



The fund received a 4-star Overall Morningstar Rating as of 12/31/19 among 571 funds in the Small Growth category (Y 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

Fund symbols

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

Number of holdings

82

Net assets

\$514.65M

Dividend frequency

Annually

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.

Fundamental investment research determines top holdings and sector weightings

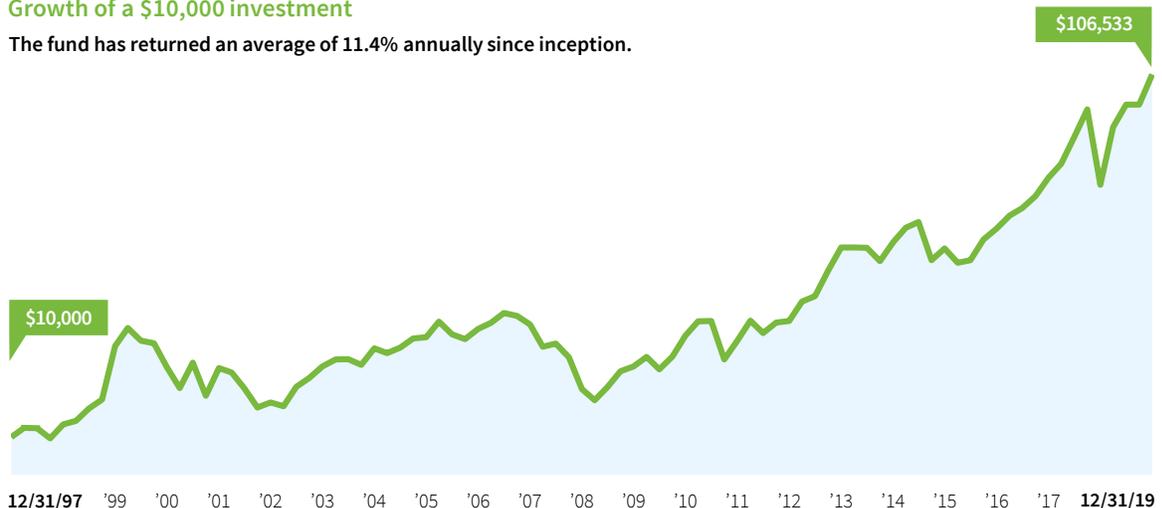
Top ten holdings		Sector		● Fund	● Russell 2000 Growth Index
Five Below	3.07%	Health care	31.0%	30.5%	
Cable One	2.74	Information technology	21.3	17.3	
Planet Fitness	2.36	Industrials	17.3	18.9	
Trex	2.34	Consumer discretionary	13.8	12.0	
Novanta	2.32	Financials	5.9	5.7	
Mercury Systems	2.31	Real estate	3.0	4.6	
Hamilton Lane	2.28	Communication services	2.7	2.4	
HEICO	2.03	Materials	1.6	3.1	
Quidel	2.00	Unclassified	0.6	0.0	
Bright Horizons Family Solutions	1.98	Energy	0.0	0.6	
		Utilities	0.0	1.5	
		Consumer staples	0.0	3.3	

Cash and net other assets represent 2.9% 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.

Growth of a \$10,000 investment

The fund has returned an average of 11.4% 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 prior to their inception is derived from the historical performance of class A shares (inception 12/31/97), 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	9% (51/630)
3 years	28% (152/561)
5 years	27% (130/489)
10 years	31% (113/372)

Total expense ratio

(Y shares)

0.95%

Adjustable management fee examples

Based on performance versus benchmark

Base fee	0.62%
Higher fee after 1% outperformance	0.65%
Lower fee after 1% underperformance	0.59%
Maximum performance adjustment	+/-0.18%

Market-cap breakdown

Over \$5B	29.97%
\$3B-\$5B	30.91%
\$1B-\$3B	32.12%
Less than \$1B	4.06%
Cash and other assets	2.94%

"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

0.97

Price to earnings

38.13

Projected 5-yr EPS growth

15.22

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.

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.

For informational purposes only. Not an investment recommendation.

Putnam Retail Management
FS076_Y 319217 1/20

Annual performance at net asset value (all distributions reinvested)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Y shares	28.5%	-3.6%	14.6%	48.0%	2.2%	-2.6%	8.8%	20.5%	-2.3%	38.0%
Russell 2000 Growth Index	29.1	-2.9	14.6	43.3	5.6	-1.4	11.3	22.2	-9.3	28.5

Annualized total return performance

Inception 11/3/03	Class Y shares	Russell 2000 Growth Index
1 year	37.98%	28.48%
3 years	17.57	12.49
5 years	11.48	9.34
10 years	13.96	13.01
Life of fund	11.35	6.90

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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 3 stars for the 3-, 5-, and 10-year periods among 571, 505, and 379 Small Growth funds, respectively.

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. 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. **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. 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.

Consider these risks before investing: Emerging-market securities carry illiquidity and volatility risks. Lower-rated bonds may offer higher yields in return for more risk. Funds that invest in government securities are not guaranteed. Mortgage-backed securities are subject to prepayment risk and the risk that they may increase in value when interest rates decline and decline in value when interest rates rise. Bond investments are subject to interest-rate risk (the risk of bond prices falling if interest rates rise) and credit risk (the risk of an issuer defaulting on interest or principal payments). Interest-rate risk is generally greater for longer-term bonds, and credit risk is generally greater for below-investment-grade bonds. Risks associated with derivatives include increased investment exposure (which may be considered leverage) and, in the case of over-the-counter instruments, the potential inability to terminate or sell derivatives positions and the potential failure of the other party to the instrument to meet its obligations. Unlike bonds, funds that invest in bonds have fees and expenses. 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 or 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. International investing involves currency, economic, and political risks. You can lose money by investing in the fund. The fund's shares trade on a stock exchange at market prices, which may be lower than the fund's net asset value. 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. 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.