

**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)

**Andrew Benson**  
(industry since 2008)

**Michael J. Lima, CFA**  
(industry since 1997)

**Michael V. Salm**  
(industry since 1989)

**Morningstar category**

Ultrashort Bond

**Benchmark**

ICE BofA U.S. Treasury Bill Index

**Fund symbols**

Class A	PSDTX
Class B	PSDBX
Class C	PSDLX
Class N	PSDNX
Class R	PSDRX
Class R6	PSDQX
Class Y	PSDYX

**Maturity breakdown**

Less than 60 days	26.5%
2 months–6 months	15.4%
6 months–1 year	15.2%
1–2 years	23.9%
2–3 years	17.2%
Over 3 years	1.8%

# 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+	3.3%
A-1	3.9
A-2	19.6
A-3	3.4
AAA	10.7
AA	16.0
A	31.0
BBB	10.6
Not rated	2.9
Net cash	-1.5

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 10/31/2021	\$10.06	
NAV at inception	\$10.03	
Number of trading days since inception	756	
<b>Daily movement</b>	<b># of days</b>	<b>% of total days</b>
Days with stable NAV	707	94%
Days with NAV increases	31	4%
Days with NAV decreases	18	2%
<b>NAV movement</b>		
Highest NAV	\$10.08	
Lowest NAV	\$9.79	
Largest daily NAV increase	\$0.02	
Largest daily NAV decrease	-\$0.05	

**Portfolio composition**

Investment-grade corporate bonds	56.2%
Commercial paper	25.8
Asset-backed securities	6.4
Residential MBS (non-agency)	4.6
Short-term asset-backed securities	4.1
Certificate of deposit	3.1
Repurchase agreement	0.6
U.S. Treasury/agency	0.6
Asset-backed commercial paper	0.1
Net cash	-1.5

**Top 10 issuers**

Goldman Sachs	1.30%
JPMorgan Chase	1.25
UBS	1.23
Credit Suisse	1.19
New York Life Insurance Company	1.19
TD Bank	1.19
Royal Bank of Canada	1.18
AT&T	1.18
Bank of America	1.18
Morgan Stanley	1.18

Holdings in the top ten issuers represent 12.07% 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	60.9%
Fixed rate	40.5
Net cash	-1.5

**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	0.62%
What you pay	0.55%

“What you pay” reflects Putnam Management’s decision to contractually limit expenses through 11/30/21.

**Net assets**

\$15,468.21M

**Number of issues**

693

**Number of issuers**

398

**Dividend frequency**

Monthly

**Average effective duration**

0.27

**3-year average duration**

0.26

**Average effective maturity**

1.01

**30-day SEC yield**

Without subsidy	-0.14%
With subsidy	-0.09%

**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 327949 11/21

**Annual performance (all distributions reinvested)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 YTD
N shares before sales charge	0.8%	0.4%	0.4%	0.1%	0.8%	1.2%	1.8%	2.6%	1.2%	-0.1%
Benchmark	0.1	0.1	0.1	0.1	0.4	0.8	1.9	2.4	0.7	0.0

**Annualized total return performance****As of 10/31/21**

	1 year	3 years	5 years	10 years	Life of fund
N shares (Inception 11/1/18) before sales charge	-0.04%	1.31%	1.35%	0.92%	0.92%
N shares after sales charge	-1.54	0.80	1.05	0.77	0.77
Benchmark	0.06	1.17	1.17	0.65	0.65

**3-year standard deviation: 1.38****As of 9/30/21**

	1 year	3 years	5 years	10 years	Life of fund
N shares (Inception 11/1/18) before sales charge	0.08%	1.40%	1.38%	—	0.93%
N shares after sales charge	-1.43	0.89	1.08	—	0.78
Benchmark	0.07	1.24	1.18	0.65%	0.66

**3-year standard deviation: 1.37**

**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](http://putnam.com).**

**Sector breakdown**

Financials	55.2%
Asset-backed securities	6.4
Utilities	6.4
Consumer cyclicals	4.8
Residential MBS (non-agency)	4.6
Basic materials	4.4
Health care	4.3
Short-term asset-backed securities	4.1
Communication services	2.8
Energy	2.5
Consumer staples	1.9
Technology	1.6
Capital goods	1.1
U.S. Treasury/agency	0.6
Conglomerates	0.5
Real estate investment trust	0.2
Net cash	-1.5

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 verses settlement date transactions.

The ICE BofA (Intercontinental Exchange Bank of America) 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 BofA), used with permission. ICE BofA permits use of the ICE BofA 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 BofA 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.

Our investment techniques, analyses, and judgments may not produce the outcome we intend. The investments we select for the fund may not perform as well as other securities that we do not select for the fund. We, or the fund’s other service providers, may experience disruptions or operating errors that could have a negative effect on the fund. 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 Investments | 100 Federal Street | Boston, MA 02110 | 1-800-225-1581 | [putnam.com](http://putnam.com)