



The fund received a 4-star Overall Morningstar Rating as of 9/30/20 among 515 funds in the Short-Term Bond category (Y shares, based on risk-adjusted returns)

Objective

The fund seeks as high a rate of current income as we believe is consistent with preservation of capital.

Portfolio Managers

Emily E. Shanks
(industry since 1999)

Albert Chan, CFA
(industry since 2002)

D. William Kohli
(industry since 1988)

Brett S. Kozlowski, CFA
(industry since 1997)

Morningstar category

Short-Term Bond

Lipper category

Short Investment Grade Debt

Fund symbols

| | |
|----------|-------|
| Class A | PARTX |
| Class B | PARPX |
| Class C | PARQX |
| Class R | PRARX |
| Class R6 | PRREX |
| Class Y | PARYX |

Average effective duration

1.80

30-day SEC yield

0.91%

Cost-effective pricing option for A shares

- Available at NAV beginning at \$250,000
- 9-month CDSC period

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

Putnam Short Duration Bond Fund (PARYX)

Pursuing income with a multi-sector, lower duration approach

Sector diversification

The fund invests in a diversified portfolio of fixed-income securities, including corporate debt, bank loans, sovereign debt, and securitized assets, such as mortgage-backed and asset-backed securities.

Managing rate sensitivity

The fund invests in short-term bonds and other securities, and generally maintains an effective duration, or interest-rate sensitivity, of three years or less.

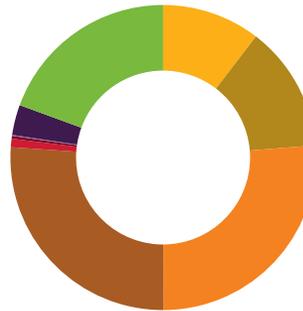
Fundamental approach

The fund's experienced portfolio managers implement active strategies that consider several factors, including credit, interest-rate, and prepayment risks, and general market conditions.

Pursuing opportunities inside and outside the benchmark

Portfolio quality

| | |
|-----------------|-------|
| ● AAA | 10.4% |
| ● AA | 13.3 |
| ● A | 26.2 |
| ● BBB | 26.1 |
| ● BB | 0.9 |
| ● B | 0.3 |
| ● CCC and below | 0.1 |
| ● Not rated | 3.2 |
| ● Net cash | 19.4 |



Holdings represent 100% of the portfolio and will vary over time.

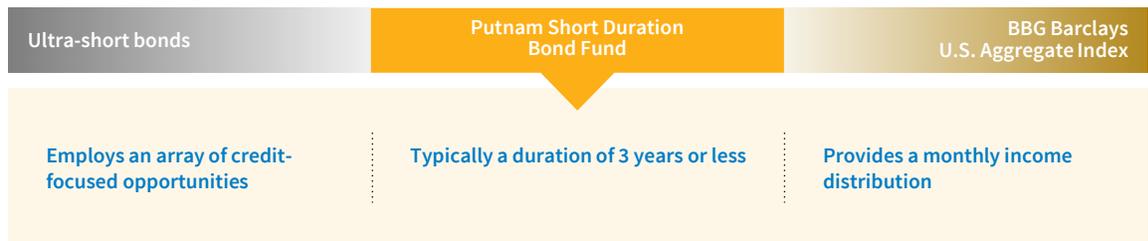
Credit qualities are shown as a percentage of the fund's net assets. A bond rated BBB or higher (A-3 or higher, for short-term debt) is considered investment grade. This chart reflects the highest security rating provided by one or more of Standard & Poor's, Moody's, and Fitch. Ratings and portfolio credit quality will vary over time. Cash and net other assets, if any, represent the market value weights of cash, derivatives, and short-term securities in the portfolio. **The fund itself has not been rated by an independent rating agency.**

Portfolio composition

| | |
|----------------------------------|-------|
| Investment-grade corporate bonds | 46.9% |
| Residential MBS (non-agency) | 15.4 |
| Commercial MBS | 14.8 |
| Asset-backed securities (ABS) | 3.0 |
| High-yield corporate bonds | 0.4 |
| Net cash | 19.4 |

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.

