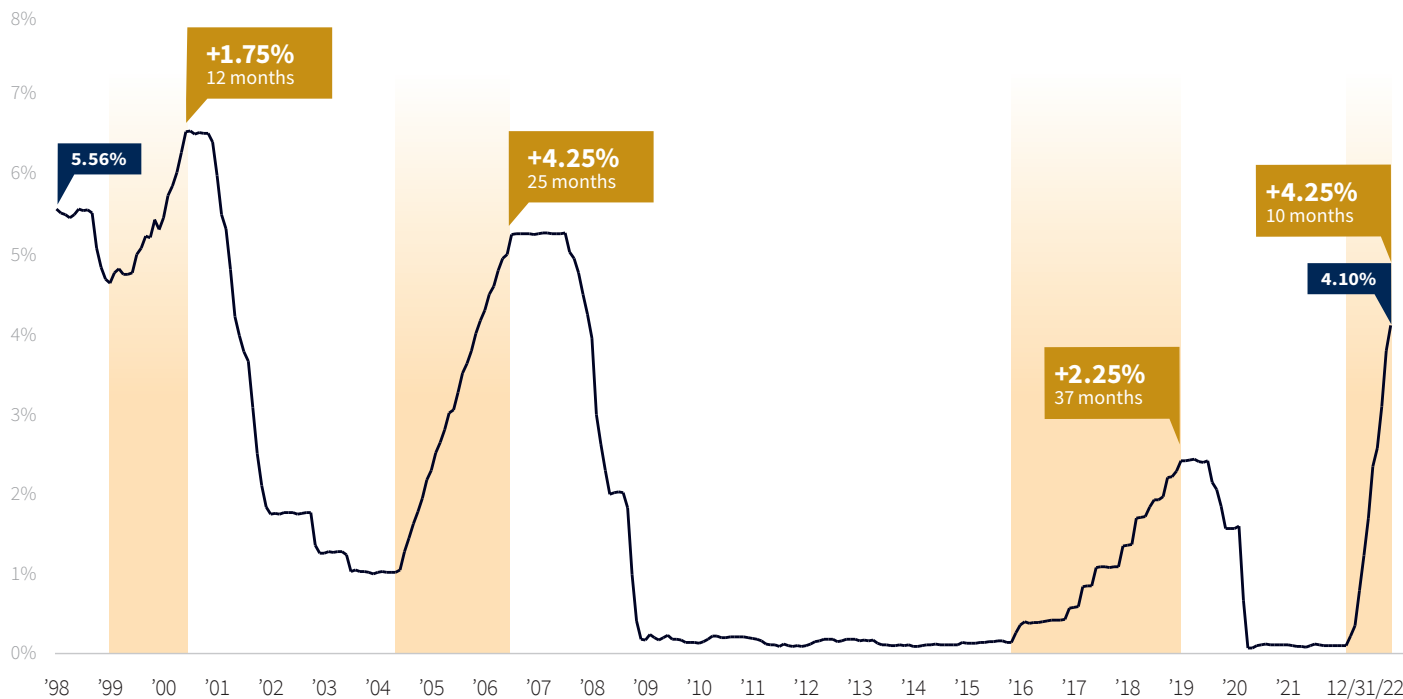


# Floating-rate bank loans offer a degree of protection from rising rates

Effective federal funds rate



### Outperformance in rising-rate periods

Bank loans, represented by the Morningstar LSTA US Leveraged Loan Index, outperformed 10-year Treasuries, represented by the Bloomberg 10-Year U.S. Treasury Bellwether Index, by an average of more than 5% per year (5.49%).

### What are floating-rate bank loans?

Bank loans are debt obligations issued by banks and other financial institutions that consist of loans made to companies. They are called “floating rate” securities because the interest rates on the loans adjust at regular intervals to reflect changes in short-term interest rates as tracked by commonly accepted measures such as LIBOR (London Interbank Offered Rate) and SOFR (Secured Overnight Financing Rate). As a result, floating-rate loans historically have performed well during periods of rising interest rates. Of course, as interest rates fall, the interest income offered by floating-rate bank loans tends to decrease as well.

