

Stable Value Fund

(35 bps management fee)



OBJECTIVE

To preserve principal and achieve high current income through a diversified portfolio of high-quality investment contracts.

INVESTMENT THEMES

- Liquidity, stability, and consistency are essential to the portfolio construction process, which emphasizes diversifying the sources of returns, industries, and issuers within the portfolio
- Utilizes the full opportunity set within the stable value universe, including cash alternatives, GICs, managed synthetics, and constant duration synthetics

PERFORMANCE

Putnam Stable Value Fund (as of March 31, 2021)

Annualized	(%)	ICE BofA U.S. 3-Month Treasury Bill Index
Q1	0.52	0.03
1 year	2.29	0.12
3 years	2.28	1.49
5 years	2.08	1.19
10 years	2.02	0.63

Periods less than one year are not annualized.

Data is historical. Past performance is not a guarantee of future results.

More recent returns may be higher or lower than those shown.

Investment returns and principal value will fluctuate and you may have a gain or a loss when you sell your shares. All performance is shown net of fees. For the most recent month end performance information please contact Putnam Investments.

ICE BofA U.S. 3-Month Treasury Bill Index is an unmanaged index that seeks to measure the performance of U.S. Treasury bills available in the marketplace. You cannot invest directly in an index.

Portfolio characteristics

Inception date	February 28, 1991
Total portfolio assets	\$11.8B
Total strategy assets	\$12.5B
Net crediting rate	2.25%
Market/book value	101.5%
Effective duration	2.88
Weighted average maturity*	4.26

Portfolio issuers

Synthetic wrap providers	70.2%
Transamerica Life	19.6%
Pacific Life	14.9%
Mass Mutual	12.4%
Prudential Life	11.6%
American United Life	7.7%
Metropolitan Life	4.0%
Traditional GIC issuers	24.1%
Principal Life	7.6%
Metropolitan Life	7.1%
Jackson National Life	4.2%
United of Omaha	2.1%
Minnesota Life	1.3%
Prudential Life	1.2%
Protective Life	0.5%
Net cash	5.8%
Putnam Money Market Portfolio	2.9%
Cash Investments	2.9%
Percent of portfolio	100.0%

* Calculation indicates value at the security level.

PERFORMANCE

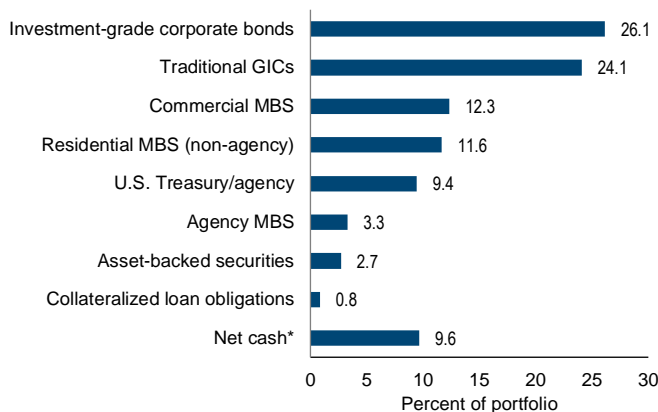
- The Putnam Stable Value Fund posted a positive absolute return and outperformed its benchmark for the period on a gross basis.
- Our two underlying synthetic strategies posted negative absolute returns while outperforming their respective benchmarks on a relative basis for the quarter. Mortgage credit strategies were the largest positive contributor, with strong performance driven by our allocations to CMBS cash bonds. Given the potential for more fiscal stimulus following the election, and further progress on the vaccination rollout, the strong CMBS performance that was seen at the end 2020 continued in the first half of Q1 before spreads stabilized in the second half of the quarter as liquidity showed continued signs of improvement.
- Our allocation to prepay credit risk transfer (CRT) securities contributed to relative returns during the quarter, as spreads tightened along with other risk markets. Despite the social distancing measures and economic disruption caused by the pandemic, there has been a relatively robust home sales market and a rebound in mortgage originations.
- On the other hand, corporate credit strategies modestly detracted from performance during the quarter in an environment where spreads were mixed after numerous months of tightening to close 2020.
- Term structure positioning within both underlying synthetic strategies also modestly detracted from relative returns during the quarter.
- Returns on our Traditional GICs continued to contribute to the strategy and helped drive the overall outperformance versus the cash benchmark. Specifically, contracts purchased in 2018 and 2019 in a structurally higher interest rate environment were the main drivers of the sector's contribution.

OUTLOOK

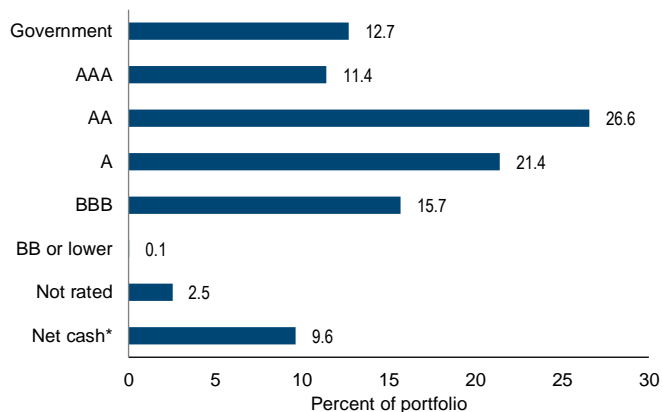
- Overall, the broad positioning across the Putnam Stable Value strategy continues to remain focused on liquidity, diversification, and preservation of principal. We believe that these priorities provide the Fund with the foundation to perform in all types of market environments.
- We have a modestly constructive 2021 outlook for the U.S. investment grade (IG) corporate bond market. Our view is premised on our positive outlook for fundamentals and technicals, which we think together support a somewhat neutral view on valuation.
- COVID continues to create headwinds for commercial real estate in the near term, but the announcement of viable vaccines and their administration significantly lowers the downside risk of prolonged economic lockdowns.
- Within agency credit risk transfer, we continue to find value in mezzanine and subordinated bonds of seasoned vintages with low loan-to-values (LTV). We also find value in both AAA-AA rated re-performing loans (RPL) and non-qualifying mortgage (Non-QM) securities, as well as legacy non-agency RMBS.
- In the Traditional GIC sector, A and AA contracts maturing between 3-5 years remain an important, long-term structural component of the portfolio. Rates have continued to increase in the sector on the heels of rising Treasury yields. As a result, the gap between GIC rates and yields offered in synthetic strategies has narrowed further, making the sector more attractive now than it has been since the outset of the COVID crisis.

