Q3 | 2020

A world of investing.®

Putnam INVESTMENTS

Putnam Mortgage Opportunities Fund (PMOYX)

A dynamic approach to securitized investing

Multiple securitized sectors
Investing in residential and commercial MBS and collateralized mortgage obligations, the portfolio managers can pursue strategies independent of the direction of the U.S. housing market.

Portfolio diversification
Securitized sectors offer effective diversification potential to portfolios with equity, corporate credit, and emerging-market debt exposures.

Dynamic risk allocation
Our differentiated approach actively allocates to credit, prepayment, and liquidity risks while deemphasizing interest-rate risk.

Diversification across securitized sectors

Commercial MBS	44.4%
Agency CMO	37.7
Agency pass-through	22.4
Residential MBS (non-agency)	19.1
Asset-backed securities (ABS)	5.8
Net cash	20.3

Allocations will vary over time.

Allocations may not total 100% of net assets because the table includes the notional value of derivatives (the economic value for purposes of calculating periodic payment obligations), in addition to the market value of securities.

Maturity breakdown

0 to 1 year	6.9%
1 to 5 years	64.3
5 to 10 years	27.8
10 to 15 years	0.6
Over 15 years	0.4

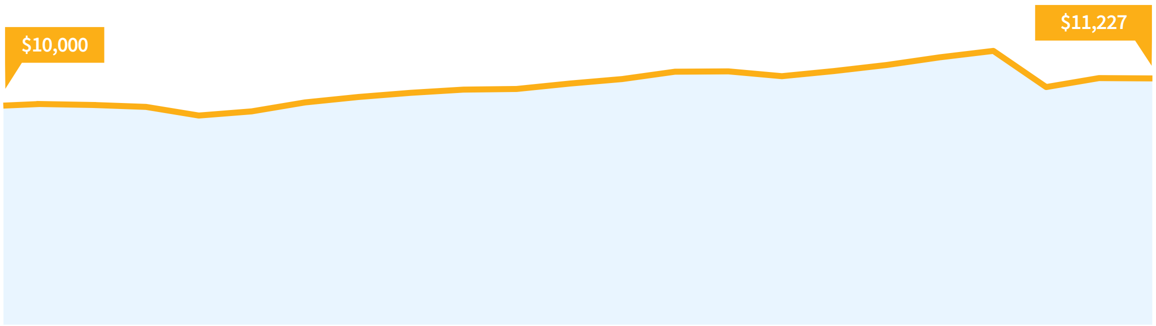
Portfolio quality

AAA	81.0%
AA	2.4
A	4.1
BBB	7.8
BB	5.6
B	4.0
CCC and below	4.5
Not rated	-9.4

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

Negative weights may result from timing differences between trade and settlement dates of securities, such as TBAs, or by the use of derivatives.

Growth of a $10,000 investment
With dividends reinvested, the fund has returned an average of 2.1% 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. Performance for class Y shares prior to their inception is derived from the historical performance of class I shares (inception 4/7/15), which have been adjusted for the higher operating expenses for such shares. For a portion of the periods, the fund had expense limitations, without which returns would have been lower. For the most recent month-end performance, please visit putnam.com.

Objective
The portfolio seeks to maximize total return consistent with what Putnam believes to be prudent risk.

Portfolio Managers

Michael V. Salm
(industry since 1989)

Brett S. Kozlowski, CFA
(industry since 1997)

Jatin Misra, PhD, CFA
(industry since 2004)

Morningstar category
Nontraditional Bond

Lipper category
Absolute Return

Credit qualities are shown as a percentage of the fund's net assets. A bond rated BBB or higher (A-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. To-be-announced (TBA) mortgage commitments, if any, are included based on their issuer ratings. Ratings may vary over time. Cash, derivative instruments, and net other assets are shown in the not-rated category. Payables and receivables for TBA mortgage commitments are included in the not-rated category and may result in negative weights. **The fund itself has not been rated by an independent rating agency.**

MBS: Mortgage-backed securities

CMO: Collateralized mortgage obligations

RMBS: Residential mortgage-backed securities

CMBS: Commercial mortgage-backed securities

ABS: Asset-backed securities.

Fund symbols

Class A	PMORX
Class C	PMOZX
Class I	PMOTX
Class R6	PMOLX
Class Y	PMOYX

Morningstar rankings

(Y shares, based on total return)

1 year 95% (300/316)

Expense ratio

(Y shares)

Total expense ratio
0.76%

What you pay
0.54%

"What you pay" reflects Putnam Management's decision to contractually limit expenses through 9/30/21.

Number of holdings

792

Net assets

$171.22M

Dividend frequency

Monthly

Average effective duration

0.49

30-day SEC yield

Without subsidy
4.51%

With subsidy
4.21%

For informational purposes only. Not an investment recommendation.

Putnam Retail Management
FS765_Y 323486 10/20

Annual performance at net asset value (all distributions reinvested)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 YTD
Y shares	—	—	—	—	—	4.5%	5.9%	3.0%	10.2%	-10.1%
ICE BofA U.S. Treasury Bill Index	0.1%	0.1%	0.1%	0.1%	0.1%	0.4	0.8	1.9	2.4	0.7

Annualized total return performance

Inception 7/1/19	Class Y shares	ICE BofA U.S. Treasury Bill Index
1 year	-7.98%	1.19%
3 years	1.44	1.73
5 years	2.30	1.22
Life of fund	2.13	1.12

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The ICE BofA 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. You cannot invest directly in an index. The Bloomberg Barclays U.S. MBS Index is an unmanaged index of agency mortgage backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae, Fannie Mae, and Freddie Mac. You cannot invest directly in an index. 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.

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.

Not all share classes are available on all platforms.

Consider these risks before investing: 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 (such as a region of the United States), industry, or sector, such as the housing or real estate markets. These and other factors may lead to increased volatility and reduced liquidity in the fund's portfolio holdings or in relevant 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). Default risk is generally higher for non-qualified mortgages. Interest-rate risk is generally greater for longer-term bonds, and credit risk is generally greater for below-investment-grade bonds. Mortgage-and asset-backed securities are subject to prepayment risk and the risk 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's investments in mortgage-backed securities and asset-backed securities, and in certain other securities and derivatives, may be or become illiquid. The fund's concentration in an industry group comprising privately issued mortgage-backed securities and mortgage-backed securities issued or guaranteed by the U.S. government or its agencies or instrumentalities may make the fund's net asset value more susceptible to economic, market, political, and other developments affecting the housing or real estate markets. 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. Our use of short selling may result in losses if the securities appreciate in value. 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.