A world of investing.®

Putnam Investments

Putnam Sustainable Leaders Fund

Annual report
6 | 30 | 23

Growth funds look for stocks of companies that have the potential to grow over time.

FUND SYMBOL
CLASS A
PNOPX

Putnam Sustainable Leaders Fund

Annual report
6 | 30 | 23

Message from the Trustees

August 11, 2023

Dear Fellow Shareholder:

Stocks have generally advanced through the first half of 2023. Recently, a strong pulse of innovation has been gaining investors' attention, and the technology sector has started to rebound from a difficult 2022. More broadly, international markets are performing well, even though the reopening of China's economy lacked the dynamism many had anticipated.

Bond markets have experienced more ups and downs, but performance has improved compared with 2022. U.S. inflation has been trending downward, while the country's economic growth has remained positive. Against this backdrop, investors are weighing the impact of high borrowing costs, stress in the banking system, and a weaker housing market.

As active managers, your investment team continues to research attractive opportunities for your fund while monitoring risks. This report offers an update on their efforts.

Thank you for investing with Putnam.

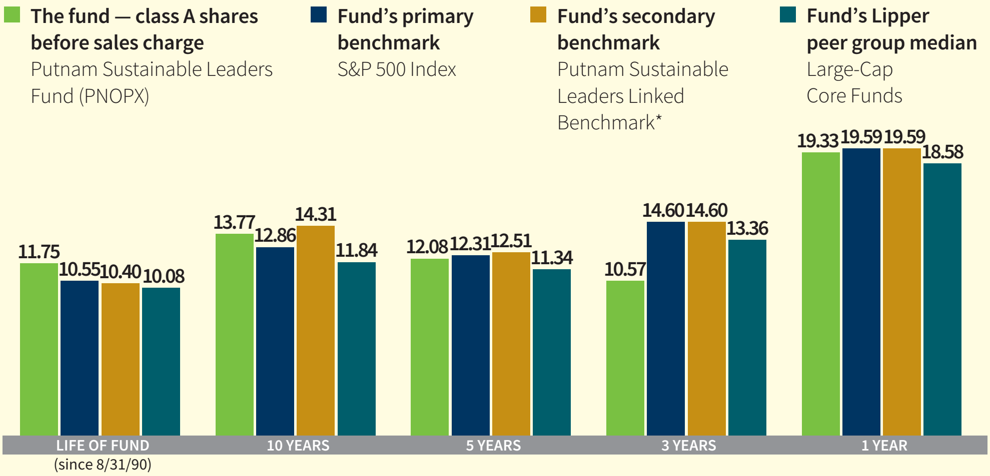
Respectfully yours,

Robert L. Reynolds
President and Chief Executive Officer
Putnam Investments

Kenneth R. Leibler
Chair, Board of Trustees

Performance history as of 6/30/23

Annualized total return (%) comparison



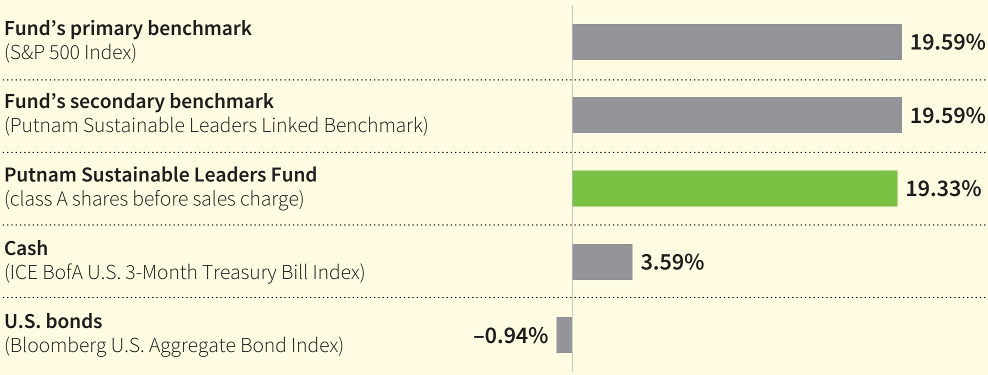
Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. Share price, principal value, and return will fluctuate, and you may have a gain or a loss when you sell your shares. Performance of class A shares assumes reinvestment of distributions and does not account for taxes. Fund returns in the bar chart do not reflect a sales charge of 5.75%; had they, returns would have been lower. See below and pages 7–9 for additional performance information. For a portion of the periods, the fund had expense limitations, without which returns would have been lower. To obtain the most recent month-end performance, visit putnam.com.

Before March 21, 2018 the fund was managed with a materially different investment strategy and may have achieved materially different performance results under its current investment strategy from that shown for periods before this date.

Lipper peer group median is provided by Lipper, a Refinitiv company.

* *The Putnam Sustainable Leaders Linked Benchmark represents the performance of the Russell 3000 Growth Index through July 31, 2019, and the performance of the S&P 500 Index thereafter.*

Recent broad market index and fund performance



This comparison shows your fund's performance in the context of broad market indexes for the 12 months ended 6/30/23. See above and pages 7–9 for additional fund performance information. Index descriptions can be found on page 11.

All Bloomberg indices are provided by Bloomberg Index Services Limited.

Interview with your fund's portfolio managers

Katherine Collins and Stephanie Dobson discuss the investing environment and fund performance for the 12 months ended June 30, 2023, as well as their outlook for the fund.

Katherine Collins, CFA, MTS
Portfolio Manager

Katherine is Head of Sustainable Investing. She has a Master of Theological Studies from Harvard Divinity School and a B.A. from Wellesley College. Katherine joined Putnam in 2017 and has been in the investment industry since 1990.

Stephanie Dobson
Portfolio Manager

Stephanie has a B.A. from Middlebury College. She joined Putnam in 2017 and has been in the investment industry since 2011.

How was the investing environment for U.S. stocks during the 12-month reporting period?

Stocks delivered solid gains in a period challenged by many macroeconomic issues. From the start of the period, rising interest rates, supply chain disruptions, the Russian invasion of Ukraine, and a slowdown in global growth weighed on investor sentiment. One of the biggest headwinds for investors was historically high inflation and the efforts by central banks to tame it. Inflation in the U.S. reached 40-year highs, and in early 2022, the U.S. Federal Reserve began its most rapid series of interest-rate increases since the early 1980s. Along the way, investors feared the Fed's monetary tightening would push the economy into a recession.

In late 2022, inflation, as measured by the Consumer Price Index, began to show signs of easing. With the prospect of an end to interest-rate hikes, 2023 began on a bright note and stocks posted solid gains in January. However, recession concerns escalated in February, and new worries emerged in March. The banking industry experienced a scare with the failures of several U.S. regional banks as well

Sector allocations

Information technology	32.9%
Health care	16.0
Consumer discretionary	12.0
Consumer staples	8.5
Financials	8.4
Industrials	5.7
Materials	4.2
Real estate	3.1
Utilities	3.1
Communication services	2.1
Cash and net other assets	4.1

Allocations are shown as a percentage of the fund's net assets as of 6/30/23. Cash and net other assets, if any, represent the market value weights of cash, derivatives, short-term securities, and other unclassified assets in the portfolio. Summary information may differ from the portfolio schedule included in the financial statements due to the inclusion of derivative securities, any interest accruals, the exclusion of as-of trades, if any, the use of different classifications of securities for presentation purposes, and rounding. Holdings and allocations may vary over time. Due to rounding, percentages may not equal 100%.

Top 10 holdings

HOLDING (PERCENTAGE OF FUND'S NET ASSETS)	INDUSTRY
Microsoft Corp. (8.8%)	Software
Apple, Inc. (8.2%)	Technology hardware, storage, and peripherals
NVIDIA Corp. (4.0%)	Semiconductors and semiconductor equipment
Amazon.com, Inc. (3.8%)	Broadline retail
Eli Lilly and Co. (2.9%)	Pharmaceuticals
Walmart, Inc. (2.6%)	Consumer staples distribution and retail
UnitedHealth Group, Inc. (2.6%)	Health care providers and services
Salesforce, Inc. (2.4%)	Software
Visa, Inc. (2.3%)	Financial services
Ingersoll Rand, Inc. (2.2%)	Machinery

This table shows the fund's top 10 holdings by percentage of the fund's net assets as of 6/30/23. Short-term investments and derivatives, if any, are excluded. Holdings may vary over time.

as a Swiss government-engineered takeover of Credit Suisse by UBS. Despite ongoing issues, stocks posted gains in the final four months of the period, as positive earnings reports were released and data showed inflation continued to ease. The Fed took a pause on tightening at its June meeting, but indicated future rate hikes were likely needed.

How did the fund perform for the reporting period?

For the 12-month reporting period, the fund returned 19.33%, modestly underperforming its primary benchmark, the S&P 500 Index, which returned 19.59%.

What were some holdings that contributed to performance during the period?

A top contributor was NVIDIA, a leading designer of graphic processing units that are used in a variety of end markets, including gaming and data centers. NVIDIA's core business has experienced accelerating organic growth over the past several years as the firm has broadened its product focus from traditional PC graphics to more complex and faster-growing areas such as artificial intelligence and autonomous driving. The company is aligned with our Thriving Public® theme. We believe NVIDIA's core strategy of developing solutions for computing-intensive functions that improve efficiency and effectiveness for customers drives NVIDIA's fundamental success. And this, in our view, contributes to higher long-term growth.

