Q4 | 2017

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Putnam INVESTMENTS

Putnam U.S. Government Income Trust

Seeking opportunities through mortgage-backed securities

Objective

The fund seeks as high a level of current income as Putnam Management believes is consistent with preservation of capital.

Portfolio Managers

Michael V. Salm
(industry since 1989)

Jatin Misra PhD, CFA
(industry since 2004)

Morningstar category

Intermediate Government

Lipper category

GNMA

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.**

Agency mortgage-backed securities

The fund normally invests at least 80% of its assets in U.S. government securities, including agency mortgage-backed securities.

Higher potential returns

By investing in mortgage-backed bonds, the fund can offer the potential for higher returns than an investment strategy focused only on U.S. Treasuries.

Leading research

The fund's portfolio managers use proprietary models to assist in the evaluation of mortgage-backed bonds and to manage the fund's interest-rate risk.

Diversification across bond market sectors

Agency pass-through	126.3%
Agency CMO	30.5
Asset-backed securities (ABS)	0.6
Net cash	8.0

Allocations will vary over time.

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.

Maturity breakdown

0 to 1 year	-60.7%
1 to 5 years	16.9
5 to 10 years	141.2
10 to 15 years	2.6

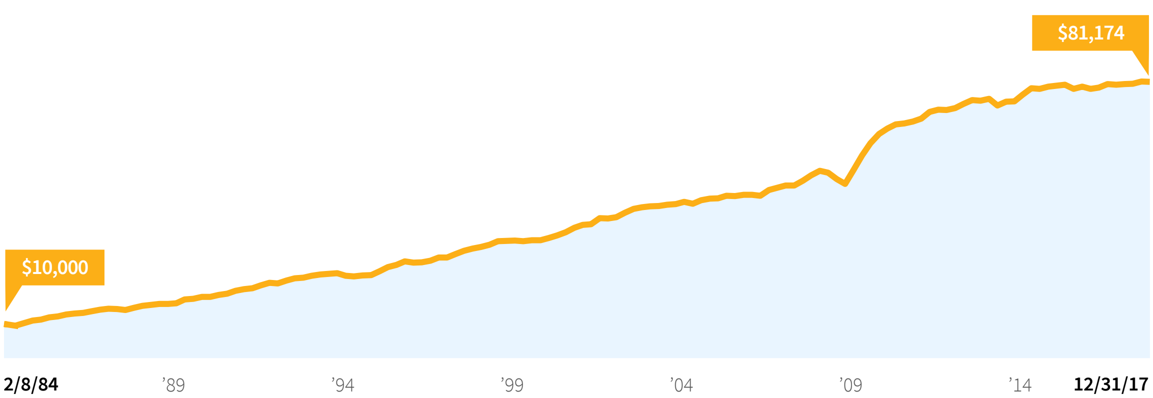
Portfolio quality

AAA	159.0%
A	5.9
Not rated	-64.9

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

Growth of a $10,000 investment

With dividends reinvested, the fund has returned an average of 6.4% annually since inception.



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 2/8/84), 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

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Putnam U.S. Government Income Trust

★★★★

The fund received a 4-star Overall Morningstar Rating as of 12/31/17 among 230 funds in the Intermediate Government category (Y shares, based on risk-adjusted returns)

Fund symbols

Class A	PGSIX
Class B	PGSBX
Class C	PGVCX
Class M	PGSMX
Class R	PGVRX
Class Y	PUSYX

Lipper rankings

(Y shares, based on total return)

1 year	45% (26/57)
3 years	70% (37/52)
5 years	24% (12/50)
10 years	5% (2/42)

Total expense ratio

(Y shares)
0.64%

Number of holdings

706

Net assets

$803.35M

Dividend frequency

Monthly

Average effective duration

2.51

30-day SEC yield

3.22%

Annual performance at net asset value (all distributions reinvested)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Y shares	-4.8%	28.7%	5.6%	5.0%	3.6%	-0.2%	5.7%	0.0%	0.9%	1.1%
BBG Barclays GNMA Index	7.9	5.4	6.7	7.9	2.4	-2.1	6.0	1.4	1.6	1.9

Annualized total return performance

Inception 4/11/94	Class Y shares	BBG Barclays GNMA Index
1 year	1.11%	1.86%
3 years	0.67	1.60
5 years	1.47	1.70
10 years	4.23	3.84
Life of fund	6.37	7.20

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Highlights of five-year performance periods (2/8/84–12/31/17)‡

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
12.45%	6/30/89	1.44%	9/30/17	6.43%	100%	116	0

‡ Based on annualized returns for quarterly rolling periods.

The Bloomberg (BBG) Barclays GNMA Index is an unmanaged index of Government National Mortgage Association bonds. 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 Morningstar Rating does not include any adjustment for sales loads. 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 U.S. Government Income Trust received 2, 4, and 5 stars for the 3-, 5-, and 10-year periods among 230, 221, and 167 Intermediate Government 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.

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.

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 securities are subject to prepayment risk and the risk 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). 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 (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 periods of 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.

For informational purposes only. Not an investment recommendation.

Putnam Retail Management
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