Q1 | 2018

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

Portfolio Managers

Robert J. Schoen
(industry since 1990)

James A. Fetch
(industry since 1994)

Jason R. Vaillancourt, CFA
(industry since 1993)

Objective

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

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 R6	PDRGX
Class Y	PDRYX

Number of holdings

1,324

Net assets

$154.59M

Dividend frequency

Annually

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.

Portfolio composition by asset weight

U.S. TIPS	30.3%
U.S. equity	26.4
International bonds	25.3
Commodities	22.0
U.S. investment-grade bonds	14.0
International equity	12.9
Emerging-market equity	5.7
Emerging-market bonds	5.0
Real estate investment trust	3.1
U.S. high-yield bonds	-1.2
U.S. money markets	-43.5

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

Top ten holdings

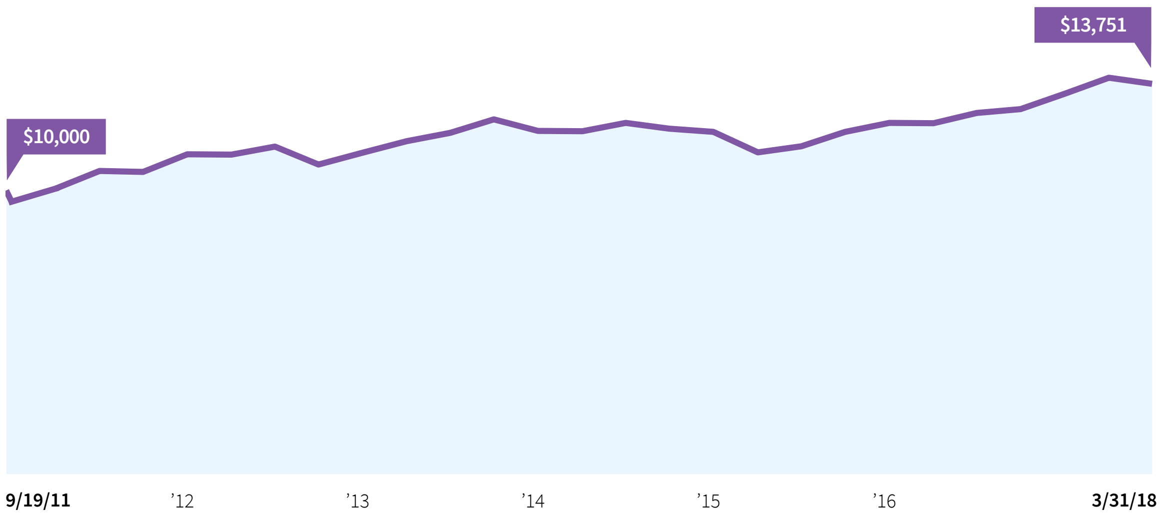
S&P GSCI Total Return 3X Note 09/07/2018
S&P GSCI 3x Note 04/01/2019
FNMA 4.0% 04/01/2048
GNMA 3.50% 04/01/2048
FNMA 3.00% 04/01/2048
S&P GSCI Total Return 3X Note 11/05/2018
S&P GSCI Total Return 3X Note 07/23/2018
JPMorgan Chase
FNMA 6.00% 04/01/2048
S&P GSCI Total Return 3X Note 09/04/2018

Holdings represent 15.3% of the portfolio and will vary over time.

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 weight 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.

Growth of a $10,000 investment

The fund has returned an average of 5.0% 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 the most recent month-end performance, please visit putnam.com.

Putnam Dynamic Risk Allocation Fund

Putnam INVESTMENTS

Lipper rankings

(Y shares, based on total return)

1 year	33% (87/266)
3 years	31% (75/242)
5 years	30% (59/197)

Expense ratio

(Y shares)
Total expense ratio
1.12%

What you pay
0.89%

"What you pay" reflects Putnam Management's decision to contractually limit expenses through 9/30/18.

Beta

0.89

Standard deviation

6.33

Sharpe ratio

0.49

Annual performance at net asset value (all distributions reinvested)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 YTD
Y shares	—	—	—	11.8%	4.3%	2.9%	-6.1%	9.0%	13.0%	-1.6%
Custom Dynamic Risk Allocation Index	19.3%	9.4%	-0.4%	9.7	11.5	-1.1	-5.1	6.0	14.6	0.1

Annualized total return performance

Inception 9/19/11	Class Y shares	Custom Dynamic Risk Allocation Index
1 year	7.99%	10.99%
3 years	3.58	5.03
5 years	3.57	4.29
Life of fund	5.00	5.44

* The fund's custom benchmark was introduced on 12/31/94, which post-dates the inception of the fund.

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 the most recent month-end performance, please visit putnam.com.

Highlights of five-year performance periods (9/19/11–3/31/18)†

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
5.21%	9/30/16	3.53%	9/30/17	4.05%	100%	7	0

† Based on annualized returns for quarterly rolling periods.

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 (ML 3mth 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.

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. You cannot invest directly in an index.

Not all share classes are available on all platforms.

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, changing market perceptions (including, in the case of bonds, perceptions about the risk of default and expectations about monetary policy or interest rates), changes in government intervention in the financial markets, and factors related to a specific issuer or industry. These and other factors may lead to increased volatility and reduced liquidity in the fund's portfolio holdings. 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.

Putnam Retail Management
FS735_Y 311162 4/18