Another key contributor was Chipotle Mexican Grill, a fast-casual restaurant chain with a deep commitment to "food with integrity" and sustainable farming practices. The company's emphasis on high-quality ingredients and sustainable sourcing practices has resonated well with consumers, helping to drive consistent revenue growth. Chipotle's investments in employees have improved operational efficiency as well as opportunities for advancement. During the period, the company continued to report strong earnings growth,

"We continue to believe that the key driver of fund performance should be our stock selection."

driven by traffic, pricing, menu innovation, and improved store throughput. The company is aligned with our Thriving Planet® theme. We believe the company has a loyal customer base and a compelling value proposition that can continue to fuel sales growth and margin expansion in the future.

What were some holdings that detracted from the fund's performance during the period?

The top detractor during the period was First Republic, which was aligned with our Thriving Public theme. The company was a leading private bank and wealth management company that provided personalized banking, lending, investment, and trust services to high-net-worth individuals and businesses. We viewed its differentiated service model and strong culture as key to driving customer and employee relationships and providing consistent and above-peer earnings growth. However, we sold out of our position during the recent banking crisis, when increased investor fears and subsequent declines in regional bank stock prices fueled deposit outflows. These developments and our related financial analysis ultimately changed our fundamental view of the company's long-term prospects.

Another notable detractor was Boston Properties, an owner and developer of commercial real estate. The company is aligned with our Thriving Planet theme due to its focus on energy efficiency and healthy buildings. During the period, the relative attractiveness of high-yielding real estate investment trusts shifted due to rising interest rates. Additionally, some investors are concerned about demand for office space in a post-pandemic era where remote work is more common. The company's properties are distinctive in that they offer clients attractive attributes like customized infrastructure, superior systems for health and operational efficiency, and premium locations. We believe these attributes are intertwined with the company's focus on environmental efficiency, which has potential to improve operating costs and lower risks. Due to this compelling strategy, steady long-term business prospects, and attractive valuation, the stock was still held at the end of the period.

As the fund begins a new fiscal year, what is your outlook?

We believe that continued stock market volatility is a possibility, and we remain attuned to macroeconomic issues that may affect financial markets. While we take the macroeconomic backdrop into consideration, our investment process is focused on assessing individual company fundamentals across a wide range of operating conditions. When markets are volatile, we aim to identify stocks where short-term price changes are out of sync with what we believe to be a company's longer-term fundamental prospects.

We continue to believe that the key driver of fund performance should be our stock selection. Our focus on companies whose sustainability leadership improves fundamental prospects remains constant. The investment premise of this focus is that companies that demonstrate leadership in business-relevant sustainability issues also have the chance to create businesses with strong financial returns. We remain encouraged by the growing range of businesses and stocks that offer compelling sustainability characteristics, strong fundamentals, and reasonable valuations.

Thank you both for your time and bringing us up to date.

The views expressed in this report are exclusively those of Putnam Management and are subject to change. They are not meant as investment advice.

Please note that the holdings discussed in this report may not have been held by the fund for the entire period. Portfolio composition is subject to review in accordance with the fund's investment strategy and may vary in the future. Current and future portfolio holdings are subject to risk.

Your fund's performance

This section shows your fund's performance, price, and distribution information for periods ended June 30, 2023, the end of its most recent fiscal year. In accordance with regulatory requirements for mutual funds, we also include expense information taken from the fund's current prospectus. Performance should always be considered in light of a fund's investment strategy. Data represent past performance. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Before March 21, 2018, the fund was managed with a materially different investment strategy and may have achieved materially different performance results under its current investment strategy from that shown for periods before this date. Investment return and principal value will fluctuate, and you may have a gain or a loss when you sell your shares. Performance information does not reflect any deduction for taxes a shareholder may owe on fund distributions or on the redemption of fund shares. For the most recent month-end performance, please visit the Individual Investors section at putnam.com or call Putnam at 1-800-225-1581. Class R, R6, and Y shares are not available to all investors.

Annualized fund performance Total return for periods ended 6/30/23

	Life of fund	10 years	5 years	3 years	1 year
Class A (8/31/90)					
Before sales charge	11.75%	13.77%	12.08%	10.57%	19.33%
After sales charge	11.55	13.10	10.76	8.41	12.47
Class B (3/1/93)					
Before CDSC	11.55	13.09	11.24	9.75	18.43
After CDSC	11.55	13.09	11.02	8.99	13.43
Class C (7/26/99)					
Before CDSC	11.55	13.09	11.24	9.74	18.44
After CDSC	11.55	13.09	11.24	9.74	17.44
Class R (1/21/03)					
Net asset value	11.48	13.49	11.80	10.30	19.03
Class R6 (5/22/18)					
Net asset value	12.02	14.11	12.47	10.95	19.74
Class Y (7/19/94)					
Net asset value	12.00	14.05	12.36	10.85	19.63

Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. After-sales-charge returns for class A shares reflect the deduction of the maximum 5.75% sales charge levied at the time of purchase. Class B share returns after contingent deferred sales charge (CDSC) reflect the applicable CDSC, which is 5% in the first year, declining over time to 1% in the sixth year, and is eliminated thereafter. Class C share returns after CDSC reflect a 1% CDSC for the first year that is eliminated thereafter. Class R, R6, and Y shares have no initial sales charge or CDSC. Performance for class B, C, R, and Y shares before their inception is derived from the historical performance of class A shares, adjusted for the applicable sales charge (or CDSC) and the higher operating expenses for such shares, except for class Y shares, for which 12b-1 fees are not applicable. Performance for class R6 shares prior to their inception is derived from the historical performance of class Y shares and has not been adjusted for the lower investor servicing fees applicable to class R6 shares; had it, returns would have been higher.

For a portion of the periods, the fund had expense limitations, without which returns would have been lower.

The fund has had performance fee adjustments that may have had a positive or negative impact on returns.

Class B and C share performance reflects conversion to class A shares after eight years.

Comparative annualized index returns For periods ended 6/30/23

	Life of fund	10 years	5 years	3 years	1 year
S&P 500 Index	10.55%	12.86%	12.31%	14.60%	19.59%
Putnam Sustainable Leaders Linked Benchmark*	10.40	14.31	12.51	14.60	19.59
Lipper Large-Cap Core Funds category median†	10.08	11.84	11.34	13.36	18.58

Index and Lipper results should be compared with fund performance before sales charge, before CDSC, or at net asset value.

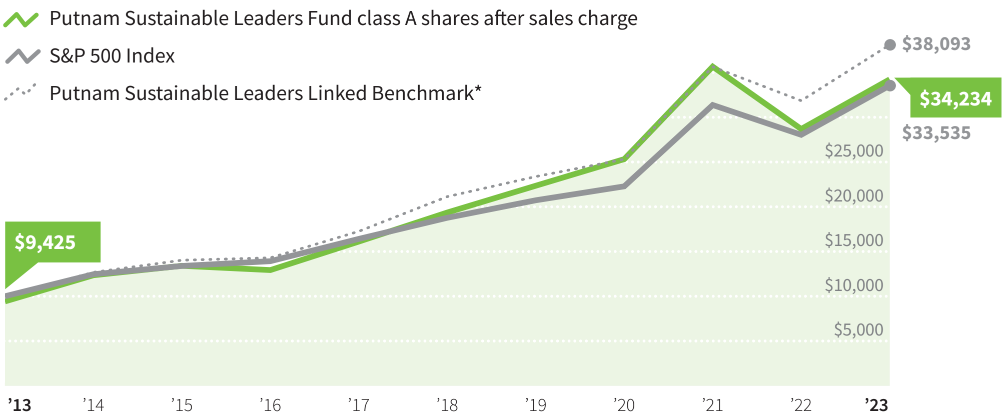
Lipper peer group median is provided by Lipper, a Refinitiv company.

* The Putnam Sustainable Leaders Linked Benchmark represents the performance of the Russell 3000 Growth Index through July 31, 2019, and the performance of the S&P 500 Index thereafter.

† Over the 1-year, 3-year, 5-year, 10-year, and life-of-fund periods ended 6/30/23, there were 666, 595, 542, 421, and 43 funds, respectively, in this Lipper category.

Change in the value of a $10,000 investment ($9,425 after sales charge)

Cumulative total return from 6/30/13 to 6/30/23



Past performance does not indicate future results. At the end of the same time period, a $10,000 investment in the fund's class B and C shares would have been valued at $34,209 and $34,205, respectively, and no contingent deferred sales charges would apply. A $10,000 investment in the fund's class R, R6, and Y shares would have been valued at $35,433, $37,442 and $37,248, respectively.

* The Putnam Sustainable Leaders Linked Benchmark represents the performance of the Russell 3000 Growth Index through July 31, 2019, and the performance of the S&P 500 Index thereafter.

Fund price and distribution information For the 12-month period ended 6/30/23

Distributions	Class A		Class B	Class C	Class R	Class R6	Class Y
Number	1		1	1	1	1	1
Income	$0.014349		$0.014349	$0.014349	$0.014349	$0.014349	$0.014349
Capital gains							
Long-term gains	7.394651		7.394651	7.394651	7.394651	7.394651	7.394651
Short-term gains	—		—	—	—	—	—
Total	**$7.409000**		**$7.409000**	**$7.409000**	**$7.409000**	**$7.409000**	**$7.409000**
Share value	Before sales charge	After sales charge	Net asset value	Net asset value	Net asset value	Net asset value	Net asset value
6/30/22	$92.24	$97.87	$60.51	$69.76	$87.58	$102.50	$102.17
6/30/23	101.80	108.01	63.43	74.39	95.99	114.45	113.95

The classification of distributions, if any, is an estimate. Before-sales-charge share value and current dividend rate for class A shares, if applicable, do not take into account any sales charge levied at the time of purchase. After-sales-charge share value, current dividend rate, and current 30-day SEC yield, if applicable, are calculated assuming that the maximum sales charge (5.75% for class A shares) was levied at the time of purchase. Final distribution information will appear on your year-end tax forms.

