

Objective

The fund seeks positive total return.

Portfolio Managers

D. William Kohli
(industry since 1988)

Albert Chan, CFA
(industry since 2002)

Michael V. Salm
(industry since 1989)

Paul D. Scanlon, CFA
(industry since 1986)

Morningstar category

Nontraditional Bond

Lipper category

Absolute Return

Fund symbols

| | |
|----------|-------|
| Class A | PTRNX |
| Class B | PTRBX |
| Class C | PTRGX |
| Class M | PZARX |
| Class R | PTRKX |
| Class R6 | PTREX |
| Class Y | PYTRX |

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

Putnam Fixed Income Absolute Return Fund

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.

Independent of indexes

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

Risk hedging

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

Invests across global bond sectors

| | |
|----------------------------------|-------|
| Agency pass-through | 27.6% |
| Commercial MBS | 21.9 |
| Agency CMO | 17.9 |
| Investment-grade corporate bonds | 15.0 |
| High-yield corporate bonds | 12.5 |
| Residential MBS (non-agency) | 6.6 |
| Bank loans | 5.6 |
| Emerging-market bonds | 4.1 |
| Asset-backed securities (ABS) | 3.1 |
| International Treasury/agency | 2.4 |
| Convertible securities | 1.0 |
| Net cash | 16.5 |

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.

Diverse risk strategies (% of total risk)

| | |
|-----------------------------|-------------|
| Term structure | 18.3% |
| Prepayments | 22.1 |
| MBS credit | 17.4 |
| Corporate credit | 30.5 |
| Emerging markets | 6.9 |
| Foreign exchange | 4.8 |
| Total risk (ex-ante) | 1.7% |

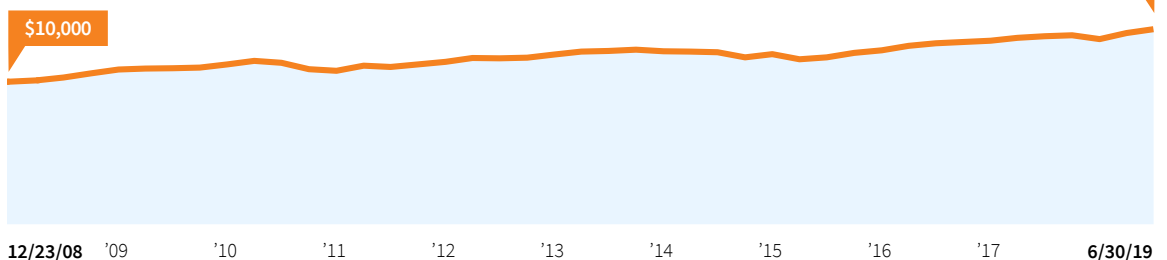
Top ten holdings Sector

| | |
|---------------------------|----------------------------------|
| Net cash | Net cash |
| FNMA TBA 3.50% 08/01/2049 | Agency pass-through |
| FNMA TBA 4.00% 08/01/2049 | Agency pass-through |
| FNMA TBA 4.00% 07/01/2049 | Agency pass-through |
| GNMA TBA 4.50% 07/01/2049 | Agency pass-through |
| FNMA TBA 3.00% 08/01/2049 | Agency pass-through |
| FHR 0.00% 04/15/2041 | Agency CMO |
| SPST 3.13% 09/24/2019 | Asset-backed securities (ABS) |
| APPLE 2.00% 05/06/2020 | Investment-grade corporate bonds |
| MSBAM 4.22% 07/15/2046 | Commercial MBS |

Holdings represent 43.2% of the portfolio and will vary over time.

Growth of a \$10,000 investment

The fund has returned an average of 3.0% 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. 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.

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

Lipper rankings

(Y shares, based on total return)

| | |
|----------|--------------|
| 1 year | 29% (61/213) |
| 3 years | 19% (33/180) |
| 5 years | 37% (45/122) |
| 10 years | 37% (11/29) |

Total expense ratio

(Y shares)

0.55%

Adjustable management fees

Base fee 0.60%

Fee adjusts lower if fund underperforms (and adjusts higher if it outperforms) the Treasury Bill Index plus, three percent.

Number of holdings

1,102

Net assets

\$553.34M

Dividend frequency

Monthly

Average effective duration

2.25

Standard deviation

2.11

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 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.

Annual performance at net asset value (all distributions reinvested)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 YTD |
|-------------------------------------|------|-------|------|------|------|-------|------|------|------|----------|
| Y shares | 3.4% | -4.1% | 5.9% | 4.6% | 1.8% | -1.7% | 2.2% | 5.5% | 0.9% | 5.3% |
| ICE BofAML U.S. Treasury Bill Index | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.4 | 0.8 | 1.9 | 1.3 |

Annualized total return performance

| Inception 12/23/08 | Class Y shares | ICE BofAML U.S. Treasury Bill Index |
|--------------------|----------------|-------------------------------------|
| 1 year | 3.69% | 2.39% |
| 3 years | 5.32 | 1.38 |
| 5 years | 2.38 | 0.89 |
| 10 years | 2.88 | 0.52 |
| Life of fund | 3.01 | 0.51 |

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Highlights of five-year performance periods (12/23/08–6/30/19)*

| 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 |
|--------------------|----------------------|---------------------|-----------------------|-----------------------|---|-----------------------------------|-----------------------------------|
| 3.74% | 3/31/14 | 0.21% | 3/31/16 | 2.27% | 100% | 23 | 0 |

*Based on annualized returns for quarterly rolling periods.

The ICE BofAML 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. 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.

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.

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.

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 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 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-typical volatility to seek its targeted return. You can lose money by investing in the fund. The fund's prospectus lists additional risks. The fund is 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.