



Eric N. Harthun, CFA
Portfolio Manager
(industry since 1994)

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Portfolio Manager
(industry since 1986)

Objective

The fund seeks capital appreciation.

Morningstar category

Small Value

Lipper category

Small-Cap Value

Fund symbols

Class A	PSLAX
Class B	PSLBX
Class C	PSLCX
Class M	PSLMX
Class R	PSCRX
Class Y	PYSVX

Number of holdings

181

Net assets

\$494.37M

Dividend frequency

Annually

Putnam Small Cap Value Fund

Pursuing capital appreciation through undervalued small companies

Small companies

Often overlooked by Wall Street analysts, the stocks of small companies can represent attractive opportunities.

Active value strategy

The portfolio manager seeks attractively valued companies with improving fundamentals or catalysts that may unlock value.

Rigorous research

The portfolio manager and a team of senior research analysts offer the collaboration of a boutique with the extensive resources of a large, global firm.

Fundamental investment research determines top holdings and sector weightings

Top ten holdings

Summit Hotel Properties	0.98%
Tower Semiconductor	0.96
Energen	0.94
IDACORP	0.92
First Merchants	0.89
J2 Global	0.85
Orbotech	0.85
Control4	0.83
Patterson-UTI Energy	0.83
Reinsurance Group of America	0.81

Holdings represent 8.86% of the portfolio and will vary over time.

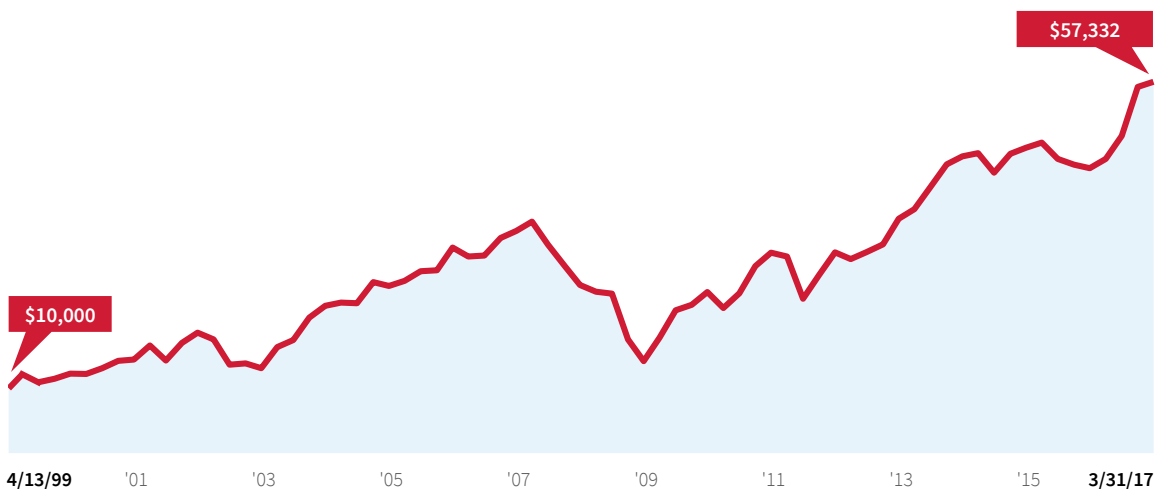
Sector

Sector	Fund	Russell 2000 Value Index
Financials	34.5%	32.3%
Information technology	12.6	10.3
Industrials	10.7	12.8
Consumer discretionary	8.8	9.8
Real estate	7.3	10.0
Health care	5.1	4.7
Energy	4.8	5.4
Utilities	4.2	6.3
Materials	3.7	4.8
Consumer staples	2.6	2.8
Telecommunication services	0.0	0.6

Cash and net other assets represent 5.7% of the portfolio.

Growth of a \$10,000 investment

The fund has returned an average of 10.2% annually since inception.



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 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 4/13/99), 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.

**Not FDIC insured
May lose value
No bank guarantee**

Lipper rankings

(Y shares, based on total return)

1 year	7% (21/302)
3 years	26% (66/254)
5 years	18% (39 /224)
10 years	78% (110/141)

Total expense ratio

(Y shares)

1.19%

Market-cap breakdown

Over \$5B	7.85%
\$3B-\$5B	16.91%
\$1B-\$3B	39.89%
Less than \$1B	29.63%
Cash and other assets	5.72%

“Cash and other assets” includes cash, short-term securities, ETFs, bonds excluding convertible bonds, and other securities not able to be classified by market capitalization.

Beta

0.89

Price to earnings

16.55

Projected 5-year EPS growth

10.00

Annual performance at net asset value (all distributions reinvested)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 YTD
Y shares	-12.9%	-39.4%	30.3%	26.2%	-4.7%	17.2%	38.3%	3.7%	-3.6%	26.9%	1.4%
Russell 2000 Value Index	-9.8	-28.9	20.6	24.5	-5.5	18.1	34.5	4.2	-7.5	31.7	-0.1

Annualized total return performance

Inception 1/3/01	Class Y shares	Russell 2000 Value Index
1 year	30.37%	29.37%
3 years	7.76	7.62
5 years	13.10	12.54
10 years	5.27	6.09
Life of fund	10.21	10.09

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The Russell 2000 Value Index is an unmanaged index of those companies in the small-cap Russell 2000 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.

Lipper 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.

Beta measures volatility in relation to the fund's benchmark. A beta of less than 1.0 indicates lower volatility; a beta of more than 1.0, higher volatility than the benchmark. **Earnings per share (EPS)** growth is found by taking the net income and dividing it by the basic or diluted number of shares outstanding, as reported. The **price-earnings ratio** of a firm's common stock is calculated as the current stock price divided by projected earnings per share for the coming year. The projections used are based on street consensus estimates provided by IBES. Not all share classes available on all platforms.

Consider these risks before investing: Investments in small and/or midsize companies increase the risk of greater price fluctuations. Value stocks may fail to rebound, and the market may not favor value-style investing. Stock prices may fall or fail to rise over time for several reasons, including general financial market conditions and factors related to a specific issuer or industry. You can lose money by investing in the fund.

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