Your fund's expenses

As a mutual fund investor, you pay ongoing expenses, such as management fees, distribution fees (12b-1 fees), and other expenses. Using the following information, you can estimate how these expenses affect your investment and compare them with the expenses of other funds. You may also pay one-time transaction expenses, including sales charges (loads) and redemption fees, which are not shown in this section and would have resulted in higher total expenses. For more information, see your fund's prospectus or talk to your financial representative.

Expense ratios

	Class A	Class B	Class C	Class R	Class R6	Class Y
Total annual operating expenses for the fiscal year ended 6/30/22	0.99%	1.74%	1.74%	1.24%	0.65%	0.74%
Annualized expense ratio for the six-month period ended 6/30/23*†	0.90%	1.65%	1.65%	1.15%	0.55%	0.65%

Fiscal year expense information in this table is taken from the most recent prospectus, is subject to change, and may differ from that shown for the annualized expense ratio and in the financial highlights of this report.

Expenses are shown as a percentage of average net assets.

* Expense ratios for each class are for the fund's most recent fiscal half year. As a result of this, ratios may differ from expense ratios based on one-year data in the financial highlights.

† Includes a decrease of 0.09% from annualizing the performance fee adjustment for the six months ended 6/30/23.

Expenses per $1,000

The following table shows the expenses you would have paid on a $1,000 investment in each class of the fund from 1/1/23 to 6/30/23. It also shows how much a $1,000 investment would be worth at the close of the period, assuming *actual returns* and expenses.

	Class A	Class B	Class C	Class R	Class R6	Class Y
Expenses paid per $1,000*†	$4.80	$8.78	$8.78	$6.13	$2.94	$3.47
Ending value (after expenses)	$1,151.20	$1,146.80	$1,146.90	$1,149.70	$1,153.10	$1,152.50

* Expenses for each share class are calculated using the fund's annualized expense ratio for each class, which represents the ongoing expenses as a percentage of average net assets for the six months ended 6/30/23. The expense ratio may differ for each share class.

† Expenses are calculated by multiplying the expense ratio by the average account value for the period; then multiplying the result by the number of days in the period (181); and then dividing that result by the number of days in the year (365).

Estimate the expenses you paid

To estimate the ongoing expenses you paid for the six months ended 6/30/23, use the following calculation method. To find the value of your investment on 1/1/23, call Putnam at 1-800-225-1581.

How to calculate the expenses you paid						
Value of your investment on 1/1/23	÷	**$1,000**	X	**Expenses paid per $1,000**	=	**Total expenses paid**
Example *Based on a $10,000 investment in class A shares of your fund.*						
$10,000	÷	**$1,000**	X	**$4.80** *(see preceding table)*	=	**$48.00**

Compare expenses using the SEC's method

The Securities and Exchange Commission (SEC) has established guidelines to help investors assess fund expenses. Per these guidelines, the following table shows your fund's expenses based on a $1,000 investment, assuming a *hypothetical 5% annualized return*. You can use this information to compare the ongoing expenses (but not transaction expenses or total costs) of investing in the fund with those of other funds. All mutual fund shareholder reports will provide this information to help you make this comparison. Please note that you cannot use this information to estimate your actual ending account balance and expenses paid during the period.

	Class A	Class B	Class C	Class R	Class R6	Class Y
Expenses paid per $1,000*†	$4.51	$8.25	$8.25	$5.76	$2.76	$3.26
Ending value (after expenses)	$1,020.33	$1,016.61	$1,016.61	$1,019.09	$1,022.07	$1,021.57

* Expenses for each share class are calculated using the fund's annualized expense ratio for each class, which represents the ongoing expenses as a percentage of average net assets for the six months ended 6/30/23. The expense ratio may differ for each share class.

† Expenses are calculated by multiplying the expense ratio by the average account value for the six-month period; then multiplying the result by the number of days in the six-month period (181); and then dividing that result by the number of days in the year (365).

Comparative index definitions

Bloomberg U.S. Aggregate Bond Index is an unmanaged index of U.S. investment-grade fixed income securities.

ICE BofA (Intercontinental Exchange Bank of America) U.S. 3-Month Treasury Bill Index is an unmanaged index that seeks to measure the performance of U.S. Treasury bills available in the marketplace.

Putnam Sustainable Leaders Linked Benchmark represents the performance of the Russell 3000® Growth Index through July 31, 2019, and the performance of the S&P 500® Index thereafter.

Russell 3000® Growth Index is an unmanaged index of those companies in the broad-market Russell 3000 Index chosen for their growth orientation.

S&P 500® Index is an unmanaged index of common stock performance.

Indexes assume reinvestment of all distributions and do not account for fees. Securities and performance of a fund and an index will differ. You cannot invest directly in an index.

Lipper, a Refinitiv company, is a third-party industry-ranking entity that ranks funds. Its rankings do not reflect sales charges. Lipper rankings are based on total return at net asset value relative to other funds that have similar current investment styles or objectives as determined by Lipper. Lipper may change a fund's category assignment at its discretion. Lipper category medians reflect performance trends for funds within a category.

Other information for shareholders

Important notice regarding delivery of shareholder documents

In accordance with Securities and Exchange Commission (SEC) regulations, Putnam sends a single notice of internet availability, or a single printed copy, of annual and semiannual shareholder reports, prospectuses, and proxy statements to Putnam shareholders who share the same address, unless a shareholder requests otherwise. If you prefer to receive your own copy of these documents, please call Putnam at 1-800-225-1581 or, for exchange-traded funds only, 1-833-228-5577. We will begin sending individual copies within 30 days.

Proxy voting

Putnam is committed to managing our funds in the best interests of our shareholders. The Putnam funds' proxy voting guidelines and procedures, as well as information regarding how your fund voted proxies relating to portfolio securities during the 12-month period ended June 30, 2022, are available in the Individual Investors section of putnam.com and on the SEC's website, www.sec.gov. If you have questions about finding forms on the SEC's website, you may call the SEC at 1-800-SEC-0330. You may also obtain the Putnam funds' proxy voting guidelines and procedures at no charge by calling Putnam's Shareholder Services at 1-800-225-1581 or, for exchange-traded funds only, 1-833-228-5577.

Fund portfolio holdings

The fund will file a complete schedule of its portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-PORT within 60 days of the end of such fiscal quarter. Shareholders may obtain the fund's Form N-PORT on the SEC's website at www.sec.gov.

Trustee and employee fund ownership

Putnam employees and members of the Board of Trustees place their faith, confidence, and, most importantly, investment dollars in Putnam funds. As of June 30, 2023, Putnam employees had approximately $493,000,000 and the Trustees had approximately $69,000,000 invested in Putnam funds. These amounts include investments by the Trustees' and employees' immediate family members as well as investments through retirement and deferred compensation plans.

Liquidity risk management program

Putnam, as the administrator of the fund's liquidity risk management program (appointed by the Board of Trustees), presented the most recent annual report on the program to the Trustees in May 2023. The report covered the structure of the program, including the program documents and related policies and procedures adopted to comply with Rule 22e-4 under the Investment Company Act of 1940, and reviewed the operation of the program from January 2022 through December 2022. The report included a description of the annual liquidity assessment of the fund that Putnam performed in November 2022. The report noted that there were no material compliance exceptions identified under Rule 22e-4 during the period. The report included a review of the governance of the program and the methodology for classification of the fund's investments. Putnam concluded that the program has been operating effectively and adequately to ensure compliance with Rule 22e-4.

Important notice regarding Putnam's privacy policy

In order to conduct business with our shareholders, we must obtain certain personal information such as account holders' names, addresses, Social Security numbers, and dates of birth. Using this information, we are able to maintain accurate records of accounts and transactions.

It is our policy to protect the confidentiality of our shareholder information, whether or not a shareholder currently owns shares of our funds. In particular, it is our policy not to sell information about you or your accounts to outside marketing firms. We have safeguards in place designed to prevent unauthorized access to our computer systems and procedures to protect personal information from unauthorized use.

Under certain circumstances, we must share account information with outside vendors who provide services to us, such as mailings and proxy solicitations. In these cases, the service providers enter into confidentiality agreements with us, and we provide only the information necessary to process transactions and perform other services related to your account. Finally, it is our policy to share account information with your financial representative, if you've listed one on your Putnam account.

Trustee approval of management contracts

Consideration of your fund's new and interim management and sub-management contracts

At their meeting on June 23, 2023, the Board of Trustees of your fund, including all of the Trustees who are not "interested persons" (as this term is defined in the Investment Company Act of 1940, as amended (the "1940 Act")) of the Putnam mutual funds, closed-end funds and exchange-traded funds (collectively, the "funds") (the "Independent Trustees") approved, subject to approval by your fund's shareholders, a new management contract with Putnam Investment Management ("Putnam Management") and a new sub-management contract between Putnam Management and its affiliate, Putnam Investments Limited ("PIL") (collectively, the "New Management Contracts"). The Trustees considered the proposed New Management Contracts in connection with the planned acquisition of Putnam U.S. Holdings I, LLC ("Putnam Holdings") by a subsidiary of Franklin Resources, Inc. ("Franklin Templeton"). The Trustees considered that, on May 31, 2023, Franklin Templeton and Great-West Lifeco Inc., the parent company of Putnam Holdings, announced that they had entered into a definitive agreement for a subsidiary of Franklin Templeton to acquire Putnam Holdings in a stock and cash transaction (the "Transaction"). The Trustees noted that Putnam Holdings was the parent company of Putnam Management and PIL. The Trustees were advised that the Transaction would result in a "change of control" of Putnam Management and PIL and would cause your fund's current Management Contract with Putnam Management and Sub-Management Contract with PIL (collectively, the "Current Management Contracts") to terminate in accordance with the 1940 Act. The Trustees considered that the New Management Contracts would take effect upon the closing of the Transaction, which was expected to occur in the fourth quarter of 2023.

