Investing in companies improving our world

Putnam Sustainable Leaders Fund (PNOYX)
Companies leading in material ESG practices

Putnam Sustainable Future Fund (PMVYX)
Companies developing sustainable solutions
An investment approach focused on long-term performance

Sustainable equity investing and ESG criteria
At Putnam, our Sustainable Equity team focuses on identifying companies whose long-term business potential is enhanced by excellence in sustainability leadership and solutions. We believe that our integrated approach to sustainable investing matches our long-standing strength in fundamental analysis and allows us to uncover opportunities before they have been fully appreciated by the market. Putnam’s Sustainable Equity team employs a disciplined investment process that primarily relies on bottom-up fundamental research, including assessment of valuation and sustainability factors. Evaluating investment opportunities in this way can help investors better understand growth opportunities as well as potential risks.

Sustainability is often considered through analysis of environmental, social, and governance (ESG) policies, practices, and performance. Environmental practices might include improving water quality or reducing greenhouse gas emissions. Social impact could involve fair labor practices and improvement in workplace diversity, inclusion, and equity. Governance issues might relate to a company’s leadership structures, board composition, and management incentives.

ESG analysis extends fundamental research
Sustainable investing and ESG data are both evolving. New tools are helping to provide a clearer understanding of a company’s effectiveness and impact. But even these new tools have limitations and require fundamental context to be useful. At Putnam, our broad global research is closely integrated with our sustainability research. Our research analysts examine the most relevant ESG issues within the context of each company and industry, and they collaborate with team members across industries and asset classes.

Putnam Investments offers two funds with sustainable equity mandates and has created a team dedicated to integrating sustainability insights with our fundamental research process.
SUSTAINABILITY MATTERS

Intangible assets, which are nonphysical items like brands or trademarks, represent most of the value of S&P 500 companies. Analysis of ESG issues like employee well-being and supply chain management can help to assess the value of intangibles. Evaluating a company’s activity beyond standard financial statements helps us understand its long-term prospects and identify emerging risks and opportunities.

ESG factors have impact on risk and returns

A highly regarded 2016 study led by George Serafeim of Harvard Business School found that stocks of companies with the strongest performance on material ESG issues outpaced those with poor ESG performance. Additional research suggests that ESG performance is an effective risk indicator, as companies with poor ESG performance have been more prone to stock market underperformance, volatility, and bankruptcy risk.

Businesses recognize the importance of ESG criteria

Environmental, social, and governance issues are already deeply embedded in most company strategies. Corporate leaders now recognize that effective management and communication of their sustainability efforts can benefit companies and all of their stakeholders, from investors to employees to communities. As of 2021, more than 96% of S&P 500 companies were providing sustainability reports, a rapid rise from just 20% earlier this decade.

CEOs recognize that environmental, social, and governance issues are core strategic considerations.

KATHERINE COLLINS, CFA, MTS
Head of Sustainable Investing

As ESG issues grow in importance for businesses, 96% of the S&P 500 companies supply sustainability reports

S&P 500 companies, 2011–2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-reporters</th>
<th>Reporters</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>2012</td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>2013</td>
<td>72%</td>
<td>28%</td>
</tr>
<tr>
<td>2014</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>2015</td>
<td>81%</td>
<td>19%</td>
</tr>
<tr>
<td>2016</td>
<td>82%</td>
<td>18%</td>
</tr>
<tr>
<td>2017</td>
<td>85%</td>
<td>15%</td>
</tr>
<tr>
<td>2018</td>
<td>86%</td>
<td>14%</td>
</tr>
<tr>
<td>2019</td>
<td>90%</td>
<td>10%</td>
</tr>
<tr>
<td>2020</td>
<td>92%</td>
<td>8%</td>
</tr>
<tr>
<td>2021</td>
<td>96%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: Governance & Accountability Institute, Inc. 2022 Research, most recent data available.
A research team looking for long-term value and sustainability

At Putnam, we believe that the greatest investment potential comes from thoughtful integration of fundamental, valuation, and sustainability analyses. Therefore, we work to embed focus on financially material ESG issues throughout the investment process and across the equity team.

Deep fundamental analysis
Like all other investors who aim for capital appreciation over time, the portfolio managers of our sustainable equity funds focus on companies with potential to produce strong long-term financial performance. They analyze conventional factors, such as company strategy, growth potential, and competitive position, in order to forecast future earnings and cash flows.

What is more pronounced in the sustainable equity investing process is an emphasis on environmental, social, and governance issues. We believe analyzing relevant ESG factors provides an enhanced understanding of company fundamentals and strengthens our core investment work.

