



The fund received a 4-star Overall Morningstar Rating as of 12/31/20 among 576 funds in the Small Growth category (R6 shares, based on risk-adjusted returns)



William J. Monroe, CFA
Portfolio Manager
(industry since 1996)

Objective

The fund seeks capital appreciation.

Morningstar category

Small Growth

Lipper category

Small-Cap Growth

Benchmark

Russell 2000 Growth Index

Fund symbols

Class A	PNSAX
Class B	PNSBX
Class C	PNSCX
Class R	PSGRX
Class R6	PLKGX
Class Y	PSYGX

Net assets

\$777.19M

Number of holdings

90

Turnover

56%

Putnam Small Cap Growth Fund

Seeking to capitalize on growing small companies

Small companies

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

A focus on growth

Small companies tend to be flexible and innovative, and can often expand their earnings at faster rates than larger companies.

A disciplined process

The portfolio manager uses a disciplined bottom-up fundamental investment process that focuses on quality and growth.

Top ten holdings

R1 RCM	2.32%
Cable One	2.23
Entegris	1.89
Hamilton Lane	1.87
Inmode	1.85
Medpace Holdings	1.84
Five Below	1.81
Adapthealth	1.77
Mercury Systems	1.74
Repligen	1.74

Holdings represent 19.06% of the portfolio and will vary over time.

Sector weightings

	Underweight	Overweight	Portfolio	Benchmark
Industrials		2.3	16.1%	13.8%
Financials		2.0	6.1	4.1
Communication services		1.5	3.8	2.3
Health care		0.9	35.5	34.6
Consumer discretionary		0.0	13.3	13.3
Energy	-0.2		0.0	0.2
Information technology	-0.7		20.5	21.2
Real estate	-1.3		2.2	3.5
Materials	-1.4		1.0	2.4
Utilities	-1.6		0.0	1.6
Consumer staples	-2.9		0.0	2.9

Cash and net other assets represent 1.5% of the portfolio.

Allocations will vary over time. Due to rounding, percentages may not equal 100%.

The unclassified sector, where applicable, includes exchange traded funds and other securities not able to be classified by sector

Risk

	Beta	Tracking error	Up capture ratio	Down capture ratio
R6 share (as of 12/31/20)	0.88	7.13%	102.67%	73.28%

The Russell 2000 Growth Index is an unmanaged index of those companies in the small-cap Russell 2000 Index chosen for their growth 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. You cannot invest directly in an index.

Capture ratios are used to evaluate how well an investment manager performed relative to an index during specific periods (periods of positive return in the case of up capture, negative return in the case of down capture). The ratio is calculated by dividing the manager's returns by the returns of the index during the period and multiplying that factor by 100. **Turnover** is the rate at which the fund buys and sells securities each year. For example, if a fund's assets total \$100 million and the fund bought and sold \$100 million of securities that year, its portfolio turnover rate would be 100%. **Beta** is defined as a fund's sensitivity to market movements and is used to evaluate market related, or systematic, risk. It is a historical measure of the variability of return earned by an investment portfolio. Risk statistics are measured using a 5-year regression analysis. For funds with shorter track records, Since Inception analysis is used. **Tracking error** assesses how closely a fund's performance tracks that of the fund's benchmark by calculating the standard deviation of the difference between the fund's returns and its benchmark returns over a given time period, typically 5 years.

Not all share classes are available on all platforms.

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

Morningstar rankings

(R6 shares, based on total return)

1 year	27% (170/616)
3 years	19% (120/576)
5 years	22% (115/505)

Total expense ratio

(R6 shares)
0.84%

Adjustable management fee examples

Based on performance versus benchmark

Base fee	0.61%
Higher fee after 1% outperformance	0.64%
Lower fee after 1% underperformance	0.58%
Maximum performance adjustment	+/-0.18%

Market-cap breakdown

Over \$5B	47.38%
\$3B-\$5B	30.58%
\$1B-\$3B	18.76%
Less than \$1B	1.72%
Cash and other assets	1.57%

"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.

Annual performance (all distributions reinvested)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
R6 shares at net asset value	-3.6%	14.6%	48.0%	2.2%	-2.5%	9.0%	20.7%	-2.1%	38.2%	48.2%
Benchmark	-2.9	14.6	43.3	5.6	-1.4	11.3	22.2	-9.3	28.5	34.6

Annualized total return performance

	1 year	3 years	5 years	10 years	Life of fund
R6 shares (Inception 6/29/15)	48.24%	26.08%	21.39%	15.68%	12.78%
Benchmark	34.63	16.20	16.36	13.48	7.98

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 R6 shares assumes reinvestment of distributions and does not account for taxes. Class R6 shares, available to qualified employee-benefit plans only, are sold without an initial sales charge and have no CDSC. Performance for class R6 shares prior to their inception is derived from the historical performance of class Y shares (inception 11/3/03), and has not been adjusted for the lower investor servicing fees applicable to class R6 shares; had it, returns would have been higher. For the most recent month-end performance, please visit putnam.com.

Highlights of five-year performance periods (12/31/97-12/31/20)*

	Best 5-year return	Best period end date	Worst 5-year return	Worst period end date	Average 5-year return	% of 5-year periods with positive returns	Number of positive 5-year periods	Number of negative 5-year periods
R6 shares	25.04%	3/31/14	-8.37%	3/31/09	8.37%	79%	58	15

* Based on annualized returns for quarterly rolling periods.

Because the dollar amount of the monthly performance fee adjustment is based on the fund's average assets during the rolling performance period, the amount of any dollar adjustment as a percentage of a fund's current assets could exceed the "maximum annualized performance adjustment rates." Performance fee adjustments will not commence until a fund has been operating under a shareholder-approved management contract with a performance fee adjustment for at least 12 months.

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 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. Ratings do not take into account the effects of sales charges and loads. Putnam Small Cap Growth Fund received 4, 4, and 4 stars for the 3-, 5-, and 10-year periods among 576, 505, and 381 Small Growth funds, respectively.

Morningstar rankings for class R6 shares are based on total return without sales charge relative to all share classes of funds with similar objectives as determined by Morningstar. Morningstar rankings may differ significantly from Morningstar's risk-adjusted star ratings. Past performance is not indicative of future results.

Consider these risks before investing: Investments in small and/or midsize companies increase the risk of greater price fluctuations. Growth stocks may be more susceptible to earnings disappointments, and the market may not favor growth-style 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. 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. 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.

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.

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Putnam Retail Management
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