In addition to the New Management Contracts, the Trustees also approved interim management and sub-management contracts with Putnam Management and PIL, respectively (the "Interim Management Contracts"), which would take effect in the event that for any reason shareholder approval of a New Management Contract was not received by the time of the Transaction closing. The Trustees considered that each Interim Management Contract that became effective would remain in effect until shareholders approved the proposed New Management Contract, or until 150 days elapse after the closing of the Transaction, whichever occurred first. The considerations and conclusions discussed in connection with the Trustees' consideration of the New Management Contracts and the continuance of your fund's Current Management Contracts also apply to the Trustees' consideration of the Interim Management Contracts, supplemented by consideration of the terms, nature and reason for any Interim Management Contract.

The Independent Trustees met with their independent legal counsel, as defined in Rule 0-1(a)(6) under the 1940 Act (their "independent legal counsel"), and representatives of Putnam Management and its parent company, Power Corporation of Canada, to discuss the potential Transaction, including the timing and structure of the Transaction and its implications for Putnam Management and the funds, during their regular meeting on November 18, 2022, and the full Board of Trustees further discussed these matters with representatives of Putnam Management at its regular meeting on December 15, 2022. At a special meeting on December 20, 2022, the full Board of Trustees met with representatives of Putnam Management, Power Corporation of Canada and Franklin Templeton to further discuss the potential Transaction, including Franklin Templeton's strategic plans for Putnam Management's asset management business and the funds, potential sources of synergy between Franklin Templeton and Putnam Management, potential areas of partnership between Power Corporation of Canada and Franklin Templeton, Franklin Templeton's distribution capabilities, Franklin Templeton's existing service provider relationships and Franklin Templeton's recent acquisitions of other asset management firms.

In order to assist the Independent Trustees in their consideration of the New Management Contracts and other anticipated impacts of the Transaction on the funds and their shareholders, independent legal counsel for the Independent Trustees furnished an initial information request to Franklin Templeton (the "Initial Franklin Request"). At a special meeting of the full Board of Trustees held on January 25, 2023, representatives of Franklin Templeton addressed the firm's responses to the Initial Franklin Request. At the meeting, representatives of Franklin Templeton discussed, among other things, the business and financial condition of Franklin Templeton and its affiliates, Franklin Templeton's U.S. registered fund operations, its recent acquisition history, Franklin Templeton's intentions regarding the operation of Putnam Management and the funds following the completion of the potential Transaction and expected benefits to the funds and Putnam Management that might result from the Transaction.

The Board of Trustees actively monitored developments with respect to the potential Transaction throughout the period leading up to the public announcement of a final sale agreement on May 31, 2023. The Independent Trustees met to discuss these matters at their regular meetings on January 27, April 20 and May 19, 2023. The full Board of Trustees also discussed developments at their regular meeting on February 23, 2023. Following the public announcement of the Transaction on May 31, 2023, independent legal counsel for the Independent Trustees furnished a supplemental information request (the "Supplemental Franklin Request") to Franklin Templeton. At the Board of Trustees' regular in-person meeting held on June 22 – 23, 2023, representatives of Putnam Management and Power Corporation of Canada provided further information regarding, among other matters, the final terms of the Transaction and efforts undertaken to retain Putnam employees. The Contract Committee of the Board of Trustees also met on June 22, 2023 to discuss Franklin Templeton's responses to the Supplemental Franklin Request. Mr. Reynolds, the only Trustee affiliated with Putnam Management, participated in portions of these meetings to provide the perspective of the Putnam organization, but did not otherwise participate in the deliberations of the Independent Trustees or the Contract Committee regarding the potential Transaction.

After the presentations and after reviewing the written materials provided, the Independent Trustees met at their in-person meeting on June 23, 2023 to consider the New Management Contracts for each fund, proposed to become effective upon the closing of the Transaction, and the filing of a preliminary proxy statement. At this meeting and throughout the process, the Independent Trustees also received advice from their independent legal counsel regarding their responsibilities in evaluating the potential Transaction and the New Management Contracts. The Independent Trustees reviewed the terms of the proposed New Management Contracts and the differences between the New Management Contracts and the Current Management Contracts. They noted that the terms of the proposed New Management Contracts were substantially identical to the Current Management Contracts, except for certain changes designed largely to address differences among various of the existing contracts, which had been developed and implemented at different times in the past.

In considering the approval of the proposed New Management Contracts, the Board of Trustees took into account a number of factors, including:[1]

(i) Franklin Templeton's and Putnam Management's belief that the Transaction would not adversely affect the funds or their shareholders and their belief that the Transaction was likely to result in certain benefits (described below) for the funds and their shareholders;

(ii) That Franklin Templeton did not intend to make any material change in Putnam Management's senior investment professionals (other than certain changes related to reporting structure and organization of personnel discussed below), including the portfolio managers of the funds, or to the firm's operating locations as a result of the Transaction;

(iii) That Franklin Templeton intended for Putnam Management's equity investment professionals to continue to operate largely independently from Franklin Templeton, reporting to Franklin Templeton's Head of Public Markets following the Transaction;

(iv) That, while Putnam Management's organizational structure was not expected to change immediately following the Transaction, Franklin Templeton intended to revise Putnam Management's reporting structure in order to include Putnam Management's fixed income investment professionals in Franklin Templeton's fixed income group and to include Putnam Management's Global Asset Allocation ("GAA") investment

[1]All subsequent references to Putnam Management describing the Board of Trustees' considerations should be deemed to include references to PIL as necessary or appropriate in the context.

professionals in Franklin Templeton's investment solutions group, with both Franklin Templeton groups reporting to Franklin Templeton's Head of Public Markets;

(v) Franklin Templeton's expectation that there would not be any changes in the investment objectives, strategies or portfolio holdings of the funds as a result of the Transaction;

(vi) That neither Franklin Templeton nor Putnam Management had any current plans to propose changes to the funds' existing management fees or expense limitations, or current plans to make changes to the funds' existing distribution arrangements;

(vii) Franklin Templeton's and Putnam Management's representations that, following the Transaction, there was not expected to be any diminution in the nature, quality and extent of services provided to the funds and their shareholders by Putnam Management and PIL, including compliance and other non-advisory services;

(viii) That Franklin Templeton did not currently plan to change the branding of the funds or to change the lineup of funds in connection with the Transaction but would continue to evaluate how best to position the funds in the market;

(ix) The possible benefits accruing to the funds and their shareholders as a result of the Transaction, including:

a. That the scale of Franklin Templeton's investment operations platform would increase the investment and operational resources available to the funds;

b. That the Putnam open-end funds would benefit from Franklin Templeton's large retail and institutional global distribution capabilities and significant network of intermediary relationships, which may provide additional opportunities for the funds to increase assets and reduce expenses by spreading expenses over a larger asset base; and

c. Potential benefits to fund shareholders of the Putnam open-end funds that could result from the alignment of certain fund features and shareholder benefits with those of other funds sponsored by Franklin Templeton and its affiliates and access to a broader array of investment opportunities;

(x) The financial strength, reputation, experience and resources of Franklin Templeton and its investment advisory subsidiaries;

(xi) Franklin Templeton's expectation that the Transaction would not impact the capabilities or responsibilities of Putnam Management's Investment Division (other than any impact related to reporting structure changes for Putnam Management's equity, fixed income and GAA investment groups and to including Putnam Management's fixed income and GAA investment professionals in existing Franklin Templeton investment groups, as discussed above) and that any changes to the Investment Division over the longer term would be made in order to achieve perceived operational efficiencies or improvements to the portfolio management process;

(xii) Franklin Templeton's commitment to maintaining competitive compensation arrangements to allow Putnam Management to continue to attract and retain highly qualified personnel and Putnam Management's and Franklin Templeton's efforts to retain personnel, including efforts implemented since the Transaction was announced;

(xiii) That the current senior management teams at Putnam Management and Power Corporation of Canada had indicated their strong support of the Transaction and that Putnam Management had recommended that the Board of Trustees approve the New Management Contracts; and

(xiv) Putnam Management's and Great-West Lifeco Inc.'s commitment to bear all expenses incurred by the funds in connection with the Transaction, including all costs associated with the proxy solicitation in connection with seeking shareholder approval of the New Management Contracts.

Finally, in considering the proposed New Management Contracts, the Board of Trustees also took into account their concurrent deliberations and conclusions, as described below, in connection with their annual review of the funds' Current Management Contracts and the approval of their continuance, effective July 1, 2023, and the extensive materials that they had reviewed in connection with that review process.

Based upon the foregoing considerations, on June 23, 2023, the Board of Trustees, including all of the Independent Trustees, unanimously approved the proposed New Management Contracts and determined to recommend their approval to the shareholders of the funds.

