fee, all of the fund's organizational and other operating expenses (including investor servicing fees), excluding only fees payable under the fund's distribution plans, any applicable performance-based upward or downward adjustments to the fund's base management fee, brokerage, interest, taxes,

investment-related expenses, extraordinary expenses and acquired fund fees and expenses.

As in the past, the Trustees also focused on the competitiveness of each fund's total expense ratio. The Trustees and Putnam Management and the funds' investor servicing agent, Putnam Investor Services, Inc. ("PSERV"), have implemented expense limitations that were in effect during your fund's fiscal year ending in 2021. These expense limitations were: (i) a contractual expense limitation applicable to specified open-end funds, including your fund, of 25 basis points on investor servicing fees and expenses and (ii) a contractual expense limitation applicable to specified open-end funds, including your fund, of 20 basis points on so-called "other expenses" (i.e., all expenses exclusive of management fees, distribution fees, investor servicing fees, investment-related expenses, interest, taxes, brokerage commissions, acquired fund fees and expenses and extraordinary expenses). These expense limitations attempt to maintain competitive expense levels for the funds. Most funds, including your fund, had sufficiently low expenses that these expense limitations were not operative during their fiscal years ending in 2021. (In light of the fact that, under your fund's management contract, Putnam Management bears many of the fund's organizational and operating expenses, as a practical matter it is unlikely that these expense limitations would become operative with respect to your fund.) Putnam Management and PSERV have agreed to maintain these expense limitations until at least February 28, 2024. Putnam Management and PSERV's commitment to these expense limitation arrangements, which were intended to support an effort to have fund expenses meet competitive standards, was an important factor in the Trustees' decision to approve the continuance of your fund's management contract and to approve your fund's amended and restated sub-management and sub-advisory contracts.

The Trustees reviewed comparative fee and expense information for a custom group of competitive funds selected by Broadridge Financial Solutions, Inc. ("Broadridge"). This comparative information included your fund's percentile ranking for effective management fees and total expenses (excluding any applicable 12b-1 fees), which provides a general indication of your fund's relative standing. In the custom peer group, your fund ranked in the second quintile in effective management fees (determined for your fund and the other funds in the custom peer

group based on fund asset size and the applicable contractual management fee schedule) and in the first quintile in total expenses (excluding any applicable 12b-1 fees) as of December 31, 2021. The first quintile represents the least expensive funds and the fifth quintile the most expensive funds. The fee and expense data reported by Broadridge as of December 31, 2021 reflected the most recent fiscal year-end data available in Broadridge's database at that time.

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

The information examined by the Trustees in connection with their annual contract review for the Putnam funds included information regarding services provided and fees charged by Putnam Management and its affiliates to other clients, including collective investment trusts offered in the defined contribution and defined benefit retirement plan markets, sub-advised mutual funds, private funds sponsored by affiliates of Putnam Management, model-only separately managed accounts and Putnam Management's exchange-traded funds. This information included, in cases where a product's investment strategy corresponds with a fund's strategy, comparisons of those fees with fees charged to the Putnam funds, as well as an assessment of

the differences in the services provided to these clients as compared to the services provided to the Putnam funds. The Trustees observed that the differences in fee rates between these clients and the Putnam funds are by no means uniform when examined by individual asset sectors, suggesting that differences in the pricing of investment management services to these types of clients may reflect, among other things, historical competitive forces operating in separate marketplaces. The Trustees considered the fact that in many cases fee rates across different asset classes are higher on average for mutual funds than for other clients, and the Trustees also considered the differences between the services that Putnam Management provides to the Putnam funds and those that it provides to its other clients. The Trustees did not rely on these comparisons to any significant extent in concluding that the management fees paid by your fund are reasonable.

Investment performance

The quality of the investment process provided by Putnam Management represented a major factor in the Trustees' evaluation of the quality of services provided by Putnam Management under your fund's management contract. The Trustees were assisted in their review of Putnam Management's investment process and performance by the work of the investment oversight committees of the Trustees and the full Board of Trustees, which meet on a regular basis with individual portfolio managers and with senior management of Putnam Management's Investment Division throughout the year. The Trustees concluded that Putnam Management generally provides a high-quality investment process — based on the experience and skills of the individuals assigned to the management of fund portfolios, the resources made available to them and in general Putnam Management's ability to attract and retain high-quality personnel — but also recognized that this does not guarantee favorable investment results for every fund in every time period.

The Trustees considered that, in the aggregate, the Putnam funds' performance was generally solid in 2021 against a backdrop of strong U.S. economic and financial market growth. The Trustees considered Putnam Management's observation that, despite an environment of generally strong growth, there had been various headwinds experienced in 2021. For the one-year period ended December 31, 2021, the Trustees noted that the Putnam funds, on

an asset-weighted basis, ranked in the 52nd percentile of their peers as determined by Lipper Inc. (“Lipper”) and, on an asset-weighted-basis, delivered a gross return that trailed their benchmarks by 0.1%. Over the longer-term, the Committee noted that, on an asset-weighted basis, the Putnam funds delivered strong aggregate performance relative to their Lipper peers over the three-, five- and ten-year periods ended December 31, 2021, ranking in the 31st, 29th and 21st percentiles, respectively, and that the funds, in the aggregate, outperformed their benchmarks on a gross basis for each of those periods.

In addition to the performance of the individual Putnam funds, the Trustees considered, as they had in prior years, the performance of The Putnam Fund complex versus competitor fund complexes. In particular, the Trustees considered The Putnam Fund complex’s performance as reported in the Barron’s/Lipper Fund Families survey (the “Survey”), which ranks mutual fund companies based on their performance across a variety of asset types. The Trustees noted that The Putnam Fund complex continued to rank highly in the Survey, especially over the longer-term, with The Putnam Funds ranking as the 6th best performing mutual fund complex out of 45 complexes for the ten-year period and 13th out of 49 complexes for the five-year period. The Trustees noted that 2021 marked the fifth consecutive year that The Putnam Funds have ranked in the top ten fund complexes for the ten-year period. The Trustees also considered that The Putnam Fund complex’s Survey performance over the one-year period was solid, with The Putnam Funds ranking 27th out of 51 complexes. In addition to the Survey, the Trustees also considered the Putnam funds’ ratings assigned by Morningstar Inc., noting that 25 of the funds were four- or five-star rated at the end of 2021 (representing a decrease of one fund year-over-year) and that this included nine funds that had achieved a five-star rating (representing an increase of two funds year-over-year). They also noted, however, the disappointing investment performance of some Putnam funds for periods ended December 31, 2021 and considered information provided by Putnam Management regarding the factors contributing to the underperformance and actions being taken to improve the performance of these particular funds. The Trustees indicated their intention to continue to monitor closely the performance of those funds and evaluate whether additional actions

to address areas of underperformance may be warranted.

For purposes of the Trustees’ evaluation of the Putnam funds’ investment performance, the Trustees generally focus on a competitive industry ranking of each fund’s total net return over a one-year, three-year and five-year period. For a number of Putnam funds with relatively unique investment mandates for which Putnam Management informed the Trustees that meaningful competitive performance rankings are not considered to be available, the Trustees evaluated performance based on their total gross and net returns and comparisons of those returns to the returns of selected investment benchmarks. In the case of your fund, the Trustees considered information about your fund’s total return and its performance relative to its benchmark over the one-year, three-year and five-year periods ended December 31, 2021. Your fund’s class A shares’ return, net of fees and expenses, was positive and exceeded the return of its benchmark over the one-year and five-year periods ended December 31, 2021, and was positive but trailed the return of its benchmark over the three-year period ended December 31, 2021. (When considering performance information, shareholders should be mindful that past performance is not a guarantee of future results.)

The Trustees considered Putnam Management’s continued efforts to support fund performance through certain initiatives, including structuring compensation for portfolio managers to enhance accountability for fund performance, emphasizing accountability in the portfolio management process and affirming its commitment to a fundamental-driven approach to investing. The Trustees noted further that Putnam Management had made selective hires and internal promotions in 2021 to strengthen its investment team.

Brokerage and soft-dollar allocations; investor servicing

The Trustees considered various potential benefits that Putnam Management may receive in connection with the services it provides under the management contract with your fund. These include benefits related to brokerage allocation and the use of soft dollars, whereby a portion of the commissions paid by a fund for brokerage may be used to acquire research services that are expected to be useful to Putnam Management in managing the assets of the fund and of other clients. Subject to policies established by the

Trustees, soft dollars generated by these means are used predominantly to acquire brokerage and research services (including third-party research and market data) that enhance Putnam Management's investment capabilities and supplement Putnam Management's internal research efforts. The Trustees indicated their continued intent to monitor regulatory and industry developments in this area with the assistance of their Brokerage Committee. In addition, with the assistance of their Brokerage Committee, the Trustees indicated their continued intent to monitor the allocation of the Putnam funds' brokerage in order to ensure that the principle of seeking best price and execution remains paramount in the portfolio trading process.

Putnam Management may also receive benefits from payments that the funds make to Putnam Management's affiliates for investor or distribution

services. In conjunction with the annual review of your fund's management, sub-management and sub-advisory contracts, the Trustees reviewed your fund's investor servicing agreement with PSERV and its distributor's contract and distribution plans with Putnam Retail Management Limited Partnership ("PRM"), both of which are affiliates of Putnam Management. The Trustees concluded that the fees payable by the funds to PSERV and PRM, as applicable, for such services are fair and reasonable in relation to the nature and quality of such services, the fees paid by competitive funds and the costs incurred by PSERV and PRM, as applicable, in providing such services. Furthermore, the Trustees were of the view that the investor services provided by PSERV were required for the operation of the funds, and that they were of a quality at least equal to those provided by other providers.

Audited 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 audited financial statements.

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

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

Statement of operations shows the fund's net investment gain or loss. This is done by first adding up all the fund's earnings — from dividends and interest income — and subtracting its operating expenses to determine net investment income

(or loss). Then, any net gain or loss the fund realized on the sales of its holdings — as well as any unrealized gains or losses over the period — is added to or subtracted from the net investment result to determine the fund's net gain or loss for the fiscal period.

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

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.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Putnam Funds Trust and Shareholders of
Putnam Short Duration Bond Fund:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the fund's portfolio, of Putnam Short Duration Bond Fund (one of the funds constituting Putnam Funds Trust, referred to hereafter as the "Fund") as of October 31, 2022, the related statement of operations for the year ended October 31, 2022, the statement of changes in net assets for each of the two years in the period ended October 31, 2022, including the related notes, and the financial highlights for each of the three years in the period ended October 31, 2022 (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 October 31, 2022, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended October 31, 2022 and the financial highlights for each of the three years in the period ended October 31, 2022 in conformity with accounting principles generally accepted in the United States of America.

The financial statements of the Fund as of and for the year ended October 31, 2019 and the financial highlights for each of the periods ended on or prior to October 31, 2019 (not presented herein, other than the financial highlights) were audited by other auditors whose report dated December 13, 2019 expressed an unqualified opinion on those financial statements and financial highlights.

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.

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 October 31, 2022 by correspondence with the custodian, transfer agent 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
December 12, 2022

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

The fund's portfolio 10/31/22

CORPORATE BONDS AND NOTES (61.3%)*	Principal amount	Value
Banking (18.2%)		
Australia & New Zealand Banking Group, Ltd. sr. unsec. notes Ser. MTN, 2.05%, 11/21/22	\$4,250,000	\$4,245,378
Banco Santander SA sr. unsec. unsub. FRN 1.722%, 9/14/27 (Spain)	22,600,000	18,445,506
Bank of America Corp. sr. unsec. unsub. FRN 3.55%, 3/5/24	2,430,000	2,409,871
Bank of America Corp. unsec. sub. notes Ser. MTN, 4.45%, 3/3/26	32,011,000	30,707,152
Bank of America Corp. unsec. sub. notes Ser. MTN, 4.20%, 8/26/24	21,565,000	21,088,141
Bank of New York Mellon Corp. (The) sr. unsec. notes Ser. MTN, 1.85%, 1/27/23	7,500,000	7,453,117
Bank of Nova Scotia (The) sr. unsec. notes 1.30%, 6/11/25 (Canada)	7,434,000	6,673,067
Bank of Nova Scotia (The) sr. unsec. notes 2.00%, 11/15/22 (Canada)	4,772,000	4,768,087
Banque Federative du Credit Mutuel SA 144A sr. unsec. notes 1.604%, 10/4/26 (France)	5,000,000	4,226,501
Banque Federative du Credit Mutuel SA 144A sr. unsec. notes 0.65%, 2/27/24 (France)	7,500,000	7,032,861
Barclays Bank PLC unsec. sub. notes 7.625%, 11/21/22 (United Kingdom)	9,506,000	9,492,501
BPCE SA 144A sr. unsec. notes 1.00%, 1/20/26 (France)	15,798,000	13,560,186
Citigroup, Inc. sr. unsec. FRN 5.61%, 9/29/26	3,825,000	3,774,322
Citigroup, Inc. sr. unsec. FRN 4.044%, 6/1/24	9,480,000	9,382,531
Citigroup, Inc. unsec. sub. notes 4.60%, 3/9/26	10,945,000	10,490,139
Citigroup, Inc. unsec. sub. notes 3.50%, 5/15/23	6,250,000	6,194,876
Citizens Bank NA sr. unsec. FRN 4.119%, 5/23/25	4,825,000	4,703,265
Credit Suisse AG sr. unsec. notes 4.75%, 8/9/24	2,785,000	2,643,462
Credit Suisse AG/New York, NY sr. unsec. unsub. notes 1.25%, 8/7/26	14,188,000	11,338,921
Credit Suisse Group AG company guaranty sr. unsec. unsub. notes 4.55%, 4/17/26 (Switzerland)	8,750,000	7,675,370
Danske Bank A/S 144A sr. unsec. notes 1.549%, 9/10/27 (Denmark)	10,000,000	8,231,158
DNB Bank ASA 144A sr. unsec. notes 2.15%, 12/2/22 (Norway)	5,585,000	5,574,781
Fifth Third Bancorp sr. unsec. sub. notes 2.375%, 1/28/25	4,248,000	3,947,058
First-Citizens Bank & Trust Co. unsec. sub. notes 6.125%, 3/9/28	6,917,000	6,831,255
ING Bank NV 144A unsec. sub. notes 5.80%, 9/25/23 (Netherlands)	12,868,000	12,803,261
Intesa Sanpaolo SpA 144A unsec. sub. notes 5.71%, 1/15/26 (Italy)	7,500,000	6,986,509
JPMorgan Chase & Co. sr. unsec. unsub. FRN 4.023%, 12/5/24	4,627,000	4,539,612
JPMorgan Chase & Co. sr. unsec. unsub. FRN 2.083%, 4/22/26	2,313,000	2,105,591
JPMorgan Chase & Co. sr. unsec. unsub. notes 3.797%, 7/23/24	6,042,000	5,955,738
JPMorgan Chase & Co. unsec. sub. notes 3.875%, 9/10/24	18,030,000	17,563,081
JPMorgan Chase & Co. unsec. sub. notes 3.375%, 5/1/23	9,250,000	9,182,376
KeyCorp sr. unsec. unsub. FRN Ser. MTN, 3.878%, 5/23/25	2,113,000	2,049,096
PNC Bank NA sr. unsec. unsub. notes 3.30%, 10/30/24	5,635,000	5,424,658
Santander Holdings USA, Inc. sr. unsec. FRN 2.49%, 1/6/28	4,000,000	3,311,233
Societe Generale SA 144A unsec. sub. notes 5.00%, 1/17/24 (France)	5,165,000	5,024,772
Toronto-Dominion Bank (The) sr. unsec. unsub. notes Ser. MTN, 1.90%, 12/1/22 (Canada)	4,879,000	4,869,828
Truist Bank sr. unsec. FRN Ser. BKNT, 3.689%, 8/2/24	2,350,000	2,322,637
Truist Bank sr. unsec. notes Ser. BKNT, 2.15%, 12/6/24	2,500,000	2,339,508

