

Objective

The fund seeks a positive return of 7% above the return of U.S. T-bills, over a reasonable period of time, generally at least three years, regardless of market condition.

Portfolio Managers

James A. Fetch
(industry since 1994)

Robert J. Kea, CFA
(industry since 1988)

Robert J. Schoen
(industry since 1990)

Jason R. Vaillancourt, CFA
(industry since 1993)

Serves investors with a horizon of at least three years, and who may be considering:

- An investment to diversify a portfolio of traditional funds
- A fund that can use modern strategies to seek to reduce market volatility

Fund symbols

Class A	PDMAX
Class B	PDMBX
Class C	PDMCX
Class M	PDMMX
Class R	PDMRX
Class Y	PDMYX

† Long/short equity, fixed-income, commodity, and currency alpha strategies are pairings of positive and “negative,” or short-selling, positions. They may focus on individual securities, groups of securities or sectors, different indexes, currencies, commodities, or segments of the commodity futures curve. Regional long/short positions are top-down (as opposed to fundamentally driven “bottom up”) long-short trades; they may involve two different countries or groups of countries. Alternative beta strategies are market-neutral strategies that seek non-traditional sources of risk premia.

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

Putnam Absolute Return 700 Fund®

Seeking positive results balanced with lower volatility over time

A wide range of securities for diversification

The fund can invest across multiple asset classes and can adjust dynamically as opportunities change.

Invests across global asset classes†

U.S. stocks	26.5%
Commodities	20.4%
Agency pass-through	14.5%
U.S. Treasury/agency	9.0%
Commercial MBS	8.5%
Agency CMO	5.9%
International stocks	3.5%
Bank loans	2.7%
Emerging-market bonds	1.9%
Residential MBS (non-agency)	1.1%
Investment-grade corp. bonds	0.3%
Asset-backed securities (ABS)	0.1%
Emerging-market stocks	-0.4%
High-yield corporate bonds	-20.6%
Net cash*	41.4%

* Includes money market funds. Allocations will vary over time. A negative percentage reflects the effect of fund strategies that are designed to enhance performance if certain securities decline in value.

Ultimate flexibility to be independent of indexes

Freed from the constraints of traditional benchmarks that may carry unwanted risks, the portfolio managers can invest across diverse securities, asset classes, and strategies.

Diverse risk strategies† (% of total risk)

Directional	39.6%
Equity	17.1%
Credit	-2.2%
Rates	4.3%
Inflation	20.4%
Non-directional	60.4%
Equity selection alpha	41.1%
Fixed income selection alpha	4.6%
Fixed income sector alpha	0.9%
Regional equity long/short	3.3%
Regional fixed income long/short	5.2%
Commodity alpha	2.8%
Currency alpha	1.3%
Alternative beta	1.4%
Total risk (ex-ante)	3.1%

‡ 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

Modern investment tools seeking reduced risk

With the ability to hedge and use market neutral strategies, the fund can provide a new type of diversification to traditional portfolios.

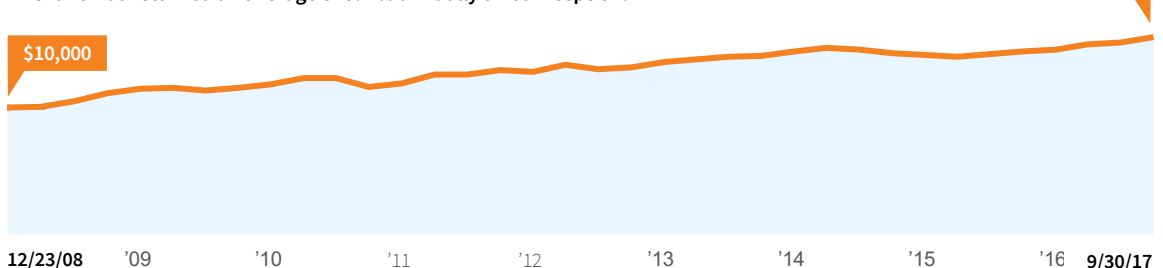
Top ten holdings

Top ten holdings	Sector
Net cash*	Net cash
FNMA TBA 3.50% 11/01/2047	Agency pass-through
FNMA TBA 3.00% 11/01/2047	Agency pass-through
S&P GSCI Light Energy 3X 144A Note 09/07/2018	Commodities
FNMA TBA 2.50% 10/01/2047	Agency pass-through
S&P GSCI 3X 144A Note 10/11/2018	Commodities
iShares MSCI India ETF	International stocks
Samsung Electronics	International stocks
Technology Select Sector SPDR	U.S. stocks
Consumer Discretionary Select Sector SPDR	U.S. stocks

Holdings represent 63.7% of the portfolio and will vary over time.