Putnam offers two funds that are rooted in the recognition that strong sustainability performance often contributes to strong financial performance over the long term. For Putnam Sustainable Leaders Fund, the portfolio managers seek companies that exhibit leadership in financially material sustainability practices. For Putnam Sustainable Future Fund, they seek companies, often mid-cap growth companies, that are creating innovative solutions to sustainability challenges, resulting in strong financial prospects and positive environmental or social impact.

Examples of positive impact

CLEAN ENERGY
REDUCTION OF GREENHOUSE GAS EMISSIONS
THRIVING WORKPLACES
GOOD HEALTH AND WELL-BEING
IMPROVED WATER QUALITY
FINANCIAL INCLUSION
INNOVATION
WASTE REDUCTION

Source: Putnam Investments.

Visit our website for timely insights from our Sustainable Equity team. putnam.com/individual/how-we-invest/sustainable-investing/
A VETERAN SUSTAINABLE EQUITY TEAM

Putnam’s Sustainable Equity team seeks corporate sustainability leaders and companies that provide effective solutions to environmental, social, and governance challenges. The team is integrated within Putnam’s research organization and enhances fundamental insights across the entire investment team.

We integrate ESG analysis with traditional fundamental research

• Integrating ESG factors with fundamental research brings a more complete understanding of companies and provides a solid foundation for building effective investment portfolios.
• Our analysts have extensive knowledge of companies and industries as well as first-hand interaction with industry leaders and C-suite executives. This expertise allows us to make best use of ESG data.
• As active, fundamental asset managers, we have a unique opportunity to contribute to the practice of sustainable investing and to help advance the field.
• The team’s capabilities continue to expand and include expertise in quantitative analysis and impact assessment.

“

Our sustainable equity investing effort has the potential to benefit investors, our communities, and our planet for many years to come.”

KATHERINE COLLINS, CFA, MTS
Head of Sustainable Investing and Portfolio Manager of Putnam Sustainable Leaders Fund and Putnam Sustainable Future Fund

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Head of Sustainable Investing and Portfolio Manager of Putnam Sustainable Leaders Fund and Putnam Sustainable Future Fund

STEVEN DOBSON
Portfolio Manager of Putnam Sustainable Leaders Fund and Putnam Sustainable Future Fund

ALEXANDER RICKSON, CFA
Portfolio Manager, Quantitative Analyst

SAM ALPERT
Dedicated equity analyst focused on fundamental and thematic research

DEVIN AHEARN
Dedicated equity associate focused on fundamental and thematic research

MARY CATHERINE LANDY
ESG integration analyst focused on issuer and regulatory analysis and corporate engagement

MICHEL BOULOS, CFA, CAIA
Senior Investment Director, Global Investment Strategies
Two funds investing in sustainability

**Putnam Sustainable Leaders Fund (PNOYX)**

The Sustainable Leaders portfolio invests in companies — often large-cap growth companies — that have demonstrated leadership in the sustainability issues that are financially material to their businesses. We believe companies that exhibit this type of commitment also often demonstrate potential for strong long-term financial performance.

**TOP 10 HOLDINGS** as of 9/30/23

<table>
<thead>
<tr>
<th>Holdings</th>
<th>as of 9/30/23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microsoft</td>
<td>8.60%</td>
</tr>
<tr>
<td>Apple</td>
<td>7.66%</td>
</tr>
<tr>
<td>NVIDIA</td>
<td>4.50%</td>
</tr>
<tr>
<td>Amazon</td>
<td>4.15%</td>
</tr>
<tr>
<td>UnitedHealth</td>
<td>2.84%</td>
</tr>
<tr>
<td>Walmart</td>
<td>2.79%</td>
</tr>
<tr>
<td>Eli Lilly</td>
<td>2.64%</td>
</tr>
<tr>
<td>Salesforce</td>
<td>2.42%</td>
</tr>
<tr>
<td>Constellation Energy</td>
<td>2.38%</td>
</tr>
<tr>
<td>Visa</td>
<td>2.32%</td>
</tr>
</tbody>
</table>

Holdings represent 40.29% of the portfolio and will vary over time.

**ANNUALIZED TOTAL RETURN PERFORMANCE** as of 9/30/23

<table>
<thead>
<tr>
<th>Inception 7/19/94</th>
<th>Class Y shares</th>
<th>S&amp;P 500 Index</th>
<th>Putnam Sustainable Leaders Linked Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year</td>
<td>17.63%</td>
<td>21.62%</td>
<td>21.62%</td>
</tr>
<tr>
<td>3 years</td>
<td>5.67%</td>
<td>10.15%</td>
<td>10.15</td>
</tr>
<tr>
<td>5 years</td>
<td>9.95%</td>
<td>9.92%</td>
<td>9.87</td>
</tr>
<tr>
<td>10 years</td>
<td>12.57%</td>
<td>11.91%</td>
<td>13.01</td>
</tr>
<tr>
<td>Life of fund</td>
<td>11.78%</td>
<td>10.36%</td>
<td>10.20</td>
</tr>
</tbody>
</table>

Total expense ratio: 0.74%

**Putnam Sustainable Future Fund (PMVYX)**

The Sustainable Future portfolio invests in companies — often mid-cap growth companies — whose products and services provide solutions to essential sustainability challenges. We believe solutions-oriented companies with potential to create positive social and environmental impact also demonstrate potential for strong growth and long-term financial performance.