CORPORATE BONDS AND NOTES (61.3%)* cont.	Principal amount	Value
Banking cont.		
Truist Bank sr. unsec. notes Ser. BKNT, 1.50%, 3/10/25	\$5,000,000	\$4,569,222
Truist Bank sr. unsec. unsub. notes Ser. BNKT, 3.20%, 4/1/24	5,643,000	5,481,297
Truist Financial Corp. sr. unsec. unsub. notes 4.00%, 5/1/25	958,000	928,155
UBS Group AG 144A sr. unsec. FRN 1.494%, 8/10/27 (Switzerland)	5,500,000	4,532,581
Wells Fargo & Co. sr. unsec. unsub. FRN Ser. MTN, 2.164%, 2/11/26	3,000,000	2,755,416
Wells Fargo & Co. sr. unsec. unsub. notes Ser. MTN, 3.75%, 1/24/24	7,839,000	7,697,537
		321,331,614
Basic materials (3.1%)		
Celanese US Holdings, LLC company guaranty sr. unsec. notes 6.165%, 7/15/27 (Germany)	1,690,000	1,594,496
Celanese US Holdings, LLC company guaranty sr. unsec. notes 6.05%, 3/15/25 (Germany)	857,000	833,387
Celanese US Holdings, LLC company guaranty sr. unsec. notes 3.50%, 5/8/24 (Germany)	893,000	856,089
Celanese US Holdings, LLC company guaranty sr. unsec. notes 1.40%, 8/5/26 (Germany)	10,693,000	8,620,951
CF Industries, Inc. 144A company guaranty sr. notes 4.50%, 12/1/26	5,369,000	5,084,232
Georgia-Pacific, LLC 144A sr. unsec. notes 1.75%, 9/30/25	4,244,000	3,835,264
Georgia-Pacific, LLC 144A sr. unsec. notes 0.95%, 5/15/26	8,790,000	7,587,026
Glencore Funding, LLC 144A company guaranty sr. unsec. notes 1.625%, 4/27/26	2,500,000	2,147,296
Glencore Funding, LLC 144A company guaranty sr. unsec. notes 1.625%, 9/1/25	8,686,000	7,727,978
Glencore Funding, LLC 144A company guaranty sr. unsec. unsub. notes 4.625%, 4/29/24	894,000	878,758
Graphic Packaging International, LLC 144A company guaranty sr. notes 1.512%, 4/15/26	7,461,000	6,350,189
International Flavors & Fragrances, Inc. sr. unsec. unsub. notes 3.20%, 5/1/23	3,450,000	3,415,662
International Flavors & Fragrances, Inc. 144A sr. unsec. unsub. notes 1.23%, 10/1/25	4,600,000	3,983,691
Nutrien, Ltd. sr. unsec. notes 1.90%, 5/13/23 (Canada)	765,000	750,747
		53,665,766
Capital goods (2.6%)		
Berry Global, Inc. 144A company guaranty sr. notes 1.65%, 1/15/27	11,250,000	9,270,433
Berry Global, Inc. 144A company guaranty sr. notes 1.57%, 1/15/26	93,000	80,607
Boeing Co. (The) sr. unsec. notes 4.508%, 5/1/23	6,000,000	5,975,259
Boeing Co. (The) sr. unsec. notes 2.75%, 2/1/26	10,330,000	9,316,153
Howmet Aerospace, Inc. sr. unsec. unsub. notes 5.90%, 2/1/27	2,000,000	1,964,040
Northrop Grumman Corp. sr. unsec. notes 2.93%, 1/15/25	5,224,000	4,980,263
Republic Services, Inc. sr. unsec. notes 2.50%, 8/15/24	2,550,000	2,427,661
Republic Services, Inc. sr. unsec. notes 0.875%, 11/15/25	5,098,000	4,463,487
Waste Management, Inc. company guaranty sr. unsec. notes 0.75%, 11/15/25	7,700,000	6,796,815
		45,274,718
Communication services (4.3%)		
American Tower Corp. sr. unsec. notes 1.60%, 4/15/26	8,806,000	7,603,169
American Tower Corp. sr. unsec. sub. notes 2.75%, 1/15/27 ^R	4,403,000	3,858,787
AT&T, Inc. company guaranty sr. unsec. unsub. notes 2.30%, 6/1/27	9,547,000	8,326,399

CORPORATE BONDS AND NOTES (61.3%)* cont.	Principal amount	Value
Communication services cont.		
AT&T, Inc. sr. unsec. unsub. notes 4.25%, 3/1/27	\$7,247,000	\$6,920,078
Charter Communications Operating, LLC/Charter Communications Operating Capital Corp. company guaranty sr. notes 4.50%, 2/1/24	5,500,000	5,416,839
Charter Communications Operating, LLC/Charter Communications Operating Capital Corp. company guaranty sr. sub. notes 4.908%, 7/23/25	2,213,000	2,148,431
Charter Communications Operating, LLC/Charter Communications Operating Capital Corp. company guaranty sr. FRN (ICE LIBOR USD 3 Month + 1.65%), 6.09%, 2/1/24	1,373,000	1,382,007
Comcast Corp. company guaranty sr. unsec. unsub. notes 3.70%, 4/15/24	10,126,000	9,938,496
Cox Communications, Inc. 144A sr. unsec. notes 3.15%, 8/15/24	2,497,000	2,388,686
Crown Castle International Corp. sr. unsec. notes 3.20%, 9/1/24 ^R	6,840,000	6,589,882
Equinix, Inc. sr. unsec. sub. notes 2.90%, 11/18/26 ^R	718,000	639,766
Equinix, Inc. sr. unsec. sub. notes 1.00%, 9/15/25 ^R	6,000,000	5,262,683
T-Mobile USA, Inc. company guaranty sr. notes 1.50%, 2/15/26	8,000,000	7,015,229
Verizon Communications, Inc. sr. unsec. unsub. notes 2.625%, 8/15/26	10,000,000	9,094,729
		76,585,181
Conglomerates (0.7%)		
Siemens Financieringsmaatschappij NV 144A company guaranty sr. unsec. notes 0.65%, 3/11/24 (Netherlands)	12,750,000	12,013,364
		12,013,364
Consumer cyclicals (6.8%)		
Amazon.com, Inc. sr. unsec. notes 2.50%, 11/29/22	1,164,000	1,162,475
Block, Inc. sr. unsec. notes 2.75%, 6/1/26	10,575,000	9,431,208
D.R. Horton, Inc. company guaranty sr. unsec. unsub. notes 1.30%, 10/15/26	10,620,000	8,870,568
Ford Motor Co., LLC sr. unsec. unsub. notes 3.664%, 9/8/24	6,000,000	5,687,430
Ford Motor Co., LLC sr. unsec. unsub. notes 2.30%, 2/10/25	3,000,000	2,713,500
Ford Motor Credit Co., LLC sr. unsec. unsub. notes 4.125%, 8/17/27	4,750,000	4,218,238
Gartner, Inc. 144A company guaranty sr. unsec. notes 4.50%, 7/1/28	8,368,000	7,754,877
General Motors Financial Co., Inc. sr. unsec. notes 1.70%, 8/18/23	6,842,000	6,624,988
General Motors Financial Co., Inc. sr. unsec. sub. notes 2.75%, 6/20/25	4,070,000	3,744,801
General Motors Financial Co., Inc. sr. unsec. sub. notes 1.50%, 6/10/26	15,000,000	12,618,836
General Motors Financial Co., Inc. sr. unsec. sub. notes 1.05%, 3/8/24	6,327,000	5,932,938
Global Payments, Inc. sr. unsec. notes 1.20%, 3/1/26	5,280,000	4,504,735
Hyatt Hotels Corp. sr. unsec. unsub. notes 1.80%, 10/1/24	750,000	699,544
Interpublic Group of Cos., Inc. (The) sr. unsec. notes 4.20%, 4/15/24	2,354,000	2,305,793
Lennar Corp. company guaranty sr. unsec. notes 4.50%, 4/30/24	9,870,000	9,690,442
Moody's Corp. sr. unsec. notes 4.875%, 2/15/24	2,345,000	2,332,575
Omnicom Group, Inc. company guaranty sr. unsec. unsub. notes 3.60%, 4/15/26	5,960,000	5,595,018
Sirius XM Radio, Inc. 144A company guaranty sr. unsec. notes 3.125%, 9/1/26	6,000,000	5,361,600

CORPORATE BONDS AND NOTES (61.3%)* cont.	Principal amount	Value
Consumer cyclicals cont.		
Stellantis Finance US, Inc. 144A company guaranty sr. unsec. notes 1.711%, 1/29/27	\$4,700,000	\$3,887,206
VF Corp. sr. unsec. notes 2.40%, 4/23/25	1,138,000	1,057,609
Volkswagen Group of America Finance, LLC 144A company guaranty sr. unsec. notes 4.35%, 6/8/27	9,440,000	8,752,695
Warnermedia Holdings, Inc. 144A company guaranty sr. unsec. notes 3.755%, 3/15/27	8,828,000	7,853,229
		120,800,305
Consumer finance (2.5%)		
AerCap Ireland Capital DAC/AerCap Global Aviation Trust company guaranty sr. unsec. notes 2.45%, 10/29/26 (Ireland)	14,000,000	11,822,240
AerCap Ireland Capital DAC/AerCap Global Aviation Trust company guaranty sr. unsec. notes 4.50%, 9/15/23 (Ireland)	5,850,000	5,744,986
Air Lease Corp. sr. unsec. notes 0.80%, 8/18/24	8,500,000	7,739,931
Air Lease Corp. sr. unsec. unsub. notes 4.25%, 9/15/24	5,539,000	5,387,996
American Express Co. sr. unsec. unsub. notes 3.375%, 5/3/24	6,485,000	6,289,809
Capital One Financial Corp. sr. unsec. unsub. notes 3.50%, 6/15/23	6,500,000	6,438,701
		43,423,663
Consumer staples (2.6%)		
Ashtead Capital, Inc. 144A company guaranty sr. unsec. notes 1.50%, 8/12/26	9,275,000	7,694,435
ERAC USA Finance, LLC 144A company guaranty sr. unsec. unsub. notes 3.30%, 12/1/26	3,000,000	2,729,494
GSK Consumer Healthcare Capital US, LLC company guaranty sr. unsec. unsub. notes 3.375%, 3/24/27	6,853,000	6,197,898
JDE Peet's NV 144A company guaranty sr. unsec. notes 1.375%, 1/15/27 (Netherlands)	6,850,000	5,617,872
Keurig Dr Pepper, Inc. company guaranty sr. unsec. unsub. notes 4.417%, 5/25/25	1,392,000	1,371,236
Keurig Dr Pepper, Inc. company guaranty sr. unsec. unsub. notes 3.40%, 11/15/25	3,456,000	3,279,987
Mondelez International Holdings Netherlands BV 144A company guaranty sr. unsec. unsub. notes 1.25%, 9/24/26 (Netherlands)	10,000,000	8,549,516
Netflix, Inc. sr. unsec. notes 4.875%, 4/15/28	10,000,000	9,490,100
		44,930,538
Energy (0.8%)		
Cheniere Corpus Christi Holdings, LLC company guaranty sr. notes 7.00%, 6/30/24	540,000	546,541
Continental Resources, Inc. 144A company guaranty sr. unsec. notes 2.268%, 11/15/26	4,809,000	4,088,371
EQT Corp. sr. unsec. notes 5.678%, 10/1/25	2,735,000	2,703,595
Sabine Pass Liquefaction, LLC sr. notes 5.75%, 5/15/24	2,000,000	1,997,720
Total Energies Capital International SA company guaranty sr. unsec. unsub. notes 2.434%, 1/10/25 (France)	4,248,000	4,014,593
		13,350,820
Financial (0.9%)		
Ally Financial, Inc. sr. unsec. notes 4.75%, 6/9/27	2,715,000	2,481,479
Ally Financial, Inc. sub. unsec. notes 5.75%, 11/20/25	10,200,000	9,813,207
Intercontinental Exchange, Inc. sr. unsec. notes 3.65%, 5/23/25	1,612,000	1,559,704
LPL Holdings, Inc. 144A company guaranty sr. unsec. notes 4.625%, 11/15/27	2,000,000	1,841,942
		15,696,332

CORPORATE BONDS AND NOTES (61.3%)* cont.	Principal amount	Value
Health care (3.0%)		
AbbVie, Inc. sr. unsec. sub. notes 2.60%, 11/21/24	\$10,937,000	\$10,392,556
AbbVie, Inc. sr. unsec. unsub. notes 3.20%, 5/14/26	9,905,000	9,228,045
Bristol-Myers Squibb Co. sr. unsec. sub. notes 0.75%, 11/13/25	314,000	277,354
Cigna Corp. company guaranty sr. unsec. unsub. notes 3.75%, 7/15/23	367,000	363,214
Cigna Corp. sr. unsec. notes 1.25%, 3/15/26	5,543,000	4,838,199
CVS Health Corp. sr. unsec. unsub. notes 2.875%, 6/1/26	8,500,000	7,818,307
DH Europe Finance II SARL company guaranty sr. unsec. notes 2.20%, 11/15/24 (Luxembourg)	4,414,000	4,167,350
Merck & Co., Inc. sr. unsec. unsub. notes 2.75%, 2/10/25	1,448,000	1,383,401
Novartis Capital Corp. company guaranty sr. unsec. notes 1.75%, 2/14/25	8,477,000	7,930,085
UnitedHealth Group, Inc. company guaranty sr. unsec. unsub. notes 1.25%, 1/15/26	4,211,000	3,740,401
Zoetis, Inc. sr. unsec. notes 3.25%, 2/1/23	2,500,000	2,488,350
		52,627,262
Insurance (1.7%)		
Athene Global Funding 144A notes 1.73%, 10/2/26	12,044,000	10,168,476
CNO Global Funding 144A notes 1.75%, 10/7/26	3,340,000	2,867,116
Corebridge Financial, Inc. 144A sr. unsec. notes 3.65%, 4/5/27	6,415,000	5,809,910
Fairfax US, Inc. 144A company guaranty sr. unsec. notes 4.875%, 8/13/24	2,157,000	2,100,154
Metropolitan Life Global Funding I 144A sr. notes 3.00%, 1/10/23	1,085,000	1,080,809
Pricoa Global Funding I 144A notes 2.40%, 9/23/24	5,000,000	4,738,028
Willis North America, Inc. company guaranty sr. unsec. unsub. notes 4.65%, 6/15/27	2,635,000	2,479,185
		29,243,678
Investment banking/Brokerage (4.5%)		
Ares Capital Corp. sr. unsec. notes 2.875%, 6/15/27	8,880,000	7,298,302
Deutsche Bank AG unsec. sub. notes 4.50%, 4/1/25 (Germany)	5,914,000	5,502,827
Deutsche Bank AG/New York, NY sr. unsec. unsub. FRN 2.311%, 11/16/27 (Germany)	5,145,000	4,106,755
Deutsche Bank AG/New York, NY sr. unsec. unsub. FRN 2.129%, 11/24/26 (Germany)	8,270,000	6,953,141
Deutsche Bank AG/New York, NY sr. unsec. unsub. notes 1.686%, 3/19/26 (Germany)	6,750,000	5,791,233
Discover Bank sr. unsec. notes Ser. BKNT, 3.35%, 2/6/23	2,023,000	2,013,096
Goldman Sachs Group, Inc. (The) sr. unsec. FRN 1.948%, 10/21/27	15,000,000	12,744,457
Goldman Sachs Group, Inc. (The) sr. unsec. notes 3.50%, 4/1/25	3,125,000	2,960,849
Goldman Sachs Group, Inc. (The) sr. unsec. unsub. FRN 1.431%, 3/9/27	4,000,000	3,422,080
Goldman Sachs Group, Inc. (The) sr. unsec. unsub. notes 4.00%, 3/3/24	4,119,000	4,043,598
Morgan Stanley sr. unsec. unsub. notes Ser. GMTN, 3.875%, 1/27/26	10,900,000	10,313,149
Morgan Stanley sr. unsec. unsub. notes Ser. GMTN, 3.70%, 10/23/24	2,195,000	2,128,218
Morgan Stanley unsec. sub. notes 4.875%, 11/1/22	4,185,000	4,185,000
Morgan Stanley unsec. unsub. notes 3.95%, 4/23/27	10,000,000	9,227,052
		80,689,757

CORPORATE BONDS AND NOTES (61.3%)* cont.	Principal amount	Value
Real estate (0.6%)		
Digital Realty Trust LP company guaranty sr. unsec. unsub. notes 5.55%, 1/15/28 ^R	\$4,500,000	\$4,374,090
iStar, Inc. sr. unsec. notes 4.25%, 8/1/25 ^R	2,785,000	2,694,627
VICI Properties LP sr. unsec. unsub. notes 4.75%, 2/15/28 ^R	2,339,000	2,131,496
VICI Properties LP/VICI Note Co., Inc. 144A company guaranty sr. unsec. notes 3.75%, 2/15/27 ^R	876,000	767,472
		9,967,685
Technology (4.5%)		
Apple, Inc. sr. unsec. notes 2.85%, 5/11/24	6,000,000	5,834,332
Apple, Inc. sr. unsec. notes 1.125%, 5/11/25	7,691,000	7,032,760
Apple, Inc. sr. unsec. notes 0.55%, 8/20/25	4,117,000	3,673,142
Broadcom Corp./Broadcom Cayman Finance, Ltd. company guaranty sr. unsec. unsub. notes 3.875%, 1/15/27	5,295,000	4,865,955
Cisco Systems, Inc. sr. unsec. unsub. notes 2.60%, 2/28/23	4,585,000	4,548,796
Dell International, LLC/EMC Corp. company guaranty sr. notes 4.00%, 7/15/24	1,500,000	1,463,983
Dell International, LLC/EMC Corp. sr. unsec. notes 5.45%, 6/15/23	799,000	797,700
Meta Platforms, Inc. 144A sr. unsec. unsub. notes 3.50%, 8/15/27	4,600,000	4,222,634
Microchip Technology, Inc. company guaranty sr. notes 4.333%, 6/1/23	5,137,000	5,103,879
Microchip Technology, Inc. company guaranty sr. notes 2.67%, 9/1/23	1,600,000	1,560,555
MSCI, Inc. 144A company guaranty sr. unsec. notes 4.00%, 11/15/29	3,200,000	2,778,624
Oracle Corp. sr. unsec. notes 2.50%, 4/1/25	6,500,000	6,072,971
Oracle Corp. sr. unsec. notes 1.65%, 3/25/26	3,400,000	2,984,709
Oracle Corp. sr. unsec. unsub. notes 2.65%, 7/15/26	10,000,000	8,989,781
Skyworks Solutions, Inc. sr. unsec. notes 0.90%, 6/1/23	5,000,000	4,856,799
VMware, Inc. sr. unsec. notes 1.40%, 8/15/26	13,989,000	11,934,136
Workday, Inc. sr. unsec. notes 3.50%, 4/1/27	1,600,000	1,476,691
		78,197,447
Transportation (0.5%)		
Penske Truck Leasing Co. LP/PTL Finance Corp. 144A sr. unsec. notes 3.95%, 3/10/25	1,541,000	1,471,711
Penske Truck Leasing Co. LP/PTL Finance Corp. 144A sr. unsec. notes 3.45%, 7/1/24	2,300,000	2,207,718
Penske Truck Leasing Co. LP/PTL Finance Corp. 144A sr. unsec. notes 2.70%, 11/1/24	5,000,000	4,677,739
Penske Truck Leasing Co. LP/PTL Finance Corp. 144A sr. unsec. notes 1.20%, 11/15/25	1,385,000	1,195,274
		9,552,442
Utilities and power (4.0%)		
AES Corp. (The) sr. unsec. notes 1.375%, 1/15/26	6,000,000	5,181,920
American Electric Power Co., Inc. jr. unsec. sub. notes 2.031%, 3/15/24	1,140,000	1,088,298
American Electric Power Co., Inc. sr. unsec. unsub. notes 1.00%, 11/1/25	4,000,000	3,512,471
Boardwalk Pipelines LP company guaranty sr. unsec. unsub. notes 5.95%, 6/1/26	3,805,000	3,810,861
Duke Energy Ohio, Inc. sr. notes 3.80%, 9/1/23	478,000	472,763