Putnam Short Duration Bond Fund focus on total return with less interest-rate sensitivity



Portfolio repositioning

- Portfolio was repositioned June 1, 2018
- The fund will now manage duration exposure that is neutral to the ICE BofA 1-3 Year U.S. Corporate Index
- The fund will minimize the use of derivatives

Morningstar rankings

(Y shares, based on total return)

| | |
|----------|---------------|
| 1 year | 63% (371/581) |
| 3 years | 20% (91/515) |
| 5 years | 11% (50/459) |
| 10 years | 46% (119/297) |

Total expense ratio(Y shares)
0.38%**Number of issues**

591

Number of issuers

215

Net assets

\$1,939.97M

Dividend frequency

Monthly

Standard deviation

2.84

Average effective maturity

2.23

Standard deviation measures how widely a set of values varies from the mean. It is a historical measure of the variability of return earned by an investment portfolio. **Average effective maturity** depends on the maturity of the underlying bonds within each fund. The longer the maturity, the greater the interest-rate risk. **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.

Morningstar 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 Morningstar. Morningstar rankings may differ significantly from Morningstar's risk-adjusted star ratings. Past performance is not indicative of future results.

Not all share classes are available on all platforms.

For informational purposes only. Not an investment recommendation.

Putnam Retail Management
FS104_Y 323486 10/20

Annual performance at net asset value (all distributions reinvested)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 YTD |
|---|-------|------|------|------|-------|------|------|------|------|----------|
| Y shares | -1.8% | 3.1% | 2.0% | 1.0% | -0.3% | 2.4% | 3.5% | 2.2% | 4.9% | 2.4% |
| ICE BofA 1-3 Year U.S. Corporate Index | 1.8 | 4.5 | 1.8 | 1.2 | 1.0 | 2.4 | 1.9 | 1.6 | 5.4 | 3.4 |
| ICE BofA U.S. Treasury Bill-ICE BofA 1-3 Year U.S. Corporate Linked Benchmark | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.4 | 0.8 | 2.2 | 5.4 | 3.4 |

Annualized total return performance

| Inception 12/23/08 | Class Y shares | ICE BofA 1-3 Year U.S. Corporate Index | ICE BofA U.S. Treasury Bill-ICE BofA 1-3 Year U.S. Corporate Linked Benchmark |
|--------------------|----------------|--|---|
| 1 year | 3.07% | 4.31% | 4.31% |
| 3 years | 3.30 | 3.46 | 3.74 |
| 5 years | 3.09 | 2.91 | 2.42 |
| 10 years | 2.04 | 2.51 | 1.26 |
| Life of fund | 2.13 | 3.79 | 1.11 |

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 a portion of the periods, the fund had expense limitations, without which returns would have been lower. For the most recent month-end performance, please visit putnam.com.

The ICE BofA 1-3-year U.S. Corporate Index is an unmanaged index of U.S. investment-grade corporate debt with a remaining term to maturity of less than 3 years. The ICE BofA U.S. Treasury Bill - ICE BofA 1-3 Year U.S. Corporate Linked Benchmark represents performance of the ICE BofA U.S. Treasury Bill Index through June 1, 2018, and performance of the ICE BofA 1-3 year U.S. Corporate Credit Index thereafter. 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. You cannot invest directly in an index.

Because the dollar amount of the monthly performance fee adjustment is based on the fund's average assets during the rolling performance period, the amount of any dollar adjustment as a percentage of a fund's current assets could exceed the "maximum annualized performance adjustment rates." Performance fee adjustments will not commence until a fund has been operating under a shareholder-approved management contract with a performance fee adjustment for at least 12 months.

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 Short Duration Bond Fund received 4, 4, and 3 stars for the 3-, 5-, and 10-year periods among 515, 459, and 297 Short-Term Bond funds, respectively.

Consider these risks before investing: Allocation of assets among fixed-income strategies and sectors may hurt performance. The effects of inflation may erode the value of your investment over time. 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. 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. Lower-rated bonds may offer higher yields in return for more risk. Funds that invest in government securities are not guaranteed. Mortgage-backed securities are subject to prepayment risk, which means that they may increase in value less when interest rates decline and decline in value more when interest rates rise. The fund may have to invest the proceeds from prepaid investments, including mortgage- and asset-backed investments, in other investments with less attractive terms and yields. International investing involves currency, economic, and political risks. Emerging-market securities have illiquidity and volatility risks. The fund may not achieve its goal, and it is not intended to be a complete investment program. 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 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.

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.