



David L. Diamond, CFA
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 R6 | PSCMX |
| Class Y | PYSVX |

Number of holdings

256

Net assets

\$353.07M

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.

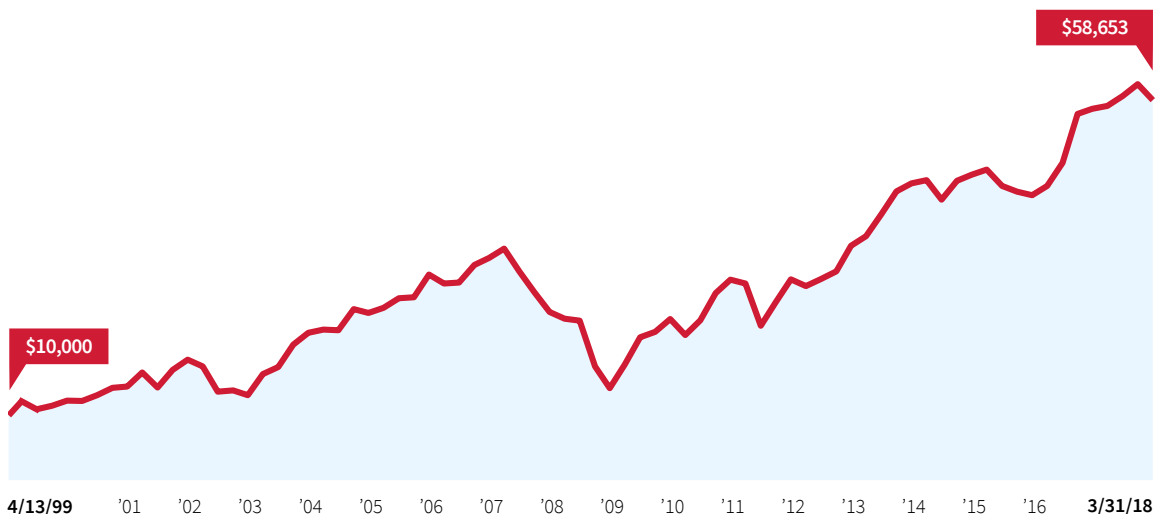
Fundamental investment research determines top holdings and sector weightings

| Top ten holdings | | Sector | | ● Fund | ● Russell 2000 Value Index |
|-------------------------------|-------|----------------------------|-------|--------|----------------------------|
| Bemis | 1.58% | Industrials | 20.9% | 12.3% | |
| Axalta Coating Systems | 1.51 | Information technology | 15.9 | 8.9 | |
| Dave & Buster's Entertainment | 1.37 | Consumer discretionary | 15.4 | 11.0 | |
| Valvoline | 1.23 | Financials | 13.0 | 31.4 | |
| Avnet | 1.21 | Materials | 12.8 | 4.3 | |
| Assured Guaranty | 1.15 | Energy | 8.5 | 6.4 | |
| Avaya Holdings | 1.15 | Real estate | 5.6 | 9.9 | |
| Acadia Healthcare | 1.07 | Consumer staples | 3.4 | 2.2 | |
| Summit Materials | 1.03 | Health care | 2.5 | 6.8 | |
| Major Drilling | 1.01 | Telecommunication services | 0.0 | 0.5 | |
| | | Utilities | 0.0 | 6.3 | |

Cash and net other assets represent 2.0% of the portfolio.

Growth of a \$10,000 investment

The fund has returned an average of 9.8% 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 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 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**



The fund received a 4-star Overall Morningstar Rating as of 3/31/18 among 348 funds in the Small Value category (Y shares, based on risk-adjusted returns)

Lipper rankings

(Y shares, based on total return)

| | |
|----------|---------------|
| 1 year | 87% (245/283) |
| 3 years | 35% (86/245) |
| 5 years | 39% (81/212) |
| 10 years | 56% (80/144) |

Total expense ratio

(Y shares)
1.17%

Market-cap breakdown

| | |
|-----------------------|--------|
| Over \$5B | 11.81% |
| \$3B-\$5B | 20.93% |
| \$1B-\$3B | 32.47% |
| Less than \$1B | 32.92% |
| Cash and other assets | 1.88% |

“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

15.93

Projected 5-yr EPS growth

12.05

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. 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.

Earnings per share (EPS) is found by taking the net income and dividing it by the basic or diluted number of shares outstanding, as reported. You can also take “expected” earnings for the current year or for future years to calculate other P/E ratios.

For informational purposes only. Not an investment recommendation.

Putnam Retail Management
FS069_Y 311160 4/18

Annual performance at net asset value (all distributions reinvested)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 YTD |
|--------------------------|-------|-------|-------|-------|-------|------|-------|-------|------|----------|
| Y shares | 30.3% | 26.2% | -4.7% | 17.2% | 38.3% | 3.7% | -3.6% | 26.9% | 8.1% | -4.0% |
| Russell 2000 Value Index | 20.6 | 24.5 | -5.5 | 18.1 | 34.5 | 4.2 | -7.5 | 31.7 | 7.8 | -2.6 |

Annualized total return performance

| Inception 1/3/01 | Class Y shares | Russell 2000 Value Index |
|------------------|----------------|--------------------------|
| 1 year | 2.31% | 5.13% |
| 3 years | 7.55 | 7.87 |
| 5 years | 10.15 | 9.96 |
| 10 years | 8.49 | 8.61 |
| Life of fund | 9.78 | 9.82 |

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 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.

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.

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. Putnam Small Cap Value Fund received 4, 4, and 3 stars for the 3-, 5-, and 10-year periods among 348, 301, and 209 Small Value funds, respectively.

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.

Not all share classes are 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, changing market perceptions, changes in government intervention in the financial markets, and factors related to a specific issuer, industry, or sector. These and other factors may lead to increased volatility and reduced liquidity in the fund's portfolio holdings. These risks are generally greater for small and midsize companies. From time to time, the fund may invest a significant portion of its assets in companies in one or more related industries or sectors, which would make the fund more vulnerable to adverse developments affecting those industries or sectors. 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.