



The fund received a 5-star Overall Morningstar Rating as of 6/30/19 among 270 funds in the Nontraditional Bond category (Y shares, based on risk-adjusted returns)

**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

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

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

# Putnam Mortgage Opportunities Fund

## 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	42.2%
Agency CMO	25.8
Agency pass-through	19.3
Residential MBS (non-agency)	18.6
Asset-backed securities (ABS)	2.1
Net cash	45.5

**Maturity breakdown**

0 to 1 year	29.1%
1 to 5 years	42.9
5 to 10 years	22.9
10 to 15 years	4.7
Over 15 years	0.4

**Portfolio quality**

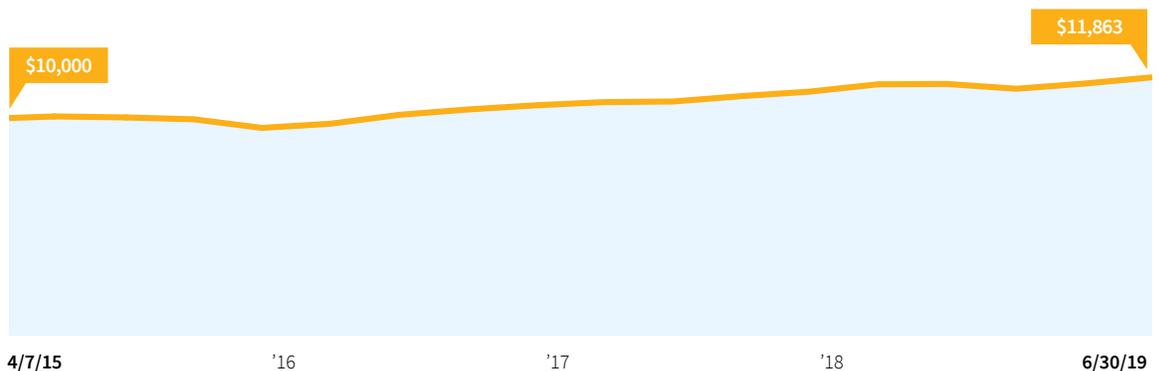
AAA	47.7%
AA	2.4
A	23.6
BBB	5.4
BB	4.4
B	6.3
CCC and below	3.3
Not rated	6.9

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.

**Growth of a \$10,000 investment**

With dividends reinvested, the fund has returned an average of 4.1% 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 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 before 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 a portion of the periods, this fund may have had expense limitations, without which returns would have been lower. For the most recent month-end performance, please visit putnam.com

**Fund symbols**

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

**Expense ratio**

(Y shares)

Total expense ratio  
0.83%What you pay  
0.62%

"What you pay" reflects Putnam Management's decision to contractually limit expenses through 9/30/20.

**Number of holdings**

766

**Net assets**

\$278.83M

**Dividend frequency\***

Monthly

**Average effective duration**

0.27

**Annual performance at net asset value (all distributions reinvested)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 YTD
Y shares	—	—	—	—	—	—	4.5%	5.9%	3.0%	4.7%
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	1.3

**Annualized total return performance**

Inception 7/1/19	Class Y shares	ICE BofAML U.S. Treasury Bill Index
1 year	2.78%	2.39%
3 years	6.83	1.38
Life of fund	4.12	1.04

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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.

The Morningstar Rating™ for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take into account the effects of sales charges and loads. Putnam Mortgage Opportunities Fund received 5 stars for the 3-year period among 270 Nontraditional Bond funds, respectively.

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. 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)

\* On June 28, 2019 the Board of Trustees of the Putnam Mortgage Opportunities Fund voted to change the frequency of the fund's distributions from annual to monthly. The first monthly distribution is expected to take place in August 2019.

**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.

Lipper rankings for class Y shares are based on total return without sales charge relative to all share classes of funds with similar objectives as determined by Lipper.

For informational purposes only. Not an investment recommendation.

Putnam Retail Management  
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