CORPORATE BONDS AND NOTES (61.3%)* cont.	Principal amount	Value
Utilities and power cont.		
Enbridge, Inc. company guaranty sr. unsec. notes 1.60%, 10/4/26 (Canada)	\$1,900,000	\$1,630,126
Energy Transfer LP company guaranty sr. unsec. notes 5.875%, 1/15/24	391,000	391,630
Energy Transfer LP company guaranty sr. unsec. notes 4.50%, 4/15/24	3,970,000	3,899,684
Energy Transfer LP company guaranty sr. unsec. notes 2.90%, 5/15/25	174,000	161,521
Enterprise Products Operating, LLC company guaranty sr. unsec. unsub. notes 3.35%, 3/15/23	4,660,000	4,634,331
Eversource Energy sr. unsec. unsub. notes Ser. H, 3.15%, 1/15/25	5,978,000	5,684,944
Eversource Energy sr. unsec. unsub. notes Ser. Q, 0.80%, 8/15/25	1,000,000	880,064
FirstEnergy Corp. sr. unsec. unsub. bonds Ser. B, 4.40%, 7/15/27	3,500,000	3,286,885
Kinder Morgan Energy Partners LP company guaranty sr. unsec. unsub. notes 4.30%, 5/1/24	6,450,000	6,331,805
Kinder Morgan Energy Partners LP company guaranty sr. unsec. unsub. notes 3.45%, 2/15/23	2,150,000	2,138,918
NextEra Energy Capital Holdings, Inc. company guaranty sr. unsec. unsub. notes 0.65%, 3/1/23	5,568,000	5,490,247
NRG Energy, Inc. 144A company guaranty sr. notes 3.75%, 6/15/24	2,855,000	2,733,349
NRG Energy, Inc. 144A sr. notes 2.00%, 12/2/25	2,000,000	1,761,914
Pacific Gas and Electric Co. sr. notes 3.25%, 2/16/24	5,000,000	4,832,403
Southern Co. (The) sr. unsec. unsub. notes 3.25%, 7/1/26	4,950,000	4,574,624
Vistra Operations Co., LLC 144A company guaranty sr. notes 3.55%, 7/15/24	7,250,000	6,905,782
		69,404,540
Total corporate bonds and notes (cost \$1,189,340,776)		\$1,076,755,112

MORTGAGE-BACKED SECURITIES (18.4%)*	Principal amount	Value
Agency collateralized mortgage obligations (—%)		
Federal Home Loan Mortgage Corporation		
REMICs IFB Ser. 2976, Class LC, ((-3.667 x ICE LIBOR USD 1 Month) + 24.42%), 11.909%, 5/15/35	\$7,329	\$9,894
REMICs Ser. 3724, Class CM, 5.50%, 6/15/37	13,390	13,251
REMICs Ser. 3539, Class PM, 4.50%, 5/15/37	4,885	4,751
Structured Pass-Through Certificates FRB Ser. 8, Class A9, IO, 0.46%, 11/15/28 ^W	21,536	108
Structured Pass-Through Certificates FRB Ser. 59, Class 1AX, IO, 0.281%, 10/25/43 ^W	135,607	948
Structured Pass-Through Certificates Ser. 48, Class A2, IO, 0.212%, 7/25/33 ^W	213,211	1,598
Federal National Mortgage Association		
REMICs IFB Ser. 11-4, Class CS, ((-2 x ICE LIBOR USD 1 Month) + 12.90%), 5.729%, 5/25/40	44,956	45,196
REMICs Ser. 11-60, Class PA, 4.00%, 10/25/39	5,206	4,829
REMICs Ser. 10-81, Class AP, 2.50%, 7/25/40	10,807	10,355
REMICs Trust Ser. 98-W2, Class X, IO, 0.239%, 6/25/28 ^W	143,795	2,156
REMICs Trust Ser. 98-W5, Class X, IO, 0.05%, 7/25/28 ^W	47,523	712

MORTGAGE-BACKED SECURITIES (18.4%)* <i>cont.</i>	Principal amount	Value
Agency collateralized mortgage obligations <i>cont.</i>		
Government National Mortgage Association Ser. 09-32, Class AB, 4.00%, 5/16/39	\$5,799	\$5,647
GSMPS Mortgage Loan Trust 144A FRB Ser. 99-2, IO, 0.431%, 9/19/27 ^W	20,375	51
		99,496
Commercial mortgage-backed securities (10.4%)		
ACRE Commercial Mortgage, Ltd. 144A FRB Ser. 21-FL4, Class A, 4.273%, 12/18/37 (Cayman Islands)	2,702,673	2,661,863
AREIT Trust 144A		
FRB Ser. 20-CRE4, Class C, 6.039%, 4/15/37	4,395,000	4,355,972
FRB Ser. 19-CRE3, Class A, 4.76%, 9/14/36	749,345	730,866
Banc of America Commercial Mortgage Trust FRB Ser. 07-1, Class XW, IO, 0.313%, 1/15/49 ^W	13,959	—
BANK		
FRB Ser. 17-BNK9, Class XA, IO, 0.767%, 11/15/54 ^W	53,662,925	1,654,836
FRB Ser. 17-BNK8, Class XA, IO, 0.714%, 11/15/50 ^W	25,942,483	754,356
BDS Ltd. 144A FRB Ser. 21-FL8, Class B, 4.793%, 1/18/36 (Cayman Islands)	3,538,000	3,290,888
CD Commercial Mortgage Trust		
FRB Ser. 16-CD1, Class XA, IO, 1.368%, 8/10/49 ^W	7,971,765	295,782
FRB Ser. 17-CD6, Class XA, IO, 0.876%, 11/13/50 ^W	17,878,218	511,650
CFCRE Commercial Mortgage Trust FRB Ser. 16-C4, Class XA, IO, 1.608%, 5/10/58 ^W	28,572,406	1,182,595
CFCRE Commercial Mortgage Trust 144A FRB Ser. 11-C2, Class D, 5.08%, 12/15/47 ^W	152,737	154,894
Citigroup Commercial Mortgage Trust		
FRB Ser. 14-GC19, Class GC19, 5.088%, 3/10/47 ^W	1,191,000	1,152,589
Ser. 13-GC11, Class C, 4.134%, 4/10/46 ^W	4,918,000	5,071,933
Citigroup Commercial Mortgage Trust 144A FRB Ser. 14-GC19, Class D, 5.088%, 3/10/47 ^W	2,888,000	2,761,771
COMM Mortgage Trust		
FRB Ser. 12-LC4, Class C, 5.278%, 12/10/44 ^W	332,000	328,348
FRB Ser. 13-CR11, Class B, 5.111%, 8/10/50 ^W	5,161,000	5,017,014
FRB Ser. 13-CR13, Class C, 4.877%, 11/10/46 ^W	6,422,000	6,063,401
FRB Ser. 14-CR17, Class C, 4.781%, 5/10/47 ^W	1,040,000	947,801
Ser. 14-CR16, Class B, 4.582%, 4/10/47	2,410,000	2,289,565
FRB Ser. 15-CR25, Class B, 4.518%, 8/10/48 ^W	3,315,000	3,059,011
Ser. 12-CR2, Class B, 4.393%, 8/15/45	1,349,571	1,336,075
Ser. 13-LC6, Class B, 3.739%, 1/10/46	2,720,000	2,707,791
Ser. 12-CR3, Class A3, 2.822%, 10/15/45	329,549	322,958
FRB Ser. 14-LC15, Class XA, IO, 1.051%, 4/10/47 ^W	15,277,716	154,251
FRB Ser. 13-LC13, Class XA, IO, 0.962%, 8/10/46 ^W	3,115,295	15,569
FRB Ser. 14-CR20, Class XA, IO, 0.946%, 11/10/47 ^W	51,550,734	717,586
FRB Ser. 15-CR26, Class XA, IO, 0.905%, 10/10/48 ^W	39,900,405	820,392
FRB Ser. 15-LC21, Class XA, IO, 0.656%, 7/10/48 ^W	63,623,742	866,441
FRB Ser. 14-CR14, Class XA, IO, 0.515%, 2/10/47 ^W	27,129,326	126,778
COMM Mortgage Trust 144A		
FRB Ser. 10-C1, Class D, 5.792%, 7/10/46 ^W	374,661	339,502
FRB Ser. 13-CR9, Class AM, 4.29%, 7/10/45 ^W	2,000,000	1,960,986

MORTGAGE-BACKED SECURITIES (18.4%)* <i>cont.</i>	Principal amount	Value
Commercial mortgage-backed securities <i>cont.</i>		
Credit Suisse Commercial Mortgage Trust 144A FRB Ser. 08-C1, Class AJ, 5.816%, 2/15/41 ^W	\$497,986	\$249,690
CSAIL Commercial Mortgage Trust		
Ser. 15-C1, Class XA, IO, 0.818%, 4/15/50 ^W	45,018,517	569,979
FRB Ser. 18-CX12, Class XA, IO, 0.567%, 8/15/51 ^W	184,996,819	4,895,386
CSMC Trust FRB Ser. 16-NXSR, Class XA, IO, 0.709%, 12/15/49 ^W	68,652,897	1,681,996
DBUBS Mortgage Trust 144A FRB Ser. 11-LC3A, Class D, 5.362%, 8/10/44 ^W	3,315,920	3,030,419
Federal Home Loan Mortgage Corporation		
Multifamily Structured Pass-Through Certificates FRB Ser. K739, Class XAM, IO, 1.57%, 9/25/27 ^W	36,816,638	2,334,175
Multifamily Structured Pass-Through Certificates Ser. K738, Class XAM, IO, 1.367%, 3/25/27 ^W	17,882,000	908,908
Multifamily Structured Pass-Through Certificates FRB Ser. KC06, Class X1, IO, 0.884%, 6/25/26 ^W	31,657,464	578,762
Multifamily Structured Pass-Through Certificates FRB Ser. K740, Class X1, IO, 0.756%, 9/25/27 ^W	48,451,562	1,434,079
Multifamily Structured Pass-Through Certificates FRB Ser. K737, Class X1, IO, 0.638%, 10/25/26 ^W	66,900,592	1,313,058
FREMF Mortgage Trust 144A Ser. 15-K48, Class X2A, IO, 0.10%, 8/25/48	385,517,642	763,710
GS Mortgage Securities Corp., II FRB Ser. 13-GC10, Class XA, IO, 1.395%, 2/10/46 ^W	3,656,487	313
GS Mortgage Securities Corp., II 144A		
Ser. 13-GC10, Class C, 4.285%, 2/10/46 ^W	4,487,200	4,445,781
Ser. GC10, Class B, 3.682%, 2/10/46	3,478,000	3,450,941
GS Mortgage Securities Trust		
FRB Ser. 14-GC18, Class C, 5.057%, 1/10/47 ^W	748,000	508,640
FRB Ser. 14-GC22, Class C, 4.687%, 6/10/47 ^W	451,000	423,822
FRB Ser. 13-GC12, Class XA, IO, 1.376%, 6/10/46 ^W	5,625,557	11,285
FRB Ser. 14-GC24, Class XA, IO, 0.709%, 9/10/47 ^W	89,753,769	923,884
GS Mortgage Securities Trust 144A		
FRB Ser. 10-C1, Class D, 6.355%, 8/10/43 ^W	1,663,000	1,235,026
FRB Ser. 11-GC5, Class B, 5.154%, 8/10/44 ^W	3,315,000	3,049,968
Ser. 10-C1, Class B, 5.148%, 8/10/43	378,601	371,656
Ser. 12-GCJ9, Class C, 4.448%, 11/10/45 ^W	5,720,000	5,644,093
JPMBB Commercial Mortgage Securities Trust		
FRB Ser. 13-C15, Class C, 5.184%, 11/15/45 ^W	2,525,000	2,456,373
FRB Ser. 14-C19, Class C, 4.648%, 4/15/47 ^W	2,024,000	1,909,944
FRB Ser. 13-C12, Class C, 4.087%, 7/15/45 ^W	4,088,000	3,969,837
FRB Ser. 15-C31, Class XA, IO, 0.817%, 8/15/48 ^W	13,997,354	262,662
JPMBB Commercial Mortgage Securities Trust 144A FRB Ser. 13-C15, Class D, 5.184%, 11/15/45 ^W		
	5,100,000	4,834,895
JPMorgan Chase Commercial Mortgage Securities Trust FRB Ser. 13-C10, Class XA, IO, 1.016%, 12/15/47 ^W		
	5,138,824	4,111
JPMorgan Chase Commercial Mortgage Securities Trust 144A		
FRB Ser. 11-C3, Class B, 5.013%, 2/15/46 ^W	1,849,797	1,764,018
FRB Ser. 12-C6, Class E, 4.964%, 5/15/45 ^W	532,000	401,660
FRB Ser. 12-LC9, Class D, 4.321%, 12/15/47 ^W	173,000	171,233

MORTGAGE-BACKED SECURITIES (18.4%)* <i>cont.</i>	Principal amount	Value
Commercial mortgage-backed securities <i>cont.</i>		
LB-UBS Commercial Mortgage Trust FRB Ser. 06-C6, Class AJ, 5.452%, 9/15/39 ^W	\$94,429	\$41,401
LSTAR Commercial Mortgage Trust 144A FRB Ser. 15-3, Class AS, 3.144%, 4/20/48 ^W	822,480	814,255
Morgan Stanley Bank of America Merrill Lynch Trust		
FRB Ser. 13-C13, Class B, 4.744%, 11/15/46 ^W	2,813,000	2,996,773
Ser. 13-C13, Class AS, 4.266%, 11/15/46	4,699,000	4,607,557
FRB Ser. 13-C9, Class C, 4.016%, 5/15/46 ^W	3,168,000	3,027,437
Ser. 12-C6, Class B, 3.93%, 11/15/45	3,538,156	3,528,494
Ser. 13-C8, Class B, 3.641%, 12/15/48 ^W	6,856,000	6,775,442
FRB Ser. 13-C7, Class XA, IO, 1.191%, 2/15/46 ^W	11,524,520	115
FRB Ser. 14-C17, Class XA, IO, 1.027%, 8/15/47 ^W	4,575,270	47,830
FRB Ser. 15-C26, Class XA, IO, 0.977%, 10/15/48 ^W	47,635,493	850,198
FRB Ser. 17-C34, Class XA, IO, 0.774%, 11/15/52 ^W	236,349,559	6,512,376
FRB Ser. 16-C32, Class XA, IO, 0.655%, 12/15/49 ^W	94,871,223	2,004,496
Morgan Stanley Bank of America Merrill Lynch Trust 144A		
FRB Ser. 12-C5, Class E, 4.637%, 8/15/45 ^W	6,424,000	5,933,612
FRB Ser. 13-C9, Class D, 4.104%, 5/15/46 ^W	1,837,000	1,646,414
FRB Ser. 13-C7, Class XB, IO, 0.297%, 2/15/46 ^W	24,165,000	5,389
Morgan Stanley Capital I Trust		
FRB Ser. 18-H4, Class XA, IO, 0.832%, 12/15/51 ^W	61,717,436	2,289,044
FRB Ser. 16-UB12, Class XA, IO, 0.653%, 12/15/49 ^W	26,486,882	552,993
FRB Ser. 18-L1, Class XA, IO, 0.508%, 10/15/51 ^W	78,463,974	1,725,344
ReadyCapital Mortgage Financing, LLC 144A FRB Ser. 21-FL6, Class B, 5.186%, 7/25/36	2,612,000	2,436,778
UBS Commercial Mortgage Trust FRB Ser. 17-C7, Class XA, IO, 1.033%, 12/15/50 ^W	11,563,499	413,202
UBS-Barclays Commercial Mortgage Trust 144A		
FRB Ser. 12-C2, Class D, 4.72%, 5/10/63 ^W	279,000	142,151
FRB Ser. 12-C4, Class C4, 3.718%, 12/10/45 ^W	1,269,163	1,262,817
FRB Ser. 12-C2, Class XA, IO, 0.63%, 5/10/63 ^W	2,147,153	21
VMC Finance, LLC 144A FRB Ser. 21-FL4, Class AS, 4.893%, 6/16/36	4,199,000	4,010,045
Wachovia Bank Commercial Mortgage Trust FRB Ser. 06-C29, IO, 0.166%, 11/15/48 ^W	437,211	112
Wells Fargo Commercial Mortgage Trust		
FRB Ser. 13-LC12, Class C, 4.296%, 7/15/46 ^W	898,000	821,446
FRB Ser. 16-BNK1, Class XA, IO, 1.717%, 8/15/49 ^W	22,188,432	1,072,624
FRB Ser. 19-C50, Class XA, IO, 1.43%, 5/15/52 ^W	33,175,550	2,248,207
FRB Ser. 17-C41, Class XA, IO, 1.156%, 11/15/50 ^W	20,655,514	893,330
FRB Ser. 18-C48, Class XA, IO, 0.947%, 1/15/52 ^W	20,843,217	920,207
FRB Ser. 16-C37, Class XA, IO, 0.806%, 12/15/49 ^W	5,777,899	135,622
FRB Ser. 18-C44, Class XA, IO, 0.725%, 5/15/51 ^W	67,855,205	1,924,441
FRB Ser. 15-LC20, Class XB, IO, 0.477%, 4/15/50 ^W	10,567,000	106,304
Wells Fargo Commercial Mortgage Trust 144A FRB Ser. 13-LC12, Class D, 4.296%, 7/15/46 ^W	763,000	304,652
WF-RBS Commercial Mortgage Trust		
FRB Ser. 14-C19, Class C19, 4.646%, 3/15/47 ^W	1,086,000	987,922
Ser. 13-C18, Class AS, 4.387%, 12/15/46 ^W	601,000	581,257
FRB Ser. 12-C10, Class C, 4.298%, 12/15/45 ^W	267,000	240,559