**TOP 10 HOLDINGS** as of 9/30/23

<table>
<thead>
<tr>
<th>Holdings</th>
<th>as of 9/30/23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cintas</td>
<td>3.08%</td>
</tr>
<tr>
<td>Sprouts Farmers Market</td>
<td>2.75%</td>
</tr>
<tr>
<td>Adobe</td>
<td>2.66%</td>
</tr>
<tr>
<td>Dexcom</td>
<td>2.60%</td>
</tr>
<tr>
<td>Thermo Fisher Scientific</td>
<td>2.58%</td>
</tr>
<tr>
<td>Roper Technologies</td>
<td>2.40%</td>
</tr>
<tr>
<td>Cadence Design Systems</td>
<td>2.39%</td>
</tr>
<tr>
<td>Federal Signal</td>
<td>2.32%</td>
</tr>
<tr>
<td>NVIDIA</td>
<td>2.27%</td>
</tr>
<tr>
<td>Chipotle</td>
<td>2.24%</td>
</tr>
</tbody>
</table>

Holdings represent 25.28% of the portfolio and will vary over time.

**ANNUALIZED TOTAL RETURN PERFORMANCE** as of 9/30/23

<table>
<thead>
<tr>
<th>Inception 4/2/02</th>
<th>Class Y shares</th>
<th>Russell Midcap Growth Index</th>
<th>Putnam Sustainable Future Linked Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year</td>
<td>11.94%</td>
<td>17.47%</td>
<td>17.47%</td>
</tr>
<tr>
<td>3 years</td>
<td>-3.33%</td>
<td>2.61%</td>
<td>2.61</td>
</tr>
<tr>
<td>5 years</td>
<td>5.47%</td>
<td>6.97%</td>
<td>6.97</td>
</tr>
<tr>
<td>10 years</td>
<td>7.88%</td>
<td>9.94%</td>
<td>9.05</td>
</tr>
<tr>
<td>Life of fund</td>
<td>9.20%</td>
<td>7.57%</td>
<td>7.14</td>
</tr>
</tbody>
</table>

Total expense ratio: 0.81%

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. Performance for class Y shares before their inception are derived from the historical performance of class A shares (inception 8/31/90 and 11/1/99), which have not been adjusted for the lower expenses; had they, returns would have been higher. For the most recent month-end performance, please visit putnam.com.
SAMPLE HOLDINGS: STRONG BUSINESSES WITH SUSTAINABLE BUSINESS PRACTICES

Listed here are some of the companies that may appear in Putnam’s sustainable equity fund portfolios. The strengths and characteristics highlighted below are based on the analysis and opinions of Putnam’s Sustainable Equity team and are not intended as an investment recommendation.

WALMART: A SUSTAINABLE LEADER

Business and sustainability strengths
- Long-standing mission of customer value drives revenue growth, including through online and delivery businesses
- Proactive leadership: Investing in employees improves productivity and effectiveness. Over two-thirds of its hourly associates in the United States are full time, and three-quarters of managers started as hourly associates
- Effective leadership: Environmental strategy produces potential cost savings and mitigates long-term risks across supply networks. The company’s own carbon intensity has declined by over 40% from a 2015 baseline, and Project Gigaton works with supplier to reduce or avoid 1 billion metric tons of emissions by 2030

DEXCOM: A SUSTAINABLE SOLUTION

Business and sustainability strengths
- Leader in continuous glucose monitoring (CGM), which improves health outcomes for people with diabetes
- Relevant solution: The need for CGM solutions is high and growing. About 1 in 10 Americans are diabetic, and global healthcare cost of diabetes care is approaching $1 trillion
- Effectiveness: CGM use improves patient time in healthy blood sugar ranges, and works in combination with other solutions like insulin pumps and GLP-1 therapies
- This backdrop plus DexCom’s product and operational strengths lead to high potential revenue and profit growth

DANAHER

Business and sustainability strengths
- Products help advance research, improve health and safety, and promote environmental stewardship
- Capital allocation and portfolio management is accelerating organic growth
- Danaher Business System has benefits to leadership development, productivity and efficiency, and growth
- Danaher’s approach to efficient operations and its innovative solutions contribute to strong and consistent earnings growth

