Q1 | 2019

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Putnam Floating Rate Income Fund

An income fund that can benefit from higher interest rates

Objective
The fund seeks high current income with preservation of capital as a secondary goal.

Portfolio Managers
Paul D. Scanlon, CFA
(industry since 1986)

Norman P. Boucher
(industry since 1985)

Robert L. Salvin
(industry since 1986)

Morningstar category
Bank Loan

Lipper category
Loan Participation

Fund symbols

Class A	PFLRX
Class B	PFRBX
Class C	PFICX
Class M	PFLMX
Class R	PFLLX
Class R6	PFRZX
Class Y	PFRYX

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. Ratings and portfolio credit quality will vary over time. Cash and net other assets, if any, represent the market value weights of cash, derivatives, and short-term securities in the portfolio. **The fund itself has not been rated by an independent rating agency.**

Not FDIC insured
May lose value
No bank guarantee

Floating-rate bank loans
The fund primarily invests in bank loans with yields that are set at a margin above short-term interest rates and adjust when rates change.

Guard against rising interest rates
Bank loans have historically performed well amid rising interest rates because their yields adjust higher and become more attractive.

Backed by team research
The fund's experienced managers select a diverse range of loans using careful credit research.

Diversification across market sectors

Consumer cyclicals	25.0%
Technology	10.4
Communication services	10.2
Health care	9.5
Basic materials	9.1
Capital goods	8.0
Consumer staples	6.8
Energy	6.7
Financials	6.7
Utilities	2.1
Net cash	5.6

Allocations may 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.

Portfolio structure

Bank loans	86.8%
High-yield corporate bonds	5.9
Investment-grade corporate bonds	1.2
Emerging-market bonds	0.4
Equity investments	0.1
Net cash	5.6

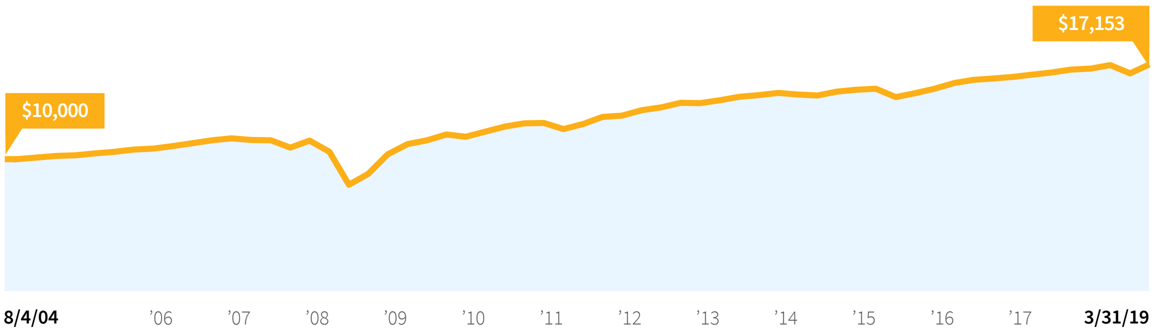
Portfolio quality

BBB	7.4%
BB	39.7
B	44.1
CCC and below	3.0
Not rated	0.2
Net cash	5.6

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 3.8% 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 8/4/04), 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.

Lipper rankings
(Y shares, based on total return)

1 year	53% (125/237)
3 years	57% (120/212)
5 years	46% (89/193)
10 years	38% (31/81)

Total expense ratio
(Y shares)
0.77%

Number of issues
207

Number of issuers
170

Net assets
$540.75M

Dividend frequency
Monthly

Standard deviation
2.79

Average effective duration
0.14

Average effective maturity
4.79

30-day SEC yield
4.87%

Maturity breakdown

0–1 year	7.4%
1–5 years	34.7%
5–10 years	57.9%

Annual performance at net asset value (all distributions reinvested)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 YTD
Y shares	9.0%	1.7%	9.9%	5.8%	0.7%	-0.9%	8.9%	3.5%	-0.4%	4.1%
S&P/LSTA Leveraged Loan Index	10.2	1.5	9.7	5.3	1.6	-0.7	10.1	4.1	0.5	4.0

Annualized total return performance

Inception 10/4/05	Class Y shares	S&P/LSTA Leveraged Loan Index
1 year	2.19%	2.96%
3 years	4.61	5.65
5 years	2.94	3.61
10 years	6.80	7.98
Life of fund	3.75	4.70

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Highlights of five-year performance periods (8/4/04–3/31/19)*

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
12.82%	12/31/13	2.19%	9/30/09	4.28%	100%	39	0

* Based on annualized returns for quarterly rolling periods.

The S&P/LSTA Leveraged Loan Index (LLI) is an unmanaged index of U.S. leveraged loans. 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. **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.

Not all share classes are available on all platforms.

Consider these risks before investing: The value of securities in the fund's portfolio 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 high volatility and reduced liquidity in the fund's portfolio holdings. Lower-rated bonds may offer higher yields in return for more risk. 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 generally greater for longer-term bonds, and credit risk is generally greater for below-investment-grade bonds. Unlike bonds, funds that invest in bonds have fees and expenses. 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. Floating-rate loans may reduce, but not eliminate, interest-rate risk. These loans are typically secured by specific collateral or assets of the issuer (so that holders of the loan, such as the fund, have a priority claim on those assets in the event of the issuer's default or bankruptcy). The value of collateral may be insufficient to meet the issuer's obligations, and the fund's access to collateral may be limited by bankruptcy or other insolvency laws. 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.