

Q1 | 2017



David L. Glancy
(industry since 1987)

- 30 -year veteran investor
- Takes a flexible, go-anywhere approach
- Focuses on corporate balance sheets and capital structure

Putnam Spectrum Funds

Pursuing the best ideas across the capital structure

Broad flexibility

The funds have the flexibility to select the most attractive securities regardless of style, industry, or company size — Putnam Capital Spectrum Fund can invest across the capital structure.

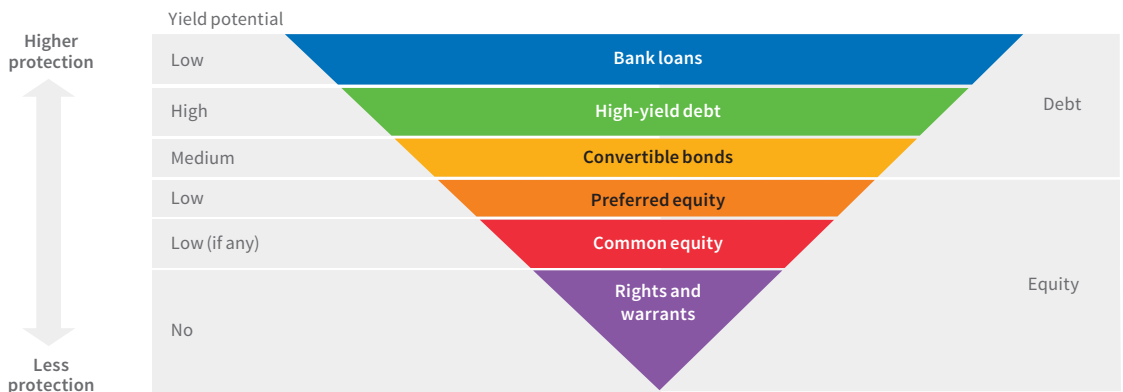
Opportunity set

The funds can hold large positions in high-conviction ideas, but may also short sell securities and maintain a significant cash position.

Seasoned manager

David Glancy has specialized in leveraged companies since 1987, building a track record over nearly three decades.

Understanding corporate capital structure



Source: Putnam Investments.

This illustration does not represent the structure of the Spectrum funds or their protection against an issuer's default or bankruptcy. Also, individual companies may have different capital structures. The illustration instead shows that securities at different levels of a capital structure vary in the actual and perceived protection for investors in the case of bankruptcy, and that these protections diminish at each successively lower level. Investors should consider which type of security best fits their specific risk-and-return goals.

Putnam Capital Spectrum Fund

Can invest throughout the capital structure, seeking total return from **debt and equity securities**.

Objective: Seeks total return

May invest in equity securities, as well as fixed- and floating-rate income securities, of leveraged companies

Asset class diversification can help reduce volatility



Putnam Equity Spectrum Fund

Focuses on **equity securities** with capital appreciation potential.

Objective: Seeks capital appreciation

May invest in equity securities of leveraged companies

The flexibility to favor cash or short sell securities can help reduce volatility



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

HIGHLIGHTS
AS OF 3/31/17

Putnam Capital Spectrum Fund

Number of holdings
42

Net assets
\$3,986.15M

Dividend frequency
Annually

Market-cap breakdown

Over \$78B 4.67%
\$17B-\$78B 39.34%
\$3.7B-\$17B 37.36%
\$1.2B-\$3.7B 1.64%
Less than \$1.2B 5.19%
Cash and other assets* 11.80%

Reflects equity portion of portfolio only.

Total A share expense ratio
1.37%

Total Y share expense ratio
1.12%

Category Blend

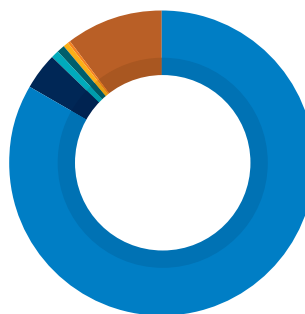
Capital Spectrum symbols

Class A PVSAX
Class B PVS BX
Class C PVSCX
Class M PVSMX
Class R PVS RX
Class Y PVS YX

*"Cash and other assets" includes cash, short-term securities, ETFs, bonds excluding convertible bonds, and other securities not able to be classified by market capitalization.

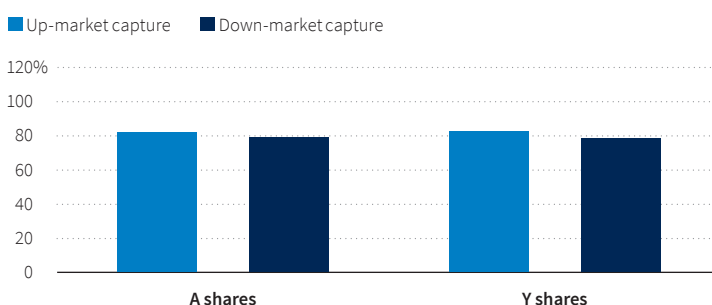
Portfolio composition

Common stock	83.40%
Convertible preferred stock	4.00%
Bank loans	0.90%
Preferred stock	0.70%
Corporate bonds and notes	0.70%
Convertible bonds and notes	0.20%
Cash and net other assets	10.10%



As of 3/31/17. Allocations will vary over time. Due to rounding, percentages may not equal 100%.

