

Putnam Absolute Return Funds

Pursuing returns above inflation as measured by Treasury bills over three-year periods, with relatively low volatility.

A wide range of securities

The funds can invest without constraint across global markets and sectors.

Progressive risk management

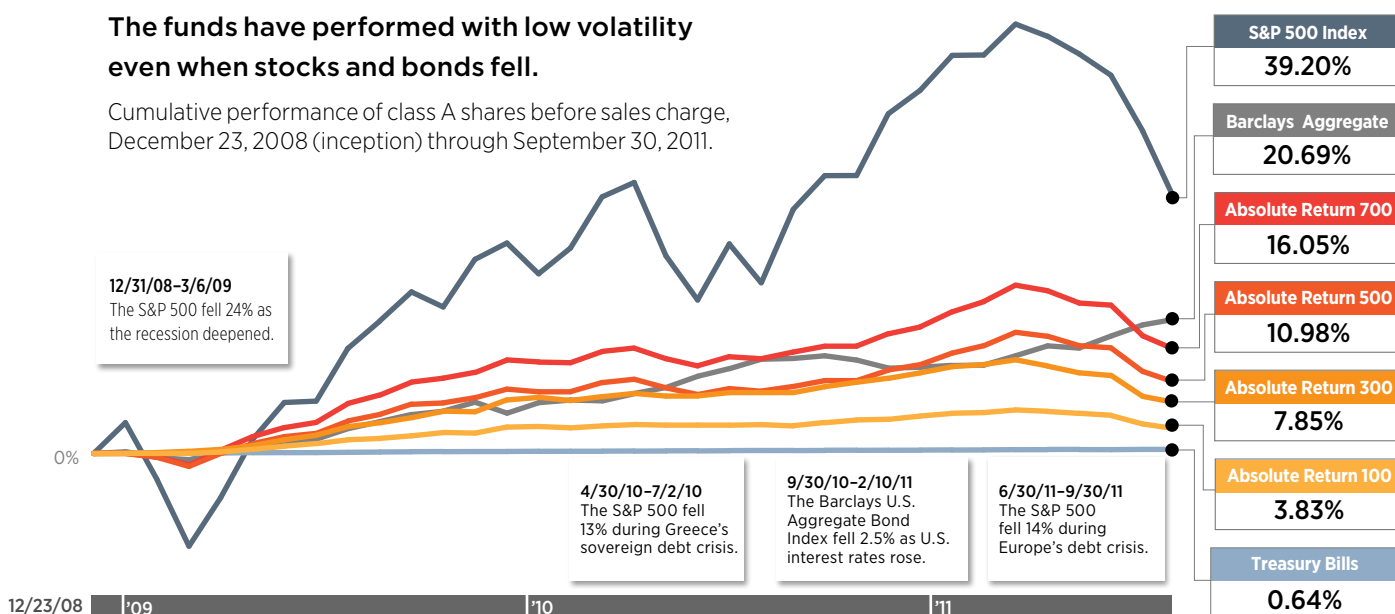
The funds pursue their absolute return targets using modern investment tools to help mitigate risk.

Ultimate flexibility

The funds adjust dynamically as opportunities change to pursue positive results over time.

The funds have performed with low volatility even when stocks and bonds fell.

Cumulative performance of class A shares before sales charge, December 23, 2008 (inception) through September 30, 2011.



Annualized performance for the periods ended September 30, 2011.

Class A shares (inception 12/23/08)	1 year before sales charge	1 year after sales charge	Life before sales charge	Life after sales charge	Sharpe ratio	Standard deviation
Absolute Return 100 Fund	-0.41%	-1.36%	1.37%	1.00%	0.92%	1.38%
Absolute Return 300 Fund	-1.38	-2.38	2.77	2.40	0.95	2.80
Absolute Return 500 Fund	0.59	-5.18	3.83	1.64	0.92	4.04
Absolute Return 700 Fund	0.36	-5.39	5.52	3.29	1.10	4.91
BofA Merrill Lynch U.S. Treasury Bill Index	0.18	—	0.23	—	—	—
Barclays Capital U.S. Aggregate Bond Index	5.26	—	7.03	—	—	—
S&P 500 Index	1.14	—	12.69	—	—	—

