



Robert J. Schoen
Portfolio Manager
(industry since 1990)



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Portfolio Manager
(industry since 2003)

Objective

The fund seeks a total return comparable to that of the U.S. equity market, but with lower volatility, over a market cycle (generally at least three years or more).

Morningstar category

Large Blend

Lipper category

Large-Cap Core

Fund symbols

Class A	PLVEX
Class B	PLVFX
Class C	PLVGX
Class M	PLVHX
Class Y	PLVKX

Number of holdings

153

Net assets

\$27.65M

Dividend frequency

Annually

Putnam Low Volatility Equity Fund

Pursuing returns comparable to the U.S. stock market, but with lower volatility over a market cycle

Low-beta stocks

The fund invests in low-beta stocks, which have historically provided better risk-adjusted returns than the overall stock market.

Sector diversity

The fund seeks to capitalize on a diverse range of low-beta stocks across all sectors rather than simply overweighting low-beta sectors.

Option strategies

The veteran management team employs options strategies that can improve performance and reduce risk.

The fund targets “beta anomaly” in equity markets

The “beta anomaly” refers to the observation that stocks with lower volatility relative to a benchmark index have had better risk-adjusted returns (Sharpe ratios) than stocks with higher volatility. This creates an opportunity to pursue better risk-adjusted returns with a portfolio of stocks that have been historically less volatile than the market, rather than by investing in higher-risk stocks. The fund targets this opportunity in pursuing returns comparable to the U.S. stock market with lower volatility over time.

An options strategy focused on smoothing return performance

In addition to low-beta stock selection, the fund implements an options strategy that seeks to reduce volatility. Writing call options is a strategy negatively correlated with equity market performance, and buying put options seeks to reduce downside volatility. The options strategies are actively managed to reflect current market volatility expectations.

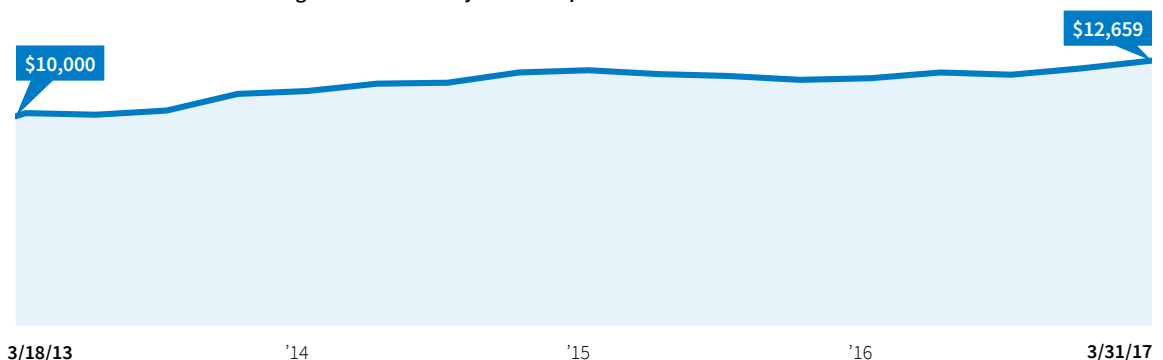
A sector-neutral strategy to provide diversification

The fund managers identify and select low-beta stocks across all sectors. By contrast, a low-beta strategy that does not pursue sector neutrality can wind up with large concentrations in sectors with many low-beta stocks. It is worth noting that passive strategies such as the S&P 500 Low Volatility Index, which tracks the 100 least-volatile S&P 500 stocks, had large concentrations in utilities and consumer staples, which together represented over 37% of the index as of March 31, 2017.

Generally, the sector weightings of the fund will closely match the sector weightings of the S&P 500 Index. The weighting of each sector in the fund will differ from its weighting in the index by no more than two percentage points (or 200 basis points) in either direction.

Growth of a \$10,000 investment

The fund has returned an average of 6.0% 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. For the most recent month-end performance, please visit putnam.com.

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

Expense ratio

(Y shares)
Total expense ratio
1.07%

What you pay
0.86%

“What you pay” reflects Putnam Management’s decision to contractually limit expenses through 11/30/17.

