

Stable Value Fund

(25 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 June 30, 2024)

Annualized	(%)	ICE BofA U.S. 3-Month Treasury Bill Index
Q2	0.95	1.32
YTD	1.87	2.63
1 year	3.73	5.40
3 years	2.90	3.03
5 years	2.69	2.16
10 years	2.32	1.51

Periods less than one year are not annualized.

Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund's investment return and principal value will change with market conditions, and you may have a gain or a loss when you sell your shares. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Please call Franklin Templeton at (800) 321-8563 for the most recent month-end performance.

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	\$16.4B
Total strategy assets	\$17.6B
Net crediting rate	3.96%
Market/book value	94.46%
Effective duration	2.95
Weighted average maturity*	3.85

Portfolio issuers

Synthetic wrap providers	74.0%
Mass Mutual	13.9%
Pacific Life	13.7%
American General Life	10.6%
Prudential Life	9.4%
New York Life	8.8%
Metropolitan Life	6.2%
American United Life	6.1%
Citibank, N.A.	5.3%
Traditional GIC issuers	21.7%
Principal Life	7.2%
United of Omaha	5.2%
Metropolitan Life	3.6%
Jackson National Life	2.6%
Lincoln National Life	1.6%
Minnesota Life	1.3%
Net cash	4.3%
Putnam Money Market Portfolio	4.3%
Percent of portfolio	100.0%

* Calculation indicates value at the security level. Due to rounding, percentages may not equal 100%.

PERFORMANCE

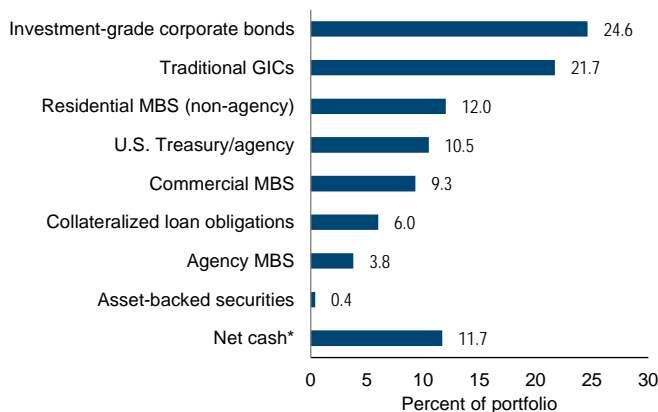
- During the second quarter of 2024, Putnam Stable Value Fund posted positive absolute returns but as expected, underperformed its benchmark (the ICE BofA U.S. 3-Month Treasury Bill Index) given the continued inversion of the yield curve. We expect this inversion to persist until the Fed pivots to a rate cutting regime and money market rates fall in response.
- Our two underlying synthetic strategies outperformed their respective benchmarks during the quarter.
- Mortgage credit strategies were a notable contributor for the period. Exposure to residential mortgage credit contributed to returns as the market continued to benefit from US housing market strength, solid borrower fundamentals, and low expectations for a recession in the US. CMBS exposure also contributed to returns, particularly in April, as spreads rallied on the back of healthy investor demand.
- Corporate credit strategies were another notable contributor to relative performance, namely our investment grade (IG) and collateralized loan obligation (CLO) holdings. Healthy market dynamics and supportive macroeconomic data have helped keep IG spread volatility subdued and fundamentals have largely been better than feared.
- Finally, exposure to traditional GICs (which are not sensitive to interest rate movements) continued to provide a measure of stability and positive returns for the fund.