MORTGAGE-BACKED SECURITIES (18.4%)* cont.	Principal amount	Value
Commercial mortgage-backed securities cont.		
WF-RBS Commercial Mortgage Trust		
Ser. 13-C12, Class B, 3.863%, 3/15/48 ^W	\$4,671,000	\$4,614,751
Ser. 12-C10, Class AS, 3.241%, 12/15/45	2,780,000	2,772,336
FRB Ser. 14-C22, Class XA, IO, 0.789%, 9/15/57 ^W	24,519,585	17,360
FRB Ser. 14-C23, Class XA, IO, 0.555%, 10/15/57 ^W	69,970,175	560,111
WF-RBS Commercial Mortgage Trust 144A		
FRB Ser. 13-UBS1, Class D, 5.024%, 3/15/46 ^W	6,641,000	6,363,196
Ser. 11-C4, Class D, 4.843%, 6/15/44 ^W	2,130,000	1,774,777
Ser. 11-C4, Class E, 4.843%, 6/15/44 ^W	40,000	30,083
		183,247,249
Residential mortgage-backed securities (non-agency) (8.0%)		
Angel Oak Mortgage Trust 144A		
Ser. 20-5, Class A3, 2.041%, 5/25/65 ^W	853,840	768,456
Ser. 21-5, Class A2, 1.208%, 7/25/66 ^W	4,516,375	3,951,828
Angel Oak Mortgage Trust I, LLC 144A Ser. 19-1, Class A3, 4.124%, 11/25/48 ^W		
	37,114	36,844
Arroyo Mortgage Trust 144A		
Ser. 19-1, Class A3, 4.208%, 1/25/49 ^W	693,231	644,362
Ser. 19-3, Class A3, 3.416%, 10/25/48 ^W	183,425	168,246
BankUnited Trust FRB Ser. 05-1, Class 1A1, (ICE LIBOR USD 1 Month + 0.60%), 4.186%, 9/25/45		
	104,668	97,220
Bellemeade Re, Ltd. 144A		
FRB Ser. 17-1, Class M2, (ICE LIBOR USD 1 Month + 3.35%), 6.936%, 10/25/27 (Bermuda)	733,881	732,589
FRB Ser. 21-3A, Class M1B, (US 30 Day Average SOFR + 1.40%), 4.397%, 9/25/31 (Bermuda)	1,139,000	1,062,669
BRAVO Residential Funding Trust 144A		
Ser. 20-NQM1, Class A3, 2.406%, 5/25/60 ^W	301,970	291,254
Ser. 21-B, Class A1, 2.115%, 4/1/69	3,761,148	3,518,065
Ser. 21-C, Class A1, 1.62%, 3/1/61	4,629,788	3,920,486
Bunker Hill Loan Depository Trust 144A Ser. 20-1, Class A2, 2.60%, 2/25/55 ^W		
	3,766,000	3,091,054
Cascade Funding Mortgage Trust 144A Ser. 21-HB6, Class M1, 1.805%, 6/25/36 ^W		
	5,000,000	4,487,623
Cascade Funding Mortgage Trust, LLC 144A		
Ser. 21-HB7, Class M2, 2.679%, 10/27/31 ^W	1,712,000	1,609,809
Ser. 21-HB5, Class M2, 1.847%, 2/25/31 ^W	2,500,000	2,340,893
Citigroup Mortgage Loan Trust, Inc. FRB Ser. 05-2, Class 1A2A, 3.083%, 5/25/35 ^W		
	80,636	77,729
COLT Mortgage Loan Trust 144A Ser. 20-2, Class A1, 1.853%, 3/25/65 ^W		
	97,933	95,348
Countrywide Home Loans Mortgage Pass-Through Trust FRB Ser. 05-3, Class 1A1, (ICE LIBOR USD 1 Month + 0.62%), 4.206%, 4/25/35		
	86,551	74,774
CSMC Trust 144A Ser. 20-RPL5, Class A1, 3.023%, 8/25/60 ^W		
	664,484	623,597
Eagle Re, Ltd. 144A		
FRB Ser. 18-1, Class M2, (ICE LIBOR USD 1 Month + 3.00%), 6.586%, 11/25/28	600,000	596,105
FRB Ser. 18-1, Class M1, (ICE LIBOR USD 1 Month + 1.70%), 5.286%, 11/25/28 (Bermuda)	247,773	243,020

MORTGAGE-BACKED SECURITIES (18.4%)* <i>cont.</i>	Principal amount	Value
Residential mortgage-backed securities (non-agency) <i>cont.</i>		
Federal Home Loan Mortgage Corporation		
Structured Agency Credit Risk Debt FRN Ser. 16-DNA1, Class M3, (ICE LIBOR USD 1 Month + 5.55%), 9.136%, 7/25/28	\$4,237,099	\$4,462,115
Structured Agency Credit Risk Debt FRN Ser. 15-DNA3, Class M3, (ICE LIBOR USD 1 Month + 4.70%), 8.286%, 4/25/28	6,448,763	6,666,409
Federal Home Loan Mortgage Corporation 144A		
Structured Agency Credit Risk Trust FRB Ser. 18-HRP2, Class M3, (ICE LIBOR USD 1 Month + 2.40%), 5.986%, 2/25/47	14,233,810	13,751,942
Structured Agency Credit Risk Debt FRN Ser. 22-HQA2, Class M1A, (US 30 Day Average SOFR + 2.65%), 5.647%, 7/25/42	2,141,683	2,125,620
Structured Agency Credit Risk Trust FRB Ser. 19-DNA3, Class M2, (ICE LIBOR USD 1 Month + 2.05%), 5.636%, 7/25/49	102,529	100,479
Structured Agency Credit Risk Trust REMICs FRB Ser. 22-DNA4, Class M1A, (US 30 Day Average SOFR + 2.20%), 5.197%, 5/25/42	89,203	88,325
Structured Agency Credit Risk Trust REMICs FRB Ser. 21-DNA3, Class M2, (US 30 Day Average SOFR + 2.10%), 5.097%, 10/25/33	750,000	697,431
Structured Agency Credit Risk Trust FRB Ser. 18-HRP2, Class M3AS, (ICE LIBOR USD 1 Month + 1.00%), 4.586%, 2/25/47	6,763,266	6,521,693
Structured Agency Credit Risk Trust REMICs FRB Ser. 22-DNA1, Class M1A, (US 30 Day Average SOFR + 1.00%), 3.997%, 1/25/42	287,371	276,968
Structured Agency Credit Risk Trust REMICs FRB Ser. 21-DNA6, Class M1, (US 30 Day Average SOFR + 0.80%), 3.797%, 10/25/41	1,419,000	1,387,256
Structured Agency Credit Risk Trust REMICs FRB Ser. 21-DNA3, Class M1, (US 30 Day Average SOFR + 0.75%), 3.747%, 10/25/33	2,589,683	2,545,996
Federal National Mortgage Association		
Connecticut Avenue Securities FRB Ser. 16-C01, Class 1M2, (ICE LIBOR USD 1 Month + 6.75%), 10.336%, 8/25/28	3,221	3,400
Connecticut Avenue Securities FRB Ser. 16-C03, Class 2M2, (ICE LIBOR USD 1 Month + 5.90%), 9.486%, 10/25/28	158,561	165,300
Connecticut Avenue Securities FRB Ser. 15-C04, Class 1M2, (ICE LIBOR USD 1 Month + 5.70%), 9.286%, 4/25/28	4,680,742	4,930,903
Connecticut Avenue Securities FRB Ser. 16-C03, Class 1M2, (ICE LIBOR USD 1 Month + 5.30%), 8.886%, 10/25/28	643,125	663,223
Connecticut Avenue Securities FRB Ser. 13-C01, Class M2, (ICE LIBOR USD 1 Month + 5.25%), 8.836%, 10/25/23	1,180,919	1,204,906
Connecticut Avenue Securities FRB Ser. 14-C04, Class 2M2, (ICE LIBOR USD 1 Month + 5.00%), 8.586%, 11/25/24	298,333	301,738
Connecticut Avenue Securities FRB Ser. 14-C04, Class 1M2, (ICE LIBOR USD 1 Month + 4.90%), 8.486%, 11/25/24	755,776	785,261
Connecticut Avenue Securities FRB Ser. 14-C03, Class 1M2, (ICE LIBOR USD 1 Month + 3.00%), 6.586%, 7/25/24	16,616	16,694
Connecticut Avenue Securities FRB Ser. 14-C03, Class 2M2, (ICE LIBOR USD 1 Month + 2.90%), 6.486%, 7/25/24	571,915	572,630
Connecticut Avenue Securities FRB Ser. 14-C02, Class 1M2, (ICE LIBOR USD 1 Month + 2.60%), 6.186%, 5/25/24	920,565	919,989
Connecticut Avenue Securities FRB Ser. 14-C02, Class 2M2, (ICE LIBOR USD 1 Month + 2.60%), 6.186%, 5/25/24	963,182	963,784
Connecticut Avenue Securities FRB Ser. 17-C02, Class 2ED3, (ICE LIBOR USD 1 Month + 1.35%), 4.936%, 9/25/29	3,169,822	3,127,546
Connecticut Avenue Securities FRB Ser. 18-C05, Class 1ED1, (ICE LIBOR USD 1 Month + 0.65%), 4.236%, 1/25/31	694,546	680,311
Connecticut Avenue Securities FRB Ser. 17-C04, Class 2ED1, (ICE LIBOR USD 1 Month + 0.60%), 4.186%, 11/25/29	575,737	561,949

MORTGAGE-BACKED SECURITIES (18.4%)* cont.	Principal amount	Value
Residential mortgage-backed securities (non-agency) cont.		
Federal National Mortgage Association 144A		
Connecticut Avenue Securities Trust FRB Ser. 19-R01, Class 2M2, (ICE LIBOR USD 1 Month + 2.45%), 6.036%, 7/25/31	\$102,339	\$101,908
Connecticut Avenue Securities Trust FRB Ser. 19-HRP1, Class M2, (ICE LIBOR USD 1 Month + 2.15%), 5.736%, 11/25/39	436,583	415,964
Connecticut Avenue Securities Trust FRB Ser. 19-R07, Class 1M2, (ICE LIBOR USD 1 Month + 2.10%), 5.686%, 10/25/39	160,253	159,302
Connecticut Avenue Securities Trust FRB Ser. 22-R09, Class 2M1, (US 30 Day Average SOFR + 2.50%), 5.525%, 9/25/42	3,552,662	3,529,532
Connecticut Avenue Securities Trust FRB Ser. 22-R04, Class 1M1, (US 30 Day Average SOFR + 2.00%), 4.997%, 3/25/42	1,703,532	1,669,462
Connecticut Avenue Securities Trust FRB Ser. 22-R01, Class 1M1, (US 30 Day Average SOFR + 1.00%), 3.997%, 12/25/41	2,715,457	2,632,297
Connecticut Avenue Securities Trust FRB Ser. 21-R03, Class 1M1, (US 30 Day Average SOFR + 0.85%), 3.847%, 12/25/41	30,957	30,183
First Franklin Mortgage Loan Trust FRB Ser. 06-FF15, Class A5, (ICE LIBOR USD 1 Month + 0.16%), 3.746%, 11/25/36	584,470	568,226
FWD Securitization Trust 144A Ser. 19-INV1, Class A3, 3.11%, 6/25/49 ^W	916,772	831,679
Galton Funding Mortgage Trust 144A FRB Ser. 20-H1, Class A3, 2.617%, 1/25/60 ^W	2,051,609	1,812,583
GCAT Trust 144A Ser. 20-NQM2, Class A3, 2.935%, 4/25/65	1,271,618	1,127,698
GS Mortgage-Backed Securities Trust 144A Ser. 20-NQM1, Class A3, 2.352%, 9/27/60 ^W	490,747	471,389
GSAA Home Equity Trust FRB Ser. 06-8, Class 2A2, (ICE LIBOR USD 1 Month + 0.36%), 3.946%, 5/25/36	464,583	117,995
Home Re, Ltd. 144A FRB Ser. 21-1, Class M1B, (ICE LIBOR USD 1 Month + 1.55%), 5.136%, 7/25/33 (Bermuda)	4,866,889	4,816,141
Homeward Opportunities Fund I Trust 144A Ser. 20-2, Class A1, 1.657%, 5/25/65 ^W	62,802	61,569
Imperial Fund Mortgage Trust 144A Ser. 21-NQM1, Class A3, 1.617%, 6/25/56 ^W	2,086,638	1,816,798
Legacy Mortgage Asset Trust 144A		
FRB Ser. 19-GS7, Class A1, 6.25%, 11/25/59	3,551,743	3,548,782
Ser. 21-GS1, Class A1, 1.892%, 10/25/66	4,051,050	3,763,003
Ser. 21-GS3, Class A1, 1.75%, 7/25/61	2,001,749	1,813,979
Ser. 21-GS4, Class A1, 1.65%, 11/25/60	3,277,600	2,947,549
LHOME Mortgage Trust 144A Ser. 21-RTL2, Class A1, 2.09%, 6/25/26	6,536,000	6,127,631
MFRA Trust 144A Ser. 20-NQM1, Class A3, 2.30%, 8/25/49 ^W	919,266	873,320
Morgan Stanley Resecuritization Trust 144A Ser. 15-R4, Class CB1, 3.196%, 8/26/47 ^W	1,022,426	989,670
New Residential Mortgage Loan Trust 144A		
FRB Ser. 18-4A, Class A1M, (ICE LIBOR USD 1 Month + 0.90%), 4.486%, 1/25/48	229,386	222,984
Ser. 19-NQM4, Class A3, 2.797%, 9/25/59 ^W	2,010,869	1,797,315
Ser. 19-NQM4, Class A2, 2.644%, 9/25/59 ^W	789,601	702,666
New York Mortgage Trust 144A Ser. 21-BPL1, Class A1, 2.239%, 5/25/26	1,500,000	1,404,868
Oaktown Re II, Ltd. 144A FRB Ser. 18-1A, Class M1, (ICE LIBOR USD 1 Month + 1.55%), 5.136%, 7/25/28 (Bermuda)	164,210	163,634

MORTGAGE-BACKED SECURITIES (18.4%)* <i>cont.</i>	Principal amount	Value
Residential mortgage-backed securities (non-agency) <i>cont.</i>		
Onslow Bay Financial, LLC Trust 144A Ser. 18-EXP1, Class 1A3, 4.00%, 4/25/48 ^W	\$201,764	\$186,729
Park Place Securities, Inc. Asset-Backed Pass-Through Certificates FRB Ser. 04-WCW2, Class M3, (ICE LIBOR USD 1 Month + 1.05%), 4.636%, 10/25/34	131,863	127,523
Radnor Re, Ltd. 144A		
FRB Ser. 19-1, Class M2, (ICE LIBOR USD 1 Month + 3.20%), 6.786%, 2/25/29 (Bermuda)	1,570,000	1,487,007
FRB Ser. 19-2, Class M1B, (ICE LIBOR USD 1 Month + 1.75%), 5.336%, 6/25/29 (Bermuda)	674,853	673,257
Residential Mortgage Loan Trust 144A		
Ser. 19-3, Class A2, 2.941%, 9/25/59 ^W	200,551	193,798
Ser. 21-1R, Class A1, 0.859%, 1/25/65 ^W	251,062	230,456
ROC Mortgage Trust 144A Ser. 21-RTL1, Class A1, 2.487%, 8/25/26 ^W	2,039,000	1,926,855
Starwood Mortgage Residential Trust 144A Ser. 19-INV1, Class A2, 2.865%, 9/27/49 ^W	1,698,099	1,682,613
Structured Asset Mortgage Investments II Trust FRB Ser. 07-AR7, Class 1A1, (ICE LIBOR USD 1 Month + 0.85%), 4.436%, 5/25/47	400,907	315,345
Toorak Mortgage Corp., Ltd. 144A		
Ser. 20-1, Class A1, 2.734%, 3/25/23 ^W	3,274,386	3,230,240
Ser. 21-1, Class A1, 2.24%, 6/25/24	1,850,000	1,762,258
Triangle Re, Ltd. 144A FRB Ser. 21-2, Class M1A, (ICE LIBOR USD 1 Month + 2.05%), 5.636%, 10/25/33 (Bermuda)	758,593	746,403
VCAT Asset Securitization, LLC 144A Ser. 21-NPL1, Class A1, 2.289%, 12/26/50	459,158	437,947
Verus Securitization Trust 144A Ser. 19-INV3, Class A3, 3.10%, 11/25/59 ^W	1,146,327	1,081,446
		140,553,843
Total mortgage-backed securities (cost \$350,715,240)		\$323,900,588

