

Objective

The fund seeks a positive return of 3% 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

- D. William Kohli**
(industry since 1988)
- Albert W.K. Chan, CFA**
(industry since 2002)
- Michael V. Salm**
(industry since 1989)
- Paul D. Scanlon, CFA**
(industry since 1986)

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

- A bond fund
- 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 | PTRNX |
| Class B | PTRBX |
| Class C | PTRGX |
| Class M | PZARX |
| Class R | PTRKX |
| Class Y | PYTRX |

Putnam Absolute Return 300 Fund®

Seeking positive results balanced with lower volatility over time

A wide range of securities for diversification

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

Invests across global bond sectors

| | |
|----------------------------------|-------|
| Commercial MBS | 23.9% |
| Investment-grade corporate bonds | 22.6% |
| Agency CMO | 19.4% |
| Bank loans | 8.7% |
| Residential MBS (non-agency) | 6.3% |
| Agency pass-through | 5.9% |
| Emerging-market bonds | 5.0% |
| High-yield corporate bonds | 2.8% |
| International Treasury/agency | 1.6% |
| Asset-backed securities (ABS) | 0.7% |
| U.S. Treasury/agency | 0.1% |
| Net cash* | 10.0% |

* 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.

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)

| | |
|-----------------------------|-------------|
| MBS credit | 29.6% |
| Prepayments | 28.9% |
| Corporate credit | 20.2% |
| Emerging markets | 8.6% |
| Term structure | 6.5% |
| Foreign exchange | 6.2% |
| Total risk (ex-ante) | 2.2% |

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.

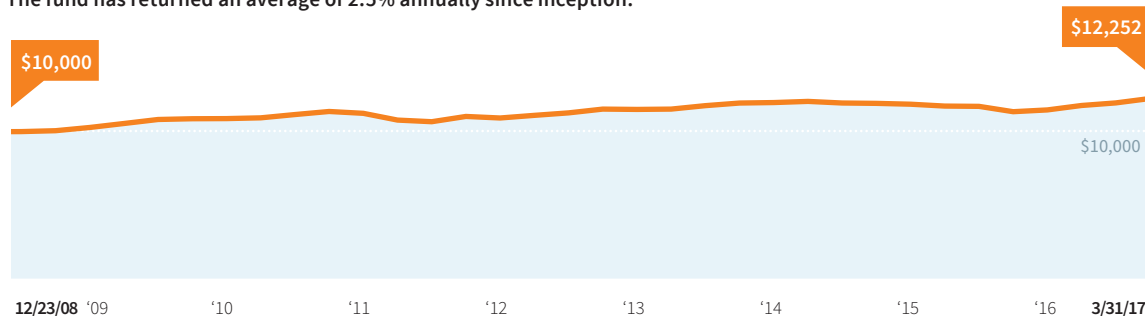
Top ten holdings

| Top ten holdings | Sector |
|---------------------------------------|------------------------------|
| FNMA TBA 3.50% 05/01/2047 | Agency pass-through |
| Net cash* | Net cash* |
| FNMA TBA 2.50% 04/01/2047 | Agency pass-through |
| FHLMC 0.00% 04/15/2041 | Agency CMO |
| Anheuser-Busch Inbev 1.90% 02/01/2019 | Investment-grade corp. bonds |
| Air Lease 2.63% 09/04/2018 | Investment-grade corp. bonds |
| FHLMC 5.09% 05/15/2041 | Agency CMO |
| Anheuser-Busch Inbev 3.65% 02/01/2026 | Investment-grade corp. bonds |
| CGMCT 5.10% 11/10/2046 | Commercial MBS |
| Russian Federation 5.63% 04/04/2042 | Emerging-market bonds |

* Includes money market funds.
Holdings represent 37.8% of the portfolio and will vary over time.

Growth of a \$10,000 investment

The fund has returned an average of 2.5% 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. Before-sales-charge returns do not reflect a maximum load of 1.00%. Had the sales charges been reflected, returns would have been lower. For a portion of the periods, the fund had expense limitations, without which returns would have been lower. To obtain the most recent month-end performance, visit putnam.com.

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

Total expense ratio(A shares)
0.70%**Number of holdings**

680

Net assets

\$494.40M

Dividend frequency

Annually

Average effective duration

-0.30

Standard deviation

3.13

Annual performance before sales charge (all distributions reinvested)

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 YTD |
|---|------|------|------|------|-------|------|------|------|-------|------|----------|
| A shares | — | — | 8.2% | 3.1% | -4.4% | 5.6% | 4.4% | 1.5% | -1.9% | 2.0% | 2.5% |
| 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 | 0.1 |

Annualized total return performance

| Class A shares Inception 12/23/08 | Before sales charge | After sales charge | BofA Merrill Lynch U.S. Treasury Bill Index |
|--------------------------------------|---------------------|--------------------|---|
| 1 year | 7.90% | 6.82% | 0.37% |
| 3 years | 0.85 | 0.52 | 0.20 |
| 5 years | 2.12 | 1.92 | 0.16 |
| Life of fund | 2.49 | 2.36 | 0.18 |

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Shareholder-friendly, adjustable management fee

Putnam Absolute Return 300 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 | 0.60% |
| Example of lower fee if fund underperforms its target by 1% | 0.56% |
| Example of higher fee if fund outperforms its target by 1% | 0.64% |
| Maximum performance adjustment | +/-0.12% |

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.

Treasury bills are represented by the BofA Merrill Lynch U.S. Treasury Bill Index. 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 is shown as a broad measure of market performance. Performance between a fund and an index will differ. You cannot invest directly in an index.

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

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.

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 over the past three years.

Not all share classes are available on all platforms.

Consider these risks before investing: Allocation of assets among asset classes may hurt performance. Bond prices may fall or fail to rise over time for several reasons, including general financial market conditions, changing market perceptions of the risk of default, changes in government intervention, and factors related to a specific issuer. These factors may also lead to periods of high volatility and reduced liquidity in the bond markets. 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. 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 and the risk 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 effort 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-typical volatility to seek its targeted return. You can lose money by investing in the fund. The fund's prospectus lists additional risks. The funds are not intended to outperform stocks and bonds during strong market rallies.

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.