



The fund received a 4-star Overall Morningstar Rating as of 3/31/19 among 901 funds in the Intermediate-Term Bond category (Y shares, based on risk-adjusted returns)

**Objective**

The fund seeks high current income consistent with what Putnam Management believes to be prudent risk.

**Portfolio Managers**

**Michael V. Salm**  
(industry since 1989)

**Brett S. Kozlowski, CFA**  
(industry since 1997)

**Emily E. Shanks**  
(industry since 1999)

**Morningstar category**

Intermediate-Term Bond

**Lipper category**

Core Bond

**Average effective duration**

5.85

**3-year average duration**

5.25

Credit qualities are shown as a percentage of the fund's net assets. A bond rated BBB or higher (A-3 or higher, for short-term debt) is considered investment grade. This chart reflects the highest security rating provided by one or more of Standard & Poor's, Moody's, and Fitch. To-be-announced (TBA) mortgage commitments, if any, are included based on their issuer ratings. Ratings may vary over time. Cash, derivative instruments, and net other assets are shown in the not-rated category. Payables and receivables for TBA mortgage commitments are included in the not-rated category and may result in negative weights. **The fund itself has not been rated by an independent rating agency.**

# Putnam Income Fund

Pursuing income with an all-weather bond portfolio since 1954

**Diverse opportunities**

The fund invests across all sectors of the U.S. bond market, including mortgage-backed securities, corporate bonds, and other government obligations.

**Flexible risk allocations**

The fund takes a unique approach to asset allocation, dynamically establishing diversified risk exposures rather than sector exposures.

**Bottom-up approach**

Security selection is the primary driver of returns, with sub-sector allocations and macro strategies also serving as potential alpha generators.

**Pursuing opportunities inside and outside the benchmark**

Portfolio quality		Sector		● Fund	● BBG Barclays U.S. Aggr. Bond Index
AAA	53.3%	Agency pass-through	36.3%	27.9%	
AA	5.6	Commercial MBS	25.8	2.0	
A	17.1	Investment-grade corp bonds	22.8	24.5	
BBB	19.4	Agency CMO	16.1	0.0	
BB	6.3	Residential MBS (non-agency)	8.9	0.0	
B	3.8	Asset-backed securities (ABS)	1.9	0.5	
CCC and below	1.1	High-yield corp bonds	1.6	0.0	
Not rated	-6.7	Municipal bonds	0.2	0.6	
		Emerging-market bonds	0.1	1.7	
		U.S. Treasury/agency	0.0	40.1	
		International Treasury/agency	0.0	2.7	

Holdings represent 100% of the portfolio and will vary over time. Negative weights may result from timing differences between trade and settlement dates of securities, such as TBAs, or by the use of derivatives.

Net cash represents 21.9% of the portfolio. 5.0% of the portfolio invested internationally. Allocations will vary over time.

Fund allocations may not total 100% of net assets because the table includes the notional value of the derivatives (the economic value for purposes of calculating periodic payment obligations), in addition to the market value of securities.

**The fund's strategy has resulted in relatively low positive correlation to broad bond indexes**

Correlation of Putnam Income Fund versus:	1 year	3 years	5 years
BBG Barclays U.S. Aggregate Bond Index	0.90	0.83	0.58
BBG Barclays U.S. Treasury Index	0.79	0.75	0.43
BBG Barclays Global Aggregate Index	0.76	0.74	0.53

Correlation is a measure of how similar the historical performances of two different asset classes or securities have been. The maximum correlation is 1.0 and the minimum is 0 with values between 0 and -1 indicating negative correlation. A positive correlation close to 1.0 indicates that the historical returns of the two asset classes being compared have been very similar. A negative correlation close to -1.0 indicates that the historical returns of the two asset classes being compared have been opposite each other; for example, when one gained 5%, the other declined 5%. Correlations near zero indicate that there has been little discernible relationship between the two asset classes being compared.

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

**Fund symbols**

Class A	PINCX
Class B	PNCBX
Class C	PUCIX
Class M	PNCMX
Class R	PIFRX
Class R6	PINHX
Class Y	PNCYX

**Lipper rankings**

(Y shares, based on total return)

1 year	33% (165/509)
3 years	2% (5/447)
5 years	38% (144/380)
10 years	1% (1/293)

**Total expense ratio**(Y shares)  
0.63%**Number of holdings**

1,207

**Net assets**

\$1,811.21M

**Dividend frequency**

Monthly

**Standard deviation**

2.68

**Average effective maturity**

8.80

**30-day SEC yield**

3.84%

**Standard deviation** measures how widely a set of values varies from the mean. It is a historical measure of the variability of return earned by an investment portfolio. **Average effective maturity** depends on the maturity of the underlying bonds within each fund. The longer the maturity, the greater the interest-rate risk. **Average 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. **3-year average duration** is an arithmetic average of month-end values over the previous 3-year period.

For informational purposes only. Not an investment recommendation.

Putnam Retail Management  
FS035\_Y 316725 4/19

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 YTD
Y shares	9.0%	5.3%	11.0%	2.3%	5.5%	-1.5%	2.2%	6.1%	0.6%	3.7%
BBG Barclays U.S. Aggregate Bond Index	6.5	7.8	4.2	-2.0	6.0	0.6	2.7	3.5	0.0	2.9

**Annualized total return performance**

Inception	Class Y shares	BBG Barclays U.S. Aggregate Bond Index
6/16/94		
1 year	4.33%	4.48%
3 years	4.42	2.03
5 years	2.65	2.74
10 years	7.55	3.77
Life of fund	7.48	—

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 11/1/54), 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 (11/1/54–3/31/19)\***

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
20.63%	9/30/86	-1.18%	12/31/08	7.37%	99%	235	3

\* Based on annualized returns for quarterly rolling periods.

The Bloomberg (BBG) Barclays U.S. Aggregate Bond Index is an unmanaged index of U.S. investment-grade fixed-income securities. You cannot invest directly in an index.

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. Ratings do not take into account the effects of sales charges and loads. Putnam Income Fund received 5, 3, and 5 stars for the 3-, 5-, and 10-year periods among 901, 769, and 564 Intermediate-Term Bond 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:** Funds that invest in government securities are not guaranteed. Mortgage-backed investments, unlike traditional debt investments, are also subject to prepayment risk, which means that they may increase in value less than other bonds when interest rates decline and decline in value more than other bonds 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). The fund may have to invest the proceeds from prepaid investments, including mortgage-backed investments, in other investments with less attractive terms and yields. 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. Bond 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 lead to increased volatility and reduced liquidity in the fund's portfolio holdings. 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.**