COLLATERALIZED LOAN OBLIGATIONS (2.8%)*	Principal amount	Value
AB BSL CLO 2, Ltd. 144A FRB Ser. 21-2A, Class A, (ICE LIBOR USD 3 Month + 1.10%), 5.179%, 4/15/34 (Cayman Islands)	\$2,517,000	\$2,407,440
AGL CLO 6, Ltd. 144A FRB Ser. 21-6A, Class AR, (ICE LIBOR USD 3 Month + 1.20%), 5.443%, 7/20/34 (Cayman Islands)	1,948,000	1,875,534
AIG CLO, Ltd. 144A FRB Ser. 21-1A, Class A, (ICE LIBOR USD 3 Month + 1.10%), 5.425%, 4/22/34	2,049,000	1,960,541
Black Diamond CLO, Ltd. 144A FRB Ser. 21-1A, Class A1A, (ICE LIBOR USD 3 Month + 1.25%), 5.575%, 11/22/34 (Cayman Islands)	2,854,000	2,719,794
BlueMountain CLO XXXII, Ltd. 144A FRB Ser. 21-32A, Class A, (ICE LIBOR USD 3 Month + 1.17%), 5.249%, 10/15/34 (Cayman Islands)	2,091,000	1,999,962
Carlyle Global Market Strategies CLO, Ltd. 144A FRB Ser. 18-1A, Class A1R2, (ICE LIBOR USD 3 Month + 0.97%), 5.049%, 4/17/31 (Cayman Islands)	3,489,391	3,394,340
CarVal CLO II, Ltd. 144A FRB Ser. 21-1A, Class ANR, (ICE LIBOR USD 3 Month + 1.11%), 5.353%, 4/20/32 (Cayman Islands)	3,000,000	2,911,746
Cent CLO 21, Ltd. 144A FRB Ser. 21-21A, Class A1R3, (ICE LIBOR USD 3 Month + 0.97%), 5.328%, 7/27/30 (Cayman Islands)	2,944,033	2,880,563
Columbia Cent CLO 29, Ltd. 144A FRB Ser. 21-29A, Class AR, (ICE LIBOR USD 3 Month + 1.17%), 5.413%, 10/20/34	1,463,000	1,388,072

COLLATERALIZED LOAN OBLIGATIONS (2.8%)* <i>cont.</i>	Principal amount	Value
HalseyPoint CLO I, Ltd. 144A FRB Ser. 19-1A, Class A1A1, (ICE LIBOR USD 3 Month + 1.35%), 5.593%, 1/20/33 (Cayman Islands)	\$2,028,000	\$1,969,549
LCM XXI LP 144A FRB Ser. 21A, Class AR, (ICE LIBOR USD 3 Month + 0.88%), 5.123%, 4/20/28 (Cayman Islands)	1,415,273	1,400,003
Madison Park Funding XIV, Ltd. 144A FRB Ser. 18-14A, Class A2RR, (ICE LIBOR USD 3 Month + 1.40%), 5.725%, 10/22/30 (Cayman Islands)	2,250,000	2,154,647
Nassau, Ltd. 144A FRB Ser. 21-1A, Class A1R, (ICE LIBOR USD 3 Month + 1.29%), 5.369%, 1/15/35 (Cayman Islands)	1,655,000	1,577,942
Octagon Investment Partners 29, Ltd. 144A FRB Ser. 20-1A, Class AR, (ICE LIBOR USD 3 Month + 1.18%), 5.505%, 1/24/33 (Cayman Islands)	3,382,000	3,266,285
Octagon Investment Partners 44, Ltd. 144A FRB Ser. 21-1A, Class AR, (ICE LIBOR USD 3 Month + 1.18%), 5.259%, 10/15/34 (Cayman Islands)	1,265,000	1,209,482
Octagon Investment Partners 48, Ltd. 144A FRB Ser. 21-3A, Class AR, (ICE LIBOR USD 3 Month + 1.15%), 5.393%, 10/20/34 (Cayman Islands)	3,107,000	2,964,516
Palmer Square CLO, Ltd. 144A FRB Ser. 21-2A, Class A, (ICE LIBOR USD 3 Month + 1.15%), 5.229%, 7/15/34 (Cayman Islands)	2,223,000	2,126,958
RR, 14, Ltd. 144A FRB Ser. 21-14A, Class A1, (ICE LIBOR USD 3 Month + 1.12%), 5.199%, 4/15/36 (Cayman Islands)	1,674,000	1,601,651
Saranac CLO VII, Ltd. 144A FRB Ser. 17-2A, Class BR, (ICE LIBOR USD 3 Month + 1.75%), 4.734%, 11/20/29 (Jersey)	1,000,000	953,249
Shackleton CLO, Ltd. 144A FRB Ser. 18-4RA, Class A1A, (ICE LIBOR USD 3 Month + 1.00%), 4.941%, 4/13/31 (Cayman Islands)	1,500,000	1,460,988
Sound Point CLO XIV, Ltd. 144A FRB Ser. 21-3A, Class AR2, (ICE LIBOR USD 3 Month + 0.99%), 5.315%, 1/23/29 (Cayman Islands)	1,194,896	1,177,108
Sound Point CLO XVIII, Ltd. 144A FRB Ser. 18-4A, Class A1, (ICE LIBOR USD 3 Month + 1.12%), 5.363%, 1/21/31 (Cayman Islands)	1,500,000	1,455,341
Sound Point CLO XXIII, Ltd. 144A FRB Ser. 21-2A, Class AR, (ICE LIBOR USD 3 Month + 1.17%), 5.249%, 7/15/34 (Cayman Islands)	3,695,000	3,512,995
Total collateralized loan obligations (cost \$49,769,987)		\$48,368,706

ASSET-BACKED SECURITIES (1.6%)*	Principal amount	Value
1Sharpe Mortgage Trust 144A FRB Ser. 20-1, Class NOTE, (ICE LIBOR USD 3 Month + 2.90%), 3.025%, 7/25/24	\$4,008,352	\$3,998,331
Mortgage Repurchase Agreement Financing Trust II 144A FRN Ser. 22-S1, Class A1, (US 30 Day Average SOFR + 2.00%), 4.637%, 3/30/25	1,800,000	1,800,000
MRA Issuance Trust 144A FRB Ser. 22-2, Class A3, (US SOFR + 1.25%), 4.21%, 1/17/23	5,986,000	5,986,000
NewRez Warehouse Securitization Trust 144A FRB Ser. 21-1, Class A, (ICE LIBOR USD 1 Month + 0.75%), 4.336%, 5/25/55	5,328,000	5,056,799
Prodigy Finance Designated Activity Co. 144A FRB Ser. 21-1A, Class A, (ICE LIBOR USD 1 Month + 1.25%), 4.836%, 7/25/51 (Ireland)	754,571	728,238

ASSET-BACKED SECURITIES (1.6%)* cont.	Principal amount	Value
Station Place Securitization Trust 144A FRB Ser. 22-3, Class A1, (CME Term SOFR 1 Month + 1.25%), 4.828%, 5/29/23	\$7,541,000	\$7,541,000
FRB Ser. 21-14, Class A1, (ICE LIBOR USD 1 Month + 0.70%), 4.272%, 12/8/22	3,500,000	3,500,000
Towd Point Asset Trust 144A FRB Ser. 18-SL1, Class A, (ICE LIBOR USD 1 Month + 0.60%), 4.186%, 1/25/46	130,102	129,757
Total asset-backed securities (cost \$29,023,312)		\$28,740,125

U.S. TREASURY OBLIGATIONS (—%)*	Principal amount	Value
U.S. Treasury Bonds 2.50%, 5/15/46 ⁱ	\$130,000	\$94,221
Total U.S. treasury obligations (cost \$94,221)		\$94,221

SHORT-TERM INVESTMENTS (15.7%)*	Principal amount/ shares	Value
Alexandria Real Estate Equities, Inc. commercial paper 3.555%, 11/2/22	\$7,625,000	\$7,623,611
Alimentation Couche-Tard, Inc. commercial paper 4.120%, 11/17/22 (Canada)	5,000,000	4,990,674
Amcor Flexibles North America, Inc. commercial paper 4.314%, 11/23/22	5,000,000	4,987,382
Amcor Flexibles North America, Inc. commercial paper 3.661%, 11/3/22	1,825,000	1,824,458
Arrow Electronics, Inc. commercial paper 3.752%, 11/2/22	4,500,000	4,499,036
Autonation, Inc. commercial paper 3.650%, 11/1/22	9,750,000	9,749,007
Aviation Capital Group, LLC commercial paper 3.850%, 11/1/22	4,500,000	4,499,599
Bell Canada commercial paper 3.511%, 11/3/22 (Canada)	5,000,000	4,998,620
Church & Dwight Co., Inc. commercial paper 3.718%, 11/22/22	2,500,000	2,494,005
CRC Funding, LLC asset backed commercial paper 3.135%, 12/12/22	5,000,000	4,977,402
Enbridge US, Inc. commercial paper 1.061%, 1/19/23	4,000,000	3,959,227
Energy Transfer LP commercial paper 3.700%, 11/1/22	10,000,000	9,998,977
Fidelity National Information Services, Inc. commercial paper 3.753%, 11/2/22	5,000,000	4,999,032
Fiserv, Inc. commercial paper 4.234%, 11/23/22	5,000,000	4,987,382
FMC Corp. commercial paper 3.550%, 11/1/22	7,500,000	7,499,236
Healthpeak Properties, Inc. commercial paper 3.708%, 11/8/22	5,000,000	4,995,766
Humana, Inc. commercial paper 4.311%, 11/16/22	5,000,000	4,991,316
Humana, Inc. commercial paper 3.708%, 11/3/22	5,000,000	4,998,520
Mercedes-Benz Finance North America, LLC commercial paper 4.092%, 11/22/22	5,000,000	4,987,983
Nutrien, Ltd. commercial paper 3.718%, 11/7/22 (Canada)	5,000,000	4,996,296
ONEOK, Inc. commercial paper 4.431%, 11/16/22	2,500,000	2,495,500
Plains All American Pipeline LP commercial paper 3.700%, 11/1/22	7,500,000	7,499,299
PPG Industries, Inc. commercial paper 3.728%, 11/7/22	5,000,000	4,996,335
Putnam Short Term Investment Fund Class P 3.21% ^L	Shares 98,133,483	98,133,483
Romulus Funding Corp. asset backed commercial paper 3.330%, 11/1/22	\$4,000,000	3,999,611
S&P Global, Inc. commercial paper 3.723%, 11/2/22	5,000,000	4,999,029

SHORT-TERM INVESTMENTS (15.7%)* cont.	Principal amount/ shares		Value
State Street Institutional U.S. Government Money Market Fund, Premier Class 3.01% ^P	Shares	360,000	\$360,000
Suncor Energy, Inc. commercial paper 4.039%, 11/8/22 (Canada)		\$2,500,000	2,497,899
Suncor Energy, Inc. commercial paper 4.004%, 11/3/22 (Canada)		1,070,000	1,069,688
Targa Resources Corp. commercial paper 3.800%, 11/1/22		4,950,000	4,949,578
Toronto-Dominion Bank (The) commercial paper 3.702%, 7/3/23 (Canada)		5,000,000	4,824,689
TransCanada PipeLines, Ltd. commercial paper 3.660%, 11/3/22 (Canada)		2,500,000	2,499,271
U.S. Treasury Bills 3.578%, 12/13/22		1,700,000	1,693,024
U.S. Treasury Bills 2.925%, 11/15/22 ^Δ [§]		2,700,000	2,696,850
U.S. Treasury Bills 2.827%, 11/25/22 [§]		200,000	199,564
U.S. Treasury Bills 2.795%, 11/8/22 [§]		1,400,000	1,399,274
U.S. Treasury Bills 2.703%, 11/1/22 ^Δ [§]		2,000,000	2,000,000
UDR, Inc. commercial paper 4.213%, 11/21/22		1,747,000	1,743,003
Vulcan Materials Co. commercial paper 4.007%, 11/9/22		5,000,000	4,995,073
Waste Management, Inc. commercial paper 4.056%, 11/8/22		5,000,000	4,995,800
Welltower OP, LLC commercial paper 3.803%, 11/3/22		5,000,000	4,998,525
Westpac Banking Corp. commercial paper 4.690%, 9/13/23 (Australia)		6,125,000	5,847,509
Total short-term investments (cost \$276,089,011)			\$275,950,533

TOTAL INVESTMENTS	
Total investments (cost \$1,895,032,547)	\$1,753,809,285

Key to holding's abbreviations

BKNT	Bank Note
bp	Basis Points
DAC	Designated Activity Company
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.
GMTN	Global Medium Term Notes
IFB	Inverse Floating Rate Bonds, which are securities that pay interest rates that vary inversely to changes in the market interest rates. As interest rates rise, inverse floaters produce less current income. The rate shown is the current interest rate at the close of the reporting period. Rates may be subject to a cap or floor.
IO	Interest Only
LIBOR	London Interbank Offered Rate
MTN	Medium Term Notes
OTC	Over-the-counter
SOFR	Secured Overnight Financing Rate

Notes to the fund's portfolio

Unless noted otherwise, the notes to the fund's portfolio are for the close of the fund's reporting period, which ran from November 1, 2021 through October 31, 2022 (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 \$1,756,894,516.
- Δ This security, in part or in entirety, was pledged and segregated with the custodian for collateral on certain derivative contracts at the close of the reporting period. Collateral at period end totaled \$405,632 and is included in Investments in securities on the Statement of assets and liabilities (Notes 1 and 8).
- § This security, in part or in entirety, was pledged and segregated with the custodian for collateral on the initial margin on certain centrally cleared derivative contracts at the close of the reporting period. Collateral at period end totaled \$5,469,696 and is included in Investments in securities on the Statement of assets and liabilities (Notes 1 and 8).
- i This security was pledged, or purchased with cash that was pledged, to the fund for collateral on certain derivative contracts (Note 1).
- L Affiliated company (Note 5). The rate quoted in the security description is the annualized 7-day yield of the fund at the close of the reporting period.
- P This security was pledged, or purchased with cash that was pledged, to the fund for collateral on certain derivative contracts. The rate quoted in the security description is the annualized 7-day yield of the fund at the close of the reporting period.
- R Real Estate Investment Trust.
- W The rate shown represents the weighted average coupon associated with the underlying mortgage pools. Rates may be subject to a cap or floor.

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

Debt obligations are considered secured unless otherwise indicated.

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.

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

CENTRALLY CLEARED INTEREST RATE SWAP CONTRACTS OUTSTANDING at 10/31/22

Notional amount	Value	Upfront premium received (paid)	Termination date	Payments made by fund	Payments received by fund	Unrealized appreciation/ (depreciation)
\$833,290,000	\$5,733,035 ^E	\$923,226	12/21/24	US SOFR — Annually	4.20% — Annually	\$(4,809,809)
334,938,000	3,071,381 ^E	707,756	12/21/27	3.80% — Annually	US SOFR — Annually	3,779,137
Total		\$1,630,982				\$(1,030,672)

^E Extended effective date.

OTC CREDIT DEFAULT CONTRACTS OUTSTANDING — PROTECTION SOLD at 10/31/22

Swap counterparty/ Referenced debt [*]	Rating ^{***}	Upfront premium received (paid) ^{**}	Notional amount	Value	Termi- nation date	Payments received by fund	Unrealized appreciation/ (depreciation)
Bank of America N.A.							
CMBXNA BBB-.6 Index	B+/P	\$2,939	\$30,101	\$6,833	5/11/63	300 bp — Monthly	\$(3,876)
CMBXNA BBB-.6 Index	B+/P	5,604	65,101	14,778	5/11/63	300 bp — Monthly	(9,135)
CMBXNA BBB-.6 Index	B+/P	11,483	130,202	29,556	5/11/63	300 bp — Monthly	(17,997)
CMBXNA BBB-.6 Index	B+/P	10,944	134,402	30,509	5/11/63	300 bp — Monthly	(19,487)
Citigroup Global Markets, Inc.							
CMBXNA BB.6 Index	B-/P	16,784	84,240	32,171	5/11/63	500 bp — Monthly	(15,306)
CMBXNA BB.7 Index	B-/P	1,123	22,000	7,315	1/17/47	500 bp — Monthly	(6,171)
Credit Suisse International							
CMBXNA BBB-.7 Index	BB-/P	38,436	520,000	108,212	1/17/47	300 bp — Monthly	(69,473)
Goldman Sachs International							
CMBXNAA.7 Index	BBB+/P	1,714	34,000	1,921	1/17/47	200 bp — Monthly	(194)
JPMorgan Securities LLC							
CMBXNA BB.6 Index	B-/P	22,651	31,680	12,099	5/11/63	500 bp — Monthly	10,583
CMBXNA BB.7 Index	B-/P	627,248	1,281,000	425,933	1/17/47	500 bp — Monthly	202,561
Merrill Lynch International							
CMBXNA BBB-.6 Index	B+/P	269	700	159	5/11/63	300 bp — Monthly	111
Morgan Stanley & Co. International PLC							
CMBXNAA.7 Index	BBB+/P	(6)	6,000	339	1/17/47	200 bp — Monthly	(342)
CMBXNA BB.6 Index	B-/P	9,332	27,360	10,449	5/11/63	500 bp — Monthly	(1,090)
CMBXNA BB.6 Index	B-/P	18,481	54,000	20,623	5/11/63	500 bp — Monthly	(2,089)
Upfront premium received		767,008					213,255
Upfront premium (paid)		(6)					(145,160)
Total		\$767,002	Total				\$68,095

^{*} Payments related to the referenced debt are made upon a credit default event.

^{**} Upfront premium is based on the difference between the original spread on issue and the market spread on day of execution.

^{***} Ratings for an underlying index represent the average of the ratings of all the securities included in that index. The Moody's, Standard & Poor's or Fitch ratings are believed to be the most recent ratings available at October 31, 2022. Securities rated by Putnam are indicated by "/P." The Putnam rating categories are comparable to the Standard & Poor's classifications.

