Putnam Small Cap Growth Fund
Uncovering high-quality and fast-growing small-cap companies

Combining quality and aggressive growth
Pursues strong risk-adjusted return potential through a foundation of high-quality growth stocks augmented by aggressive growth stocks

Research-intensive process
Applies rigorous fundamental research to identify growth opportunities where the market has undervalued the duration or magnitude of a company’s growth potential

Long-term investment horizon
Seeks to harness the power of compounding growth and embed risk management at multiple levels

Top 10 holdings
Kinsale Capital Group 2.59%
Manhattan Associates 2.05
Comfort Systems USA 2.04
Medpace 2.00
Axelis Technologies 1.95
Encompass Health 1.88
TFI International 1.88
Verra Mobility 1.87
Nova 1.77
Onto Innovation 1.74
Holdings represent 19.78% of the portfolio and will vary over time.

Sector weightings

<table>
<thead>
<tr>
<th>Sector</th>
<th>Underweight</th>
<th>Overweight</th>
<th>Portfolio</th>
<th>Benchmark</th>
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</thead>
<tbody>
<tr>
<td>Industrials</td>
<td>5.3</td>
<td>25.4%</td>
<td>20.1%</td>
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<tr>
<td>Financials</td>
<td>0.1</td>
<td>6.5%</td>
<td>6.4%</td>
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<tr>
<td>Materials</td>
<td>0.0</td>
<td>4.2%</td>
<td>4.2%</td>
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<tr>
<td>Information technology</td>
<td>-0.1</td>
<td></td>
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<tr>
<td>Energy</td>
<td>-0.3</td>
<td>5.5%</td>
<td>5.8%</td>
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<tr>
<td>Real estate</td>
<td>-0.6</td>
<td>1.0%</td>
<td>1.6%</td>
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<tr>
<td>Communication services</td>
<td>-0.7</td>
<td></td>
<td>1.4%</td>
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<tr>
<td>Consumer staples</td>
<td>-0.8</td>
<td>3.7%</td>
<td>4.5%</td>
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<tr>
<td>Consumer discretionary</td>
<td>-1.2</td>
<td></td>
<td>9.8%</td>
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<tr>
<td>Utilities</td>
<td>-1.6</td>
<td>0.0%</td>
<td>1.6%</td>
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<tr>
<td>Health care</td>
<td>-3.5</td>
<td>18.1%</td>
<td>21.6%</td>
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Cash and net other assets represent 3.6% 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 (Y shares, as of 9/30/23)
Beta 0.89
Tracking error 7.05%
Up capture ratio 97.51%
Down capture ratio 78.20%

The fund received a 5-star Overall Morningstar Rating as of 9/30/23 among 562 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

Benchmark
Russell 2000 Growth Index

Fund symbols
Class A PNSAX
Class B PNSBX
Class C PNSCX
Class R PSGRX
Class R6 PLKGX
Class Y PSGYX

Net assets $1,130.39M
Number of holdings 88
Turnover 48%

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.
**Annual performance (all distributions reinvested)**

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<tbody>
<tr>
<td>Y shares at net asset value</td>
<td>2.24%</td>
<td>-2.58%</td>
<td>8.77%</td>
<td>20.51%</td>
<td>-2.31%</td>
<td>37.97%</td>
<td>48.02%</td>
<td>14.42%</td>
<td>-27.92%</td>
<td>10.78%</td>
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<tr>
<td>A shares before sales charge</td>
<td>1.99</td>
<td>-2.82</td>
<td>8.50</td>
<td>20.19</td>
<td>-2.58</td>
<td>37.66</td>
<td>47.65</td>
<td>14.13</td>
<td>-28.10</td>
<td>10.56</td>
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**Total expense ratio**
- (Y shares) 0.98%
- (A shares) 1.23%

**Adjustable management fee examples**
- (Y shares, 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%

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 A and Y shares assumes reinvestment of distributions and does not account for taxes. After-sales-charge returns for class A reflect a maximum 5.75% load. Returns for class Y shares prior to their inception are derived from the historical performance of class A shares, which have not been adjusted for their lower expenses; had they, returns would have been higher. 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.

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 Indices. Russell® is a trademark of Frank Russell Company. You cannot invest directly in an index.

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 fee 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 3-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.

Consider the 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 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 operational 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.