

**Objective**

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

**Portfolio Managers**

**George D. Mussalli, CFA**  
(industry since 1995)

**Richard Tan, CFA**  
(industry since 1997)

**Morningstar category**

Market Neutral

**Lipper category**

Alternative Equity  
Market Neutral

**Inception**

September 21, 2017

**Benchmark**

ICE BofA U.S.  
Treasury Bill Index

**Fund symbols**

Class A PPMAX  
Class B PPMBX  
Class C PPMDX  
Class R PPMXL  
Class R6 PPMRX  
Class Y PPMYX

**Dividend frequency**

Annually

**Net assets**

\$9.77M

**Expense ratio**

(Y shares)

Total expense ratio  
3.06%

What you pay  
1.56%

“What you pay” reflects Putnam Management’s decision to contractually limit expenses through 12/30/20.

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

# Putnam PanAgora Market Neutral Fund

Pursuing absolute return from a diversified set of arbitrage strategies

**Uncorrelated alpha**

The fund’s investment strategies are designed to derive uncorrelated returns purely from alpha generation rather than from market risk.

**Arbitrage strategies**

The fund invests in a diversified set of long/short global equity arbitrage strategies targeting different market inefficiencies and time horizons.

**Differentiated research**

A systematic investment process combines fundamental signals with quantitative techniques.

**Exploiting inefficiencies in global equity markets**

The fund implements a systematic approach to invest in a range of fundamental, merger arbitrage, and event-driven arbitrage opportunities across global regions and sectors. The fund seeks to generate absolute return from stock-specific trades (alpha), not from market movements (beta).

**Portfolio composition by type of strategy and by long and short exposures**

Data as of 12/31/19

	Long-term	Intermediate-term	Short-term	Total
Long	158%	13%	12%	183%
Short	-154%	-3%	-7%	-163%
Gross	311%	16%	19%	346%
Net	4%	10%	5%	20%

Total may not equal net/gross due to rounding.

**Portfolio composition by region**

Region	Short	Long	Gross	Net
U.S. Canada	-109.65%	127.65%	237.29%	18.00%
Emerging Market	-16.11%	18.42%	34.53%	2.31%
Japan	-11.51%	12.21%	23.73%	0.70%
Europe	-9.29%	10.24%	19.52%	0.95%
UK	-7.46%	6.68%	14.14%	-0.78%
Other (ETFs)	-6.03%	5.00%	11.07%	-0.99%
Asia	-3.14%	2.95%	6.08%	-0.19%

**About long/short and gross/net exposures**

The fund pursues its goal by investing through a diversified set of long/short equity strategies. Long positions are represented by positive values in the chart and the values of long positions increase and decrease in accordance with increasing and decreasing investment values. Short positions are established through shortselling techniques and are represented by negative values in the chart. The values of short positions move in the opposite direction from the price of the underlying investment. Portfolio positions greater than 100 percent reflect the effects of increasing investment exposures through the use of derivatives, which may be considered leverage. The fund’s use of short derivatives positions may have the effect of economic leverage, which magnifies investment exposure, and may result in losses if the underlying assets appreciate in value (for more information on short positions, see reverse side). Leverage may cause the fund’s performance to be more volatile, may expose the fund to losses in excess of the amounts invested, and may require the fund to liquidate portfolio securities when it may not be advantageous to do so, to satisfy its obligations or to meet segregation requirements.

Gross percentages reflect the combined absolute value of long and short positions and are expressed in terms of portfolio valuations relative to fund net assets. Net percentages reflect the reconciliation of long and short positions and represent the fund’s resulting exposure to equity markets. Due to rounding, the sum of the individual weights may not match the net/gross totals.

### Portfolio characteristics

The fund's arbitrage strategies seek to exploit long-term, intermediate-term, and short-term market inefficiencies:

- The long-term strategies typically represent a majority of assets. They emphasize investments selected to capitalize on a company's fundamental strengths or weaknesses that the managers expect to be manifest in market performance over a 9- to 12-month horizon.
- The intermediate-term strategies, which cover a 3- to 9-month horizon, seek to capitalize on opportunities created when an equity's price deviates from a predefined target. The fund uses a number of pair trading strategies, including merger arbitrage, in this regard.
- The short-term strategies involve event-driven arbitrage opportunities created by significant corporate actions or market events that are expected to play out over a period of up to three months.

### Annualized total return performance

Inception 9/21/17	Class Y shares	ICE BofA U.S. Treasury Bill Index
4Q19*	-2.07%	0.48%
1 year	-7.69	2.35
Life of fund	-6.79	1.98

\*Periods less than one year are not annualized.

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

### Role in a portfolio

The fund is designed to offer low-to-zero correlation and beta to equity markets and may be used as a diversifying complement within a traditional portfolio.

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. Index returns do not reflect any fees, expenses, or sales charges. 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.

**Consider these risks before investing:** There can be no assurance that the fund's strategies will achieve any particular level of return. The fund's allocation of assets may hurt performance, and efforts to generate returns under different market conditions and over different time horizons 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. 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. 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. 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. Leverage 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. Exposure to REITs subjects the fund to the risks associated with direct ownership in real estate, including economic downturns that have an adverse effect on real estate markets. By investing in open-end or closed-end investment companies and ETFs, the fund is indirectly exposed to the risks associated with direct ownership of the securities held by those investment companies or ETFs. Certain investments are not as readily traded as conventional securities, and the fund may be unable to sell these investments when it considers it desirable to do so. Frequent trading may cause the fund to experience increased brokerage commissions and other transaction costs, and the fund may be more likely to realize capital gains that must be distributed to shareholders as taxable ordinary income. 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.**

**Alpha** is a measure of excess return performance on a risk-adjusted basis relative to a benchmark index.

**Beta** measures volatility in relation to the fund's benchmark, with a beta less than 1.0 indicating lower volatility and a beta more than 1.0, higher volatility.

#### Short positions

The fund uses total return swaps and may use other derivatives to take long or short positions in equity securities, real estate investment trusts, fixed-income securities, and other investment companies. Short derivatives positions may have the 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.