

Objective

The fund seeks as high a rate of current income as we believe is consistent with preservation of capital.

Portfolio Managers

Emily E. Shanks
(industry since 1999)

Albert Chan, CFA
(industry since 2002)

D. William Kohli
(industry since 1988)

Brett S. Kozlowski, CFA
(industry since 1997)

Morningstar category

Short-Term Bond

Lipper category

Short Investment Grade Debt

Fund symbols

Class A	PARTX
Class B	PARPX
Class C	PARQX
Class M	PARZX
Class R	PRARX
Class R6	PRREX
Class Y	PARYX

Average effective duration

1.74

30-day SEC yield

2.83%

Cost-effective pricing option for A shares

- Available at NAV beginning at \$250,000
- 9-month CDSC period

Prior to 6/1/18, the fund was known as Putnam Absolute Return 100 Fund. All fund data for dates prior to 6/1/18, reflect the fund's previous investment strategy in effect at that time. Please see semi-annual report for more information.

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

Putnam Short Duration Bond Fund

Pursuing income with a multi-sector, lower duration approach

Sector diversification

The fund invests in a diversified portfolio of fixed-income securities, including corporate debt, bank loans, sovereign debt, and securitized assets, such as mortgage-backed and asset-backed securities.

Managing rate sensitivity

The fund invests in short-term bonds and other securities, and generally maintains an effective duration, or interest-rate sensitivity, of three years or less.

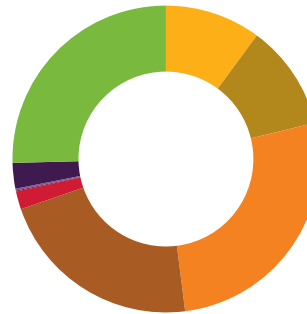
Fundamental approach

The fund's experienced portfolio managers implement active strategies that consider several factors, including credit, interest-rate, and prepayment risks, and general market conditions.

Pursuing opportunities inside and outside the benchmark

Portfolio quality

AAA	10.1%
AA	11.1
A	26.8
BBB	21.7
BB	1.9
B	0.1
CCC and below	0.2
Not rated	2.7
Net cash	25.4



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

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.

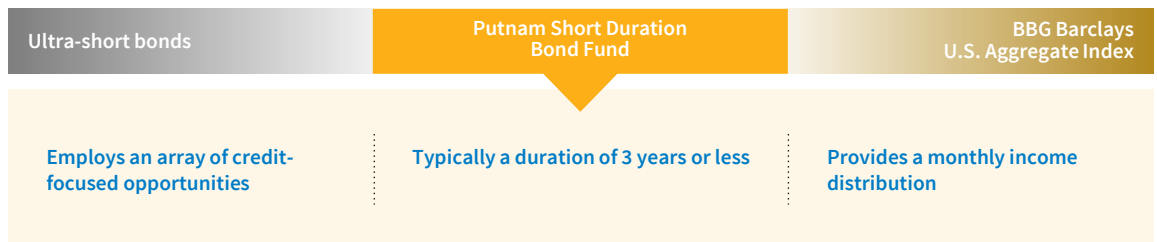
The fund itself has not been rated by an independent rating agency.

Portfolio composition

Investment-grade corporate bonds	43.8%
Commercial MBS	11.5
Agency CMO	9.2
Residential MBS (non-agency)	6.2
Asset-backed securities (ABS)	2.3
High-yield corporate bonds	1.7
Emerging-market bonds	0.1
Net cash	25.4

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.

Putnam Short Duration Bond Fund focus on total return with less interest-rate sensitivity



Portfolio repositioning

- Portfolio was repositioned June 1, 2018
- The fund will now manage duration exposure that is neutral to the ICE BofAML 1-3 Year U.S. Corporate Index
- The fund will minimize the use of derivatives

Total expense ratio(Y shares)
0.38%**Number of issues**

459

Number of issuers

213

Net assets

\$715.62M

Dividend frequency

Monthly

Standard deviation

0.86

Average effective maturity

2.18

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.

For informational purposes only. Not an investment recommendation.

Putnam Retail Management
FS104_Y 317413 7/19R1

Annual performance at net asset value (all distributions reinvested)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 YTD
Y shares	1.4%	-1.8%	3.1%	2.0%	1.0%	-0.3%	2.4%	3.5%	2.2%	3.5%
ICE BofAML 1-3 Year U.S. Corporate Index	4.9	1.8	4.5	1.8	1.2	1.0	2.4	1.9	1.6	3.5
ICE BofAML U.S. Treasury Bill-ICE BofAML 1-3 Year U.S. Corporate Linked Benchmark	0.2	0.1	0.1	0.1	0.1	0.1	0.4	0.8	2.2	3.5

Annualized total return performance

Inception 12/23/08	Class Y shares	ICE BofAML 1-3 Year U.S. Corporate Index	ICE BofAML U.S. Treasury Bill-ICE BofAML 1-3 Year U.S. Corporate Linked Benchmark
1 year	4.54%	5.06%	5.06%
3 years	3.83	2.37	2.20
5 years	2.24	2.08	1.38
10 years	1.96	3.00	0.76
Life of fund	2.03	3.73	0.74

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. For a portion of the periods, the fund had expense limitations, without which returns would have been lower. For the most recent month-end performance, please visit putnam.com.

The ICE BofAML 1-3 year U.S. Corporate Index is an unmanaged index of U.S. investment-grade corporate debt with a remaining term to maturity of less than 3 years. The ICE BofAML U.S. Treasury Bill - ICE BofAML 1-3 Year U.S. Corporate Linked Benchmark represents performance of the ICE BofAML U.S. Treasury Bill Index through June 1, 2018, and performance of the ICE BofAML 1-3 year U.S. Corporate Credit Index thereafter. ICE Data Indices, LLC (ICE BofAML), used with permission. ICE BofAML permits use of the ICE BofAML indices and related data on an "as is" basis; makes no warranties regarding same; does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the ICE BofAML indices or any data included in, related to, or derived therefrom; assumes no liability in connection with the use of the foregoing; and does not sponsor, endorse, or recommend Putnam Investments, or any of its products or services. You cannot invest directly in an index.

Not all share classes are available on all platforms.

Consider these risks before investing: Allocation of assets among fixed-income strategies and sectors may hurt performance. The effects of inflation may erode the value of your investment over time. The value of investments in the fund's portfolio may fall or fail to rise over extended periods of time for a variety of reasons, including general economic, political or financial market conditions, investor sentiment and market perceptions, government actions, geopolitical events or changes, and factors related to a specific issuer, geography, industry or sector. These and other factors may lead to increased volatility and reduced liquidity in the fund's portfolio holdings. 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. Lower-rated bonds may offer higher yields in return for more risk. Funds that invest in government securities are not guaranteed. Mortgage-backed securities are subject to prepayment risk, which means that they may increase in value less when interest rates decline and decline in value more when interest rates rise. The fund may have to invest the proceeds from prepaid investments, including mortgage- and asset-backed investments, in other investments with less attractive terms and yields. International investing involves currency, economic, and political risks. Emerging-market securities have illiquidity and volatility risks. The fund may not achieve its goal, and it is not intended to be a complete investment program. 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. The fund's prospectus lists additional risks.

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.