Q4 | 2023

★★★★★

The fund received a 5-star Overall Morningstar Rating as of 12/31/23 among 158 funds in the Health category (Y shares, based on risk-adjusted returns)

Michael J. Maguire, CFA
Portfolio Manager
(industry since 2002)

Objective
The fund seeks capital appreciation.

Morningstar category
Health

Benchmark
MSCI World Health Care Index (ND)

Fund symbols

Class A	PHSTX
Class B	PHSBX
Class C	PCHSX
Class R	PHSRX
Class R6	PGHAX
Class Y	PHSYX

Net assets
$1,601.40M

Number of holdings
34

Turnover
41%

Not FDIC insured
May lose value
No bank guarantee

Putnam INVESTMENTS
A Franklin Templeton Company

Putnam Global Health Care Fund

Seeks consistent alpha generation driven by stock selection

Research-intensive process
Combines deep fundamental research with technical expertise and actively monitors scientific innovation and regulatory changes to identify opportunities

Innovation-driven growth
Seeks to harness the steady, global demand for innovative health care solutions to pursue attractive returns regardless of economic conditions

Concentrated, high-conviction approach
Pursues alpha over a full market cycle by combining a bottom-up approach and disciplined risk management to build a focused portfolio of 40–50 high-conviction names

Top 10 holdings

UnitedHealth	9.44%
Eli Lilly	6.38
AbbVie	6.20
Intuitive Surgical	5.70
AstraZeneca	5.60
Innoviva	5.17
Boston Scientific	4.72
Sanofi	4.62
Novo Nordisk	4.58
Dexcom	4.33

Holdings represent 56.73% of the portfolio and will vary over time.

Country weightings

	Underweight	Overweight	Portfolio	Benchmark
Denmark		2.9	8.1%	5.2%
United States		2.5	74.1	71.6
France		2.0	4.6	2.6
United Kingdom		1.5	5.6	4.1
Canada		0.6	0.6	0.0
Netherlands	-0.2		0.5	0.7
Japan	-1.5		2.6	4.1
Germany	-1.5		0.0	1.5
Australia	-1.8		0.0	1.8
Switzerland	-7.4		0.0	7.4
Other countries			0.0	1.0

Cash and net other assets represent 3.9% of the portfolio.
Due to rounding, percentages may not equal 100%.
All MSCI benchmarks provided by MSCI.

Risk (Y shares, as of 12/31/23)

Beta	0.95
Tracking error	3.54%
Up capture ratio	100.98%
Down capture ratio	84.44%

Top active weights

Top 5 overweights	Portfolio	Benchmark	Over/under
Innoviva	5.2%	0.0%	5.2%
Intuitive Surgical	5.7	1.6	4.1
Dexcom	4.3	0.7	3.6
Boston Scientific	4.7	1.2	3.5
Ascendis Pharma	3.5	0.0	3.5

All MSCI benchmarks provided by MSCI.

Top 5 underweights	Portfolio	Benchmark	Over/under
Roche	0.0%	2.9%	-2.9%
Novartis	0.0	2.8	-2.8
Johnson & Johnson	2.4	5.2	-2.8
Abbott Laboratories	0.0	2.6	-2.6
Pfizer	0.0	2.2	-2.2

All MSCI benchmarks provided by MSCI.

Alpha is a measure of performance on a risk-adjusted basis. Alpha takes the volatility of a mutual fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's alpha. **Capture ratios** are used to evaluate how well an investment manager performed relative to an index during specific periods (periods of positive return in the case of up capture, negative return in the case of down capture). The ratio is calculated by dividing the manager's returns by the returns of the index during the period and multiplying that factor by 100. **Turnover** is the rate at which the fund buys and sells securities each year. For example, if a fund's assets total $100 million and the fund bought and sold $100 million of securities that year, its portfolio turnover rate would be 100%. **Beta** is defined as a fund's sensitivity to market movements and is used to evaluate market related, or systematic, risk. It is a historical measure of the variability of return earned by an investment portfolio. Risk statistics are measured using a 5-year regression analysis. For funds with shorter track records, Since Inception analysis is used. **Tracking error** assesses how closely a fund's performance tracks that of the fund's benchmark by calculating the standard deviation of the difference between the fund's returns and its benchmark returns over a given time period, typically 5 years.

Not all share classes are available on all platforms.

Total expense ratio
(Y shares)
0.82%
(A shares)
1.07%

Annual performance (all distributions reinvested)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Y shares at net asset value	27.79%	7.81%	-11.47%	15.55%	-0.38%	30.58%	16.22%	19.70%	-4.46%	9.31%
A shares before sales charge	27.47	7.54	-11.68	15.28	-0.63	30.23	15.94	19.41	-4.71	9.03
Benchmark	18.10	6.60	-6.81	19.80	2.51	23.24	13.52	19.80	-5.41	3.76

All MSCI benchmarks provided by MSCI.

Annualized total return performance

	Q4	1 year	3 years	5 years	10 years
Y shares (Inception 4/4/00)	7.94%	9.31%	7.72%	13.66%	10.29%
A shares (Inception 5/28/82) before sales charge	7.85	9.03	7.45	13.37	10.02
A shares after sales charge	1.65	2.76	5.35	12.04	9.37
Benchmark	5.87	3.76	5.54	10.47	9.01

All MSCI benchmarks provided by MSCI.

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 A and Y shares assumes reinvestment of distributions and does not account for taxes. After-sales-charge returns for class A reflect a maximum 5.75% load. Returns for class Y shares prior to their inception are derived from the historical performance of class A shares, which have not been adjusted for their lower expenses; had they, returns would have been higher. 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.

Highlights of five-year performance periods (5/28/82–12/31/23)*

	Best 5-year return	Best period end date	Worst 5-year return	Worst period end date	Average 5-year return	% of 5-year periods with positive returns	Number of positive 5-year periods	Number of negative 5-year periods
Y shares	26.48%	3/31/99	-2.09%	9/30/05	11.73%	96%	141	6
A shares	26.48	3/31/99	-2.34	9/30/05	11.58	96	141	6

* Based on annualized returns for quarterly rolling periods.

The MSCI World Health Care Index (ND) is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed markets in the health care sector.

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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 3-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 Morningstar Rating does not include any adjustment for sales loads. 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 3-, 5-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% 3-year rating for 36–59 months of total returns, 60% 5-year rating/40% 3-year rating for 60–119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-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 3-year period actually has the greatest impact because it is included in all three rating periods. Putnam Global Health Care Fund received 5, 5, and 4 stars for the 3-, 5-, and 10-year periods among 158, 135, and 113 Health funds, respectively.

Consider these risks before investing: International investing involves currency, economic, and political risks. Emerging market securities carry illiquidity and volatility risks. Investments in small and/or midsize companies increase the risk of greater price fluctuations. The health care industries may be affected by technological obsolescence; changes in regulatory approval policies for drugs, medical devices, or procedures; and changes in governmental and private payment systems. The fund concentrates on a limited group of industries and is non-diversified. Because the fund may invest in fewer issuers than a diversified fund, it is vulnerable to common economic forces and may result in greater losses and volatility.

Growth stocks may be more susceptible to earnings disappointments, and value stocks may fail to rebound. The use of short selling may result in losses if the securities appreciate in value. 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. 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.

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.

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