General conclusions — Current Management Contracts

The Board of Trustees oversees the management of each fund and, as required by law, determines annually whether to approve the continuance of your fund's management contract with Putnam Management and the sub-management contract with respect to your fund between Putnam Management and PIL. (Because PIL is an affiliate of Putnam Management and Putnam Management remains fully responsible for all services provided by PIL, the Trustees have not attempted to evaluate PIL as a separate entity.) The Board of Trustees, with the assistance of its Contract Committee, requests and evaluates all information it deems reasonably necessary under the circumstances in connection with its annual contract review. The Contract Committee consists solely of Independent Trustees.

At the outset of the review process, members of the Board of Trustees' independent staff and independent legal counsel considered any possible changes to the annual contract review materials furnished to the Contract Committee during the course of the previous year's review and, as applicable, identified those changes to Putnam Management. Following these discussions and in consultation with the Contract Committee, the Independent Trustees' independent legal counsel requested that Putnam Management and its affiliates furnish specified information, together with any additional information that Putnam Management considered relevant, to the Contract Committee. Over the course of several months ending in June 2023, the Contract Committee met on a number of occasions with representatives of Putnam Management, and separately in executive session, to consider the information that Putnam Management provided. Throughout this process, the Contract Committee was assisted by the members of the Board of Trustees' independent staff and by independent legal counsel for the funds and the Independent Trustees.

At the Board of Trustees' June 2023 meeting, the Contract Committee met in executive session to discuss and consider its recommendations with respect to the continuance of the contracts. At that meeting, the Contract Committee also met in executive session with the other Independent Trustees to review a summary of the key financial, performance and other data that the Contract Committee considered in the course of its review. The Contract Committee recommended, and the Independent Trustees approved, the continuance of your fund's Current Management Contracts, effective July 1, 2023, and the approval of your fund's New Management Contracts and Interim Management Contracts, as discussed above.

The Independent Trustees' approvals were based on the following conclusions:

- That the fee schedule in effect for your fund represented reasonable compensation in light of the nature and quality of the services being provided to the fund, the fees paid by competitive funds, the costs incurred by Putnam Management in providing services to the fund and the application of certain reductions and waivers noted below; and
- That the fee schedule in effect for your fund represented an appropriate sharing between fund shareholders and Putnam Management of any economies of scale as may exist in the management of the fund at current asset levels.

These conclusions were based on a comprehensive consideration of all information provided to the Trustees and were not the result of any single factor. Some of the factors that figured particularly in the Trustees' deliberations and how the Trustees considered these factors are described below, although individual Trustees may have evaluated the information presented differently, giving different weights to various factors. It is also important to recognize that the management arrangements for your fund and the other Putnam mutual funds and closed-end funds are the result of many years of review and discussion between the Independent Trustees and Putnam Management, that some aspects of the arrangements may receive greater scrutiny in some years than others and that the Trustees' conclusions may be based, in part, on their consideration of fee arrangements in previous years. For example, with certain exceptions primarily involving newer funds (including the exchange-traded funds) or repositioned funds, the current fee arrangements under the vast majority of the funds' management contracts were first implemented at the beginning of 2010 following extensive review by the Contract Committee and discussions with representatives of Putnam Management, as well as approval by shareholders. The Trustees also took into account their concurrent deliberations and conclusions, and the materials that they had reviewed, in connection with their approval on June 23, 2023 of the Interim Management Contracts and the

New Management Contracts, which had been proposed in light of the Transaction (which would cause the fund's Current Management Contracts to terminate in accordance with applicable law or the terms of each contract).

Management fee schedules and total expenses

The Trustees reviewed the management fee schedules in effect for all funds, including fee levels and breakpoints. Under its management contract, your fund has the benefit of breakpoints in its management fee schedule that provide shareholders with reduced fee levels as assets under management in the Putnam family of funds increase. The Trustees also reviewed the total expenses of each Putnam fund, recognizing that in most cases management fees represented the major, but not the sole, determinant of total costs to fund shareholders. (Two mutual funds and each of the exchange-traded funds have implemented so-called "all-in" or unitary management fees covering substantially all routine fund operating costs.)

In reviewing fees and expenses, the Trustees generally focus their attention on material changes in circumstances — for example, changes in assets under management, changes in a fund's investment strategy, changes in Putnam Management's operating costs or profitability, or changes in competitive practices in the fund industry — that suggest that consideration of fee changes might be warranted. The Trustees concluded that the circumstances did not indicate that changes to the management fee schedule for your fund would be appropriate at this time.

In addition, your fund's management contract provides that its management fees will be adjusted up or down depending upon whether your fund's performance is better or worse than the performance of an appropriate index of securities prices specified in the management contract. In the course of reviewing investment performance, the Trustees examined the operation of your fund's performance fees and concluded that these fees were operating effectively to align further Putnam Management's economic interests with those of the fund's shareholders.

As in the past, the Trustees also focused on the competitiveness of each fund's total expense ratio. The Trustees, Putnam Management and the funds' investor servicing agent, Putnam Investor Services, Inc. ("PSERV"), have implemented expense limitations that were in effect during your fund's fiscal year ending in 2022. These expense limitations were: (i) a contractual expense limitation applicable to specified mutual funds, including your fund, of 25 basis points on investor servicing fees and expenses and (ii) a contractual expense limitation applicable to specified mutual funds, including your fund, of 20 basis points on so-called "other expenses" (i.e., all expenses exclusive of management fees, distribution fees, investor servicing fees, investment-related expenses, interest, taxes, brokerage commissions, acquired fund fees and expenses and extraordinary expenses). These expense limitations attempt to maintain competitive expense levels for the funds. Most funds, including your fund, had sufficiently low expenses that these expense limitations were not operative during their fiscal years ending in 2022. Putnam Management and PSERV have agreed to maintain these expense limitations until at least October 30, 2024. Putnam Management and PSERV's commitment to these expense limitation arrangements, which were intended to support an effort to have the mutual fund expenses meet competitive standards, was an important factor in the Trustees' decision to approve your fund's New Management Contracts and Interim Management Contracts and the continuance of your fund's Current Management Contracts.

The Trustees reviewed comparative fee and expense information for a custom group of competitive funds selected by Broadridge Financial Solutions, Inc. ("Broadridge"). This comparative information included your fund's percentile ranking for effective management fees and total expenses (excluding any applicable 12b-1 fees), which provides a general indication of your fund's relative standing. In the custom peer group, your fund ranked in the second quintile in effective management fees (determined for your fund and the other funds in the custom peer group based on fund asset size and the applicable contractual management fee schedule) and in the fourth quintile in total expenses (excluding any applicable 12b-1 fees) as of December 31, 2022. The first quintile represents the least expensive funds and the fifth quintile the most expensive funds. The fee and expense data reported by Broadridge as of December 31, 2022 reflected the most recent fiscal year-end data available in Broadridge's database at that time.

In connection with their review of fund management fees and total expenses, the Trustees also reviewed the costs of the services provided and the profits realized by Putnam Management and its affiliates from their contractual relationships with the funds. This information included trends in revenues, expenses and profitability of Putnam Management and its affiliates relating to the investment management, investor servicing and distribution services provided to the funds, as applicable. In this regard, the Trustees also reviewed an analysis of the revenues, expenses and profitability of Putnam Management and its affiliates, allocated on a fund-by-fund basis, with respect to (as applicable) the funds' management, distribution and investor servicing contracts. For each fund, the analysis presented information about revenues, expenses and profitability in 2022 for each of the applicable agreements separately and for the agreements taken together on a combined basis. The Trustees concluded that, at current asset levels, the fee schedules in place for each of the funds, including the fee schedule for your fund, represented reasonable compensation for the services being provided and represented an appropriate sharing between fund shareholders and Putnam Management of any economies of scale as may exist in the management of the funds at that time.

The information examined by the Trustees in connection with their annual contract review for the funds included information regarding services provided and fees charged by Putnam Management and its affiliates to other clients, including collective investment trusts offered in the defined contribution and defined benefit retirement plan markets, sub-advised mutual funds, private funds sponsored by affiliates of Putnam Management, model-only separately managed accounts and Putnam Management's manager-traded separately managed account programs. This information included, in cases where a product's investment strategy corresponds with a fund's strategy, comparisons of those fees with fees charged to the funds, as well as an assessment of the differences in the services provided to these clients as compared to the services provided to the funds. The Trustees observed that the differences in fee rates between these clients and the funds are by no means uniform when examined by individual asset sectors, suggesting that differences in the pricing of investment management services to these types of clients may reflect, among other things, historical competitive forces operating in separate marketplaces. The Trustees considered the fact that in many cases fee rates across different asset classes are higher on average for 1940 Act-registered funds than for other clients, and the Trustees also considered the differences between the services that Putnam Management provides to the funds and those that it provides to its other clients. The Trustees did not rely on these comparisons to any significant extent in concluding that the management fees paid by your fund are reasonable.

Investment performance

The quality of the investment process provided by Putnam Management represented a major factor in the Trustees' evaluation of the quality of services provided by Putnam Management under your fund's management contract. The Trustees were assisted in their review of Putnam Management's investment process and performance by the work of the investment oversight committees of the Trustees and the full Board of Trustees, which meet on a regular basis with individual portfolio managers and with senior management of Putnam Management's Investment Division throughout the year. The Trustees concluded that Putnam Management generally provides a high-quality investment process — based on the experience and skills of the individuals assigned to the management of fund portfolios, the resources made available to them and in general Putnam Management's ability to attract and retain high-quality personnel — but also recognized that this does not guarantee favorable investment results for every fund in every time period.

