

A multidimensional approach to value investing

Q2 | 19



**Putnam
Equity Income
Fund**

Large-cap U.S. value stocks
Research-focused management
Strategic approach to dividends

A veteran manager with decades of value investing experience

Putnam Equity Income Fund (PEIYX) manager Darren A. Jaroch, CFA, has been a member of Putnam's U.S. and international value investment teams since 1999. He has been instrumental in developing strategic risk controls for Putnam's value investment process.



Darren A. Jaroch, CFA
Portfolio Manager
Industry since 1996

23 years in the investment industry

20 years managing value portfolios at Putnam

35 analysts provide support for Darren's research and stock selection process

“ I believe investors want performance that is consistently good rather than occasionally great. This takes risk controls and a strategic approach to dividends. ”

A differentiated process focused on identifying undervalued U.S. stocks

Putnam Equity Income Fund: Seeking growth from undervalued stocks



Putnam Equity Income Fund combines the growth potential of undervalued stocks with the income potential of dividend-paying companies to pursue returns for investors.



The fund invests in large U.S. companies across a range of sectors, seeking attractively priced stocks with the potential to appreciate as the market recognizes their long-term worth.



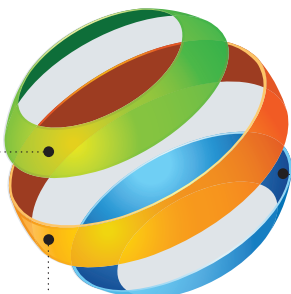
The fund's portfolio includes companies that have the ability and willingness to pay dividends, which are excess profits distributed to shareholders. Dividend-paying stocks offer potential income for the fund's investors.

A MULTIDIMENSIONAL APPROACH TO VALUE INVESTING

A distinct feature of the fund is Portfolio Manager Darren Jaroch's approach. He targets a wider array of opportunities than many other equity income funds. In selecting stocks, he places extra emphasis on businesses that could enhance the fund's capital appreciation potential.

VALUE STOCKS

Attractively priced stocks of companies that are poised for improvement



CASH-FLOW GENERATORS

Stocks of companies with strong cash flows, earnings quality, and capital allocation strategies

DIVIDEND GROWERS

Stocks of companies that are willing and able to increase their dividends

Key strategy: A focus on dividend growth

A key component of the fund's investment process is the belief that focusing on dividend growth can lead to outperformance over the long term. "It is important to differentiate companies that can simply support a dividend from those that can grow that dividend," says Darren Jaroch of his approach, which emphasizes company cash flows, earnings quality, and capital allocation.

“ We don't own yield for yield's sake. We are willing to substitute high-dividend-paying stocks with stocks that we believe offer stronger growth potential over the long term. ”

BUILDING A PORTFOLIO WITH DISCIPLINED RISK MANAGEMENT

Supported by a team of analysts, Portfolio Manager Darren Jaroch carefully considers risk factors when constructing the portfolio. Stock-specific risk analysis is built into the process.



The fund's investment process includes working to understand the degree of risk that every position brings to the portfolio, and determining whether that risk is "paid for" — that is, properly balanced with return potential.

Key strategy: Defining value outside the index

The benchmark index defines value annually

The Russell 1000 Value Index is reconstituted each year by identifying a value universe of companies with lower price-to-book ratios and low growth rates. The stocks in the index can then rise to higher price-to-book ratios before the next reconstitution 12 months later.

Darren and his team assess the value universe daily

Because equity valuations change constantly, the process for Putnam Equity Income Fund involves constant monitoring of the value universe. Darren employs a disciplined process designed to uncover opportunities, many of which may be outside the benchmark index.

Differentiated process

Our investment team defines the value universe by combining:

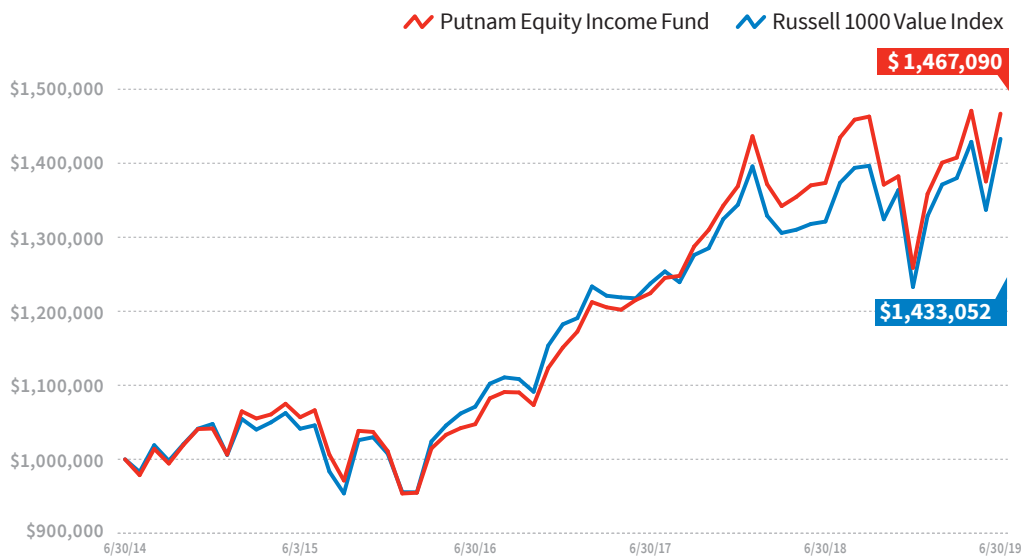
All stocks that are highly rated by the Putnam research team within and outside the Russell 1000 Value benchmark



The top 20% of securities identified by our proprietary multi-factor quantitative model

DISCIPLINED FOCUS ON VALUE HELPED THE FUND OUTPERFORM ITS BENCHMARK OVER THE LONG TERM

Growth of a \$1,000,000 investment



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. For the most recent month-end performance, please visit putnam.com.

