

Putnam Equity Income Fund (PEIYX): Defining value daily

With equity valuations constantly changing, PEIYX pursues a disciplined process to uncover opportunities.

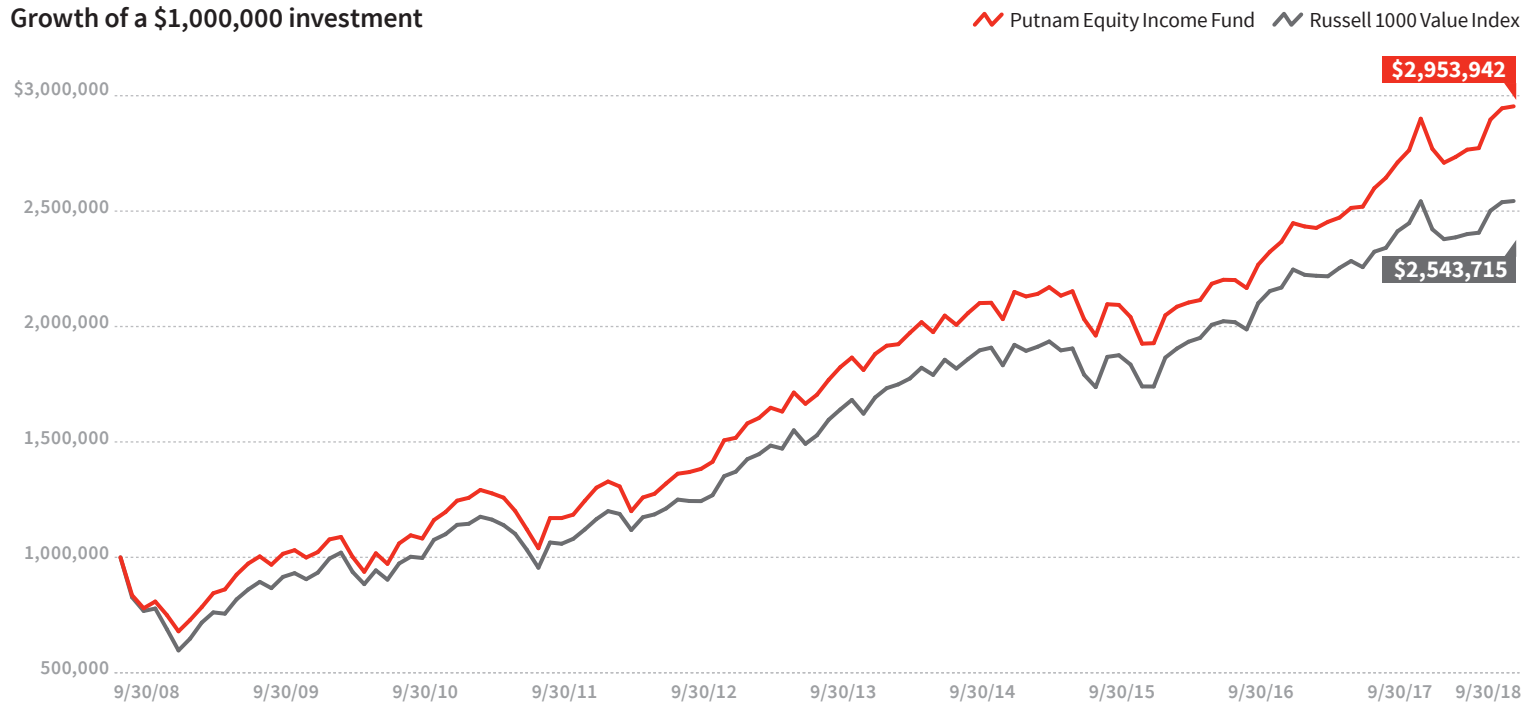
PEIYX defines value daily and has outperformed the index

A \$1 million investment in PEIYX would have delivered over \$400,000 more than the index over 10 years through September 30, 2018.

The benchmark index defines value annually

The Russell 1000 Value Index is reconstituted each year by identifying a value universe of companies with lower price-to-book ratios and low growth rates. The stocks in the index can then rise to higher price-to-book ratios before the next reconstitution 12 months later.

Growth of a \$1,000,000 investment



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. For the most recent month-end performance, please visit putnam.com.

How we define value on a daily basis

Differentiated process

Our investment team defines the value universe by combining:

All stocks that are highly rated by the Putnam research team within and outside the Russell 1000 Value benchmark



The top 20% of securities identified by our proprietary multi-factor quantitative model

Portfolio Manager, Darren Jaroch, CFA, has been investing for nearly 20 years. His disciplined process combines the strength of Putnam's fundamental research with quantitative screening and risk management tools. We believe blending multiple sources of alpha can potentially produce strong risk-adjusted performance over time.

Non-benchmark holdings

As an indication of the fund's differentiated process, as of September 30, 2018, nearly 20% of holdings in the fund's portfolio are out-of-benchmark (Russell 1000 Value Index) positions.

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 Equity Income Fund received 4, 4, and 5 stars for the 3-, 5-, and 10-year periods among 1,109, 948, and 696 Large 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.

Consider these risks before investing: Value stocks may fail to rebound, and the market may not favor value-style investing. Income provided by the fund may be reduced by changes in the dividend policies of, and the capital resources available at, the companies in which the fund invests. Stock values 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. You can lose money by investing in the fund.

Your clients should carefully consider the investment objective, risks, charges, and expenses of a fund before investing. For a prospectus, or a summary prospectus if available, containing this and other information for any Putnam fund or product, call the Putnam Client Engagement Center at 1-800-354-4000. Your clients should read the prospectus carefully before investing.

Long-term outperformance

Class Y shares Inception 10/01/98	Putnam Equity Income Fund	Russell 1000 Value Index
1 year	13.64%	9.45%
3 years	14.63	13.55
5 years	11.62	10.72
10 years	11.44	9.79

Total expense ratio: 0.66%

Data as of 9/30/18.

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. For the most recent month-end performance, please visit putnam.com.

The Russell 1000 Value Index is an unmanaged index of those companies in the large-cap Russell 1000 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.

MORNINGSTAR RATING



The fund received a 5-star Overall Morningstar Rating as of 9/30/18 among 1,109 funds in the Large Value category.

LIPPER RANKINGS

Category: Equity Income
(Class Y shares based on total return)

1 year	20% (104/537)
3 years	31% (141/460)
5 years	16% (61/396)
10 years	3% (6/242)

Data as of 9/30/18.