



The fund received a 4-star Overall Morningstar Rating as of 6/30/20 among 75 funds in the Convertibles category (Y shares, based on risk-adjusted returns)



**Robert L. Salvin**  
Portfolio Manager  
(industry since 1986)



**Anthony J. Daigle**  
Assistant Portfolio Manager  
(industry since 2004)

**Objective**

The fund seeks, with equal emphasis, current income and capital appreciation. Its secondary objective is conservation of capital.

**Morningstar category**

Convertibles

**Lipper category**

Convertible Securities

**Fund symbols**

Class A	PCONX
Class B	PCNBX
Class C	PRCCX
Class R	PCVRX
Class R6	PCNTX
Class Y	PCGYX

**Number of holdings**

128

**Net assets**

\$789.91M

**Dividend frequency**

Quarterly

**Current allocation**

Equities	20.56%
Bonds	76.95%
Cash and other net assets	2.49%

**Not FDIC insured  
May lose value  
No bank guarantee**

# Putnam Convertible Securities Fund (PCGYX)

Offering investors the diverse benefits of convertible securities since 1972

**Balanced profile**

The fund seeks to achieve an equilibrium balancing much of the upside potential of equities, the lower downside risk of bonds, and an attractive current yield.

**Effective diversification**

The fund can provide effective diversification for investor portfolios; convertible securities are not highly correlated with stocks and correlation is near zero versus aggregate bond strategies.

**Joint venture**

Uniquely combining both dedicated fixed income and equity expertise to enhance the ability to fully exploit these hybrid securities.

**Top ten holdings**

Tesla	3.48%
Microchip Technology	2.63
Broadcom	2.56
DocuSign	1.85
Splunk	1.80
Danaher	1.76
Southwest Airlines	1.74
DexCom	1.73
ServiceNow	1.68
Coupa Software	1.51

Holdings represent 20.74% of the portfolio and will vary over time.

**Sector weightings**

Information technology	37.1%
Health care	18.1
Consumer discretionary	16.6
Communication services	9.0
Utilities	4.9
Industries	4.4
Financials	4.1
Real estate	2.0
Energy	0.8
Materials	0.6
Cash and net other assets	2.5

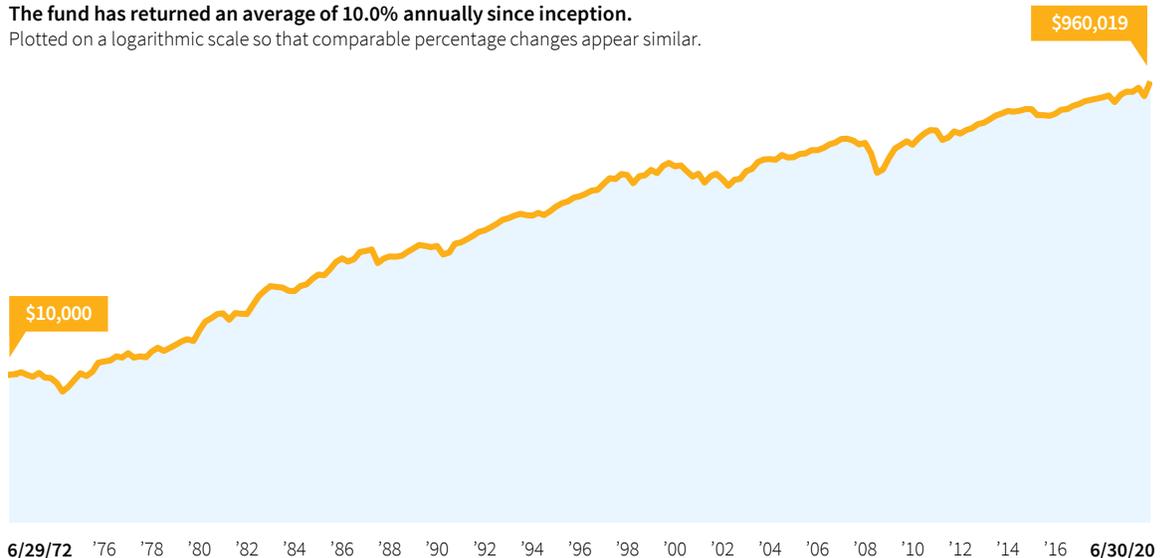
Allocations will vary over time. Due to rounding, percentages may not equal 100%.

**Portfolio composition**

Convertible bonds and notes	76.9%
Mandatories	14.8
Common stock	3.1
Convertible preferred stock	2.6
Corporate bonds and notes	0.1
Cash and net other assets	2.5

**Growth of a \$10,000 investment**

The fund has returned an average of 10.0% annually since inception. Plotted on a logarithmic scale so that comparable percentage changes appear similar.



Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. Share price, principal value, and return will vary, and you may have a gain or a loss when you sell your shares. Performance of class Y shares assumes reinvestment of distributions and does not account for taxes. Class Y shares, available to investors through an asset-based fee program or for institutional clients, are sold without an initial sales charge and have no CDSC. Performance for class Y shares prior to their inception is derived from the historical performance of class A shares (inception 6/29/72), which have not been adjusted for the lower expenses; had they, returns would have been higher. For the most recent month-end performance, please visit putnam.com.

**Morningstar rankings**

(Y shares, based on total return)

1 year	35% (33/77)
3 years	29% (32/75)
5 years	40% (32/68)
10 years	37% (19/50)

**Total expense ratio**(Y shares)  
0.80%**Beta**

0.99

**30-day SEC yield**

0.74%

**Beta** is defined as a fund's sensitivity to market movements and is used to evaluate market related, or systematic, risk. It is a historical measure of the variability of return earned by an investment portfolio. Risk statistics are measured using a 3-year regression analysis. For funds with shorter track records, since inception analysis is used.

The ICE BofA U.S. Convertible Index tracks the performance of publicly issued U.S. dollar denominated convertible securities of U.S. companies. You cannot invest directly in an index. The Lipper Convertible Securities Funds Average is an arithmetic average of the total return of all Lipper Convertible Securities Funds. 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. You cannot invest directly in an index.

Morningstar rankings for class Y shares are based on total return without sales charge relative to all share classes of funds with similar objectives as determined by Morningstar. Morningstar rankings may differ significantly from Morningstar's risk-adjusted star ratings. Past performance is not indicative of future results.

For informational purposes only. Not an investment recommendation.

Putnam Retail Management  
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**Annual performance at net asset value (all distributions reinvested)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 YTD
Y shares	-6.2%	15.4%	22.3%	7.7%	-6.8%	9.8%	15.2%	-3.1%	24.6%	10.5%
ICE BofA U.S. Convertible Index	-5.2	15.0	24.9	9.4	-3.0	10.4	13.7	0.2	23.2	7.3
Lipper Convertible Securities Funds Average	-5.1	11.6	22.9	6.3	-3.9	8.2	13.4	-1.7	22.9	8.9

**Annualized total return performance**

Inception 12/30/98	Class Y shares	ICE BofA U.S. Convertible Index	Lipper Convertible Securities Funds Average
1 year	17.23%	15.34%	15.96%
3 years	12.40	11.71	11.58
5 years	9.01	9.24	8.77
10 years	10.37	10.91	9.95
Life of fund	9.98	—	9.85

Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. Share price, principal value, and return will vary, and you may have a gain or a loss when you sell your shares. Performance of class Y shares assumes reinvestment of distributions and does not account for taxes. Class Y shares, available to investors through an asset-based fee program or for institutional clients, are sold without an initial sales charge and have no CDSC. Performance for class Y shares prior to their inception is derived from the historical performance of class A shares (inception 6/29/72), which have not been adjusted for the lower expenses; had they, returns would have been higher. For the most recent month-end performance, please visit [putnam.com](http://putnam.com).

**Highlights of five-year performance periods (6/29/72–6/30/20)\***

Best 5-year return	Best period end date	Worst 5-year return	Worst period end date	Average 5-year return	% of 5-year periods with positive returns	Number of positive 5-year periods	Number of negative 5-year periods
23.04%	3/31/83	-3.30%	12/31/08	10.42%	97%	168	5

\* Based on annualized returns for quarterly rolling periods.

The Morningstar Rating™ for funds, or "starrating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take into account the effects of sales charges and loads. Putnam Convertible Securities Fund received 4, 3, and 4 stars for the 3-, 5-, and 10-year periods among 75, 68, and 50 Convertibles funds, respectively.

Not all share classes are available on all platforms.

**Consider these risks before investing:** Emerging-market securities carry illiquidity and volatility risks. 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 and the risk that they may increase in value when interest rates decline and decline in value when interest rates rise. 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. 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. Unlike bonds, funds that invest in bonds have fees and expenses. 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 or 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. International investing involves currency, economic, and political risks. The fund's shares trade on a stock exchange at market prices, which may be lower than the fund's net asset value. You can lose money by investing in the fund. 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. These risks are generally greater for convertible securities issued by small and/or midsize companies. Convertible securities' prices may be adversely affected by underlying common stock price changes. While convertible securities tend to provide higher yields than common stocks, the higher yield may not protect against the risk of loss or mitigate any loss associated with a convertible security's price decline. Convertible securities are subject to credit risk, which is the risk that an issuer of the fund's investments may default on payment of interest or principal. Credit risk is generally greater for below-investment-grade convertible securities. Convertible securities may be less sensitive to interest-rate changes than non-convertible bonds because of their structural features (e.g., convertibility, "put" features). Interest-rate risk is generally greater, however, for longer-term bonds and convertible securities whose underlying stock price has fallen significantly below the conversion price. 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.

**Request a prospectus or a summary prospectus, if available, from your financial representative or by calling Putnam at 1-800-225-1581. These prospectuses include investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.**