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. The class A share performance shown assumes reinvestment of distributions and does not account for taxes. After-sales-charge returns reflect a maximum load of 5.75% for Putnam Absolute Return 500 Fund and 700 Fund and 1.00% for Putnam Absolute Return 100 Fund and 300 Fund. A short-term trading fee of 1% may apply to redemptions or exchanges from certain funds within the time period specified in the funds' prospectus. To obtain the most recent month-end performance, visit putnam.com. The BofA Merrill Lynch 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. The S&P 500 Index is an unmanaged index of common stock performance. The Barclays Capital U.S. Aggregate Bond Index is an unmanaged index of U.S. investment-grade fixed-income securities. You cannot invest directly in an index. The Sharpe ratio is a measure of historical adjusted performance calculated by dividing the fund's return minus the risk-free rate (Citigroup 30-day T-bill) by the standard deviation of the fund's return. The higher the ratio, the better the fund's return per unit of risk. Standard deviation measures how widely a set of values varies from the mean. For the Absolute Return Funds, it is a historical measure of the variability of return earned by an investment portfolio since inception.

Not FDIC insured | May lose value | No bank guarantee

Putnam Absolute Return 100 and 300 Funds

Fears of sovereign default caused a flight to the safety of Treasuries.

- The funds continued to focus on short-duration, non-government securities, which lagged government securities as risks to the economy increased
- Strategies targeting prepayment-related risk, mortgage credit risk, and term structure risk hurt fund performance in the quarter
- The managers continue to believe that a variety of mortgage-backed securities offer compelling opportunities over a three-year time frame

The funds' active strategies are backed by research of over 60 fixed-income professionals covering every global bond sector.



	Putnam Absolute Return 100 Fund			Putnam Absolute Return 300 Fund		
Objective: The funds seek a positive return, over three-year periods and regardless of market conditions, that exceeds the rate of inflation, as measured by Treasury bills, by	1%			3%		
An alternative for investors considering	short-term securities, particularly investors in or near retirement			a traditional bond fund		
Portfolio composition	9/30/11	6/30/11	Change in composition	9/30/11	6/30/11	Change in composition
Agency CMO	9.62%	9.49%	0.13%	15.40%	15.13%	0.27%
Agency pass-through	14.90	5.77	9.13	27.21	6.90	20.31
Asset-backed securities	—	—	—	—	—	—
Bank loans	—	—	—	3.08	3.20	-0.12
Commercial MBS	17.41	22.81	-5.40	17.01	23.13	-6.12
Commodities	—	—	—	—	—	—
Emerging-market bonds	0.59	0.68	-0.09	2.46	2.45	0.01
Emerging-market stocks	—	—	—	—	—	—
High-yield corporate bonds	0.88	0.83	0.05	5.26	4.91	0.35
Investment-grade corporate bonds	6.52	7.06	-0.54	9.41	9.14	0.27
International stocks	—	—	—	—	—	—
Net cash	56.37	49.28	7.09	34.98	29.21	5.77
Residential MBS (non-agency)	7.24	9.71	-2.47	10.54	13.67	-3.13
International Treasury/agency	0.15	0.15	0.00	0.14	0.13	0.01
U.S. Treasury	0.01	0.01	0.00	0.03	0.02	0.01
U.S. large-cap stocks	—	—	—	—	—	—
Total expense ratio	1.00%			1.08%		
What you pay*	0.68%			0.88%		
Number of holdings	294			496		
Net assets	\$409.27M			\$1.56B		
Dividend frequency	Annually			Annually		
Average effective duration†	-0.42			-0.93		

* "What you pay" reflects Putnam Management's decision to contractually limit expenses through 2/29/12.

† Duration measures the sensitivity of bond prices to interest-rate changes. A negative duration indicates that a security or fund may be poised to increase in value when interest rates increase.

Putnam Absolute Return 500 and 700 Funds

Resisting the equity and credit market drawdown proved challenging.

- Several long-short equity strategies and swap derivatives strategies intended to hedge against risk had successful results
- The funds maintained positions in low beta large-cap U.S. equities that had negative returns during the quarter
- Credit-related assets such as high-yield securities also suffered as the economic slowdown caused concern about potential defaults

The funds pursue strategies across multiple asset classes, backed by research of 14 global asset allocation specialists.