OTC CREDIT DEFAULT CONTRACTS OUTSTANDING — PROTECTION PURCHASED at 10/31/22

Swap counterparty/ Referenced debt [†]	Upfront premium received (paid)**	Notional amount	Value	Termi- nation date	Payments (paid) by fund	Unrealized appreciation/ (depreciation)
Citigroup Global Markets, Inc.						
CMBX NAA.7 Index	\$(297)	\$40,000	\$2,260	1/17/47	(200 bp) — Monthly	\$1,948
CMBX NA BBB-.6 Index	(9,679)	106,402	24,153	5/11/63	(300 bp) — Monthly	14,412
Credit Suisse International						
CMBX NA BB.7 Index	(52,019)	282,000	93,765	1/17/47	(500 bp) — Monthly	41,472
CMBX NA BB.7 Index	(42,273)	257,000	85,453	1/17/47	(500 bp) — Monthly	42,930
CMBX NA BB.7 Index	(3,989)	162,720	62,143	5/11/63	(500 bp) — Monthly	57,996
CMBX NA BBB-.6 Index	(42,991)	254,104	57,682	5/11/63	(300 bp) — Monthly	14,542
Goldman Sachs International						
CMBX NA BB.6 Index	(4,910)	34,560	13,198	5/11/63	(500 bp) — Monthly	8,255
CMBX NA BB.7 Index	(15,401)	94,000	31,255	1/17/47	(500 bp) — Monthly	15,762
CMBX NA BB.7 Index	(5,685)	28,000	9,310	1/17/47	(500 bp) — Monthly	3,597
CMBX NA BB.7 Index	(4,086)	27,000	8,978	1/17/47	(500 bp) — Monthly	4,865
CMBX NA BBB-.7 Index	(8,458)	104,000	21,642	1/17/47	(300 bp) — Monthly	13,124
CMBX NA BBB-.7 Index	(135)	2,000	416	1/17/47	(300 bp) — Monthly	280
CMBX NA BBB-.7 Index	(69)	1,000	208	1/17/47	(300 bp) — Monthly	139
CMBX NA BBB-.7 Index	(68)	1,000	208	1/17/47	(300 bp) — Monthly	140
JPMorgan Securities LLC						
CMBX NA BBB-.7 Index	(96,488)	411,000	85,529	1/17/47	(300 bp) — Monthly	(11,198)
Merrill Lynch International						
CMBX NA BB.7 Index	(58,463)	337,000	112,053	1/17/47	(500 bp) — Monthly	53,259
CMBX NA BBB-.7 Index	(82)	1,000	208	1/17/47	(300 bp) — Monthly	126
Morgan Stanley & Co. International PLC						
CMBX NA BB.7 Index	(24,622)	122,000	40,565	1/17/47	(500 bp) — Monthly	15,824
CMBX NA BB.7 Index	(15,619)	81,000	26,933	1/17/47	(500 bp) — Monthly	11,235

OTC CREDIT DEFAULT CONTRACTS OUTSTANDING — PROTECTION PURCHASED at 10/31/22 cont.

Swap counterparty/ Referenced debt [*]	Upfront premium received (paid)**	Notional amount	Value	Termi- nation date	Payments (paid) by fund	Unrealized appreciation/ (depreciation)
Morgan Stanley & Co. International PLC cont.						
CMBX NAB B.7 Index	\$(15,083)	\$75,000	\$24,938	1/17/47	(500 bp) — Monthly	\$9,782
Upfront premium received	—	Unrealized appreciation				309,688
Upfront premium (paid)	(400,417)	Unrealized (depreciation)				(11,198)
Total	\$(400,417)	Total				\$298,490

^{*} Payments related to the referenced debt are made upon a credit default event.

^{**} Upfront premium is based on the difference between the original spread on issue and the market spread on day of execution.

ASC 820 establishes a three-level hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of the fund's investments. The three levels are defined as follows:

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

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

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

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

	Valuation inputs		
Investments in securities:	Level 1	Level 2	Level 3
Asset-backed securities	\$—	\$28,740,125	\$—
Collateralized loan obligations	—	48,368,706	—
Corporate bonds and notes	—	1,076,755,112	—
Mortgage-backed securities	—	323,900,588	—
U.S. treasury obligations	—	94,221	—
Short-term investments	360,000	275,590,533	—
Totals by level	\$360,000	\$1,753,449,285	\$—
	Valuation inputs		
Other financial instruments:	Level 1	Level 2	Level 3
Interest rate swap contracts	\$—	\$(2,661,654)	\$—
Credit default contracts	—	—	—
Totals by level	\$—	\$(2,661,654)	\$—

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

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

Statement of assets and liabilities 10/31/22

ASSETS

Investment in securities, at value (Notes 1 and 8):	
Unaffiliated issuers (identified cost \$1,796,899,064)	\$1,655,675,802
Affiliated issuers (identified cost \$98,133,483) (Note 5)	98,133,483
Cash	19,630
Interest and other receivables	10,380,824
Receivable for shares of the fund sold	2,744,244
Receivable for investments sold	6,893,885
Receivable for variation margin on centrally cleared swap contracts (Note 1)	981,670
Unrealized appreciation on OTC swap contracts (Note 1)	522,943
Premium paid on OTC swap contracts (Note 1)	400,423
Total assets	1,775,752,904

LIABILITIES

Payable for investments purchased	10,816,018
Payable for shares of the fund repurchased	3,780,649
Payable for compensation of Manager (Note 2)	1,308,473
Payable for Trustee compensation and expenses (Note 2)	47,648
Payable for distribution fees (Note 2)	178,325
Payable for variation margin on centrally cleared swap contracts (Note 1)	1,263,041
Distributions payable to shareholders	71,063
Unrealized depreciation on OTC swap contracts (Note 1)	156,358
Premium received on OTC swap contracts (Note 1)	767,008
Collateral on certain derivative contracts, at value (Notes 1 and 8)	454,221
Other accrued expenses	15,584
Total liabilities	18,858,388
Net assets	\$1,756,894,516

REPRESENTED BY

Paid-in capital (Unlimited shares authorized) (Notes 1 and 4)	\$1,922,041,780
Total distributable earnings (Note 1)	(165,147,264)
Total — Representing net assets applicable to capital shares outstanding	\$1,756,894,516

(Continued on next page)

Statement of assets and liabilities *cont.*

COMPUTATION OF NET ASSET VALUE AND OFFERING PRICE

Net asset value and redemption price per class A share (\$729,335,545 divided by 77,402,618 shares)	\$9.42
Offering price per class A share (100/97.75 of \$9.42)*	\$9.64
Net asset value and offering price per class B share (\$388,997 divided by 41,339 shares)**	\$9.41
Net asset value and offering price per class C share (\$20,267,397 divided by 2,156,612 shares)**	\$9.40
Net asset value, offering price and redemption price per class R share (\$864,478 divided by 91,277 shares)	\$9.47
Net asset value, offering price and redemption price per class R6 share (\$5,402,722 divided by 571,052 shares)	\$9.46
Net asset value, offering price and redemption price per class Y share (\$1,000,635,377 divided by 106,028,434 shares)	\$9.44

*On single retail sales of less than \$100,000. On sales of \$100,000 or more the offering price is reduced.

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

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

Statement of operations Year ended 10/31/22

INVESTMENT INCOME

Interest (including interest income of \$660,310 from investments in affiliated issuers) (Note 5)	\$48,444,921
Total investment income	48,444,921

EXPENSES

Compensation of Manager (Note 2)	7,627,121
Distribution fees (Note 2)	2,896,610
Other	18,459
Total expenses	10,542,190
Expense reduction (Note 2)	(5,450)
Net expenses	10,536,740
Net investment income	37,908,181

REALIZED AND UNREALIZED GAIN (LOSS)

Net realized loss on:

Securities from unaffiliated issuers (Notes 1 and 3)	(16,535,095)
Swap contracts (Note 1)	(7,389,319)
Total net realized loss	(23,924,414)

Change in net unrealized appreciation (depreciation) on:

Securities from unaffiliated issuers	(136,853,482)
Swap contracts	2,288,689
Total change in net unrealized depreciation	(134,564,793)
Net loss on investments	(158,489,207)
Net decrease in net assets resulting from operations	\$(120,581,026)

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

Statement of changes in net assets

INCREASE (DECREASE) IN NET ASSETS	Year ended 10/31/22	Year ended 10/31/21
Operations		
Net investment income	\$37,908,181	\$35,732,283
Net realized gain (loss) on investments	(23,924,414)	11,947,979
Change in net unrealized depreciation of investments	(134,564,793)	(19,947,165)
Net increase (decrease) in net assets resulting from operations	(120,581,026)	27,733,097
Distributions to shareholders (Note 1):		
From ordinary income		
Net investment income		
Class A	(17,117,946)	(20,729,403)
Class B	(7,527)	(14,433)
Class C	(227,584)	(246,069)
Class R	(13,572)	(16,420)
Class R6	(112,354)	(147,226)
Class Y	(18,756,024)	(15,516,480)
Net realized short-term gain on investments		
Class A	(518,878)	—
Class B	(259)	—
Class C	(11,751)	—
Class R	(462)	—
Class R6	(2,478)	—
Class Y	(432,008)	—
From net realized long-term gain on investments		
Class A	(1,037,757)	—
Class B	(518)	—
Class C	(23,502)	—
Class R	(923)	—
Class R6	(4,956)	—
Class Y	(864,016)	—
Increase (decrease) from capital share transactions (Note 4)	(583,127,361)	489,451,342
Total increase (decrease) in net assets	(742,840,902)	480,514,408
NET ASSETS		
Beginning of year	2,499,735,418	2,019,221,010
End of year	\$1,756,894,516	\$2,499,735,418

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

Financial highlights

(For a common share outstanding throughout the period)

Period ended	INVESTMENT OPERATIONS				LESS DISTRIBUTIONS	
	Net asset value, beginning of period	Net investment income (loss)	Net realized and unrealized gain (loss) on investments	Total from investment operations	From net investment income	From net realized gain on investments
Class A						
October 31, 2022	\$10.18	.17	(.76)	(.59)	(.16)	(.01)
October 31, 2021	10.21	.16	(.03)	.13	(.16)	—
October 31, 2020	10.15	.20	.06	.26	(.20)	—
October 31, 2019	10.01	.28 ^c	.19	.47	(.32)	—
October 31, 2018	10.15	.27 ^c	(.09)	.18	(.32)	—
Class B						
October 31, 2022	\$10.17	.15	(.76)	(.61)	(.14)	(.01)
October 31, 2021	10.20	.14	(.03)	.11	(.14)	—
October 31, 2020	10.14	.18	.06	.24	(.18)	—
October 31, 2019	10.00	.26 ^c	.19	.45	(.30)	—
October 31, 2018	10.10	.25 ^c	(.08)	.17	(.27)	—
Class C						
October 31, 2022	\$10.16	.10	(.76)	(.66)	(.09)	(.01)
October 31, 2021	10.18	.08	(.02)	.06	(.08)	—
October 31, 2020	10.12	.12	.06	.18	(.12)	—
October 31, 2019	9.98	.21 ^c	.18	.39	(.24)	—
October 31, 2018	10.06	.19 ^c	(.08)	.11	(.19)	—
Class R						
October 31, 2022	\$10.24	.15	(.77)	(.62)	(.14)	(.01)
October 31, 2021	10.26	.13	(.02)	.11	(.13)	—
October 31, 2020	10.20	.17	.07	.24	(.18)	—
October 31, 2019	10.06	.27 ^c	.17	.44	(.29)	—
October 31, 2018	10.19	.24 ^c	(.08)	.16	(.29)	—
Class R6						
October 31, 2022	\$10.22	.20	(.76)	(.56)	(.19)	(.01)
October 31, 2021	10.25	.18	(.02)	.16	(.19)	—
October 31, 2020	10.19	.22	.07	.29	(.23)	—
October 31, 2019	10.05	.29 ^c	.20	.49	(.34)	—
October 31, 2018	10.21	.30 ^c	(.09)	.21	(.37)	—
Class Y						
October 31, 2022	\$10.20	.20	(.76)	(.56)	(.19)	(.01)
October 31, 2021	10.23	.18	(.02)	.16	(.19)	—
October 31, 2020	10.16	.22	.08	.30	(.23)	—
October 31, 2019	10.02	.30 ^c	.19	.49	(.34)	—
October 31, 2018	10.19	.30 ^c	(.10)	.20	(.37)	—

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

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

				RATIOS AND SUPPLEMENTAL DATA			
From return of capital	Total distributions	Net asset value, end of period	Total return at net asset value (%) ^a	Net assets, end of period (in thousands)	Ratio of expenses to average net assets (%) ^b	Ratio of net investment income (loss) to average net assets (%)	Portfolio turnover (%)
—	(.17)	\$9.42	(5.79)	\$729,336	.62	1.70	26
—	(.16)	10.18	1.27	1,383,392	.62	1.52	24
—	(.20)	10.21	2.61	1,208,656	.62	1.89	19
(.01)	(.33)	10.15	4.78	612,829	.62	2.75	18
—	(.32)	10.01	1.80	105,367	.65	2.67	386 ^d
—	(.15)	\$9.41	(5.98)	\$389	.82	1.50	26
—	(.14)	10.17	1.07	717	.82	1.34	24
—	(.18)	10.20	2.41	1,327	.82	1.70	19
(.01)	(.31)	10.14	4.55	909	.82	2.62	18
—	(.27)	10.00	1.71	711	.85	2.46	386 ^d
—	(.10)	\$9.40	(6.51)	\$20,267	1.37	.97	26
—	(.08)	10.16	.61	29,701	1.37	.77	24
—	(.12)	10.18	1.85	30,751	1.37	1.17	19
(.01)	(.25)	10.12	4.00	20,930	1.37	2.08	18
—	(.19)	9.98	1.09	12,518	1.40	1.92	386 ^d
—	(.15)	\$9.47	(6.08)	\$864	.87	1.47	26
—	(.13)	10.24	1.12	1,265	.87	1.26	24
—	(.18)	10.26	2.35	1,167	.87	1.63	19
(.01)	(.30)	10.20	4.49	426	.87	2.64	18
—	(.29)	10.06	1.58	341	.90	2.41	386 ^d
—	(.20)	\$9.46	(5.52)	\$5,403	.37	2.00	26
—	(.19)	10.22	1.52	6,941	.37	1.78	24
—	(.23)	10.25	2.86	8,496	.37	2.14	19
(.01)	(.35)	10.19	5.01	4,326	.37	2.87	18
—	(.37)	10.05	2.08	635	.40	2.94	386 ^d
—	(.20)	\$9.44	(5.53)	\$1,000,635	.37	2.01	26
—	(.19)	10.20	1.52	1,077,719	.37	1.76	24
—	(.23)	10.23	2.97	768,824	.37	2.11	19
(.01)	(.35)	10.16	5.03	365,277	.37	3.01	18
—	(.37)	10.02	1.99	84,601	.40	2.95	386 ^d

Financial highlights cont.

Before June 1, 2018, the fund was managed with a materially different investment strategy and may have achieved materially different performance results under its current investment strategy from that shown for periods before that date.

- ^a Total return assumes dividend reinvestment and does not reflect the effect of sales charges.
- ^b Includes amounts paid through expense offset arrangements, if any (Note 2). Also excludes acquired fund fees, if any.
- ^c Per share net investment income (loss) has been determined on the basis of the weighted average number of shares outstanding during the period.
- ^d Portfolio turnover includes TBA purchase and sale commitments.

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

Notes to financial statements 10/31/22

Within the following Notes to financial statements, references to “State Street” represent State Street Bank and Trust Company, references to “the SEC” represent the Securities and Exchange Commission, references to “Putnam Management” represent Putnam Investment Management, LLC, the fund’s manager, an indirect wholly-owned subsidiary of Putnam Investments, LLC and references to “OTC”, if any, represent over-the-counter. Unless otherwise noted, the “reporting period” represents the period from November 1, 2021 through October 31, 2022.

Putnam Short Duration Bond Fund (the fund) is a diversified series of Putnam Funds Trust (the Trust), a Massachusetts business trust registered under the Investment Company Act of 1940, as amended, as an open-end management investment company. The goal of the fund is to seek as high a rate of current income as Putnam Management believes is consistent with preservation of capital. The fund invests in a diversified portfolio of fixed income securities. The fund’s investments may include corporate credit, including investment-grade debt, below-investment-grade debt (sometimes referred to as “junk bonds”), bank loans and structured credit; sovereign debt, including obligations of governments in developed and emerging markets; and securitized assets, including asset-backed securities, residential mortgage-backed securities (which may be backed by non-qualified or “sub-prime” mortgages), commercial mortgage-backed securities and collateralized mortgage obligations. Under normal circumstances, the fund will invest at least 80% of its net assets in bonds (bonds include any debt instrument, and may be represented by other investment instruments, including derivatives). This policy may be changed only after 60 days’ notice to shareholders. The fund normally maintains an effective duration of three years or less. Effective duration provides a measure of a fund’s interest-rate sensitivity. The longer a fund’s duration, the more sensitive the fund is to shifts in interest rates. Putnam Management may consider, among other factors, credit, interest rate and prepayment risks, as well as general market conditions, when deciding whether to buy or sell investments. The fund may also use derivatives, such as futures, options, certain foreign currency transactions and swap contracts, for both hedging and non-hedging purposes. The fund may invest in securities that are purchased in private placements, which may be illiquid because they are subject to restrictions on resale.

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

Share class	Sales charge	Contingent deferred sales charge	Conversion feature
Class A	Up to 2.25%	0.75% on certain redemptions of shares bought with no initial sales charge	None
Class B*	None	1.00% phased out over two years	Converts to class A shares after 8 years
Class C	None	1.00% eliminated after one year	Converts to class A shares after 8 years
Class R†	None	None	None
Class R6†	None	None	None
Class Y†	None	None	None

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

† Not available to all investors.

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

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

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

Note 1: Significant accounting policies

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

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

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

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

Investments in open-end investment companies (excluding exchange-traded funds), if any, which can be classified as Level 1 or Level 2 securities, are valued based on their net asset value. The net asset value of such investment companies equals the total value of their assets less their liabilities and divided by the number of their outstanding shares.

To the extent a pricing service or dealer is unable to value a security or provides a valuation that Putnam Management does not believe accurately reflects the security's fair value, the security will be valued at fair value by Putnam Management in accordance with policies and procedures approved by the Trustees. Certain investments, including certain restricted and illiquid securities and derivatives, are also valued at fair value following procedures approved by the Trustees. These valuations consider such factors as significant market or specific security events such as interest rate or credit quality changes, various relationships with other securities, discount rates, U.S. Treasury, U.S. swap and credit yields, index levels, convexity exposures, recovery rates, sales and other multiples and resale restrictions. These securities are classified as Level 2 or as Level 3 depending on the priority of the significant inputs.

