

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 1998)

Morningstar category

Intermediate-Term Bond

Lipper category

Core Bond

Average effective duration

5.75

30-day SEC yield

3.93%

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. Aggregate Bond Index
AAA	72.5%	Agency pass-through	46.6%	28.1%
AA	1.4	Commercial MBS	31.1	1.7
A	8.3	Investment-grade corp. bonds	24.0	25.6
BBB	23.4	Agency CMO	19.3	0.0
BB	10.8	Residential MBS (non-agency)	8.5	0.0
B	7.1	Asset-backed securities (ABS)	0.8	0.4
CCC and below	1.8	Emerging-market bonds	0.5	1.9
Not rated	-25.3	Municipal bonds	0.2	0.8
		U.S. Treasury/agency	0.0	38.3
		Covered bonds	0.0	0.1
		International Treasury/agency	0.0	3.0
		High-yield corp. bonds	-2.6	0.0

Holdings represent 100% of the portfolio and will vary over time.

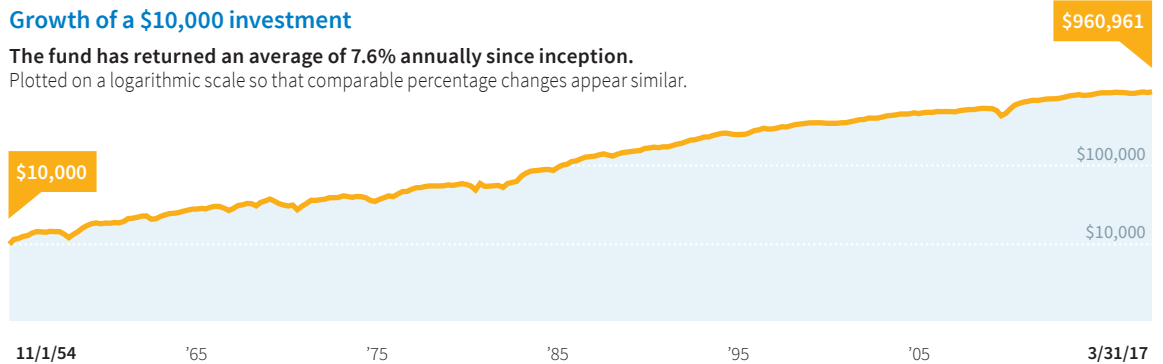
Net cash represents 10.7% of the portfolio. 4.8% of the portfolio invested internationally. Allocations will vary over time. Data as of 3/31/17. Allocations will vary over time.

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

Growth of a \$10,000 investment

The fund has returned an average of 7.6% 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 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.

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



The fund received a 4-star Overall Morningstar Rating™ as of 3/31/17 among 851 funds in the Intermediate-Term Bond category (Y shares, based on risk-adjusted returns)

Fund symbols

Class A	PINCX
Class B	PNCBX
Class C	PUICX
Class M	PNCMX
Class R	PIFRX
Class Y	PNCYX

Lipper rankings

(Y shares, based on total return)

1 year	2% (8/498)
3 years	90% (388/433)
5 years	2% (6/389)
10 years	1% (2/289)

Total expense ratio

(Y shares)
0.62%

Number of holdings

1,101

Net assets

\$1,651.55M

Dividend frequency

Monthly

Standard deviation

2.70

Average effective maturity

12.35

Annual performance at net asset value (all distributions reinvested)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 YTD
Y shares	5.5%	-20.2%	45.2%	9.0%	5.3%	11.0%	2.3%	5.5%	-1.5%	2.2%	2.0%
BBG Barclays U.S. Aggregate Bond Index	7.0	5.2	5.9	6.5	7.8	4.2	-2.0	6.0	0.6	2.7	0.8

Annualized total return performance

Inception 6/16/94	Class Y shares	BBG Barclays U.S. Aggregate Bond Index
1 year	4.82%	0.44%
3 years	1.61	2.68
5 years	3.75	2.34
10 years	5.44	4.27
Life of fund	7.59	—

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Highlights of five-year performance periods (11/1/54–3/31/17)*

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
20.63%	9/30/86	-1.18%	12/31/08	7.52%	99%	227	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.

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.

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 over a 3-year period. **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. **Average effective maturity** depends on the maturity of the underlying bonds within each fund. The longer the maturity, the greater the interest-rate risk.

For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees, if applicable), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each 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. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year (if applicable) Morningstar Rating metrics. Morningstar Ratings shown are for class Y shares only; other classes may have different performance characteristics. Putnam Income Fund received 2, 5, and 4 stars for the 3-, 5-, and 10-year periods among 851, 750, and 538 Intermediate-Term Bond funds, respectively.

Not all share classes available on all platforms.

Consider these risks before investing: Funds that invest in government securities are not guaranteed. Mortgage backed investments carry 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). We may have to invest the proceeds from prepaid investments, including mortgagebacked investments, in other investments with less attractive terms and yields. Interest-rate risk is greater for longer-term bonds, and credit risk is 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 of the risk of default, changes in government intervention, and factors related to a specific issuer or industry. These factors may also lead to periods of high volatility and reduced liquidity in the bond markets. 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.