Beta

0.52

Standard deviation

6.01

Sharpe ratio

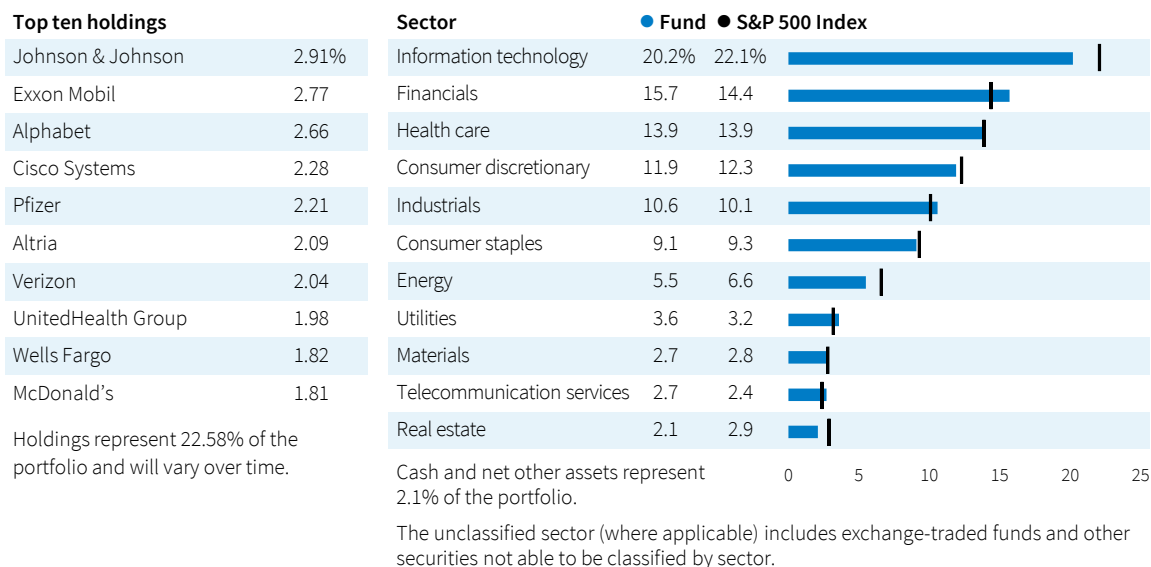
0.64

Price to earnings

17.17

Projected 5-year EPS growth

8.69

Fundamental investment research determines top holdings and sector weightings**Annual performance at net asset value (all distributions reinvested)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 YTD
Y shares	—	—	—	—	—	—	—	9.2%	-2.8%	4.7%	3.0%
S&P 500 Index	5.5%	-37.0%	26.5%	15.1%	2.1%	16.0%	32.4%	13.7	1.4	12.0	6.1

Annualized total return performance

Inception 3/18/13	Class Y shares	S&P 500 Index
1 year	7.16%	17.17%
3 years	4.15	10.37
Life of fund	6.02	13.33

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The S&P 500 Index is an unmanaged index of common stock performance. You cannot invest directly in an index.

Beta measures the correlation of returns from a stock or a fund to a benchmark index. A beta of less than 1.0 indicates lower volatility; a beta of more than 1.0, higher volatility than the benchmark. **Standard deviation** measures how widely a set of values varies from the mean. It is a historical measure of the variability of return earned by an investment portfolio over a defined period. **Sharpe ratio** is a measure of risk-adjusted performance. It is calculated by subtracting the risk-free rate of return (as measured by Treasury bills) from the fund’s return, and dividing that figure by the standard deviation of the fund’s return. The higher the ratio, the better the fund’s return per unit of risk taken. 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)** growth is found by taking the net income and dividing it by the basic or diluted number of shares outstanding, as reported.

Not all share classes available on all platforms.

Consider these risks before investing: 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. Stock prices may fall or fail to rise over time for several reasons, including general financial market conditions and factors related to a specific company, issuer or sector. There may be times when stocks in the fund’s portfolio exhibit higher volatility than we expect, are not correlated with market movements as we expect, or underperform the markets. By selling covered call options, the fund limits its opportunity to profit from an increase in the price of the underlying portfolio securities, but continues to bear the risk of a decline in the value of these securities. The fund also risks losing all or part of the cash paid for purchasing put options. 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.