

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

Joanne M. Driscoll, CFA
(industry since 1992)

Michael J. Lima, CFA
(industry since 1997)

Michael V. Salm
(industry since 1989)

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 N | PSDNX |
| Class R | PSDRX |
| Class R6 | PSDQX |
| Class Y | PSDYX |

Maturity breakdown

| | |
|-------------------|-------|
| Less than 60 days | 24.1% |
| 2–6 months | 15.3% |
| 6 months–1 year | 19.5% |
| 1–2 years | 29.1% |
| 2–3 years | 11.2% |
| Over 3 years | 0.8% |

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

Putnam Ultra 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+ | 7.1% |
| A-1 | 8.1 |
| A-2 | 17.9 |
| A-3 | 2.1 |
| AAA | 9.8 |
| AA | 18.0 |
| A | 28.1 |
| BBB | 9.2 |
| Not rated | 0.3 |
| Net cash | -0.6 |

Holdings 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 11/30/19 | \$10.04 | |
| NAV at inception | \$10.03 | |
| Number of trading days since inception | 272 | |
| Daily movement | # of days | % of total days |
| Days with stable NAV | 267 | 98 |
| Days with NAV increases | 3 | 1 |
| Days with NAV decreases | 2 | 1 |
| NAV movement | | |
| Highest NAV | \$10.04 | |
| Lowest NAV | \$10.01 | |
| Largest daily NAV increase | \$0.01 | |
| Largest daily NAV decrease | -\$0.01 | |

Portfolio composition

| | |
|------------------------------------|-------|
| Investment-grade corporate bonds | 53.0% |
| Commercial paper | 27.1 |
| Residential MBS (non-agency) | 7.2 |
| Certificate of deposit | 5.7 |
| Short-term asset-backed securities | 3.5 |
| Asset-backed securities | 1.7 |
| Asset-backed commercial paper | 1.4 |
| U.S. Treasury/agency | 0.5 |
| Repurchase agreement | 0.4 |
| Net cash | -0.6 |

Top 10 issuers

| | |
|---------------------------|-------|
| Citigroup | 1.07% |
| JPMorgan Chase | 1.00 |
| UBS | 0.99 |
| Credit Suisse | 0.98 |
| Bank of America | 0.98 |
| Nordea Bank | 0.97 |
| Wells Fargo | 0.97 |
| Sumitomo Mitsui Financial | 0.96 |
| Morgan Stanley | 0.95 |
| AT&T | 0.94 |

Holdings in the top ten issuers represent 9.81% of the portfolio and will vary over time. All holdings are subject to review in accordance with the fund's investment strategy.

Coupon type

| | |
|---------------|-------|
| Floating rate | 56.2% |
| Fixed rate | 44.4 |
| Net cash | -0.6 |

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

(N shares)

Total expense ratio

0.63%

What you pay

0.55%

"What you pay" reflects Putnam Management's decision to contractually limit expenses through 11/30/20.

Number of issues

796

Number of issuers

406

Net assets

\$18,054.46M

Dividend frequency

Monthly

Average effective duration

0.26

3-year average duration

0.16

Average effective maturity

0.94

30-day SEC yield

Without subsidy

1.58%

With subsidy

1.70%

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 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. **3-year average duration** is an arithmetic average of month-end values over the previous 3-year period.

For informational purposes only. Not an investment recommendation.

Putnam Retail Management
FS736_N 319028 12/19

Annual performance before sales charge (all distributions reinvested)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 YTD |
|-------------------------------------|------|------|------|------|------|------|------|------|------|----------|
| N shares | — | — | 0.8% | 0.4% | 0.4% | 0.1% | 0.8% | 1.2% | 1.8% | 2.5% |
| ICE BofAML U.S. Treasury Bill Index | 0.2% | 0.1% | 0.1 | 0.1 | 0.1 | 0.1 | 0.4 | 0.8 | 1.9 | 2.2 |

Annualized total return performance

| Inception 11/1/18 | Before sales charge | After sales charge | ICE BofAML U.S. Treasury Bill Index |
|-----------------------------------|---------------------|--------------------|-------------------------------------|
| As of 11/30/19 | | | |
| 1 year | 2.58% | 1.04% | 2.40% |
| 3 years | 1.81 | 1.30 | 1.64 |
| 5 years | 1.27 | 0.96 | 1.07 |
| Life of fund | 0.98 | 0.79 | 0.69 |
| 3-year standard deviation: | 0.26 | | |
| As of 9/30/19 | | | |
| 1 year | 2.50% | 0.96% | 2.46% |
| 3 years | 1.74 | 1.23 | 1.54 |
| 5 years | 1.19 | 0.88 | 1.00 |
| Life of fund | 0.96 | 0.76 | 0.66 |
| 3-year standard deviation: | 0.27 | | |

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 N shares assumes reinvestment of distributions and does not account for taxes. After sales charge returns reflect a maximum 1.50% load. Performance for class N shares prior to their inception is derived from the historical performance of class A shares (inception 10/17/11), adjusted for the applicable sales charge and the higher operating expenses of class N shares. For the most recent month-end performance, please visit putnam.com.

Sector breakdown

| | |
|------------------------------------|-------|
| Financials | 51.4% |
| Utilities | 8.0 |
| Residential MBS (non-agency) | 7.2 |
| Health care | 5.2 |
| Consumer cyclicals | 4.7 |
| Energy | 3.9 |
| Communication services | 3.5 |
| Consumer staples | 3.5 |
| Short-term asset-backed securities | 3.5 |
| Basic materials | 3.0 |
| Capital goods | 2.6 |
| Asset-backed securities | 1.7 |
| Technology | 1.4 |
| U.S. Treasury/agency | 0.5 |
| Conglomerates | 0.4 |
| Net cash | -0.6 |

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

The ICE BofAML 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 BofAML), used with permission. ICE BofAML permits use of the ICE BofAML 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 BofAML 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.

Not all share classes are available on all platforms.

Consider these risks before investing: Putnam Ultra 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. The fund may have to invest the proceeds from prepaid investments, including mortgage-backed investments, in other investments with less attractive terms and yields. 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. 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.