Putnam Fixed Income Absolute Return Fund (PTRNX)

Seeking positive results balanced with lower volatility over time

Global diversification
The fund can invest across global fixed-income sectors and can adjust dynamically as opportunities change.

Invests across global bond sectors
Agency pass-through 47.1%
Commercial MBS 20.3
Agency CMO 18.5
Investment-grade corporate bonds 13.6
High-yield corporate bonds 11.3
Residential MBS (non-agency) 9.7
Bank loans 6.7
Emerging-market bonds 6.4
Asset-backed securities (ABS) 3.2
Convertible securities 2.4
Net cash 14.1

Net cash includes money market funds. 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.

Independent of indexes
The portfolio managers have the flexibility to mitigate a variety of risks, and are not constrained by traditional benchmarks.

Diverse risk strategies (% of total risk)
Term structure 0.3%
Prepayments 47.3
MBS credit 17.5
Corporate credit 35.4
Emerging markets 3.5
Foreign exchange -3.8
Total risk (ex-ante) 3.9%

Risk hedging
The fund’s hedging and market neutral strategies can offer volatility dampening benefits to client portfolios.

Top ten holdings
Sector
FNMA TBA 2.00% Agency pass-through
11/01/2050
Net cash Net cash
FNMA TBA 4.00% Agency pass-through
10/01/2050
FNMA TBA 3.50% Agency pass-through
10/01/2050
FNMA TBA 3.50% Agency pass-through
10/01/2050
FNMA TBA 4.00% Agency pass-through
11/01/2050
FNMA TBA 3.00% Agency pass-through
10/01/2050
FNMA TBA 4.00% Agency pass-through
11/01/2050
FNMA TBA 3.00% Agency pass-through
10/01/2050
UBS London P/P Investment-grade corporate bonds
144A 1.75%
04/21/2022
FNMA TBA 3.00% Agency pass-through
11/01/2050
Oracle 3.63% Investment-grade corporate bonds
07/15/2023
Holdings represent 57.9% of the portfolio and will vary over time.

Growth of a $10,000 investment
The fund has returned an average of 2.6% annually since inception.

$10,000
$13,443

12/23/08 '10 '11 '12 '13 '14 '15 '16 '17 '18 9/30/20

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 2.25% 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.
Morningstar rankings  
(A shares; based on total return)  
1 year  72% (226/316)  
3 years  46% (119/270)  
5 years  63% (149/241)  
10 years  69% (59/81)  

Total return expense ratio  
(A shares)  0.87%  

Adjusted management fees  
Fee adjusts lower if fund underperforms (and adjusts higher if it outperforms) the Treasury Bill Index plus, five percent.  
Base fee  0.60%  
Higher fee for outperformance  0.64%  
Lower fee for underperformance  0.56%  
Maximum performance adjustment  +/-0.12%  

Number of holdings  1,317  

Net assets  $499.74M  

Dividend frequency  Monthly  

Average effective duration  -0.03  

Standard deviation  4.96  

For informational purposes only. Not an investment recommendation.  

Putnam Retail Management  
FS109_A  323496  10/20

Annual performance before sales charge (all distributions reinvested)  

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</thead>
<tbody>
<tr>
<td>A shares</td>
<td>-4.4%</td>
<td>5.6%</td>
<td>4.4%</td>
<td>1.9%</td>
<td>-1.9%</td>
<td>2.0%</td>
<td>5.2%</td>
<td>0.7%</td>
<td>9.0%</td>
<td>-2.6%</td>
<td></td>
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<tr>
<td>ICE BofA U.S. Treasury Bill Index</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.4</td>
<td>0.8</td>
<td>1.9</td>
<td>2.4</td>
<td>0.7</td>
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Annualized total return performance  

<table>
<thead>
<tr>
<th>Inception 12/23/08</th>
<th>Before sales charge</th>
<th>After sales charge</th>
<th>ICE BofA U.S. Treasury Bill Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year</td>
<td>-1.04%</td>
<td>-3.27%</td>
<td>1.19%</td>
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<tr>
<td>3 years</td>
<td>2.45</td>
<td>1.68</td>
<td>1.73</td>
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<tr>
<td>5 years</td>
<td>2.75</td>
<td>2.28</td>
<td>1.22</td>
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<tr>
<td>10 years</td>
<td>2.09</td>
<td>1.85</td>
<td>0.66</td>
</tr>
<tr>
<td>Life of fund</td>
<td>2.55</td>
<td>2.35</td>
<td>0.60</td>
</tr>
</tbody>
</table>

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. After-sales-charge returns reflect a maximum 2.25% load. 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.

Highlights of five-year performance periods (12/23/08–9/30/20)*  

<table>
<thead>
<tr>
<th>Best 5-year return</th>
<th>Best period end date</th>
<th>Worst 5-year return</th>
<th>Worst period end date</th>
<th>Average 5-year return</th>
<th>% of 5-year periods with positive returns</th>
<th>Number of positive 5-year periods</th>
<th>Number of negative 5-year periods</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.49%</td>
<td>3/31/14</td>
<td>-0.03%</td>
<td>3/31/16</td>
<td>2.08%</td>
<td>96%</td>
<td>27</td>
<td>1</td>
</tr>
</tbody>
</table>

* Based on annualized returns for quarterly rolling periods.

The ICE BofA 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. You cannot invest directly in an index. ICE Data Indices, LLC (ICE BofA), used with permission. ICE BofA permits use of the ICE BofA 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 BofA 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.

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.

Morningstar rankings for class A shares are based on total return without sales charge relative to all share classes of funds with similar objectives as determined by Morningstar. Morningstar rankings may differ significantly from Morningstar's risk-adjusted star ratings. Past performance is not indicative of future results.

Consider these risks before investing: Allocation of assets among fixed-income strategies and sectors may hurt performance. 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 that bond prices fall 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 investments, unlike traditional debt investments, 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. 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 efforts to produce lower-volatility returns may not be successful and may make it more difficult at times for the fund to achieve its targeted return. Under certain market conditions, the fund may accept greater-than-normal volatility to seek its targeted return. The fund is not intended to outperform stocks and bonds during strong market rallies. Our investment techniques, analyses, and judgments may not produce the outcome we intend. The investments we select for the fund may not perform as well as other securities that we do not select for the fund. We, or the fund's other service providers, may experience disruptions or operating errors that could have a negative effect on the fund. 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.

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