To assess the continuing appropriateness of fair valuations, the Valuation Committee reviews and affirms the reasonableness of such valuations on a regular basis after considering all relevant information that is reasonably available. Such valuations and procedures are reviewed periodically by the Trustees. Certain securities may be valued on the basis of a price provided by a single source. The fair value of securities is generally determined as the amount that the fund could reasonably expect to realize from an orderly disposition of such securities over a reasonable period of time. By its nature, a fair value price is a good faith estimate of the value of a security in a current sale and does not reflect an actual market price, which may be different by a material amount.

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

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

Stripped securities The fund may invest in stripped securities which represent a participation in securities that may be structured in classes with rights to receive different portions of the interest and principal. Interest-only securities receive all of the interest and principal-only securities receive all of the principal. If the interest-only securities experience greater than anticipated prepayments of principal, the fund may fail to recoup fully its initial investment in these securities. Conversely, principal-only securities increase in value if prepayments are greater than anticipated and decline if prepayments are slower than anticipated. The fair value of these securities is highly sensitive to changes in interest rates.

Interest rate swap contracts The fund entered into OTC and/or centrally cleared interest rate swap contracts, which are arrangements between two parties to exchange cash flows based on a notional principal amount, to hedge term structure risk back in line with the benchmark, for hedging term structure risk, for yield curve positioning and for gaining exposure to rates in various countries.

An OTC and centrally cleared interest rate swap can be purchased or sold with an upfront premium. For OTC interest rate swap contracts, an upfront payment received by the fund is recorded as a liability on the fund's books. An upfront payment made by the fund is recorded as an asset on the fund's books. OTC and centrally cleared interest rate swap contracts are marked to market daily based upon quotations from an independent pricing service or market makers. Any change is recorded as an unrealized gain or loss on OTC interest rate swaps. Daily fluctuations in the value of centrally cleared interest rate swaps are settled through a central clearing agent and are recorded in variation margin on the Statement of assets and liabilities and recorded as unrealized gain or loss. Payments, including upfront premiums, received or made are recorded as realized gains or losses at the reset date or the closing of the contract. Certain OTC and centrally cleared interest rate swap contracts may include extended effective dates. Payments related to these swap contracts are accrued based on the terms of the contract.

The fund could be exposed to credit or market risk due to unfavorable changes in the fluctuation of interest rates or if the counterparty defaults, in the case of OTC interest rate contracts, or the central clearing agency or a clearing member defaults, in the case of centrally cleared interest rate swap contracts, on its respective obligation to perform under the contract. The fund's maximum risk of loss from counterparty risk or central clearing risk is the fair value of the contract. This risk may be mitigated for OTC interest rate swap contracts by having a master netting arrangement between the fund and the counterparty and for centrally cleared interest rate swap contracts through the daily exchange of variation margin. There is minimal counterparty risk with respect to centrally cleared interest rate swap contracts due to the clearinghouse guarantee fund and other resources that are available in the event of a clearing member default. Risk of loss may exceed amounts recognized on the Statement of assets and liabilities.

OTC and centrally cleared interest rate swap contracts outstanding, including their respective notional amounts at period end, if any, are listed after the fund's portfolio.

Credit default contracts The fund entered into OTC and/or centrally cleared credit default contracts for hedging credit risk, for gaining liquid exposure to individual names, for hedging market risk and for gaining exposure to specific sectors.

In OTC and centrally cleared credit default contracts, the protection buyer typically makes a periodic stream of payments to a counterparty, the protection seller, in exchange for the right to receive a contingent payment upon the occurrence of a credit event on the reference obligation or all other equally ranked obligations of the reference entity. Credit events are contract specific but may include bankruptcy, failure to pay, restructuring and obligation acceleration. For OTC credit default contracts, an upfront payment received by the fund is recorded as a liability on the fund's books. An upfront payment made by the fund is recorded as an asset on the fund's books. Centrally cleared credit default contracts provide the same rights to the protection buyer and seller except the payments between parties, including upfront premiums, are settled through a central clearing agent through variation margin payments. Upfront and periodic payments received or paid by the fund for OTC and centrally cleared credit default contracts are recorded as realized gains or losses at the reset date or close of the contract. The OTC and centrally cleared credit default contracts are marked to market daily based upon quotations from an independent pricing service or market makers. Any change in value of OTC credit default contracts is recorded as an unrealized gain or loss. Daily fluctuations in the value of centrally cleared credit default contracts are recorded in variation margin on the Statement of assets and liabilities and recorded as unrealized gain or loss. Upon the occurrence of a credit event, the difference between the par value and fair value of the reference obligation, net of any proportional amount of the upfront payment, is recorded as a realized gain or loss.

In addition to bearing the risk that the credit event will occur, the fund could be exposed to market risk due to unfavorable changes in interest rates or in the price of the underlying security or index or the possibility that the fund may be unable to close out its position at the same time or at the same price as if it had purchased the underlying reference obligations. In certain circumstances, the fund may enter into offsetting OTC and centrally cleared credit default contracts which would mitigate its risk of loss. Risks of loss may exceed amounts recognized on the Statement of assets and liabilities. The fund's maximum risk of loss from counterparty risk, either as the protection seller or as the protection buyer, is the fair value of the contract. This risk may be mitigated for OTC credit default contracts by having a master netting arrangement between the fund and the counterparty and for centrally cleared credit default contracts through the daily exchange of variation margin. Counterparty risk is further mitigated with respect to centrally cleared credit default swap contracts due to the clearinghouse guarantee fund and other resources that are available in the event of a clearing member default. Where the fund is a seller of protection, the maximum potential amount of future payments the fund may be required to make is equal to the notional amount.

OTC and centrally cleared credit default contracts outstanding, including their respective notional amounts at period end, if any, are listed after the fund's portfolio.

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

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

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

At the close of the reporting period, the fund had a net liability position of \$445,978 on open derivative contracts subject to the Master Agreements. Collateral pledged by the fund at period end for these agreements totaled \$405,632 and may include amounts related to unsettled agreements.

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

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

Federal taxes It is the policy of the fund to distribute all of its taxable 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.

Under the Regulated Investment Company Modernization Act of 2010, the fund will be permitted to carry forward capital losses incurred for an unlimited period and the carry forwards will retain their character as either short-term or long-term capital losses. At October 31, 2022, the fund had the following capital loss carryovers available, to the extent allowed by the Code, to offset future net capital gain, if any:

Loss carryover		
Short-term	Long-term	Total
\$12,234,019	\$12,392,134	\$24,626,153

Distributions to shareholders Income dividends are recorded daily by the fund and are paid monthly. Distributions from capital gains, if any, are recorded on the ex-dividend date and paid at least annually. The amount and character of income and gains to be distributed are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles. These differences include temporary and/or permanent differences from income on swap contracts. 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 \$938,888 to increase undistributed net investment income and \$938,888 to increase accumulated net realized loss.

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:

Unrealized appreciation	\$4,379,060
Unrealized depreciation	(147,484,457)
Net unrealized depreciation	(143,105,397)
Undistributed ordinary income	2,655,350
Capital loss carryforward	(24,626,153)
Cost for federal income tax purposes	\$1,894,253,028

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

Note 2: Management fee, administrative services and other transactions

The fund pays Putnam Management a monthly base fee equal to 0.37% of the monthly average of the fund's net asset value. In return for this fee, Putnam Management provides investment management and investor servicing and bears the fund's organizational and operating expenses, excluding performance fee adjustments, payments under the fund's distribution plan, brokerage, interest, taxes, investment related expenses, extraordinary expenses and acquired fund fees and expenses.

For the reporting period, the management fee represented an effective rate (excluding the impact of any expense waiver in effect) of 0.37% of the fund's average net assets.

Putnam Management has contractually agreed, through February 28, 2023, to waive fees and/or reimburse the fund's expenses to the extent necessary to limit the cumulative expenses of the fund, exclusive of brokerage, interest, taxes, investment-related expenses, extraordinary expenses, acquired fund fees and expenses and payments under the fund's investor servicing contract, investment management contract and distribution plans, on a fiscal year-to-date basis to an annual rate of 0.20% of the fund's average net assets over such fiscal year-to-date period. During the reporting period, the fund's expenses were not reduced as a result of this limit.

Putnam Investments Limited (PIL), an affiliate of Putnam Management, is authorized by the Trustees to manage a separate portion of the assets of the fund as determined by Putnam Management from time to time. PIL did not manage any portion of the assets of the fund during the reporting period. If Putnam Management were to engage the services of PIL, Putnam Management would pay a quarterly sub-management fee to PIL for its services at an annual rate of 0.20% (prior to July 1, 2022, the annual rate was 0.35%) of the average net assets of the portion of the fund managed by PIL.

The Putnam Advisory Company, LLC (PAC), an affiliate of Putnam Management, is authorized by the Trustees to manage a separate portion of the assets of the fund, as designated from time to time by Putnam Management or PIL. PAC did not manage any portion of the assets of the fund during the reporting period. If Putnam Management or PIL were to engage the services of PAC, Putnam Management or PIL, as applicable, would pay a quarterly sub-advisory fee to PAC for its services at the annual rate of 0.20% (prior to July 1, 2022, the annual rate was 0.35%) of the average net assets of the portion of the fund's assets for which PAC is engaged as sub-adviser.

The aggregate amount of all reimbursements for the compensation and related expenses of certain officers of the fund and their staff who provide administrative services to the fund is determined annually by the Trustees. These fees are being paid by Putnam Management as part of the management contract.

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. These fees are being paid by Putnam Management as part of the management contract.

Putnam Investor Services, Inc., an affiliate of Putnam Management, provides investor servicing agent functions to the fund. Putnam Investor Services, Inc. received fees for investor servicing for class A, class B, class C, class R and class Y shares that included (1) a per account fee for each direct and underlying non-defined contribution account (retail account) of the fund; (2) a specified rate of the fund's assets attributable to defined contribution plan accounts; and (3) a specified rate based on the average net assets in retail accounts. Putnam Investor Services, Inc. has agreed that the aggregate investor servicing fees for each fund's retail and defined contribution accounts for these share classes will not exceed an annual rate of 0.25% of the fund's average assets attributable to such accounts. Class R6 shares paid a monthly fee based on the average net assets of class R6 shares at an annual rate of 0.05%. These fees are being paid by Putnam Management as part of the management contract.

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 \$5,450 under the expense offset arrangements.

Each Independent Trustee of the fund receives an annual Trustee fee, of which \$1,606, 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. These fees are being paid by Putnam Management as part of the management contract.

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. 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. These fees are being paid by Putnam Management as part of the management contract.

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

	Maximum %	Approved %	Amount
Class A	0.35%	0.25%	\$2,632,327
Class B	1.00%	0.45%	2,374
Class C	1.00%	1.00%	257,054
Class R	1.00%	0.50%	4,855
Total			\$2,896,610

For the reporting period, Putnam Retail Management Limited Partnership, acting as underwriter, received net commissions of \$7,618 from the sale of class A shares and received \$12 and \$435 in contingent deferred sales charges from redemptions of class B and class C shares, respectively.

A deferred sales charge of up to 1.00% is assessed on certain redemptions of class A shares. For the reporting period, Putnam Retail Management Limited Partnership, acting as underwriter, received \$379 on class A redemptions.

Note 3: Purchases and sales of securities

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

	Cost of purchases	Proceeds from sales
Investments in securities (Long-term)	\$462,191,011	\$912,342,660
U.S. government securities (Long-term)	—	—
Total	\$462,191,011	\$912,342,660

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

Note 4: Capital shares

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

Class A	YEAR ENDED 10/31/22		YEAR ENDED 10/31/21	
	Shares	Amount	Shares	Amount
Shares sold	19,438,953	\$192,407,730	77,552,793	\$795,393,536
Shares issued in connection with reinvestment of distributions	1,881,411	18,461,125	1,991,960	20,429,060
	21,320,364	210,868,855	79,544,753	815,822,596
Shares repurchased	(79,769,628)	(782,726,377)	(62,078,235)	(636,606,308)
Net increase (decrease)	(58,449,264)	\$(571,857,522)	17,466,518	\$179,216,288

Class B	YEAR ENDED 10/31/22		YEAR ENDED 10/31/21	
	Shares	Amount	Shares	Amount
Shares sold	4,692	\$46,305	16,184	\$165,650
Shares issued in connection with reinvestment of distributions	827	8,099	1,299	13,305
	5,519	54,404	17,483	178,955
Shares repurchased	(34,705)	(341,919)	(77,093)	(789,616)
Net decrease	(29,186)	\$(287,515)	(59,610)	\$(610,661)

Class C	YEAR ENDED 10/31/22		YEAR ENDED 10/31/21	
	Shares	Amount	Shares	Amount
Shares sold	717,138	\$7,111,907	1,257,067	\$12,854,326
Shares issued in connection with reinvestment of distributions	26,808	261,699	23,769	243,191
	743,946	7,373,606	1,280,836	13,097,517
Shares repurchased	(1,511,821)	(14,802,535)	(1,376,583)	(14,079,590)
Net decrease	(767,875)	\$(7,428,929)	(95,747)	\$(982,073)

Class R	YEAR ENDED 10/31/22		YEAR ENDED 10/31/21	
	Shares	Amount	Shares	Amount
Shares sold	6,478	\$62,738	88,096	\$908,823
Shares issued in connection with reinvestment of distributions	1,516	14,930	1,557	16,047
	7,994	77,668	89,653	924,870
Shares repurchased	(40,332)	(402,661)	(79,827)	(823,178)
Net increase (decrease)	(32,338)	\$(324,993)	9,826	\$101,692

Class R6	YEAR ENDED 10/31/22		YEAR ENDED 10/31/21	
	Shares	Amount	Shares	Amount
Shares sold	171,033	\$1,684,472	375,932	\$3,870,995
Shares issued in connection with reinvestment of distributions	12,185	119,653	14,194	146,228
	183,218	1,804,125	390,126	4,017,223
Shares repurchased	(291,053)	(2,897,736)	(539,862)	(5,560,943)
Net decrease	(107,835)	\$(1,093,611)	(149,736)	\$(1,543,720)

Class Y	YEAR ENDED 10/31/22		YEAR ENDED 10/31/21	
	Shares	Amount	Shares	Amount
Shares sold	84,135,905	\$826,104,630	86,118,540	\$884,681,076
Shares issued in connection with reinvestment of distributions	2,033,760	19,912,743	1,483,838	15,238,847
	86,169,665	846,017,373	87,602,378	899,919,923
Shares repurchased	(85,807,350)	(848,152,164)	(57,118,660)	(586,650,107)
Net increase (decrease)	362,315	\$(2,134,791)	30,483,718	\$313,269,816

Note 5: Affiliated transactions

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

Name of affiliate	Fair value as of 10/31/21	Purchase cost	Sale proceeds	Investment income	Shares outstanding and fair value as of 10/31/22
Short-term investments					
Putnam Short Term Investment Fund*	\$137,898,025	\$1,360,575,769	\$1,400,340,311	\$660,310	\$98,133,483
Total Short-term investments	\$137,898,025	\$1,360,575,769	\$1,400,340,311	\$660,310	\$98,133,483

* Management fees charged to Putnam Short Term Investment Fund have been waived by Putnam Management. There were no realized or unrealized gains or losses during the period.

Note 6: Market, credit and other risks

In the normal course of business, the fund trades financial instruments and enters into financial transactions where risk of potential loss exists due to changes in the market (market risk) or failure of the contracting party to the transaction to perform (credit risk). The fund may be exposed to additional credit risk that an institution or other entity with which the fund has unsettled or open transactions will default. Investments in foreign securities involve certain risks, including those related to economic instability, unfavorable political developments, and currency fluctuations. The fund may invest in higher-yielding, lower-rated bonds that may have a higher rate of default. The fund may invest a significant portion of its assets in securitized debt instruments, including mortgage-backed and asset-backed investments. The yields and values of these investments are sensitive to changes in interest rates, the rate of principal payments on the underlying assets and the market's perception of the issuers. The market for these investments may be volatile and limited, which may make them difficult to buy or sell.

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

Beginning in January 2020, global financial markets have experienced, and may continue to experience, significant volatility resulting from the spread of a virus known as Covid-19. The outbreak of Covid-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand, and general market uncertainty. The effects of Covid-19 have adversely affected, and may continue to adversely affect, the global economy, the economies of certain nations, and individual issuers, all of which may negatively impact the fund's performance.

Note 7: Summary of derivative activity

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

Centrally cleared interest rate swap contracts (notional)	\$1,402,800,000
OTC credit default contracts (notional)	\$5,200,000

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

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

Derivatives not accounted for as hedging instruments under ASC 815	ASSET DERIVATIVES		LIABILITY DERIVATIVES	
	Statement of assets and liabilities location	Fair value	Statement of assets and liabilities location	Fair value
Credit contracts	Receivables	\$698,907	Payables	\$698,907
Interest rate contracts	Receivables, Net assets — Unrealized appreciation	3,071,381*	Payables, Net assets — Unrealized depreciation	5,733,035*
Total		\$3,770,288		\$6,431,942

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

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

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

Derivatives not accounted for as hedging instruments under ASC 815	Swaps	Total
Credit contracts	\$(628)	\$(628)
Interest rate contracts	(7,388,691)	\$(7,388,691)
Total	\$(7,389,319)	\$(7,389,319)

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

Derivatives not accounted for as hedging instruments under ASC 815	Swaps	Total
Credit contracts	\$629	\$629
Interest rate contracts	2,288,060	\$2,288,060
Total	\$2,288,689	\$2,288,689

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Note 8: Offsetting of financial and derivative assets and liabilities

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

	Bank of America N.A.	Barclays Capital, Inc. (clearing broker)	Citigroup Global Markets, Inc.
Assets:			
Centrally cleared interest rate swap contracts [§]	\$—	\$981,670	\$—
OTC Credit default contracts - protection sold*#	—	—	—
OTC Credit default contracts - protection purchased*#	—	—	26,336
Total Assets	\$—	\$981,670	\$26,336
Liabilities:			
Centrally cleared interest rate swap contracts [§]	—	1,263,041	—
OTC Credit default contracts - protection sold*#	81,465	—	39,384
OTC Credit default contracts - protection purchased*#	—	—	—
Total Liabilities	\$81,465	\$1,263,041	\$39,384
Total Financial and Derivative Net Assets	\$(81,465)	\$(281,371)	\$(13,048)
Total collateral received (pledged) ^{†##}	\$(31,952)	\$—	\$—
Net amount	\$(49,513)	\$(281,371)	\$(13,048)
<i>Controlled collateral received (including TBA commitments)**</i>	\$—	\$—	\$—
<i>Uncontrolled collateral received</i>	\$—	\$—	\$—
<i>Collateral (pledged) (including TBA commitments)**</i>	\$(31,952)	\$—	\$—

* Excludes premiums, if any. Included in unrealized appreciation and depreciation on OTC swap contracts on the Statement of assets and liabilities.