Growth of a \$10,000 investment

The fund has returned an average of 5.2 % 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 A shares assumes reinvestment of distributions and does not account for taxes. Returns do not reflect a 5.75% sales charge; had they, returns would have been lower. 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.

Total expense ratio(A shares)
1.21%**Number of holdings**

838

Net assets

\$1,148.55M

Dividend frequency

Annually

Standard deviation

4.54

Beta

0.30

Sharpe ratio

0.53

Annual performance at net asset value (all distributions reinvested)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017YTD
A shares	—	—	14.4%	3.5%	0.5%	7.8%	5.9%	6.0%	-1.7%	2.7%	6.9%
BofA Merrill Lynch U.S. Treasury Bill Index	5.0%	2.5%	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.4	0.6

Annualized total return performance

Inception 12/23/08	Before sales charge	After sales charge	BofA Merrill Lynch U.S. Treasury Bill Index
1 year	7.69%	1.50%	0.64%
3 years	3.38	1.36	0.34
5 years	3.71	2.49	0.24
Life of fund	5.17	4.46	0.22

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Shareholder-friendly, adjustable management fee

Putnam Absolute Return 700 Fund has an innovative management fee structure — the fee adjusts based on fund performance. This feature aligns the interests of fund managers and shareholders.

Performance fee information

Base management fee	0.87%
Example of lower fee if fund underperforms its target by 1%	0.83%
Example of higher fee if fund outperforms its target by 1%	0.91%
Maximum performance adjustment	+/-0.28%

The BofA Merrill Lynch U.S. Treasury Bill Index is an unmanaged index that tracks the performance of U.S. dollar denominated U.S. Treasury Bills publicly issued in the U.S. domestic market. Qualifying securities must have a remaining term of at least one month to final maturity and a minimum amount outstanding of \$1 billion. The index data referenced herein is the property of Merrill Lynch, Pierce, Fenner & Smith Incorporated ("BofAML") and/or its licensors and has been licensed for use by Putnam Investments. BofAML and its licensors accept no liability in connection with its use. See putnam.com for a full copy of the Disclaimer. You cannot invest directly in an index.

Because the dollar amount of the monthly performance fee adjustment is based on the fund's average assets during the rolling performance period, the amount of any dollar adjustment as a percentage of a fund's current assets could exceed the "maximum annualized performance adjustment rates." Performance fee adjustments will not commence until a fund has been operating under a shareholder-approved management contract with a performance fee adjustment for at least 12 months.

The fund is not intended to outperform stocks and bonds during strong market rallies.

Beta measures volatility in relation to the fund's benchmark. A beta of less than 1.0 indicates lower volatility; a beta of more than 1.0, higher volatility than the benchmark. **Sharpe ratio** is a measure of historical adjusted performance calculated by dividing the fund's return minus the risk free rate (ML 3-month T-bill) by the standard deviation of the fund's return. The higher the ratio, the better the fund's return per unit of risk. **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. For fixed income and equity funds, risk statistics are measured using a 3 and 5-year regression analysis respectively. For funds with shorter track records, Since Inception analysis is used.

Not all share classes are available on all platforms.

Consider these risks before investing: International investing involves currency, economic, and political risks. Emerging-market securities carry illiquidity and volatility risks. Investments in small and/or midsize companies increase the risk of greater price fluctuations. The energy and other natural resources industries may be affected by changes in crude oil prices and changes in governmental regulatory policies. The fund concentrates on a limited group of industries and is non-diversified. Because the fund may invest in fewer issuers than a diversified fund, it is vulnerable to common economic forces and may result in greater losses and volatility. Growth stocks may be more susceptible to earnings disappointments, and value stocks may fail to rebound. The use of short selling may result in losses if the securities appreciate in value. 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. Stock prices may fall or fail to rise over time for several reasons, including general financial market conditions, changing market perceptions, changes in government intervention in the financial markets, and factors related to a specific issuer or industry. 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.