	Putnam Absolute Return 500 Fund			Putnam Absolute Return 700 Fund		
Objective: The funds seek a positive return, over three-year periods and regardless of market conditions, that exceeds the rate of inflation, as measured by Treasury bills, by	5%			7%		
An alternative for investors considering	a traditional balanced fund			a traditional stock fund		
Portfolio composition	9/30/11	6/30/11	Change in composition	9/30/11	6/30/11	Change in composition
Agency CMO	5.90%	6.67%	-0.77%	8.17%	9.15%	-0.98%
Agency pass-through	12.65	5.69	6.96	14.10	7.67	6.43
Asset-backed securities	—	—	—	—	—	—
Bank loans	5.75	6.02	-0.27	5.19	5.54	-0.35
Commercial MBS	9.39	12.75	-3.36	6.98	8.95	-1.97
Commodities	6.15	3.98	2.17	8.11	3.95	4.16
Emerging-market bonds	2.36	2.84	-0.48	2.47	3.02	-0.55
Emerging-market stocks	0.62	0.78	-0.16	0.67	0.85	-0.18
High-yield corporate bonds	5.35	5.42	-0.07	8.13	8.63	-0.50
Investment-grade corporate bonds	17.60	17.49	0.11	12.11	12.33	-0.22
International stocks	0.70	0.56	0.14	0.80	0.65	0.15
Net cash	29.94	24.80	5.14	24.75	22.05	2.70
Residential MBS (non-agency)	6.77	11.03	-4.26	8.96	12.79	-3.83
International Treasury/agency	—	—	—	—	—	—
U.S. Treasury	—	—	—	—	—	—
U.S. large-cap stocks	16.17	15.36	0.81	19.12	17.70	1.42
Total expense ratio	1.46%			1.64%		
What you pay*	1.18%			1.39%		
Number of holdings	723			663		
Net assets	\$811.82M			\$716.96M		
Dividend frequency	Annually			Annually		
Average effective duration†	0.21			-0.07		

Portfolio characteristics will vary over time.

Shareholder-friendly performance fees align interests of fund managers and shareholders.

Putnam Absolute Return Funds have an innovative management fee structure — fees adjust to give managers an extra incentive to meet or beat the funds’ return objectives.

Performance fee and expense information

	100 Fund	300 Fund	500 Fund	700 Fund
Base management fee	0.49%	0.59%	0.74%	0.89%
Example of lower fee if fund underperforms its target by 1%	0.45%	0.55%	0.70%	0.85%
Example of higher fee if fund outperforms its target by 1%	0.53%	0.63%	0.78%	0.93%
Maximum performance adjustment	+/-0.04%	+/-0.12%	+/-0.20%	+/-0.28%

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 funds are not intended to outperform stocks and bonds during strong market rallies.

Not all share classes are available on all platforms.

Talk to your financial advisor about how Putnam Absolute Return Funds can provide helpful diversification to your portfolio, and get more information at putnam.com/absolutereturn.

Quotron symbols

Putnam Absolute Return 100 Fund

Class A: PARTX
 Class B: PARPX
 Class C: PARQX
 Class M: PARZX
 Class R: PRARX
 Class Y: PARYX

Putnam Absolute Return 500 Fund

Class A: PJMDX
 Class B: PJMBX
 Class C: PJMCX
 Class M: PJMMX
 Class R: PJMRX
 Class Y: PJMYX

Putnam Absolute Return 300 Fund

Class A: PTRNX
 Class B: PTRBX
 Class C: PTRGX
 Class M: PZARX
 Class R: PTRKX
 Class Y: PYTRX

Putnam Absolute Return 700 Fund

Class A: PDMAX
 Class B: PDMBX
 Class C: PDMCX
 Class M: PDMMX
 Class R: PDMRX
 Class Y: PDMYX

Consider these risks before investing: Our allocation of assets among permitted asset categories may hurt performance. Funds that invest in bonds are subject to certain risks including interest-rate risk, credit risk, and inflation risk. As interest rates rise, the prices of bonds fall. Long-term bonds are more exposed to interest-rate risk than short-term bonds. Unlike bonds, bond funds have ongoing 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. International investing involves certain risks, such as currency fluctuations, economic instability, and political developments. Additional risks may be associated with emerging-market securities, including illiquidity and volatility. The use of derivatives involves additional risks, such as the potential inability to terminate or sell derivatives positions and the potential failure of the other party to the instrument to meet its obligations. For the 500 Fund and 700 Fund, these risks also apply: REITs involve the risks of real estate investing, including declining property values. Commodities involve the risks of changes in market, political, regulatory, and natural conditions. Investments in small and/or midsize companies increase the risk of greater price fluctuations. Growth stocks may be more susceptible to earnings disappointments, and value stocks may fail to rebound. Additional risks are listed in the funds’ prospectus.

Request a prospectus, or a summary prospectus if available, from your financial representative or by calling Putnam at 1-800-225-1581. The prospectus includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.