

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

Equity Market Neutral

Inception

September 21, 2017

Benchmark

ICE BofAML
U.S. Treasury Bill Index

Fund symbols

Class A PPMAX
Class B PPMBX
Class C PPMDX
Class M PPMVX
Class R PPMLX
Class Y PPMYX

Dividend frequency

Annually

Net assets

\$10.88M

Expense ratio

(Y shares)
Total expense ratio
2.04%

What you pay

1.65%

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

**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.

A diversified set of arbitrage strategies exploiting inefficiencies in global equity markets

The fund implements a systematic approach to invest in a diversified set of long-term, intermediate-term, and short-term strategies, which are driven by 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 strategy exposures

	Long-term	Intermediate-term	Short-term	Total
Long	241%	5%	2%	248%
Short	-239%	-1%	-2%	-242%
Gross	480%	6%	4%	491%
Net	2%	4%	0%	6%

Total may not equal net/gross due to rounding.

Portfolio global exposures

Region	Short	Long	Gross	Net
U.S./Canada	-130.2%	133.9%	264.1%	3.7%
Europe	-50.2%	50.1%	100.3%	0.0%
Asia	-19.1%	19.6%	38.7%	0.5%
Japan	-16.9%	18.8%	35.7%	1.9%
Emerging Market	-16.9%	16.1%	33.0%	-0.8%
UK	-9.1%	9.8%	18.9%	0.7%

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.

Cumulative total return performance

Inception 9/21/17	Class Y shares	ICE BofAML U.S. Treasury Bill Index
4Q17	-0.70%	0.25%
Life of fund	-1.20%	0.28%

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.

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 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. 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.

For informational purposes only. Not an investment recommendation.

Consider these risks before investing: Use of leverage obtained through derivatives increases these risks by increasing investment exposure. Over-the-counter derivatives are also subject to the risk of the potential inability to terminate or sell derivatives positions and the potential failure of the other party to the instrument to meet its obligations. The use of short selling may result in losses if the securities appreciate in value. This risk is greatest in volatile markets. Losses could be limitless. International investing involves certain risks, such as currency fluctuations, economic instability, and political developments. Certain investments are not as readily traded as conventional securities. This illiquidity has the potential to increase transaction costs and lower returns. REIT funds may be subject to a high degree of market risk due to lack of industry diversification. Furthermore, REIT funds may be subject to other risks including, but not limited to, declines in the value of real estate, risks related to general and economic conditions, changes in the value of the underlying property owned by the trust and defaults by borrowers. 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.