The Trustees considered that, in the aggregate, peer-relative and benchmark-relative Putnam fund performance was generally encouraging in 2022 against a backdrop of volatile equity and fixed income markets, driven by factors such as Russia's invasion of Ukraine, increased tensions with China, disruptions in energy markets and broader supply chains, rising inflation and the significant tightening of monetary policy by the Board of Governors of the Federal Reserve in an effort to combat inflation. The Trustees further noted that, in the face of these numerous economic headwinds, corporate earnings and employment data had been generally robust throughout 2022. For the one-year period ended December 31, 2022, the Trustees noted that the Putnam funds, on an asset-weighted basis, ranked in the 41st percentile of their peers as determined by Lipper Inc. ("Lipper") and, on an asset-weighted-basis, outperformed their benchmarks by 1.3% gross of fees over the one-year period. The Committee also noted that the funds' aggregate performance over longer-term periods continued to be strong, with the funds, on an asset-weighted basis, ranking in the 34th, 27th and 22nd percentiles of their Lipper peers over the three-year, five-year and ten-year periods ended December 31, 2022, respectively. The Trustees further noted that the funds, in the aggregate, outperformed their benchmarks on a gross basis for each of the three-year, five-year and ten-year periods. The Trustees also considered the Morningstar Inc. ratings assigned to the funds and that 40 funds were rated four or five stars at the end of 2022, which represented an increase of 15 funds year-over-year. The Trustees also considered that seven funds were five-star rated at the end of 2022, which was a year-over-year decrease of two funds, and that 83% of the funds' aggregate assets were in four- or five-star rated funds at year end.

In addition to the performance of the individual Putnam funds, the Trustees considered, as they had in prior years, the performance of The Putnam Fund complex versus competitor fund complexes, as reported in the Barron's/Lipper Fund Families survey (the "Survey"). The Trustees noted that the Survey ranks mutual fund companies based on their performance across a variety of asset types, and that The Putnam Fund complex had performed exceptionally well in 2022. In this regard, the Trustees considered that the funds had ranked 9th out of 49 fund companies, 3rd out of 49 fund companies and 2nd out of 47 fund companies for the one-year, five-year and ten-year periods, respectively. The Trustees also noted that The Putnam Fund complex had been the only fund family to rank in the top ten in all three time periods. They also noted, however, the disappointing investment performance of some Putnam funds for periods ended December 31, 2022 and considered information provided by Putnam Management regarding the factors contributing to the underperformance and, where relevant, actions being taken to improve the performance of these particular funds. The Trustees indicated their intention to continue to monitor the performance of those funds.

For purposes of the Trustees' evaluation of the Putnam funds' investment performance, the Trustees generally focus on a competitive industry ranking of each fund's total net return over a one-year, three-year and five-year period. For a number of Putnam funds with relatively unique investment mandates for which Putnam Management informed the Trustees that meaningful competitive performance rankings are not considered to be available, the Trustees evaluated performance based on their total gross and net returns and comparisons of those returns to the returns of selected investment benchmarks. In the case of your fund, the Trustees considered information about your fund's total return and its performance relative to its benchmark over the one-year, three-year and five-year periods ended December 31, 2022. Your fund's class A shares' return, net of fees and expenses, was negative and trailed the return of its benchmark over the one-year period ended December 31, 2022, was positive but trailed the return of its benchmark over the three-year period ended December 31, 2022 and was positive but slightly trailed the return of its benchmark over the five-year period ended December 31, 2022. (When considering performance information, shareholders should be mindful that past performance is not a guarantee of future results.)

The Trustees expressed concern about your fund's significant underperformance relative to its benchmark over the one-year period ended December 31, 2022 and considered the circumstances that may have contributed to this disappointing performance. The Trustees noted Putnam Management's observation that the fund's portfolio was modestly overweight in growth stocks, which underperformed core indices. The Trustees also considered Putnam Management's observation that sector allocation accounted for approximately one-third of the fund's underperformance during the period and that stock selection accounted for the remainder of the fund's underperformance. With respect to sector allocation, the Trustees noted Putnam Management's observation that an underweight to the energy sector detracted from the fund's performance. The Trustees also considered Putnam Management's observation that stock selection within the materials and information technology sectors detracted from the fund's performance.

The Trustees considered that the fund had delivered stronger performance over the three-year and five-year periods ended December 31, 2022. The Trustees noted that Putnam Management remained confident in the fund's portfolio managers. The Trustees also considered Putnam Management's continued efforts to support fund performance through certain initiatives, including structuring compensation for portfolio managers to enhance accountability for fund performance, emphasizing accountability in the portfolio management process and affirming its commitment to a fundamental-driven approach to investing.

As a general matter, the Trustees believe that cooperative efforts between the Trustees and Putnam Management represent the most effective way to address investment performance concerns that may arise from time to time. The Trustees noted that investors in the Putnam funds have, in effect, placed their trust in the Putnam organization, under the oversight of the funds' Trustees, to make appropriate decisions regarding the management of the funds. The Trustees also considered that Putnam Management has made changes in light of subpar investment performance when warranted. Based on Putnam Management's willingness to take appropriate measures to address fund performance issues, the Trustees concluded that it continued to be advisable to seek change within Putnam Management to address performance shortcomings. In the Trustees' view, the alternative of engaging a new investment adviser for an underperforming fund, with all the attendant risks and disruptions, would not likely provide any greater assurance of improved investment performance.

Brokerage and soft-dollar allocations; distribution and investor servicing

The Trustees considered various potential benefits that Putnam Management may receive in connection with the services it provides under the management contract with your fund. These include benefits related to brokerage allocation and the use of soft dollars, whereby a portion of the commissions paid by a fund for brokerage may be used to acquire research services that are expected to be useful to Putnam Management in managing the assets of the fund and of other clients. Subject to policies established by the Trustees, soft dollars generated by these means are used predominantly to acquire brokerage and research services (including third-party research and market data) that enhance Putnam Management's investment capabilities and supplement Putnam Management's internal research efforts. The Trustees indicated their continued intent to monitor regulatory and industry developments in this area with the assistance of their Brokerage Committee. In addition, with the assistance of their Brokerage Committee, the Trustees indicated their continued intent to monitor the allocation of the funds' brokerage in order to ensure that the principle of seeking best price and execution remains paramount in the portfolio trading process.

Putnam Management may also receive benefits from payments made to Putnam Management's affiliates by the mutual funds for distribution services and investor services. In conjunction with the review of your fund's management and sub-management contracts, the Trustees reviewed your fund's investor servicing agreement with PSERV and its distributor's contract and distribution plans with Putnam Retail Management Limited Partnership ("PRM"), both of which are affiliates of Putnam Management. The Trustees concluded that the fees payable by the mutual funds to PSERV and PRM for such services were fair and reasonable in relation to the nature and quality of such services, the fees paid by competitive funds and the costs incurred by PSERV and PRM in providing such services. Furthermore, the Trustees were of the view that the investor services provided by PSERV were required for the operation of the mutual funds, and that they were of a quality at least equal to those provided by other providers.

Audited financial statements

These sections of the report, as well as the accompanying Notes, preceded by the Report of Independent Registered Public Accounting Firm, constitute the fund's audited financial statements.

The fund's portfolio lists all the fund's investments and their values as of the last day of the reporting period. Holdings are organized by asset type and industry sector, country, or state to show areas of concentration and diversification.

Statement of assets and liabilities shows how the fund's net assets and share price are determined. All investment and non-investment assets are added together. Any unpaid expenses and other liabilities are subtracted from this total. The result is divided by the number of shares to determine the net asset value per share, which is calculated separately for each class of shares. (For funds with preferred shares, the amount subtracted from total assets includes the liquidation preference of preferred shares.)

Statement of operations shows the fund's net investment gain or loss. This is done by first adding up all the fund's earnings — from dividends and interest income — and subtracting its operating expenses to determine net investment income (or loss). Then, any net gain or loss the fund realized on the sales of its holdings — as well as any unrealized gains or losses over the period — is added to or subtracted from the net investment result to determine the fund's net gain or loss for the fiscal period.

Statement of changes in net assets shows how the fund's net assets were affected by the fund's net investment gain or loss, by distributions to shareholders, and by changes in the number of the fund's shares. It lists distributions and their sources (net investment income or realized capital gains) over the current reporting period and the most recent fiscal year-end. The distributions listed here may not match the sources listed in the Statement of operations because the distributions are determined on a tax basis and may be paid in a different period from the one in which they were earned.

Financial highlights provide an overview of the fund's investment results, per-share distributions, expense ratios, net investment income ratios, and portfolio turnover (not required for money market funds) in one summary table, reflecting the five most recent reporting periods. In a semiannual report, the highlights table also includes the current reporting period.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of
Putnam Sustainable Leaders Fund:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the fund's portfolio, of Putnam Sustainable Leaders Fund (the "Fund") as of June 30, 2023, the related statement of operations for the year ended June 30, 2023, the statement of changes in net assets for each of the two years in the period ended June 30, 2023, including the related notes, and the financial highlights for each of the five years in the period ended June 30, 2023 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of June 30, 2023, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended June 30, 2023 and the financial highlights for each of the five years in the period ended June 30, 2023 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of June 30, 2023 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Boston, Massachusetts
August 11, 2023

We have served as the auditor of one or more investment companies in the Putnam Investments family of funds since at least 1957. We have not been able to determine the specific year we began serving as auditor.

