

Sustainable Investing at Putnam



Applying fundamental research to emerging questions.
Engaging with a rapidly developing market.
Advancing the potential of sustainable investing.

An emerging discipline focused on better solutions



Sustainable investing is growing in effectiveness and popularity. Putnam is integrating sustainability research into our active investment process and contextualizing ESG data with fundamental insights.

Defining sustainability and ESG criteria

Sustainability research incorporates conventional financial and fundamental measures while adding consideration of criteria summarized by the acronym ESG — environmental, social, and governance. Environmental factors include a company’s carbon intensity and plans to improve use of resources like water or minerals. Social criteria include labor practices and supply chain management. Corporate governance factors include board composition and executive compensation.

Fundamental research improves ESG data

Sustainable investing and ESG data are both actively evolving. As an example, current ESG data often assesses corporate policies rather than performance, even as new ways to analyze ESG effectiveness and impact are emerging. Putnam stands in a unique position to help contribute to this progress: We have the necessary scope for global research plus the ideal scale for collaboration. Analysts who already have deep fundamental understanding can utilize ESG data within the relevant context of each company and industry.

ESG factors have impact on risk and returns

Fluency in sustainability is becoming necessary for all investors as a tool for risk mitigation and performance improvement. A highly regarded 2016 study in *The Accounting Review* using MSCI KLD 400 Social Index data from 1991 to 2012 found that companies that made the highest material sustainability investments outperformed companies that made the lowest such investments by as much as 7% on an annualized basis. Research also suggests ESG rankings are effective risk indicators, as companies with low ESG ratings are more prone to underperformance, high volatility, and bankruptcy risk.

Putnam is developing a distinctive approach

Sustainable thinking and ESG criteria are natural components of solid fundamental investment research. Putnam’s Sustainable Investing team is dedicated to incorporating analysis of relevant sustainability issues in our fundamental research while also generating independent, in-depth research on specific ESG issues.

Putnam offers two sustainable funds

The managers utilize a bottom-up research approach to identify companies with attractive sustainability, fundamental, and valuation characteristics.

Putnam Sustainable Future Fund | PMVYX

Benchmark: Russell Midcap Growth Index

Impact companies The fund invests in growth companies that directly demonstrate positive impact in social, environmental, or economic development.

Putnam Sustainable Leaders Fund | PNOYX

Benchmark: Russell 3000 Growth Index

Committed companies The fund invests in growth companies with the goal of delivering positive financial and ESG performance.

PUTNAM SUSTAINABLE RESEARCH TEAM



KATHERINE COLLINS, CFA, MTS
Head of Sustainable Investing
Investing since 1990

Experienced as an equity analyst, portfolio manager, and head of research at Fidelity, Katherine founded and led Honeybee Capital, a sustainable research firm, before joining Putnam in 2017.



STEPHANIE HENDERSON
Portfolio Manager, Analyst
Investing since 2011

Stephanie brings together experience in interpreting and applying ESG data with skills in fundamental analysis and valuation of companies.



ALEXANDER RICKSON, CFA
Quantitative Analyst
Investing since 2000

Alex provides skills both in the interpretation of ESG data and its application to the processes of risk management and portfolio construction.

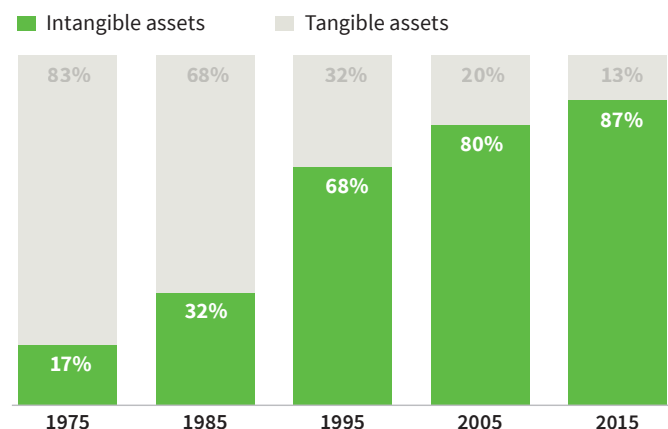
Learn more and hear directly from Katherine.

putnam.com/advisor/how-we-invest/sustainable-investing/

ESG thinking helps assess intangibles

Intangible assets, which are non-physical items like brands or trademarks, represent a growing portion of the market value of S&P 500 companies, and ESG data can help in determining the value of intangibles.

Source: Ocean Tomo, LLC., January 2015, most recent data available.



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All funds involve risk, and you can lose money. See the prospectus for details.

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

The MSCI KLD 400 Social Index is a free float-adjusted market capitalization index designed to provide exposure to U.S. companies that have positive environmental, social and governance (ESG) characteristics. The MSCI KLD 400 Social Index consists of 400 companies selected from the MSCI USA IMI Index. You cannot directly invest in an index.

A world of investing.®



Your clients 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 the Putnam Client Engagement Center at 1-800-354-4000. Your clients should read the prospectus carefully before investing.

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Putnam Investments | One Post Office Square | Boston, MA 02109 | putnam.com

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