Source: United States Federal Reserve, as of 12/31/22. The federal funds rate is the interest rate at which depository institutions lend balances at the Federal Reserve to other depository institutions overnight. The effective rate shown in the chart represents the monthly average of the volume-weighted median rate of overnight federal funds transactions. Past performance is not indicative of future results.

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	25 yr Annualized
Morningstar LSTA US Leveraged Loan Index	5.3	3.7	5.0	4.2	1.9	10.0	5.2	5.1	6.8	2.0	-29.1	51.6	10.2	1.5	9.7	5.3	1.6	-0.7	10.1	4.1	0.5	8.6	3.1	5.2	-0.6	4.6
10-year U.S. Treasury	12.9	-8.4	14.5	4.0	14.6	1.3	4.9	2.1	1.3	9.7	20.1	-9.8	8.0	17.2	4.1	-7.8	10.7	0.9	-0.2	2.1	0.0	8.9	10.6	-3.6	-16.3	3.7

Source: Bloomberg Index Services Limited. The 10-year U.S. Treasury return is represented by the Bloomberg 10-Year U.S. Treasury Bellwether Index.

Not FDIC insured | May lose value | No bank guarantee

# Putnam Floating Rate Income Fund can complement core and high-yield bonds

## Higher coupon payments as rates rise

Bank loans have historically performed well amid rising interest rates because their yields adjust higher and become more attractive.

## Exposure to corporate credit

Bank loans are often made to less-mature and expanding corporations. Investors can potentially benefit as the economy grows or the issuing companies become more profitable.

## Extensive team-based research

The fund's experienced managers select a diverse range of loans using a team-based approach to fundamental credit research.

## Lower interest-rate sensitivity

As of December 31, 2022, bank loans had lower duration than the high-yield and aggregate bond indexes. Duration measures the sensitivity of bond prices to interest-rate changes.

-0.13	Morningstar LSTA US Leveraged Loan Index
4.14	JPMorgan Developed High Yield Index
6.02	Bloomberg U.S. Aggregate Bond Index*

\* Sources: Putnam research. Bloomberg Index Services Limited.

The Bloomberg U.S. Aggregate Bond Index is an unmanaged index of U.S. investment-grade fixed income securities.

## Annualized total return performance as of 12/31/22

	Class Y shares Inception 10/4/05	Class A shares Inception 8/4/04 Before sales charge	After sales charge	Morningstar LSTA US Leveraged Loan Index
1 year	-1.39%	-1.64%	-3.85%	-0.63%
3 years	0.92	0.66	-0.10	2.54
5 years	2.10	1.84	1.37	3.31
10 years	2.81	2.54	2.31	3.67
Life of fund	3.36	3.11	2.98	4.40

Class Y total expense ratio: 0.75%  
Class A total expense ratio: 1.00%

Morningstar® LSTA® US Leveraged Loan Index is an unmanaged index of U.S. leveraged loans. You cannot invest directly in an index.

*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. After-sales-charge returns for class A shares reflect the deduction of the maximum 2.25% sales charge levied at the time of purchase. 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 are derived from the historical performance of class A shares (inception 8/4/04), which have not been adjusted for the lower expenses; had they, returns would have been higher. For the most recent month-end performance, please visit putnam.com.*

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For informational purposes only. Not an investment recommendation.

**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, industry, or sector. These and other factors may lead to increased volatility and reduced liquidity in the fund's portfolio holdings.

Lower-rated bonds may offer higher yields in return for more risk. 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). Interest-rate risk is generally greater for longer-term bonds, and credit risk is generally greater for below-investment-grade bonds. Unlike bonds, funds that invest in bonds have fees and expenses. 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. Floating-rate loans may reduce, but not eliminate, interest-rate risk. These loans are typically secured by specific collateral or assets of the issuer (so that holders of the loan, such as the fund, have a priority claim on those assets in the event of the issuer's default or bankruptcy). The value of collateral may be insufficient to meet the issuer's obligations, and the fund's access to collateral may be limited by bankruptcy or other insolvency laws.

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.

**Investors should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing. For a prospectus or a summary prospectus 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.**