The fund's portfolio 6/30/23

COMMON STOCKS (96.0%)*	Shares	Value
Automobiles (1.2%)		
General Motors Co.	1,641,900	$63,311,664
		63,311,664
Banks (3.0%)		
Bank of America Corp.	2,959,326	84,903,063
JPMorgan Chase & Co.	555,100	80,733,744
		165,636,807
Beverages (1.8%)		
Heineken NV (Netherlands)	955,292	98,174,641
		98,174,641
Biotechnology (1.2%)		
Regeneron Pharmaceuticals, Inc. †	88,200	63,375,228
		63,375,228
Broadline retail (3.8%)		
Amazon.com, Inc. †	1,586,840	206,860,462
		206,860,462
Capital markets (3.1%)		
Charles Schwab Corp. (The)	1,180,000	66,882,400
KKR & Co., Inc.	1,012,000	56,672,000
TPG, Inc.	1,493,731	43,706,569
		167,260,969
Chemicals (4.2%)		
Eastman Chemical Co.	756,500	63,334,180
Ginkgo Bioworks Holdings, Inc. †	5,802,091	10,791,889
Linde PLC	275,000	104,797,000
Novozymes A/S Class B (Denmark)	1,046,374	48,749,512
		227,672,581
Consumer staples distribution and retail (4.4%)		
Dollar General Corp.	390,400	66,282,112
Target Corp.	244,100	32,196,790
Walmart, Inc.	899,900	141,446,282
		239,925,184
Electric utilities (2.2%)		
Constellation Energy Corp.	1,127,000	103,176,850
NextEra Energy, Inc.	256,500	19,032,300
		122,209,150
Entertainment (1.2%)		
Walt Disney Co. (The) †	750,300	66,986,784
		66,986,784
Financial services (2.3%)		
Visa, Inc. Class A	520,600	123,632,088
		123,632,088
Ground transportation (0.5%)		
Canadian Pacific Kansas City, Ltd. (Canada)	339,300	27,405,246
		27,405,246
Health care equipment and supplies (3.2%)		
Boston Scientific Corp. †	1,951,400	105,551,226
Cooper Cos., Inc. (The)	174,700	66,985,221
		172,536,447

COMMON STOCKS (96.0%)* *cont.*	Shares	Value
Health care providers and services (2.6%)		
UnitedHealth Group, Inc.	290,400	$139,577,856
		139,577,856
Hotels, restaurants, and leisure (4.3%)		
Chipotle Mexican Grill, Inc. †	41,500	88,768,500
Hilton Worldwide Holdings, Inc.	793,736	115,528,275
Starbucks Corp.	298,900	29,609,034
		233,905,809
Independent power and renewable electricity producers (0.8%)		
AES Corp. (The)	2,156,000	44,693,880
		44,693,880
Industrial REITs (1.2%)		
Prologis, Inc. R	517,700	63,485,551
		63,485,551
Life sciences tools and services (3.1%)		
Danaher Corp.	264,300	63,432,000
Thermo Fisher Scientific, Inc.	197,800	103,202,150
		166,634,150
Machinery (5.3%)		
Fortive Corp.	1,469,900	109,904,423
Ingersoll Rand, Inc.	1,844,600	120,563,056
Otis Worldwide Corp.	679,200	60,455,592
		290,923,071
Office REITs (0.7%)		
Boston Properties, Inc. R	698,100	40,203,579
		40,203,579
Personal care products (2.3%)		
Kenvue, Inc. †	2,085,831	55,107,655
Unilever PLC (United Kingdom)	1,364,920	71,059,330
		126,166,985
Pharmaceuticals (6.0%)		
Eli Lilly and Co.	341,400	160,109,772
Merck & Co., Inc.	862,800	99,558,492
Sanofi (France)	643,290	68,932,302
		328,600,566
Semiconductors and semiconductor equipment (8.5%)		
Advanced Micro Devices, Inc. †	718,500	81,844,335
Applied Materials, Inc.	539,200	77,935,968
ASML Holding NV (NY Reg Shares) (Netherlands)	117,600	85,230,600
NVIDIA Corp.	515,900	218,236,018
		463,246,921
Software (16.2%)		
Adobe, Inc. †	225,400	110,218,346
Intuit, Inc.	110,400	50,584,176
Microsoft Corp.	1,404,800	478,390,593
Roper Technologies, Inc.	238,200	114,526,560
Salesforce, Inc. †	615,000	129,924,900
		883,644,575
Specialized REITs (1.2%)		
American Tower Corp. R	335,263	65,020,906
		65,020,906

COMMON STOCKS (96.0%)* *cont.*	Shares	Value
Specialty retail (1.7%)		
Home Depot, Inc. (The)	293,800	$91,266,032
		91,266,032
Technology hardware, storage, and peripherals (8.2%)		
Apple, Inc.	2,306,928	447,474,824
		447,474,824
Textiles, apparel, and luxury goods (1.0%)		
LVMH Moet Hennessy Louis Vuitton SA (France)	60,267	56,753,789
		56,753,789
Wireless telecommunication services (0.8%)		
T-Mobile US, Inc. †	324,299	45,045,131
		45,045,131
Total common stocks (cost $3,226,083,310)		**$5,231,630,876**

CONVERTIBLE PREFERRED STOCKS (—%)*	Shares	Value
UNEXT.com, LLC $0.00 cv. pfd. (acquired 4/14/00, cost $10,451,238) (Private) † ΔΔ F	125,000	$—
Total convertible preferred stocks (cost $10,451,238)		**$—**

SHORT-TERM INVESTMENTS (3.6%)*		Principal amount/ shares	Value
Putnam Short Term Investment Fund Class P 5.23% L	Shares	186,254,996	$186,254,996
U.S. Treasury Bills 5.318%, 11/9/23 Δ		$5,700,000	5,594,062
U.S. Treasury Bills 5.324%, 11/16/23 Δ		4,600,000	4,509,983
U.S. Treasury Bills 5.453%, 10/26/23 Δ		1,400,000	1,376,744
U.S. Treasury Bills 5.353%, 12/7/23 Δ		600,000	586,372
Total short-term investments (cost $198,321,275)			**$198,322,157**

TOTAL INVESTMENTS	
Total investments (cost $3,434,855,823)	**$5,429,953,033**

Notes to the fund's portfolio

Unless noted otherwise, the notes to the fund's portfolio are for the close of the fund's reporting period, which ran from July 1, 2022 through June 30, 2023 (the reporting period). Within the following notes to the portfolio, references to "Putnam Management" represent Putnam Investment Management, LLC, the fund's manager, an indirect wholly-owned subsidiary of Putnam Investments, LLC and references to "ASC 820" represent Accounting Standards Codification 820 *Fair Value Measurements and Disclosures*.

* Percentages indicated are based on net assets of $5,450,969,285.

† This security is non-income-producing.

ΔΔ This security is restricted with regard to public resale. The total fair value of this security and any other restricted securities (excluding 144A securities), if any, held at the close of the reporting period was $-.

Δ This security, in part or in entirety, was pledged and segregated with the custodian for collateral on certain derivative contracts at the close of the reporting period. Collateral at period end totaled $4,338,650 and is included in Investments in securities on the Statement of assets and liabilities (Notes 1 and 8).

F This security is valued by Putnam Management at fair value following procedures approved by the Trustees. Securities are classified as Level 3 for ASC 820 based on the securities' valuation inputs (Note 1).

L Affiliated company (Note 5). The rate quoted in the security description is the annualized 7-day yield of the fund at the close of the reporting period.

R Real Estate Investment Trust.

Unless otherwise noted, the rates quoted in Short-term investments security descriptions represent the weighted average yield to maturity.

The dates shown on debt obligations are the original maturity dates.

FORWARD CURRENCY CONTRACTS at 6/30/23 (aggregate face value $449,639,913)

Counterparty	Currency	Contract type*	Delivery date	Value	Aggregate face value	Unrealized appreciation/ (depreciation)
Bank of America N.A.						
	British Pound	Sell	9/20/23	$14,931,768	$14,554,911	$(376,857)
	Danish Krone	Sell	9/20/23	18,956,807	18,686,895	(269,912)
	Euro	Sell	9/20/23	16,256,645	16,089,716	(166,929)
Barclays Bank PLC						
	British Pound	Sell	9/20/23	3,897,315	3,800,548	(96,767)
Citibank, N.A.						
	Euro	Sell	9/20/23	17,705,604	17,519,444	(186,160)
HSBC Bank USA, National Association						
	British Pound	Sell	9/20/23	16,372,889	15,961,659	(411,230)
	Danish Krone	Sell	9/20/23	31,772,441	31,309,832	(462,609)
	Euro	Sell	9/20/23	45,231,444	44,770,294	(461,150)
JPMorgan Chase Bank N.A.						
	Euro	Sell	9/20/23	35,114,911	34,758,248	(356,663)
Morgan Stanley & Co. International PLC						
	Euro	Sell	9/20/23	63,980,939	63,325,418	(655,521)
State Street Bank and Trust Co.						
	British Pound	Sell	9/20/23	38,696,864	37,730,263	(966,601)
	Euro	Sell	9/20/23	29,884,506	29,578,268	(306,238)
	Swiss Franc	Sell	9/20/23	18,325,890	18,209,231	(116,659)
UBS AG						
	Euro	Sell	9/20/23	59,103,354	58,505,900	(597,454)
WestPac Banking Corp.						
	Euro	Sell	9/20/23	45,296,510	44,839,286	(457,224)
Unrealized appreciation						—
Unrealized (depreciation)						**(5,887,974)**
Total						**$(5,887,974)**

* The exchange currency for all contracts listed is the United States Dollar.

ASC 820 establishes a three-level hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of the fund's investments. The three levels are defined as follows:

Level 1: Valuations based on quoted prices for identical securities in active markets.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the fair value measurement.