** Included with Investments in securities on the Statement of assets and liabilities.

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

Covered by master netting agreement (Note 1).

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

§ Includes current day's variation margin only as reported on the Statement of assets and liabilities, which is not collateralized. Cumulative appreciation/(depreciation) for centrally cleared swap contracts is represented in the tables listed after the fund's portfolio. Collateral pledged for initial margin on centrally cleared swap contracts, which is not included in the table above, amounted to \$5,469,696.

Note 9: New accounting pronouncements

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-04, Reference Rate Reform (Topic 848) — *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The amendments in ASU 2020-04 provide optional temporary financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of LIBOR and other interbank-offered based reference rates as of the end of 2021. The discontinuation of LIBOR was subsequently extended to June 30, 2023. ASU 2020-04 is effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. The adoption of the guidance will not have a material impact on the fund's financial statements.

Credit Suisse International	Goldman Sachs International	JP Morgan Securities LLC	Merrill Lynch International	Morgan Stanley & Co. International PLC	Total
\$—	\$—	\$—	\$—	\$—	\$981,670
—	—	—	—	—	—
298,212	84,974	85,290	111,930	92,165	698,907
\$298,212	\$84,974	\$85,290	\$111,930	\$92,165	\$1,680,577
—	—	—	—	—	1,263,041
107,909	1,908	436,755	158	31,328	698,907
—	—	—	—	—	—
\$107,909	\$1,908	\$436,755	\$158	\$31,328	\$1,961,948
\$190,303	\$83,066	\$(351,465)	\$111,772	\$60,837	\$(281,371)
\$190,303	\$83,066	\$(351,465)	\$94,221	\$—	
\$—	\$—	\$—	\$17,551	\$60,837	
\$250,000	\$110,000	\$—	\$94,221	\$—	\$454,221
\$—	\$—	\$—	\$—	\$—	\$—
\$—	\$—	\$(373,680)	\$—	\$—	\$(405,632)

Federal tax information (Unaudited)

The Form 1099 that will be mailed to you in January 2023 will show the tax status of all distributions paid to your account in calendar 2022.

Shareholder meeting results (Unaudited)

June 29, 2022 special meeting

At the meeting, each of the nominees for Trustees was elected, with all funds of the Trust voting together as a single class, as follows:

	Votes for	Votes withheld
Liaquat Ahamed	3,583,882,479	32,417,735
Barbara M. Baumann	3,584,377,892	31,922,322
Katinka Domotorffy	3,584,956,517	31,343,697
Catharine Bond Hill	3,586,682,827	29,617,387
Kenneth R. Leibler	3,569,431,371	46,868,843
Jennifer Williams Murphy	3,581,263,937	35,036,277
Marie Pillai	3,578,125,932	38,174,282
George Putnam, III	3,576,315,198	39,985,016
Robert L. Reynolds	3,579,411,077	36,889,137
Manoj P. Singh	3,582,573,738	33,726,476
Mona K. Sutphen	3,588,302,923	27,997,291

All tabulations are rounded to the nearest whole number.

About the Trustees

INDEPENDENT TRUSTEES



Liaquat Ahamed

Born 1952, Trustee since 2012

Principal occupations during past

five years: Author; won Pulitzer Prize for *Lords of Finance: The Bankers Who Broke the World*.

Other directorships: Chair of the Sun Valley Writers Conference, a literary not-for-profit organization, and a Trustee of the Journal of Philosophy.



Barbara M. Baumann

Born 1955, Trustee since 2010, Vice Chair since 2022

Principal occupations during past

five years: President of Cross Creek

Energy Corporation, a strategic consultant to domestic energy firms and direct investor in energy projects.

Other directorships: Director of Devon Energy Corporation, a publicly traded independent natural gas and oil exploration and production company; Director of National Fuel Gas Company, a publicly traded energy company that engages in the production, gathering, transportation, distribution, and marketing of natural gas; Senior Advisor to the energy private equity firm First Reserve; Director of three private, independent oil and gas exploration and production companies: Ascent Resources, LLC, Texas American Resources Company II, LLC, and IOG Resources, LLC; member of the Finance Committee of the Children's Hospital of Colorado; member of the Investment Committee of the Board of The Denver Foundation; and previously a Director of publicly traded companies Buckeye Partners LP, UNS Energy Corporation, CVR Energy Company, and SM Energy Corporation.



Katinka Domotorffy

Born 1975, Trustee since 2012

Principal occupations during past

five years: Voting member of the Investment Committees of the Anne Ray Foundation and Margaret A. Cargill Foundation, part of the Margaret A. Cargill Philanthropies.

Other directorships: Director of the Great Lakes Science Center and of College Now Greater Cleveland.



Catharine Bond Hill

Born 1954, Trustee since 2017

Principal occupations during past

five years: Managing Director of Ithaka S+R, a not-for-profit service that helps

the academic community navigate economic and technological change. From 2006 to 2016, Dr. Hill served as the 10th president of Vassar College.

Other directorships: Director of Yale-NUS College and Trustee of Yale University.



Kenneth R. Leibler

Born 1949, Trustee since 2006, Vice Chair from 2016 to 2018, Chair since 2018

Principal occupations during past

five years: Vice Chair Emeritus of the Board of Trustees of Beth Israel Deaconess Hospital in Boston. Member of the Investment Committee of the Boston Arts Academy Foundation.

Other directorships: Director of Eversource Corporation, which operates New England's largest energy delivery system; previously the Chair of the Boston Options Exchange, an electronic marketplace for the trading of listed derivatives securities; previously the Chair and Chief Executive Officer of the Boston Stock Exchange; and previously the President and Chief Operating Officer of the American Stock Exchange.



Jennifer Williams Murphy

Born 1964, Trustee since 2022

Principal occupations during past

five years: Chief Executive Officer and Founder of Runa Digital Assets, LLC, an institutional investment advisory firm specializing in active management of digital assets. Until 2021, Chief Operating Officer of Western Asset Management, LLC, a global investment adviser, and Chief Executive Officer and President of Western Asset Mortgage Capital Corporation, a mortgage finance real estate investment trust.

Other directorships: Previously, a Director of Western Asset Capital Corporation.



Marie Pillai

Born 1954, Trustee since 2022

Principal occupations during past

five years: Senior Advisor, Hunter Street Partners, LP, an asset-oriented private investment firm; Specialty Leader and Member of the Curriculum Committee of the Center for Board Certified Fiduciaries, a public benefit corporation providing coursework for developing fiduciaries. Until 2019, Vice President, Chief Investment Officer, and Treasurer of General Mills, Inc., a global food company.

Other directorships: Director of the Catholic Community Foundation of Minnesota; Investment Advisory Board Member of the University of Minnesota; Member of the Investment Committee of the Bush Foundation, a nonprofit organization supporting community problem-solving in Minnesota, North Dakota, and South Dakota; and previously, a Board Member of Catholic Charities of St. Paul and Minneapolis.

**George Putnam, III***Born 1951, Trustee since 1984***Principal occupations during past****five years:** Chair of New Generation

Research, Inc., a publisher of financial advisory and other research services, and President of New Generation Advisors, LLC, a registered investment adviser to private funds.

Other directorships: Director of The Boston Family Office, LLC, a registered investment advisor; a Director of the Gloucester Marine Genomics Institute; previously a Trustee of the Marine Biological Laboratory; and previously a Trustee of Epiphany School.

**Manoj P. Singh***Born 1952, Trustee since 2017***Principal occupations during past****five years:** Until 2015, Chief Operating

Officer and Global Managing Director at Deloitte Touche Tohmatsu, Ltd., a global professional services organization, serving on the Deloitte U.S. Board of Directors and the boards of Deloitte member firms in China, Mexico, and Southeast Asia.

Other directorships: Director of ReNew Energy Global plc, a publicly traded renewable energy company; Director of Abt Associates, a global research firm working in the fields of health, social and environmental policy, and international development; Trustee of Carnegie Mellon University; Director of Pratham USA, an organization dedicated to children's education in India; member of the advisory board of Altimetrik, a business transformation and technology solutions firm; and Director of DXC Technology, a global IT services and consulting company.

**Mona K. Sutphen***Born 1967, Trustee since 2020***Principal occupations during past five****years:** Partner, Investment Strategies, at

The Vistria Group, a private investment firm focused on middle-market companies in the health care, education, and financial services industries. From 2014 to 2018, Partner at Macro Advisory Partners, a global consulting firm.

Other directorships: Director of Spotify Technology S.A., a publicly traded audio content streaming service; Director of Unitek Learning, a private nursing and medical services education provider in the United States; Director of Pattern Energy Group LP, a private renewable energy company; Board Member, International Rescue Committee; Co-Chair of the Board of Human Rights First; Trustee of Mount Holyoke College; member of the Advisory Board for the Center on Global Energy Policy at Columbia University's School of International and Public Affairs; previously Director of Pattern Energy and Pioneer Natural Resources, publicly traded energy companies; and previously Managing Director of UBS AG.

INTERESTED TRUSTEE**Robert L. Reynolds****Born 1952, Trustee since 2008, President and Chief Executive Officer of Putnam Investments since 2008***Principal occupations during past five**

years: President and Chief Executive Officer of Putnam Investments; member of Putnam Investments' Board of Directors; and Chair of Great-West Lifeco U.S. LLC. Prior to 2019, also President and Chief Executive Officer of Great-West Financial, a financial services company that provides retirement savings plans, life insurance, and annuity and executive benefits products, and of Great-West Lifeco U.S. LLC, a holding company that owns Putnam Investments and Great-West Financial, and a member of Great-West Financial's Board of Directors.

Other directorships: Director of the Concord Museum; Director of Dana-Farber Cancer Institute; Director of the U.S. Ski & Snowboard Foundation; Chair of the Boston Advisory Board of the American Ireland Fund; Council Co-Chair of the American Enterprise Institute; Member of U.S. Chamber of Commerce, Center for Capital Markets Competitiveness; Chair of Massachusetts High Technology Council; Member of the Chief Executives Club of Boston; Member of the Massachusetts General Hospital President's Council; Director and former Chair of the Massachusetts Competitive Partnership; former Chair of the West Virginia University Foundation; and former Executive Committee Member of the Greater Boston Chamber of Commerce.

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

The address of each Trustee is 100 Federal Street, Boston, MA 02110.

As of October 31, 2022, there were 102 funds in the Putnam fund complex, including 96 Putnam Funds and six funds in Putnam ETF Trust. Each Trustee serves as Trustee of all Putnam Funds. In addition to serving as Trustees of the Putnam Funds, Dr. Hill, Mses. Domotorffy and Sutphen, and Mr. Ahamed serve as Trustees of Putnam ETF Trust.

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

Officers

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

James F. Clark *(Born 1974)*

Vice President and Chief Compliance Officer
Since 2016

Chief Compliance Officer and Chief Risk Officer,
Putnam Investments, and Chief Compliance Officer,
Putnam Management

Nancy E. Florek *(Born 1957)*

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

Michael J. Higgins *(Born 1976)*

Vice President, Treasurer, and Clerk
Since 2010

Jonathan S. Horwitz *(Born 1955)*

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

Richard T. Kircher *(Born 1962)*

Vice President and BSA Compliance Officer
Since 2019
Assistant Director, Operational Compliance, Putnam
Investments and Putnam Retail Management

Martin Lemaire *(Born 1984)*

Vice President and Derivatives Risk Manager
Since 2022
Risk Manager and Risk Analyst, Putnam Investments

Susan G. Malloy *(Born 1957)*

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

Alan G. McCormack *(Born 1964)*

Vice President and Derivatives Risk Manager
Since 2022
Head of Quantitative Equities and Risk,
Putnam Investments

Denere P. Poulack *(Born 1968)*

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

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

Stephen J. Tate *(Born 1974)*

Vice President and Chief Legal Officer
Since 2021
General Counsel, Putnam Investments,
Putnam Management, and Putnam Retail Management

Mark C. Trenchard *(Born 1962)*

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

The principal occupations of the officers for the past five years have been with the employers as shown above, although in some cases they have held different positions with such employers. The address of each officer is 100 Federal Street, Boston, MA 02110.

Putnam family of funds

The following is a list of Putnam's open-end mutual funds offered to the public. *Investors should carefully consider the investment objective, risks, charges, and expenses of a fund before investing. For a prospectus, or a summary prospectus if available, containing this and other information for any Putnam fund or product, contact your financial advisor or call Putnam Investor Services at 1-800-225-1581. Please read the prospectus carefully before investing.*

Blend

Core Equity Fund
Emerging Markets Equity Fund
Focused Equity Fund
Focused International Equity Fund
International Capital Opportunities Fund
International Equity Fund
Research Fund

Global Sector

Global Health Care Fund
Global Technology Fund

Growth

Growth Opportunities Fund
Small Cap Growth Fund
Sustainable Future Fund
Sustainable Leaders Fund

Value

International Value Fund
Large Cap Value Fund
Small Cap Value Fund

Income

Convertible Securities Fund
Diversified Income Trust
Floating Rate Income Fund
Global Income Trust
Government Money Market Fund*
High Yield Fund
Income Fund
Money Market Fund†
Mortgage Opportunities Fund
Mortgage Securities Fund
Short Duration Bond Fund
Ultra Short Duration Income Fund

Tax-free Income

Intermediate-Term Municipal Income Fund
Short-Term Municipal Income Fund
Strategic Intermediate Municipal Fund
Tax Exempt Income Fund
Tax-Free High Yield Fund
State tax-free income funds:‡
California, Massachusetts, Minnesota,
New Jersey, New York, Ohio, and Pennsylvania

Absolute Return

Fixed Income Absolute Return Fund
Multi-Asset Absolute Return Fund

Putnam PanAgora[§]

Putnam PanAgora Risk Parity Fund

Asset Allocation

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

Asset Allocation (cont.)

Putnam Retirement Advantage Maturity Fund
Putnam Retirement Advantage 2065 Fund
Putnam Retirement Advantage 2060 Fund
Putnam Retirement Advantage 2055 Fund
Putnam Retirement Advantage 2050 Fund
Putnam Retirement Advantage 2045 Fund
Putnam Retirement Advantage 2040 Fund
Putnam Retirement Advantage 2035 Fund
Putnam Retirement Advantage 2030 Fund
Putnam Retirement Advantage 2025 Fund
RetirementReady[®] Maturity Fund
RetirementReady[®] 2065 Fund
RetirementReady[®] 2060 Fund
RetirementReady[®] 2055 Fund
RetirementReady[®] 2050 Fund
RetirementReady[®] 2045 Fund
RetirementReady[®] 2040 Fund
RetirementReady[®] 2035 Fund
RetirementReady[®] 2030 Fund
RetirementReady[®] 2025 Fund

* You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

† You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. The fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

‡ Not available in all states.

§ Sub-advised by PanAgora Asset Management.

Check your account balances and the most recent month-end performance in the Individual Investors section at putnam.com.

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 funds across income, value, blend, growth, sustainable, asset allocation, absolute return, and global sector categories.

Investment Manager

Putnam Investment Management, LLC
100 Federal Street
Boston, MA 02110

Investment Sub-Advisors

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

The Putnam Advisory Company, LLC
100 Federal Street
Boston, MA 02110

Marketing Services

Putnam Retail Management Limited Partnership
100 Federal Street
Boston, MA 02110

Custodian

State Street Bank and Trust Company

Legal Counsel

Ropes & Gray LLP

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP

Trustees

Kenneth R. Leibler, *Chair*
Barbara M. Baumann, *Vice Chair*
Liaquat Ahamed
Katinka Domotorffy
Catharine Bond Hill
Jennifer Williams Murphy
Marie Pillai
George Putnam, III
Robert L. Reynolds
Manoj P. Singh
Mona K. Sutphen

Officers

Robert L. Reynolds
President

James F. Clark
Vice President, Chief Compliance Officer, and Chief Risk Officer

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

Michael J. Higgins
Vice President, Treasurer, and Clerk

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

Stephen J. Tate
Vice President and Chief Legal Officer

Mark C. Trenchard
Vice President

This report is for the information of shareholders of Putnam Short Duration Bond Fund. It may also be used as sales literature when preceded or accompanied by the current prospectus, the most recent copy of Putnam's Quarterly Performance Summary, and Putnam's Quarterly Ranking Summary. For more recent performance, please visit putnam.com. Investors should carefully consider the investment objectives, risks, charges, and expenses of a fund, which are described in its prospectus. For this and other information or to request a prospectus or summary prospectus, call 1-800-225-1581 toll free. Please read the prospectus carefully before investing. The fund's Statement of Additional Information contains additional information about the fund's Trustees and is available without charge upon request by calling 1-800-225-1581.