ADOBE

Business and sustainability strengths
- Helps improve document productivity by providing increased efficiency with regard to ways to edit, collaborate, and deliver creative digital experiences
- Document productivity solutions have driven increased customer adoption and opportunities to cross-sell other creative and digital market solutions
- Continued strength in revenues and free cash flow as companies continue to digitize their businesses and more workflows and consumption move online

Sample Holdings: Strong Businesses with Sustainable Business Practices

Listed here are some of the companies that may appear in Putnam’s sustainable equity fund portfolios. The strengths and characteristics highlighted below are based on the analysis and opinions of Putnam’s Sustainable Equity team and are not intended as an investment recommendation.

Walmart: A Sustainable Leader

Business and sustainability strengths
- Long-standing mission of customer value drives revenue growth, including through online and delivery businesses
- Proactive leadership: Investing in employees improves productivity and effectiveness. Over two-thirds of its hourly associates in the United States are full time, and three-quarters of managers started as hourly associates
- Effective leadership: Environmental strategy produces potential cost savings and mitigates long-term risks across supply networks. The company’s own carbon intensity has declined by over 40% from a 2015 baseline, and Project Gigaton works with supplier to reduce or avoid 1 billion metric tons of emissions by 2030

DexCom: A Sustainable Solution

Business and sustainability strengths
- Leader in continuous glucose monitoring (CGM), which improves health outcomes for people with diabetes
- Relevant solution: The need for CGM solutions is high and growing. About 1 in 10 Americans are diabetic, and global healthcare cost of diabetes care is approaching $1 trillion
- Effectiveness: CGM use improves patient time in healthy blood sugar ranges, and works in combination with other solutions like insulin pumps and GLP-1 therapies
- This backdrop plus DexCom’s product and operational strengths lead to high potential revenue and profit growth

Danaher

Business and sustainability strengths
- Products help advance research, improve health and safety, and promote environmental stewardship
- Capital allocation and portfolio management is accelerating organic growth
- Danaher Business System has benefits to leadership development, productivity and efficiency, and growth
- Danaher’s approach to efficient operations and its innovative solutions contribute to strong and consistent earnings growth

Adobe

Business and sustainability strengths
- Helps improve document productivity by providing increased efficiency with regard to ways to edit, collaborate, and deliver creative digital experiences
- Document productivity solutions have driven increased customer adoption and opportunities to cross-sell other creative and digital market solutions
- Continued strength in revenues and free cash flow as companies continue to digitize their businesses and more workflows and consumption move online
For informational purposes only. Not an investment recommendation.

**Consider these risks before investing:** 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.

Growth stocks may be more susceptible to earnings disappointments, technological obsolescence, and falling prices and profits, and the market may not favor growth-style investing. Investments in small and midsize companies increase the risk of greater price fluctuations. International investing involves currency, economic, and political risks. Emerging market securities have illiquidity and volatility risks.

Investing with a focus on companies that exhibit a commitment to sustainable business practices may result in the fund investing in certain types of companies, industries, or sectors that underperform the market as a whole. In evaluating an investment opportunity, we may make investment decisions based on information and data that is incomplete or inaccurate. In addition, a company’s business practices, products, or services may change over time. As a result of these possibilities, among others, the fund may temporarily hold securities that are inconsistent with the fund’s sustainable investment criteria.

Investing with a focus on ESG-impact companies may cause the fund to forego otherwise attractive investment opportunities or may increase or decrease the fund’s exposure to certain types of companies and, therefore, to possibly underperform funds that do not invest with a similar focus.

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.

The Russell Midcap® Growth Index is an unmanaged index of those companies in the Russell Midcap Index chosen for their growth orientation. The Putnam Sustainable Future Linked Benchmark represents the performance of the Russell Midcap Growth Index from January 1, 2018, through March 31, 2018, and the performance of the Russell Midcap Growth Index thereafter. The Putnam Sustainable Leaders Linked Benchmark represents the performance of the Russell 3000® Value Index through March 20, 2018, and the performance of the Russell Midcap Growth Index thereafter. The Putnam Sustainable Leaders Linked Benchmark represents the performance of the Russell 3000® Value Index through March 20, 2018, and the performance of the Russell Midcap Growth Index thereafter. The S&P 500® Index is an unmanaged index of common stock performance. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company. You cannot invest directly in an index. Not all share classes are available on all platforms.

Investors should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing. For a prospectus, or a summary prospectus if available, containing this and other information for any Putnam fund or product, call your financial representative (or call Putnam at 1-800-225-1581). Read the prospectus carefully before investing.