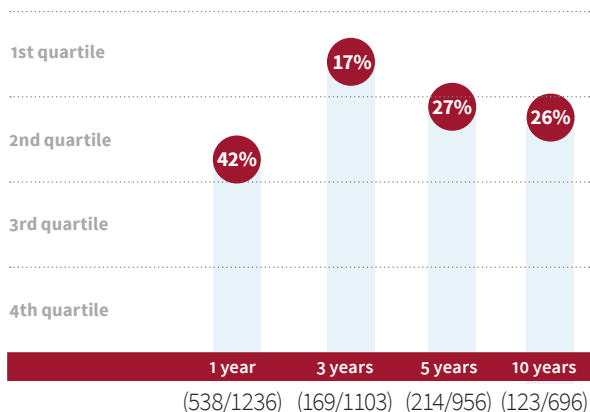
An active approach that seeks to outperform the market over time

Fund symbols

Class A	PEYAX
Class B	PEQNX
Class C	PEQCX
Class M	PEIMX
Class R	PEQRX
Class R6	PEQSX
Class Y	PEIYX

Morningstar rankings as of 6/30/19

Putnam Equity Income Y
Category: Large Value



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Annualized total returns as of 6/30/19

Class Y shares Inception 10/1/98	Class Y shares	Russell 1000 Value Index
1 year	6.82%	8.46%
3 years	11.89	10.19
5 years	7.97	7.46
10 years	13.15	13.19
Life of fund	10.29	—

Total expense ratio: 0.66%

Morningstar Ratings ★★★★★

The fund received a 4-star Overall Morningstar Rating as of 6/30/19 among 1,103 funds in the Large Value category.

		Number of funds rated
Overall	★★★★★	1,103
3 years	★★★★★	1,103
5 years	★★★★★	956
10 years	★★★★★	696

Data as of 6/30/19.

Morningstar rankings for class Y shares are based on total return without sales charge relative to all share classes of funds with similar objectives as determined by Lipper.

The Russell 1000 Value Index is an unmanaged index of those companies in the large-cap Russell 1000 Index chosen for their value orientation. 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.

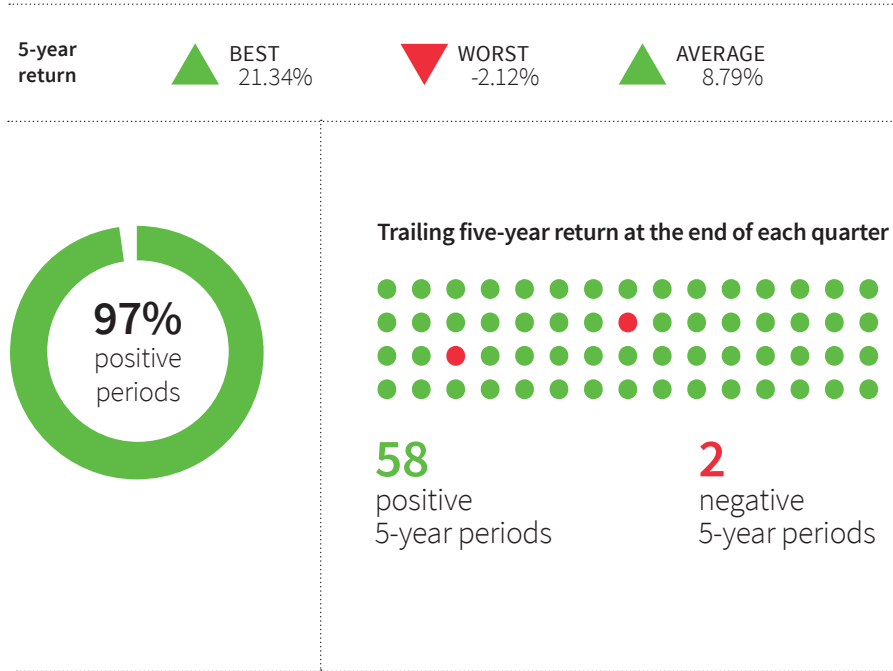
The Morningstar Rating™ for funds, or “star rating,” is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual 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 three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-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 three-year period actually has the greatest impact because it is included in all three rating periods.

Pursuing positive returns in all types of markets

A HISTORY OF POSITIVE PERFORMANCE

Highlights of five-year quarterly rolling periods

Based on annualized returns (class Y shares) at net asset value (6/30/04–6/30/19)



For rolling five-year periods over the past 15 years, Putnam Equity Income Fund delivered a positive return 97% of the time.

The fund also outperformed the broader U.S. stock market 68% of the time.

Past performance is no guarantee of future results. Performance of other share classes may differ from the results shown.

68% of the time
(41 out of 60 periods)

Putnam Equity Income Fund
outperformed the S&P 500 Index

Consider these risks before investing: Value stocks may fail to rebound, and the market may not favor value-style investing. Income provided by the fund may be reduced by changes in the dividend policies of, and the capital resources available at, the companies in which the fund invests. 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. You can lose money by investing in the fund.

For informational purposes only. Not an investment recommendation.

A world of investing.®



Request a prospectus or summary prospectus from your financial representative or by calling Putnam at 1-800-225-1581. The prospectus includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.