OUTLOOK

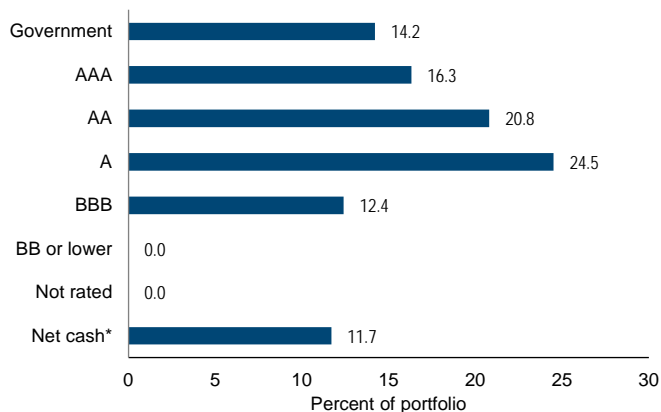
- Overall, broad positioning within the Putnam Stable Value strategy remains focused on liquidity, diversification, and preservation of principal. We believe that these priorities provide the Fund with the foundation to perform consistently in all types of market environments.
- Within investment-grade corporate credit, healthy market technicals and supportive macroeconomic data have kept spread volatility low. With that backdrop, we continue to seek out and find pockets of idiosyncratic opportunity but maintain our cautious view on IG credit over the intermediate term.
- Within commercial mortgage credit, the market continues to face meaningful headwinds and increased risks including higher-for-longer interest rates, tighter credit conditions, more conservative cash flow projections, and concerns surrounding the office sector.
- Within residential mortgage credit markets, U.S. homeowner balance sheets remain well positioned, supported by locked in home price appreciation, lower household leverage, strong underwriting standards, and a healthy labor market.
- We expect prepayment speeds to be stable in the short- and medium-term with most existing borrowers "out-of-the-money" given current mortgage interest rates. We find long-term value in agency mortgages with a preference for lower- and higher-end coupons.
- We believe senior AAA-rated CLOs remain attractive from a risk-adjusted return perspective and have beneficial liquidity characteristics relative to other available options in unsecured and secured high grade sectors.
- In the Traditional GIC sector, A and AA contracts maturing between 3-5 years remain an important, long-term structural component of the portfolio. We remain more tactical in adding exposure given the yield curve inversion which continues to provide high rates on cash-like instruments. Additionally, spreads offered in the GIC market continue to be wider than insurance sector spreads in the unsecured market, even though GICs reside higher in the capital structure than comparable corporate securities. This spread anomaly remains a market inefficiency that we consistently take advantage of within the Fund.

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



Due to rounding, percentages may not equal 100%.

* Total Net cash shown within the Sector & Quality distributions reflects total cash, including wrapped cash and cash held outside of managed strategies. Credit Quality is a measure of a bond issuer's ability to repay interest and principal in a timely manner. The credit ratings shown are based on each portfolio security's rating as provided by Standard and Poor's, Moody's Investors Service and/or Fitch Ratings, Ltd. and typically range from AAA (highest) to D (lowest), or an equivalent and/or similar rating. For this purpose, if two or more of the agencies have assigned differing ratings to a security, the highest rating is used. Securities that are unrated by all three agencies are reflected as such. The credit quality of the investments in the fund's portfolio does not apply to the stability or safety of the fund. These ratings are updated monthly and may change over time. **Please note, the fund itself has not been rated by an independent rating agency.**

Calendar year performance (%)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Stable Value Fund (@ 25 bps)	3.32	2.39	2.21	2.43	2.45	2.25	1.95	1.72	1.74	1.72
ICE BofA U.S. 3-Month Treasury Bill Index	5.01	1.46	0.05	0.67	2.28	1.87	0.86	0.33	0.05	0.03

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Expense information as of fiscal year-end

Fiscal year-end	12/31/23
Management fee	0.25%
Wrap fee*	0.11%
Other/Administrative fee	0.01%
Total expense ratio	0.37%
CUSIP	74686Q207

*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 0.12% for the twelve-month period ended December 31, 2023, 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 0.20%, 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.

The total annual operating expenses are as of the fund's audited financial statements available at the time of publication. Actual expenses may be higher and may impact portfolio returns.

What are the risks?

All investments involve risks, including possible loss of principal. There can be no assurances that the fund will achieve its goal of capital preservation. The fund's returns will fluctuate with interest rates and market conditions. The fund is not insured or guaranteed by any governmental agency. **Fixed income securities** involve interest rate, credit, inflation and reinvestment risks, and possible loss of principal. As interest rates rise, the value of fixed income securities falls. **Low-rated, high-yield bonds** are subject to greater price volatility, illiquidity and possibility of default. **Asset-backed, mortgage-backed or mortgage-related securities** are subject to prepayment and extension risks. **Derivative instruments** can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance. These and other risks are discussed in the fund's offering statement.

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 obtain the offering document for the fund, visit franklintempleton.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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