

Putnam PanAgora Managed Futures Strategy

Pursuing absolute return with low correlation to traditional asset classes

Objective

The fund seeks absolute return (i.e., positive total return in diverse market environments over time).

Portfolio managers

Edward E. Qian, Ph.D., CFA
(industry since 1996)

Bryan D. Belton, CFA
(industry since 1997)

Kun Yang, Ph.D., CFA
(industry since 2006)

Morningstar category

Managed Futures

Lipper category

Alternative Managed Futures

Inception

September 21, 2017

Benchmark

ICE BofAML U.S. Treasury Bill Index

Fund symbols

Class A	PPMF
Class B	PPFM
Class C	PPFL
Class M	PPFV
Class R	PPFW
Class Y	PPFY

Dividend frequency

Annually

Net assets

\$12.69M

Expense ratio

(Y shares)
Total expense ratio
1.60%

What you pay
1.35%

“What you pay” reflects Putnam Management’s decision to contractually limit expenses through 12/30/18.

Targets trends

The fund’s investment strategy seeks to identify and profit from price trends in global equity, fixed income, commodity, and currency markets.

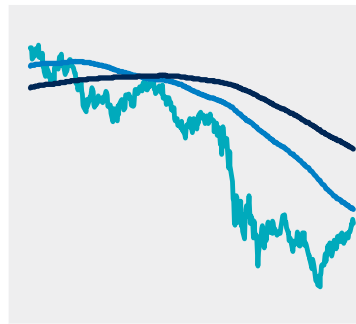
Low market correlation

The fund pursues absolute return over time with low correlation to traditional asset classes and may perform well during prolonged equity market drawdowns.

Risk-based construction

PanAgora Asset Management, the fund’s sub-advisor, has two decades of investment experience and is a pioneering thought leader in risk-based portfolio construction.

A disciplined investment process guides the portfolio



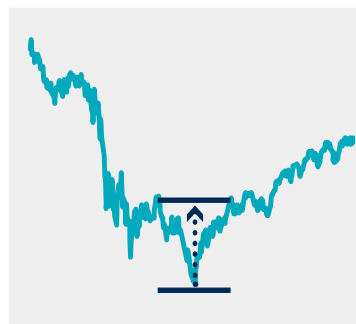
Rules-based algorithm identifies asset trends

The fund uses a proprietary, momentum-based algorithm that seeks to identify and profit from price trends in 60+ liquid markets, including global equity, fixed income, commodity, and currency markets. When a trend is identified, the fund may take either a long or short position.



Risk parity approach avoids unintended risk

The fund’s risk parity approach to portfolio construction seeks to avoid unintended risk concentrations. The strategy seeks to balance risk exposures in an effort to generate attractive returns in diverse market conditions that are generally uncorrelated with the returns of traditional asset classes.



Stop-loss mechanism seeks to protect against reversals

Once a position is added to the portfolio, PanAgora monitors for any indication of a reversal or loss of momentum in the price trend to determine when to exit the position. This mechanism adapts to recent volatility levels with the goal of protecting the portfolio against sharp reversals.

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

Cumulative total return performance

Inception 9/21/17	Class Y shares	ICE BofAML U.S. Treasury Bill Index
1Q18	-2.87%	0.34%
Life of fund	-1.33	0.62

Role in a portfolio

The fund is designed to provide meaningful diversification for portfolios and may offer protection from bear markets (a market decline of more than 20% over four months or longer).

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. For the most recent month-end performance, please visit putnam.com.

Diversification does not guarantee a profit or ensure against loss. It is possible to lose money in a diversified portfolio.

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. Index returns do not reflect any fees, expenses, or sales charges. You cannot invest directly in an index.

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.

Consider these risks before investing: There can be no assurance that a trend following strategy will achieve any particular level of return. The fund's allocation of assets may hurt performance, and efforts to balance risk exposures may be unsuccessful. Quantitative models or data may be incorrect or incomplete, and reliance on those models or data may not produce the desired results. Asset prices may fall or fail to rise over time for several reasons, including general financial market conditions, changing market perceptions (including, in the case of bonds, perceptions about the risk of default and expectations about monetary policy or interest rates), changes in government intervention in the financial markets, and factors related to a specific issuer, industry or commodity. These and other factors may also lead to increased volatility and reduced liquidity in the fund's portfolio holdings. Investments in small and/or midsize companies increase the risk of greater price fluctuations. Bond investments in which the fund invests (or has exposure to) are subject to interest-rate risk and credit risk. Interest-rate risk is generally greater for longer-term bonds, and credit risk is generally greater for below-investment-grade bonds. Exposure to the commodities markets may subject the fund to greater volatility than investments in traditional securities. Risks associated with derivatives (including "short" derivatives) include losses caused by unexpected market movements (which are potentially unlimited), imperfect correlation between the price of the derivative and the price of the underlying asset, increased investment exposure (which may be considered leverage), the potential inability to terminate or sell derivatives positions, the potential need to sell securities at disadvantageous times to meet margin or segregation requirements, the potential inability to recover margin or other amounts deposited from a counterparty, and the potential failure of the other party to the instrument to meet its obligations. Leveraging can result in volatility in the fund's performance and losses in excess of the amounts invested. International investing involves certain risks, such as currency fluctuations, economic instability, and political developments. The fund invests in (or provides exposure to) fewer issuers or makes large investments in (or provides large amounts of exposure to) a small number of issuers, and involves more risk than a fund that invests more broadly. By investing in a subsidiary, the fund is indirectly exposed to the risks associated with the subsidiary's investments. You can lose money by investing in the fund.

Investors should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing. For a prospectus, or a summary prospectus if available, containing this and other information for any Putnam fund or product, call your financial representative or call Putnam at 1-800-225-1581. Please read the prospectus carefully before investing.

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Long and short positions

An owner of a "long" position benefits when the underlying asset class increases in price. An owner of a "short" position benefits when the underlying asset class decreases in price.

The fund primarily gains long and short exposure to an asset class by investing in exchanged-traded futures and over-the-counter forward contracts, but may also invest in an asset class through other derivatives (such as options and swap contracts) or directly. Short derivatives positions may have effect of economic leverage, which magnifies investment exposure and may result in losses if the underlying assets appreciate in value.

For informational purposes only. Not an investment recommendation.