



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 M	PCNMX
Class R	PCVRX
Class Y	PCGYX

Number of holdings

117

Net assets

\$704.66M

Dividend frequency

Quarterly

Current allocation

Equities	25.71%
Bonds	69.91%
Cash and other net assets	4.38%

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

Putnam Convertible Securities Fund

Offering investors the diverse benefits of convertible securities since 1972

Growth potential

The fund seeks to provide stock-like returns over time as the stock component of convertible securities tends to rise with the broader market.

Steady income

The fund's performance in down markets is bolstered by the contractually guaranteed income from convertible securities.

Effective diversification

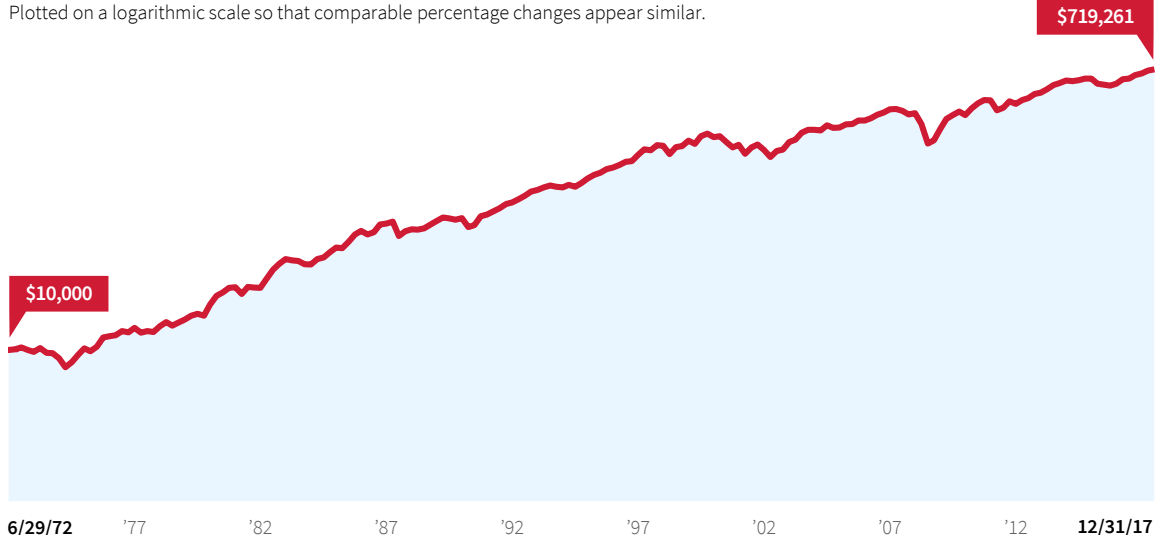
The fund can provide effective diversification for many investor portfolios, because convertible securities are not highly correlated with either stocks or bonds.

Fundamental investment research determines top holdings and sector weightings

Top ten holdings		Sector		● Fund	● ICE BofAML U.S. Convertible Index
Microchip Technology	3.36%	Information technology	35.0%	33.1%	
Intel	2.32	Health care	13.9	17.4	
Micron Technology	2.25	Consumer discretionary	12.1	12.7	
DISH Network	2.14	Financials	10.1	12.6	
Liberty Media	2.14	Industrials	8.8	5.4	
BD Medical	1.82	Real estate	6.0	5.9	
Priceline Group	1.81	Energy	4.4	5.6	
Lam Research	1.78	Utilities	3.1	4.6	
Wells Fargo	1.68	Consumer staples	0.9	1.4	
Crown Castle International	1.60	Materials	0.7	1.0	
Holdings represent 20.90% of the portfolio and will vary over time.		Telecommunication services	0.6	0.2	
		Cash and net other assets represent 4.4% of the portfolio.			

Growth of a \$10,000 investment

The fund has returned an average of 9.9% 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 before their inception are 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.



The fund received a 4-star Overall Morningstar Rating as of 12/31/17 among 82 funds in the Convertibles category (Y shares, based on risk-adjusted returns)

Lipper rankings

(Y shares, based on total return)

1 year	32% (27/85)
3 years	47% (35/74)
5 years	51% (33/64)
10 years	20% (8/40)

Total expense ratio

(Y shares)
0.84%

Beta

0.99

30-day SEC yield

1.25%

Beta measures volatility in relation to the fund's benchmark. A beta of less than 1.0 indicates lower volatility; a beta of more than 1.0, higher volatility than the benchmark.

The ICE BofAML U.S. Convertible Index consists of convertible bonds traded in U.S. dollar denominated investment-grade and non-investment-grade convertible securities that are sold into the U.S. market and are publicly traded in the United States. You cannot invest directly in an index.

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

For informational purposes only. Not an investment recommendation.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Y shares	-39.3%	54.1%	19.8%	-6.2%	15.4%	22.3%	7.7%	-6.8%	9.8%	15.2%
ICE BofAML U.S. Convertible Index	-35.7	49.1	16.8	-5.2	15.0	24.9	9.4	-3.0	10.4	13.7
Lipper Convert. Securities Funds Average	-32.7	38.9	16.3	-5.3	11.1	21.9	5.7	-3.6	7.7	13.2

Annualized total return performance

Inception 12/30/98	Class Y shares	ICE BofAML U.S. Convertible Index	Lipper Convert. Securities Funds Average
1 year	15.24%	13.70%	13.19%
3 years	5.65	6.80	5.57
5 years	9.21	10.74	8.84
10 years	6.54	7.35	5.77
Life of fund	9.85	—	—

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Highlights of five-year performance periods (6/29/72–12/31/17)*

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	10.65%	97%	158	5

*Based on annualized returns for quarterly rolling periods.

The Morningstar Rating™ for funds, or "star rating," 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. Putnam Convertible Securities Fund received 3, 3, and 4 stars for the 3-, 5-, and 10-year periods among 82, 67, and 43 Convertibles funds, respectively.

Lipper 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 Lipper.

Not all share classes are available on all platforms.

Consider these risks before investing: Convertible securities prices may fall or fail to rise over time for several reasons, including general financial market conditions, changing market perceptions (including perceptions about the risk of default and expectations about monetary policy or interest rates), changes in government intervention in the financial markets, and factors related to a specific issuer or industry. These and other factors may also 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 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. 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.