

Portfolio Managers

Michael V. Salm
(industry since 1989)

Albert Chan, CFA
(industry since 2002)

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(industry since 1986)

Objective

The fund seeks positive total return.

Morningstar category

Nontraditional Bond

Lipper category

Absolute Return

Benchmark

ICE BofA U.S. Treasury Bill Index

Fund symbols

Class A	PTRNX
Class B	PTRBX
Class C	PTRGX
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

Seeks positive returns with a similar level of volatility

Global diversification

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

Invests across global bond sectors

Agency CMO	22.7%
Commercial MBS	20.5
Residential MBS (non-agency)	11.0
Agency pass-through	10.7
High-yield corporate bonds	10.1
Collateralized loan obligations	8.4
Bank loans	7.3
Investment-grade corporate bonds	6.7
Emerging-market bonds	5.4
Asset-backed securities (ABS)	4.3
Convertible securities	1.4
Net cash	8.3

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	2.6%
Foreign exchange	1.1
Corporate credit	21.3
MBS credit	17.4
Prepayments	55.0
Emerging markets	2.4
Total risk (ex-ante)	4.6%

Risk hedging

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

Top ten holdings

Top ten holdings	Sector
FNMA TBA 4.00% 10/01/2051	Agency pass-through
FNMA TBA 3.50% 10/01/2051	Agency pass-through
Net cash	Net cash
FNMA TBA 3.00% 10/01/2051	Agency pass-through
UBS AG London P/P 144A 1.75% 4/21/2022	Investment-grade corporate bonds
Stacr 2016-Dna3 M3 5.09% 12/25/2028	Agency CMO
FNMA TBA 4.50% 10/01/2051	Agency pass-through
Stacr 2018-Hrp2 M3AS 1.09% 2/25/2047	Agency CMO
FNR 2019-49 ST IO 5.93% 9/25/2049	Agency CMO
FNR 2017-8 SB IO 6.01% 2/25/2047	Agency CMO

Holdings represent 37.7% of the portfolio and will vary over time.

The fund's strategy has resulted in low correlations to a variety of bond indexes

Correlation of Putnam Fixed Income Absolute Return Fund (Y shares) versus:

	1 year	3 years	5 years
Bloomberg U.S. Aggregate Bond Index	-0.31	0.13	0.04
Bloomberg U.S. Treasury Index	-0.49	-0.40	-0.39
Bloomberg Global Aggregate Index	-0.03	0.33	0.24

Source: Bloomberg Index Services Limited.

Correlation is a measure of how similar the historical performances of two different asset classes or securities have been. The maximum correlation is 1.0 and the minimum is 0 with values between 0 and -1 indicating negative correlation. A positive correlation close to 1.0 indicates that the historical returns of the two asset classes being compared have been very similar. A negative correlation close to -1.0 indicates that the historical returns of the two asset classes being compared have been opposite each other; for example, when one gained 5%, the other declined 5%. Correlations near zero indicate that there has been little discernible relationship between the two asset classes being compared.

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

Morningstar rankings

(Y shares, based on total return)

1 year	85% (292/351)
3 years	78% (237/310)
5 years	57% (153/282)
10 years	73% (83/118)

Total expense ratio

(Y shares)

0.54%

(A shares)

0.79%

Adjustable 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%

Net assets

\$448.11M

Number of holdings

1,306

Dividend frequency

Monthly

Average effective duration

-0.28

Standard deviation

(Y shares)

5.34

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.

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

Not all share classes are available on all platforms.

For informational purposes only. Not an investment recommendation.

Putnam Retail Management
FS109_YA 327655 10/21

Annual performance (all distributions reinvested)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 YTD
Y shares at net asset value	5.9%	4.6%	1.8%	-1.7%	2.2%	5.5%	0.9%	9.4%	0.8%	-1.8%
A shares before sales charge	5.6	4.4	1.5	-1.9	2.0	5.2	0.7	9.0	0.6	-1.9
Benchmark	0.1	0.1	0.1	0.1	0.4	0.8	1.9	2.4	0.7	0.0

Annualized total return performance

	1 year	3 years	5 years	10 years	Life of fund
Y shares (Inception 12/23/08)	1.49%	1.98%	3.21%	2.61%	2.70%
A shares (Inception 12/23/08) before sales charge	1.34	1.73	2.95	2.36	2.45
A shares after sales charge	-0.94	0.96	2.49	2.13	2.27
Benchmark	0.07	1.24	1.18	0.65	0.56

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 and Y shares assumes reinvestment of distributions and does not account for taxes. After-sales-charge returns for class A reflect a maximum 2.25% load. 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.

Highlights of five-year performance periods (12/23/08–9/30/21)*

	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
Y shares	4.64%	3/31/21	0.21%	3/31/16	2.53%	100%	32	0
A shares	4.39	3/31/21	-0.03	3/31/16	2.28	97	31	1

* Based on annualized returns for quarterly rolling periods.

The ICE BofA (Intercontinental Exchange Bank of America) 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 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 Y 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 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. The fund's investments in mortgage-backed securities and asset-backed securities, and in certain other securities and derivatives, may be or become illiquid. The fund currently has significant investment exposure to mortgage-backed securities, which may make the fund's net asset value more susceptible to economic, market, political, and other developments affecting the housing or real estate markets and the servicing of mortgage loans secured by real estate properties. 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. The fund is not intended to outperform stocks and bonds during strong market rallies. The fund's prospectus lists additional risks.

Our investment techniques, analyses, and judgments may not produce the intended outcome, and the investments we select for the fund may not perform as well as other securities that were not selected for the fund. We, or the fund's other service providers, may experience disruptions or operating errors that could negatively impact 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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