

**Portfolio Managers**

**Eric N. Harthun, CFA**  
(industry since 1994)

**Robert L. Salvin**  
(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**

121

**Net assets**

\$705.50M

**Dividend frequency**

Quarterly

**Current allocation**

|                           |        |
|---------------------------|--------|
| Equities                  | 25.65% |
| Bonds                     | 71.65% |
| Cash and other net assets | 2.70%  |

# 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**

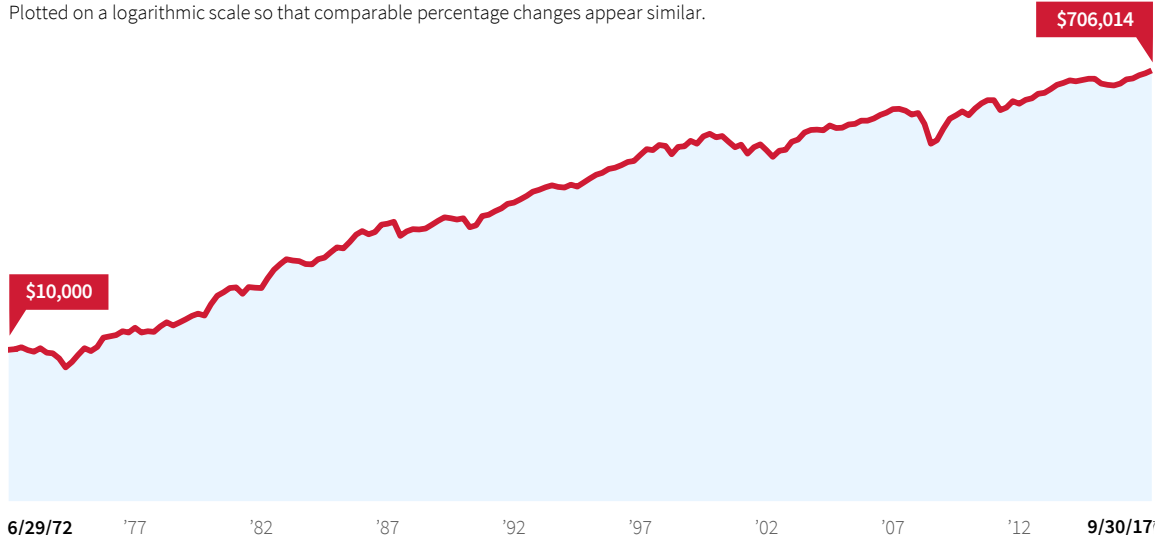
| Top ten holdings     |       | Sector                     |       | ● Fund | ● BofA ML U.S. Convertible Index |
|----------------------|-------|----------------------------|-------|--------|----------------------------------|
| Microchip Technology | 3.37% | Information technology     | 36.1% | 34.0%  |                                  |
| Micron Technology    | 2.47  | Health care                | 14.8  | 17.5   |                                  |
| Priceline Group      | 2.33  | Consumer discretionary     | 12.8  | 10.9   |                                  |
| Lam Research         | 2.23  | Financials                 | 9.7   | 12.5   |                                  |
| Liberty Media        | 2.22  | Industrials                | 8.7   | 5.7    |                                  |
| Intel                | 2.00  | Real estate                | 5.2   | 5.6    |                                  |
| DISH Network         | 1.93  | Energy                     | 4.1   | 5.6    |                                  |
| Allergan             | 1.86  | Utilities                  | 3.0   | 4.4    |                                  |
| Wells Fargo          | 1.69  | Telecommunication services | 1.2   | 1.3    |                                  |
| Jazz Investments     | 1.66  | Consumer staples           | 0.9   | 1.4    |                                  |
|                      |       | Materials                  | 0.7   | 0.9    |                                  |

Holdings represent 21.76% of the portfolio and will vary over time.

Cash and net other assets represent 2.7% 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.

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



The fund received a 4-star Overall Morningstar Rating as of 9/30/17 among 74 funds in the Convertibles category (Y shares, based on risk-adjusted returns)

#### Lipper rankings

(Y shares, based on total return)

|          |             |
|----------|-------------|
| 1 year   | 36% (32/88) |
| 3 years  | 47% (33/70) |
| 5 years  | 38% (25/66) |
| 10 years | 20% (8/41)  |

#### Total expense ratio

(Y shares)  
0.84%

#### Beta

0.99

#### 30-day SEC yield

1.12%

**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 BofA Merrill Lynch U.S. Convertibles 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. The index data referenced herein is the property of Merrill Lynch, Pierce, Fenner & Smith Incorporated ("BofAML") and/or its licensors and has been licensed for use by Putnam Investments. BofAML and its licensors accept no liability in connection with its use. See putnam.com for a full copy of the Disclaimer. You cannot invest directly in an index.

For informational purposes only. Not an investment recommendation.

Putnam Retail Management  
FS019\_Y 308670 10/17

### Annual performance at net asset value (all distributions reinvested)

|  | 2007 | 2008   | 2009  | 2010  | 2011  | 2012  | 2013  | 2014 | 2015  | 2016 | 2017YTD |
|--|------|--------|-------|-------|-------|-------|-------|------|-------|------|---------|
| Y shares                                 | 6.2% | -39.3% | 54.1% | 19.8% | -6.2% | 15.4% | 22.3% | 7.7% | -6.8% | 9.8% | 13.1%   |
| BofA ML U.S. Convertible Index           | 4.5  | -35.7  | 49.1  | 16.8  | -5.2  | 15.0  | 24.9  | 9.4  | -3.0  | 10.4 | 12.0    |
| Lipper Convert. Securities Funds Average | 6.8  | -32.7  | 38.9  | 16.3  | -5.3  | 11.1  | 21.9  | 5.7  | -3.6  | 7.7  | 11.2    |

### Annualized total return performance

| Inception 12/30/98 | Class Y shares | BofA ML U.S. Convertible Index | Lipper Convert. Securities Funds Average |
|--------------------|----------------|--------------------------------|--|
| 1 year             | 14.27%         | 14.31%                         | 12.18%                                   |
| 3 years            | 5.59           | 6.82                           | 5.25                                     |
| 5 years            | 9.41           | 11.01                          | 8.63                                     |
| 10 years           | 6.02           | 6.83                           | 5.08                                     |
| Life of fund       | 9.86           | —                              | —  |

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.

### Highlights of five-year performance periods (6/29/72–9/30/17)\*

| 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%                                       | 157                               | 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 74, 65, and 41 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 below-investment-grade convertible securities. 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.**