Up/Down-market capture ratios* 3/31/12-3/31/17



* Relative to S&P 500 Index.

The up-market capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen. The ratio is calculated by dividing the manager's returns by the returns of the index during the up-market, and multiplying that factor by 100. The down-market capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has dropped. The ratio is calculated by dividing the manager's returns by the returns of the index during the down-market and multiplying that factor by 100.

Annualized total returns as of 3/31/17

	Before sales charge		After sales charge		Capital Spectrum Blended Index*
	Class A shares	Class Y shares	Class A shares	Class Y shares	
1 year	20.32%	20.60%	13.40%	N/A	17.54%
3 years	3.67	3.93	1.64	N/A	7.65
5 years	11.12	11.40	9.81	N/A	10.32
Life of fund	16.15	16.44	15.28	N/A	13.77

Class A and Y shares' inception 5/18/09.

* 50% S&P 500 Index/50% JPMorgan Developed High Yield Index. The JPMorgan Developed High Yield Index is an unmanaged index of high-yield fixed-income securities issued in developed countries. The S&P 500 Index is an unmanaged index of common stock performance. You cannot invest directly in an index.

Sector weightings

Consumer discretionary	29.20%
Health care	24.20%
Information technology	12.40%
Industrials	12.10%
Energy	3.50%
Financials	3.40%
Materials	2.20%
Telecommunication services	1.60%
Real estate	1.20%
Cash and net other assets	10.10%

Top ten holdings

DISH Network	20.12%
Jazz Pharmaceuticals	19.28%
EchoStar	12.43%
Priceline Group	4.39%
Northrop Grumman	4.26%
Uber Technologies	3.39%
American Airlines Group	3.08%
Agilent Technologies	2.51%
Pioneer Natural Resources	2.47%
United Continental Holdings	2.45%

Holdings represent 74.38% of the portfolio and will vary over time.

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 before sales charge assumes reinvestment of distributions and does not account for taxes. After-sales-charge returns reflect a maximum 5.75% load. Class Y shares are sold without a sales charge and are generally only available for corporate and institutional clients. To obtain the most recent month-end performance, visit putnam.com.

Putnam Equity Spectrum Fund

Number of holdings
31

Net assets
\$1,319.28M

Dividend frequency
Annually

Market-cap breakdown

Over \$78B	0.00%
\$17B-\$78B	30.00%
\$3.7B-\$17B	39.52%
\$1.2B-\$3.7B	0.91%
Less than \$1.2B	20.21%
Cash and other assets*	9.37%

Total A share expense ratio
1.18%

Total Y share expense ratio
0.93%

Category
Blend

Equity Spectrum symbols

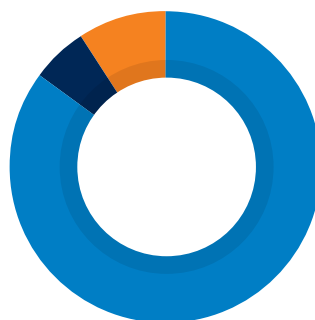
Class A	PYSAX
Class B	PYSOX
Class C	PYSCX
Class M	PYSMX
Class R	PYSRX
Class Y	PYSYX

* "Cash and other assets" includes cash, short-term securities, ETFs, bonds excluding convertible bonds, and other securities not able to be classified by market capitalization.

Portfolio composition

Common stock	85.00%
Convertible preferred stock	5.90%
Cash and net other assets	9.10%

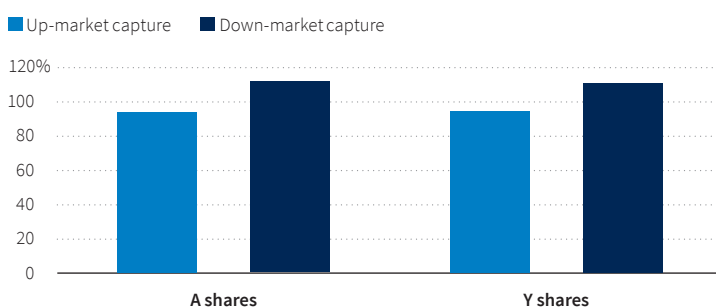
As of 3/31/17. Allocations will vary over time. Due to rounding, percentages may not equal 100%.



Sector weightings

Health care	25.60%
Consumer discretionary	24.80%
Information technology	14.40%
Industrials	9.20%
Real estate	8.30%
Financials	3.10%
Materials	2.90%
Energy	2.50%
Cash and net other assets	9.10%

Up/Down-market capture ratios* 3/31/12-3/31/17



* Relative to S&P 500 Index.

