

Objective

The fund seeks as high a rate of current income as we believe is consistent with preservation of capital and maintenance of liquidity.

Portfolio Managers**Michael V. Salm**

(industry since 1989)

Joanne M. Driscoll, CFA

(industry since 1992)

Emily E. Shanks

(industry since 1999)

Morningstar category

Ultrashort Bond

Fund symbols

Class A	PSDTX
Class B	PSDBX
Class C	PSDLX
Class M	PSDGX
Class R	PSDRX
Class Y	PSDYX

A cost-conscious and convenient option

- No up-front sales charge
- No redemption fees
- No minimum holding period

If an exchange is made from an existing Putnam fund that is currently under a 9-month CDSC period into Putnam Short Duration Income Fund, and liquidation takes place, then a possible 1% redemption fee may apply.

Putnam Short Duration Income Fund

Seeking capital preservation and a higher rate of current income

A broader opportunity set

The fund invests in a diversified portfolio composed of short duration, investment-grade money market and other fixed-income securities.

Active risk management

In today's complex bond market, the fund's experienced managers actively manage risk with the goal of superior risk-adjusted performance over time.

Higher income potential

Access to a wider range of income opportunities means the fund may offer higher income potential than other short-term investments.

Portfolio quality

A-1+	6.6%
A-1	10.1%
A-2	30.2%
A-3	4.4%
AAA	1.6%
AA	14.7%
A	27.5%
BBB	5.3%
Not rated	0.1%
Net cash	-0.6%

Portfolio characteristics represent 100% of the portfolio and will vary over time.

Credit qualities are shown as a percentage of the fund's net assets. A bond rated BBB or higher (A-3/SP-3 or higher, for short-term debt) is considered investment grade. This chart reflects the highest security rating provided by one or more of Standard & Poor's, Moody's, and Fitch. Ratings may vary over time. Net cash, if any, represents the market value weights of cash and derivatives and may show a negative market value as a result of the timing of trade versus settlement date transactions. **The fund itself has not been rated by an independent rating agency.**

Daily net asset value

NAV as of 6/30/2017	\$10.05	
NAV at Inception	\$10.00	
Number of trading days since inception	1,437	
Daily movement	# of days	% of total days
Days with unchanged NAV	1,390	97%
Days with NAV increases	26	2%
Days with NAV decreases	21	1%
NAV movement		
Highest NAV	\$10.06	
Lowest NAV	\$10.00	
Largest daily NAV increase	\$0.01	
Largest daily NAV decrease	\$-0.01	

Portfolio composition

Investment-grade corporate bonds	45.8%
Commercial paper	43.4%
Certificate of deposit	5.0%
Asset-backed commercial paper	3.0%
Residential MBS (non-agency)	1.6%
Agency CMO	1.2%
Asset-backed securities	0.6%
Net cash	-0.6%

Coupon type

Fixed rate	52.6%
Floating rate	48.0%
Net cash	-0.6%

Maturity breakdown

Less than 60 days	45.0%
2 months–6 months	10.3%
6 months–1 year	9.4%
1–2 years	15.4%
2–3 years	18.7%
Over 3 years	1.3%

Holdings represent 100% of the portfolio and will vary over time.

The fund may be attractive to

- Investors seeking a broader range of income opportunities for their conservative allocations
- Investors who are in, or near, retirement and are seeking capital preservation and monthly income distributions
- Investors seeking a fund that employs modern portfolio strategies in an effort to limit market risk

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

Expense ratio

(A shares)
Total expense ratio
0.55%

What you pay
0.40%
“What you pay” reflects
Putnam Management’s
decision to contractually
limit expenses through
11/30/17.

Dividend frequency

Monthly
(income declared daily)

Net assets

\$6,575.30M

Number of issues

565

Number of issuers

207

Average effective maturity

0.86

Average effective duration

0.14

30-day SEC yield

Without subsidy
0.93%

With subsidy
1.07%

For informational purposes
only. Not an investment
recommendation.

Putnam Retail Management
FS736_A 307629 7/17

Annual performance at net asset value (all distributions reinvested)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 YTD
A shares	—	—	—	—	—	0.9%	0.6%	0.5%	0.3%	1.0%	0.6%
BofA Merrill Lynch U.S. Treasury Bill Index	5.0%	2.5%	0.3%	0.2%	0.1%	0.1	0.1	0.1	0.1	0.4	0.3

Annualized total return performance

Class A shares Inception 10/17/11	Net asset value	BofA ML U.S. Treasury Bill Index
1 year	1.14%	0.46%
3 years	0.65	0.26
5 years	0.71	0.20
Life of fund	0.69	0.18

Standard deviation 0.20

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 assumes reinvestment of distributions and does not account for taxes. Class A shares have no initial sales charge. To obtain the most recent month-end performance, visit putnam.com.

Sector breakdown

Financials	50.5%
Utilities	11.6%
Consumer cyclicals	7.5%
Consumer staples	5.2%
Basic materials	4.9%
Health care	4.6%
Communication services	3.8%
Energy	3.7%
Technology	2.0%
Capital goods	1.9%
Residential MBS (non-agency)	1.6%
Agency CMO	1.2%
Conglomerates	1.1%
Asset-backed securities	0.6%
Real estate investment trust	0.5%
Net cash	-0.6%

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

The “Net cash” category may show a negative market value percentage as a result of the timing of trade date versus settlement date transactions.

Top ten issuers

JPMorgan Chase	1.07%
Rabobank	1.06%
Citigroup	1.05%
Nordea Bank	1.05%
Berkshire Hathaway	1.04%
Australia and New Zealand Banking Group	1.04%
Bank of America	1.02%
Wells Fargo	1.02%
Canadian Imperial Bank of Commerce	1.01%
Bank of Montreal	1.01%

Holdings in the top ten issuers represent 10.4% of the portfolio and will vary over time. All holdings are subject to review in accordance with the fund’s investment strategy.

BofA Merrill Lynch U.S. Treasury Bill Index tracks the performance of U.S. dollar denominated U.S. Treasury bills, which represent obligations of the U.S. government having a maturity of one year or less, and is intended as an approximate measure of the rate of inflation. You cannot invest directly in an index. The index data referenced herein is the property of Merrill Lynch, Pierce, Fenner & Smith Incorporated (“BofAML”) and/or its licensors and has been licensed for use by Putnam Investments. BofAML and its licensors accept no liability in connection with its use. See the prospectus for a full copy of the Disclaimer.

Average effective maturity depends on the maturity of the underlying bonds within each fund, the longer the maturity, the greater the interest-rate risk. **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. **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.

Consider these risks before investing: Putnam Short Duration Income Fund is not a money market fund. The effects of inflation may erode the value of your investment over time. Funds that invest in government securities are not guaranteed. Mortgage-backed investments, unlike traditional debt investments, are also subject to prepayment risk, which means that they may increase in value less than other bonds when interest rates decline and decline in value more than other bonds when interest rates rise. We may have to invest the proceeds from prepaid investments, including mortgage backed investments, in other investments with less attractive terms and yields. Bond prices may fall or fail to rise over time for several reasons, including general financial market conditions, changing market perceptions of the risk of default, changes in government intervention, and factors related to a specific issuer or industry. These factors may also lead to periods of high volatility and reduced liquidity in the bond markets. 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. Credit risk is generally greater for debt not backed by the full faith and credit of the U.S. government. 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. Unlike bonds, funds that invest in bonds have fees and expenses. 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.