

Objective

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

Portfolio Managers

Joanne M. Driscoll, CFA
(industry since 1992)

Michael J. Lima, CFA
(industry since 1997)

Michael V. Salm
(industry since 1989)

Emily E. Shanks
(industry since 1999)

Morningstar category

Ultrashort Bond

Fund symbols

Class A	PSDTX
Class B	PSDBX
Class C	PSDLX
Class M	PSDGX
Class N	PSDNX
Class R	PSDRX
Class R6	PSDQX
Class Y	PSDYX

A cost-conscious and convenient option

- No up-front sales charge
- No redemption fees
- No minimum holding period

If an exchange is made from an existing Putnam fund that is currently under a 12-month CDSC period into Putnam Ultra Short Duration Income Fund, and liquidation takes place, then a possible 1% redemption fee may apply.

* Effective 6/1/19, the fund's name changed from Putnam Short Duration Income Fund.

Not FDIC insured
May lose value
No bank guarantee

Putnam Ultra Short Duration Income Fund*

Seeking capital preservation and a higher rate of current income

A broader opportunity set

The fund invests in a diversified portfolio composed of short duration, investment-grade money market and other fixed-income securities.

Active risk management

In today's complex bond market, the fund's experienced managers actively manage risk with the goal of superior risk-adjusted performance over time.

Higher income potential

Access to a wider range of income opportunities means the fund may offer higher income potential than other short-term investments.

Portfolio quality

A-1+	2.8%
A-1	7.6
A-2	22.5
A-3	2.5
AAA	7.4
AA	18.4
A	28.7
BBB	9.7
Not rated	0.5
Net cash	-0.1

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/SP-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 may vary over time. Net cash, if any, represents the market value weights of cash and derivatives and may show a negative market value as a result of the timing of trade versus settlement date transactions. **The fund itself has not been rated by an independent rating agency.**

Daily net asset value

NAV as of 8/31/19	\$10.06	
NAV at Inception	\$10.00	
Number of trading days since inception	1,981	
Daily movement	# of days	% of total days
Days with stable NAV	1,907	96%
Days with NAV increases	40	2
Days with NAV decreases	34	2
NAV movement		
Highest NAV	\$10.07	
Lowest NAV	\$10.00	
Largest daily NAV increase	\$0.01	
Largest daily NAV decrease	\$-0.01	

Portfolio composition

Investment-grade corporate bonds	52.8%
Commercial paper	30.7
Residential MBS (non-agency)	8.1
Certificate of deposit	3.5
Short-term asset-backed securities	3.0
Asset-backed commercial paper	0.7
Asset-backed securities	0.7
Repurchase agreement	0.4
Net cash	-0.1

Coupon type

Floating rate	57.0%
Fixed rate	43.0
Net cash	-0.1

Maturity breakdown

Less than 60 days	29.8%
2 months–6 months	10.8
6 months–1 year	17.3
1–2 years	29.3
2–3 years	12.5
Over 3 years	0.3

Allocations will vary over time. Due to rounding, percentages may not equal 100%.

The fund may be attractive to

- Investors seeking a broader range of income opportunities for their conservative allocations
- Investors who are in, or near, retirement and are seeking capital preservation and monthly income distributions
- Investors seeking a fund that employs modern portfolio strategies in an effort to limit market risk

Expense ratio

(Y shares)

Total expense ratio

0.44%

What you pay

0.30%

"What you pay" reflects Putnam Management's decision to contractually limit expenses through 11/30/19.

Number of issues

784

Number of issuers

367

Net assets

\$16,879.12M

Dividend frequency

Monthly

Average effective duration

0.24

3-year average duration

0.15

Average effective maturity

0.95

30-day SEC yield

Without subsidy

2.22%

With subsidy

2.34%

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. **3-year average duration** is an arithmetic average of month-end values over the previous 3-year period.

For informational purposes only. Not an investment recommendation.

Putnam Retail Management
FS736_Y 318525 9/19

Annual performance at net asset value (all distributions reinvested)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 YTD
Y shares	—	—	1.1%	0.8%	0.5%	0.4%	1.1%	1.4%	1.9%	2.1%
ICE BofAML U.S. Treasury Bill Index	0.2%	0.1%	0.1	0.1	0.1	0.1	0.4	0.8	1.9	1.7

Annualized total return performance

Inception 10/17/11	Class Y shares	ICE BofAML U.S. Treasury Bill Index
As of 8/31/19		
1 year	2.64%	2.44%
3 years	1.92	1.50
5 years	1.39	0.97
Life of fund	1.19	0.65
3-year standard deviation: 0.27		
As of 6/30/19		
1 year	2.60%	2.39%
3 years	1.85	1.38
5 years	1.31	0.89
Life of fund	1.16	0.61
3-year standard deviation: 0.27		

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.

Sector breakdown

Financials	48.4%
Utilities	9.0
Residential MBS (non-agency)	8.1
Energy	5.8
Consumer staples	5.1
Consumer cyclicals	3.6
Health care	3.4
Communication services	3.4
Basic materials	3.4
Short-term asset-backed securities	3.0
Capital goods	2.6
Technology	2.5
Asset-backed securities	0.7
Real estate investment trust	0.6
Conglomerates	0.5
Net cash	-0.1

Allocations will vary over time. Due to rounding, percentages may not equal 100%.

The "Net cash" category may show a negative market value percentage as a result of the timing of trade verses settlement date transactions.

Top 10 issuers

Citigroup	1.06%
US Bank	0.99
Morgan Stanley	0.99
American Express	0.98
Wells Fargo	0.98
Bank of America	0.97
TD Bank	0.96
PNC Bank	0.96
Credit Agricole	0.96
UBS	0.96

Holdings in the top ten issuers represent 9.81% of the portfolio and will vary over time. All holdings are subject to review in accordance with the fund's investment strategy.

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. 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. You cannot invest directly in an index.

Not all share classes are available on all platforms.

Consider these risks before investing: Putnam Ultra Short Duration Income Fund is not a money market fund. The effects of inflation may erode the value of your investment over time. Funds that invest in government securities are not guaranteed. Mortgage-backed investments, unlike traditional debt investments, are also subject to prepayment risk, which means that they may increase in value less than other bonds when interest rates decline and decline in value more than other bonds when interest rates rise. The fund may have to invest the proceeds from prepaid investments, including mortgage-backed investments, in other investments with less attractive terms and yields. 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. Credit risk is generally greater for debt not backed by the full faith and credit of the U.S. government. 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. Unlike bonds, funds that invest in bonds have fees and expenses. 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.