The up-market capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen. The ratio is calculated by dividing the manager's returns by the returns of the index during the up-market, and multiplying that factor by 100. The down-market capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has dropped. The ratio is calculated by dividing the manager's returns by the returns of the index during the down-market and multiplying that factor by 100.

Top ten holdings

DISH Network	19.31%
Jazz Pharmaceuticals	17.41%
EchoStar	14.20%
Altsource Portfolio Solutions	5.39%
Uber Technologies	4.49%
STAAR Surgical	4.49%
American Airlines Group	3.57%
Altsource Residential	3.05%
Altsource Asset Management	2.91%
Ganmark Diagnostics	2.80%

Holdings represent 77.61% of the portfolio and will vary over time.

Annualized total returns as of 3/31/17

	Before sales charge		After sales charge		S&P 500 Index
	Class A shares	Class Y shares	Class A shares	Class Y shares	
1 year	27.03%	27.29%	19.73%	N/A	17.17%
3 years	1.46	1.71	-0.53	N/A	10.37
5 years	10.68	10.95	9.37	N/A	13.30
Life of fund	17.33	17.62	16.45	N/A	15.31

Class A and Y shares' inception 5/18/09.

The S&P 500 Index is an unmanaged index of common stock performance. You cannot invest directly in an index.

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 before sales charge assumes reinvestment of distributions and does not account for taxes. After-sales-charge returns reflect a maximum 5.75% load. Class Y shares are sold without a sales charge and are generally only available for corporate and institutional clients. To obtain the most recent month-end performance, visit putnam.com.

Risk statistics 3/31/12–3/31/17

	S&P 500 Index	Capital Spectrum Fund A shares	Capital Spectrum Fund Y shares	Equity Spectrum Fund A shares	Equity Spectrum Fund Y shares
Beta*	1.00	0.78	0.78	0.90	0.90
Standard deviation	10.12	10.36	10.37	12.13	12.12
Sharpe ratio†	1.09	1.06	1.09	0.87	0.90

* Relative to S&P 500 Index.

† Relative to Citigroup 30-day Treasury Bill Index.

Source: Putnam Investments.

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 Citigroup 30-day Treasury Bill Index. 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 over a 5-year period.

Shareholder-friendly, adjustable management fee

The funds' management fee structure adjusts based on fund performance.

How the performance fee works*	Capital Spectrum Fund	Equity Spectrum Fund
Base management fee	0.73%	0.73%
Example of lower fee if fund underperforms its benchmark by 1%	0.69	0.69
Example of higher fee if fund outperforms its benchmark by 1%	0.77	0.77
Maximum performance adjustment +/-	0.32	0.40

* Because the dollar amount of the monthly performance fee adjustment is based on a 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."

Consider these risks before investing: The value of stocks in the fund's portfolio may fall or fail to rise over extended periods of time for a variety of reasons, including general financial market conditions and factors related to a specific issuer, industry, or sector. These and other factors may also lead to increased volatility and reduced liquidity in the fund's portfolio holdings. Growth stocks may be more susceptible to earnings disappointments, and value stocks may fail to rebound. These risks are generally greater for small and midsize companies. The fund will be more susceptible to these risks than other funds because it may concentrate its investments in a limited number of issuers and currently focuses its investments in particular sectors. Because the fund currently invests significantly in the communications services and health-care sectors, the fund may perform poorly as a result of adverse developments affecting those companies or sectors. The fund may focus its investments in other sectors in the future, in which case it would be exposed to risks relating to those sectors. The value of international investments traded in foreign currencies may be adversely impacted by fluctuations in exchange rates. International investments, particularly investments in emerging markets, may carry risks associated with potentially less stable economies or governments (such as the risk of seizure by a foreign government, the imposition of currency or other restrictions, or high levels of inflation or deflation), and may be or become illiquid. The fund's investments in leveraged companies and the fund's "non-diversified" status, which means the fund may invest a greater percentage of its assets in fewer issuers than a "diversified" fund, and the fund's use of short selling can increase the risks of investing in the fund. You can lose money by investing in the fund. **For Capital Spectrum Fund, these risks also apply:** The risks associated with bond investments include interest rate risk, which means the prices of the fund's investments are likely to fall if interest rates rise. Bond investments are also subject to credit risk, which is the risk that the issuers of the bond may default on payment of interest or principal. Interest-rate risk is generally greater for longer-term bonds, and credit risk is generally greater for below-investment-grade bonds, which may be considered speculative. Mortgage- and other asset-backed investments carry the risk that they may increase in value less when interest rates decline and decline in value more when interest rates rise. We may have to invest the proceeds from prepaid investments, including mortgage- and asset-backed investments, in other investments with less attractive terms and yields. Our use of derivatives may increase the risks of investing in the fund by increasing investment exposure (which may be considered leverage) or, in the case of many over-the-counter instruments, because of the potential failure of the other party to the instrument to meet its obligations.

Request a prospectus or a summary prospectus from your financial representative or by calling Putnam at 1-800-225-1581. The prospectus includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.