The views expressed herein are exclusively those of the portfolio manager as of the end of the period covered, and are subject to change without notice. It is not intended to provide investment advice, and should not be considered the primary basis on which you make these decisions. Holdings and sectors will vary over time. This is not an offer to sell or a recommendation to buy any individual security.

Sector allocation



Quality



* Total Net cash shown within the Sector & Quality distributions reflects total cash, including wrapped cash and cash held outside of managed strategies. Net cash in the Portfolio Structure distribution only reflects unwrapped cash held for daily portfolio activity.

Credit qualities are shown as a percentage of 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. Short-term cash bonds rated A-1+ are included in the AAA-rating category. Ratings and portfolio credit quality will vary over time. The fund itself has not been rated by an independent rating agency.

Plan Sponsors whose plans are invested in the Stable Value Fund and would like additional information on the fund's investments, including certain monthly information, can contact Putnam Investments. Other parties, such as prospective investors, may also obtain this information at Putnam's discretion.

Total may not equal 100% due to rounding.

Calendar year performance (%)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Stable Value Fund (@ 35 bps)	2.33	2.34	2.15	1.84	1.62	1.64	1.62	1.60	2.04	3.39
ICE BofA U.S. 3-Month Treasury Bill Index	0.67	2.28	1.87	0.86	0.33	0.05	0.03	0.07	0.11	0.10

Periods less than one year are not annualized.

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Expense information as of fiscal year-end

Fiscal year-end	12/31/20
Management fee	0.35%
Wrap fee*	0.08%
Other/Administrative fee	0.01%
Total expense ratio	0.44%
CUSIP	74686Q306

*Wrap fees are calculated based on total synthetic wrap fees (in dollars) divided by the Fund's average assets. Synthetic wrap contracts account for only a part of the overall portfolio. As a result, the Fund's blended expense is 0.08% for the twelve-month period ended December 31, 2020, although the average wrap fee, on a contract basis, is higher. For example, if the Fund had half its assets in synthetic wrap contracts over the period, and the contracts had wrap fees of 0.10%, the Fund's reported wrap fees would be 0.10% of assets. Current wrap fees may be higher than the fees shown. Implicit expenses associated with traditional guaranteed investment contracts and other portfolio investments that do not charge an explicit wrap fee are not included in the table, but are reflected in the Fund's performance and crediting rate. The fund (or any other fund in which it invests) also bears its other operating expenses, such as custody, middle office services and accounting fees, audit fees, legal expenses and any other miscellaneous expenses.

Please note that the expense information above is calculated in accordance with Department of Labor requirements, which require that wrap fees be reflected as a separate expense item. Expense information in the Fund's annual report, which is prepared under U.S. general accounting principles, does not reflect these fees, and will differ as a result.

Diversification does not guarantee a profit or ensure against loss. It is possible to lose money in a diversified portfolio.

Consider the risks before investing:

The fund seeks capital preservation, but there can be no assurances that it will achieve this goal. The fund's returns will fluctuate with interest rates and market conditions. The fund is not insured or guaranteed by any governmental agency. 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. 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. The fund may be exposed to risks associated with the providers of any wrap contracts (synthetic GICs) covering with the fund's assets, including credit risk and capacity risk. 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.

Average Effective Duration

Average effective duration provides a measure of a fund's interest-rate sensitivity. In general, the longer a fund's duration, the more sensitive the fund is to shifts in interest rates. The relationship among funds with different durations is straightforward: A fund with duration of 10 years is expected to be twice as volatile as a fund with a five-year duration. Duration also gives an indication of how a fund's net asset value (NAV) will change as interest rates change. A fund with a five-year duration would be expected to lose 5% of its NAV if interest rates rose by 1 percentage point, or gain 5% if interest rates fell by 1 percentage point.

Weighted Average Maturity

Weighted average maturity is a calculation of the average time that securities in a fixed-income fund will come due. Average maturity takes into account mortgage payments in mortgage-backed securities, adjustable coupons on bonds, and puts. Call provisions are not included.

Crediting Rate

The weighted average net interest rate of all of the fund's investments (including cash) as of period end. This rate is quoted net of all fees, including investment management fees.

The fund is a collective trust managed and distributed by Putnam Fiduciary Trust Company, LLC ("PFTC"), a non-depository New Hampshire trust company. However, it is not FDIC insured; is not a deposit or other obligation of, and is not guaranteed by, PFTC or any of its affiliates. The fund is not a mutual fund registered under the Investment Company Act of 1940, and its units are not registered under the Securities Act of 1933. The fund is only available for investment by eligible, qualified retirement plan trusts, as defined in the declaration of trust and participation agreement.

To request the offering document for the fund visit Putnam.com. The offering document includes investment objective, risks, charges, expenses and other information that you should read and consider carefully before investing.

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