A world of investing.®

Putnam INVESTMENTS

Putnam Dynamic Risk Allocation Fund

A global allocation strategy that seeks a strong risk-adjusted return by allocating to four risk sources

Risk-based allocation

Allocates to four risk sources — equity, credit, interest rate, and inflation — to better balance equity risk and improve downside protection.

Top-down flexibility

Dynamically adjusts allocations to reflect our active top-down views of future risk-adjusted return potential.

Bottom-up strategies

Invests selectively in a range of lower-volatility and hedging strategies to further diversify sources of returns and manage risk.

Allocates risk, not assets

The fund flexibly allocates to risk sources, instead of depending on one or two asset classes.

Portfolio composition by risk exposures

Equity 51.31%

In making the equity allocation, the portfolio managers consider stock valuations, market volatility, earnings expectations, and several other factors.

Credit 23.50%

The managers consider the yield spreads of corporate bonds vs. Treasury bonds, corporate default rates, and credit quality, among other criteria.

Interest rate -0.32%

The managers evaluate Treasury yields relative to history, the outlook for inflation, and sovereign risks, among other issues, to set this weighting.

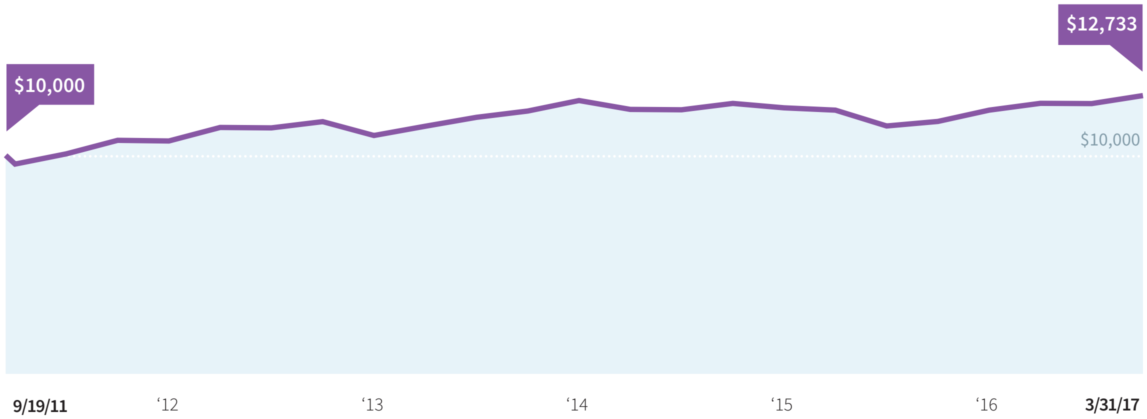
Inflation 25.52%

The managers consider inflation expectations, commodity price trends, and other trends to determine the portfolio's exposure to inflation risk.

Allocations will vary over time. Data as of 3/31/17.

Growth of a $10,000 investment

The fund has returned an average of 4.5% 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 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 the most recent month-end performance, please visit putnam.com.

Objective

The fund seeks total return. Total return is composed of capital appreciation and income.

Portfolio Managers

Robert J. Schoen
(industry since 1990)

James A. Fetch
(industry since 1994)

Robert J. Kea, CFA
(industry since 1988)

Jason R. Vaillancourt, CFA
(industry since 1993)

Morningstar category

Allocation—30% to 50% Equity

Lipper category

Alternative Global Macro

Fund symbols

Class A	PDREX
Class B	PDRBX
Class C	PDRFX
Class M	PDRTX
Class R	PDRRX
Class Y	PDRYX

Number of holdings

1,386

Net assets

$174.04M

Dividend frequency

Annually

Putnam Dynamic Risk Allocation Fund

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Lipper rankings
(Y shares, based on total return)

1 year	19% (57/307)
3 years	37% (98/266)
5 years	31% (59/193)

Expense ratio
(Y shares)
Total expense ratio
1.10%

What you pay
0.89%
"What you pay" reflects Putnam Management's decision to contractually limit expenses through 9/30/17.

Beta
0.84

Sharpe ratio (3 years)
0.28

Standard deviation (3 years)
6.54

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.

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 rate (Citigroup 30-day T-bill) by the standard deviation of the fund's return. 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 3-year period.

The negative U.S money markets percentage reflects leverage utilized to establish the desired capital and risk allocations within the portfolio.

Active managers experienced in global risk allocation

Founded in 1993, Putnam's Global Asset Allocation group is one of the longest-tenured teams of multi-asset specialists in the fund industry. The portfolio managers, strategists, and analysts of this group have been managing global risk allocation strategies since 2006.

Robert J. Schoen
(industry since 1990)

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Portfolio composition by asset weight

U.S. TIPS	30.2%
International bonds	25.3%
U.S. high-yield bonds	22.4%
Commodities	14.7%
U.S. equity	14.6%
U.S. investment grade bonds	12.0%
International equity	11.9%
Emerging-markets equity	5.2%
Emerging-markets bonds	5.0%
Real estate investment trusts	3.3%
U.S. money markets	-44.7%

Allocations will vary over time. Due to rounding, percentages may not equal 100%.

The fund's asset weight composition differs from the risk exposure weightings. Asset weight shows the combination of portfolio holdings and derivatives strategies that the portfolio management team uses to allocate risks. The asset weights can provide an indication of the amount of leverage in the portfolio. Negative percentages reflect the effect of the fund's risk hedging strategies. You can lose money by investing in the fund. Leverage may be achieved either through short-term borrowing or through the use of derivatives. Asset weights may exceed 100% in funds that employ leverage due to borrowed capital and/or derivatives exposure. Asset weight for Putnam Dynamic Risk Allocation Fund represents a baseline allocation selected by the fund's portfolio managers and is subject to change. It is inclusive of leverage and represents a starting point for future active allocation. Diversification does not assure a profit or protect against loss.

Annualized total return performance

Inception 9/19/11	**Class Y shares**	**Custom Dynamic Risk Allocation Index***
1 year	10.25%	7.42%
3 years	1.92	0.28
5 years	3.57	3.34
Life of fund	4.46	4.47

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* The Custom Dynamic Risk Allocation Index is composed of 50% MSCI World Index, 40% BBG Barclays Global Aggregate Bond Index, and 10% S&P GSCI.

Consider these risks before investing: International investing involves currency, economic, and political risks. Emerging-market securities carry illiquidity and volatility risks. The fund may invest a portion of its assets in small and/or midsize companies. Such investments increase the risk of greater price fluctuations. 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. Allocation of assets among asset classes may hurt performance, and efforts to diversify risk through the use of leverage and allocation decisions may not be successful. Derivatives carry additional risks, such as the inability to terminate or sell derivatives positions and the failure of the other party to meet its obligations. Growth stocks may be more susceptible to earnings disappointments, and value stocks may fail to rebound. 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. Active trading strategies may lose money or not earn a return sufficient to cover trading and other costs. Use of leverage obtained through derivatives increases these risks by increasing investment exposure. Over- the-counter derivatives are also subject to the risk of the potential inability to terminate or sell derivatives positions and the potential failure of the other party to the instrument to meet its obligations. REITs are subject to the risk of economic downturns that have an adverse impact on real estate markets. The use of short selling may result in losses if the securities appreciate in value. Commodities involve market, political, regulatory, and natural conditions risks. Stock and bond prices may fall or fail to rise over time for several reasons, including general financial market conditions, factors related to a specific issuer or industry and, with respect to bond prices, changing market perceptions of the risk of default and changes in government intervention. These factors may also lead to increased volatility and reduced liquidity in the bond markets. 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.