The following is a summary of the inputs used to value the fund's net assets as of the close of the reporting period:

	Valuation inputs		
Investments in securities:	**Level 1**	**Level 2**	**Level 3**
Common stocks*:			
Communication services	$112,031,915	$—	$—
Consumer discretionary	652,097,756	—	—
Consumer staples	464,266,810	—	—
Financials	456,529,864	—	—
Health care	870,724,247	—	—
Industrials	318,328,317	—	—
Information technology	1,794,366,320	—	—
Materials	227,672,581	—	—
Real estate	168,710,036	—	—
Utilities	166,903,030	—	—
Total common stocks	**5,231,630,876**	**—**	**—**
Convertible preferred stocks	—	—	—**
Short-term investments	—	198,322,157	—
Totals by level	**$5,231,630,876**	**$198,322,157**	**$—**

	Valuation inputs		
Other financial instruments:	**Level 1**	**Level 2**	**Level 3**
Forward currency contracts	$—	$(5,887,974)	$—
Totals by level	**$—**	**$(5,887,974)**	**$—**

* Common stock classifications are presented at the sector level, which may differ from the fund's portfolio presentation.

** Value of Level 3 security is $—.

At the start and close of the reporting period, Level 3 investments in securities represented less than 1% of the fund's net assets and were not considered a significant portion of the fund's portfolio.

The accompanying notes are an integral part of these financial statements.

Statement of assets and liabilities 6/30/23

ASSETS	
Investment in securities, at value (Note 1):	
Unaffiliated issuers (identified cost $3,248,600,827)	$5,243,698,037
Affiliated issuers (identified cost $186,254,996) (Note 5)	186,254,996
Cash	2,403
Foreign currency (cost $21,176,348) (Note 1)	21,176,348
Dividends, interest and other receivables	4,384,849
Foreign tax reclaim	2,079,296
Receivable for shares of the fund sold	4,758,491
Receivable for investments sold	47,723,157
Prepaid assets	56,965
Total assets	**5,510,134,542**

LIABILITIES	
Payable for investments purchased	43,455,877
Payable for shares of the fund repurchased	1,767,046
Payable for compensation of Manager (Note 2)	1,837,993
Payable for custodian fees (Note 2)	32,630
Payable for investor servicing fees (Note 2)	1,216,594
Payable for Trustee compensation and expenses (Note 2)	1,548,169
Payable for administrative services (Note 2)	19,651
Payable for distribution fees (Note 2)	2,972,514
Unrealized depreciation on forward currency contracts (Note 1)	5,887,974
Other accrued expenses	426,809
Total liabilities	**59,165,257**
Net assets	**$5,450,969,285**

REPRESENTED BY	
Paid-in capital (Unlimited shares authorized) (Notes 1 and 4)	$3,304,901,833
Total distributable earnings (Note 1)	2,146,067,452
Total — Representing net assets applicable to capital shares outstanding	**$5,450,969,285**

COMPUTATION OF NET ASSET VALUE AND OFFERING PRICE	
Net asset value and redemption price per class A share ($4,928,012,690 divided by 48,408,191 shares)	$101.80
Offering price per class A share (100/94.25 of $101.80)*	$108.01
Net asset value and offering price per class B share ($11,056,373 divided by 174,297 shares)**	$63.43
Net asset value and offering price per class C share ($31,578,587 divided by 424,491 shares)**	$74.39
Net asset value, offering price and redemption price per class R share ($1,303,896 divided by 13,584 shares)	$95.99
Net asset value, offering price and redemption price per class R6 share ($98,186,667 divided by 857,890 shares)	$114.45
Net asset value, offering price and redemption price per class Y share ($380,831,072 divided by 3,342,200 shares)	$113.95

*On single retail sales of less than $50,000. On sales of $50,000 or more the offering price is reduced.

**Redemption price per share is equal to net asset value less any applicable contingent deferred sales charge.

The accompanying notes are an integral part of these financial statements.

Statement of operations Year ended 6/30/23

INVESTMENT INCOME	
Dividends (net of foreign tax of $1,036,867)	$60,576,948
Interest (including interest income of $3,704,172 from investments in affiliated issuers) (Note 5)	4,292,951
Securities lending (net of expenses) (Notes 1 and 5)	3,881
Total investment income	**64,873,780**
EXPENSES	
Compensation of Manager (Note 2)	25,410,586
Investor servicing fees (Note 2)	7,324,554
Custodian fees (Note 2)	70,182
Trustee compensation and expenses (Note 2)	211,668
Distribution fees (Note 2)	12,022,538
Administrative services (Note 2)	169,244
Other	1,239,464
Total expenses	**46,448,236**
Expense reduction (Note 2)	(56,281)
Net expenses	**46,391,955**
Net investment income	**18,481,825**
REALIZED AND UNREALIZED GAIN (LOSS)	
Net realized gain (loss) on:	
Securities from unaffiliated issuers (Notes 1 and 3)	157,938,325
Foreign currency transactions (Note 1)	(26,216)
Forward currency contracts (Note 1)	6,329,175
Total net realized gain	**164,241,284**
Change in net unrealized appreciation (depreciation) on:	
Securities from unaffiliated issuers	740,773,359
Assets and liabilities in foreign currencies	83,166
Forward currency contracts	(13,931,345)
Total change in net unrealized appreciation	**726,925,180**
Net gain on investments	**891,166,464**
Net increase in net assets resulting from operations	**$909,648,289**

The accompanying notes are an integral part of these financial statements.

Statement of changes in net assets

INCREASE (DECREASE) IN NET ASSETS	Year ended 6/30/23	Year ended 6/30/22
Operations		
Net investment income	$18,481,825	$5,537,226
Net realized gain on investments and foreign currency transactions	164,241,284	538,475,638
Change in net unrealized appreciation (depreciation) of investments and assets and liabilities in foreign currencies	726,925,180	(1,739,626,250)
Net increase (decrease) in net assets resulting from operations	**909,648,289**	**(1,195,613,386)**
Distributions to shareholders (Note 1):		
From ordinary income		
Net investment income		
Class A	(671,135)	(26,857,916)
Class B	(3,059)	—
Class C	(6,009)	—
Class R	(160)	(1,611)
Class R6	(12,135)	(804,212)
Class Y	(45,940)	(2,861,909)
Net realized short-term gain on investments		
Class A	—	(81,163,859)
Class B	—	(524,793)
Class C	—	(751,530)
Class R	—	(58,343)
Class R6	—	(1,406,578)
Class Y	—	(5,614,468)
From net realized long-term gain on investments		
Class A	(345,871,129)	(542,485,571)
Class B	(1,576,698)	(3,507,625)
Class C	(3,096,768)	(5,023,101)
Class R	(82,434)	(389,957)
Class R6	(6,253,873)	(9,401,329)
Class Y	(23,675,346)	(37,526,159)
Increase from capital share transactions (Note 4)	25,864,942	303,021,205
Total increase (decrease) in net assets	**554,218,545**	**(1,610,971,142)**

NET ASSETS		
Beginning of year	4,896,750,740	6,507,721,882
End of year	**$5,450,969,285**	**$4,896,750,740**

The accompanying notes are an integral part of these financial statements.

Financial highlights
(For a common share outstanding throughout the period)

	INVESTMENT OPERATIONS				LESS DISTRIBUTIONS	
Period ended	**Net asset value, beginning of period**	Net investment income (loss) [a]	Net realized and unrealized gain (loss) on investments	**Total from investment operations**	From net investment income	From net realized gain on investments
Class A						
June 30, 2023	**$92.24**	.33	16.64	**16.97**	(.01)	(7.40)
June 30, 2022	**128.40**	.09	(21.77)	**(21.68)**	(.60)	(13.88)
June 30, 2021	**98.08**	.23	38.43	**38.66**	(.33)	(8.01)
June 30, 2020	**92.99**	.23	11.58	**11.81**	(.31)	(6.41)
June 30, 2019	**95.86**	.14	12.06	**12.20**	(.04)	(15.03)
Class B						
June 30, 2023	**$60.51**	(.26)	10.59	**10.33**	(.01)	(7.40)
June 30, 2022	**89.00**	(.57)	(14.04)	**(14.61)**	—	(13.88)
June 30, 2021	**70.32**	(.45)	27.14	**26.69**	—	(8.01)
June 30, 2020	**68.68**	(.35)	8.40	**8.05**	—	(6.41)
June 30, 2019	**75.26**	(.41)	8.86	**8.45**	—	(15.03)
Class C						
June 30, 2023	**$69.76**	(.29)	12.33	**12.04**	(.01)	(7.40)
June 30, 2022	**100.59**	(.62)	(16.33)	**(16.95)**	—	(13.88)
June 30, 2021	**78.62**	(.51)	30.49	**29.98**	—	(8.01)
June 30, 2020	**76.05**	(.38)	9.36	**8.98**	—	(6.41)
June 30, 2019	**81.69**	(.45)	9.84	**9.39**	—	(15.03)
Class R						
June 30, 2023	**$87.58**	.09	15.73	**15.82**	(.01)	(7.40)
June 30, 2022	**122.36**	(.28)	(20.57)	**(20.85)**	(.05)	(13.88)
June 30, 2021	**93.85**	(.12)	36.77	**36.65**	(.13)	(8.01)
June 30, 2020	**89.28**	(.01)	11.10	**11.09**	(.11)	(6.41)
June 30, 2019	**92.81**	(.08)	11.58	**11.50**	—	(15.03)
Class R6						
June 30, 2023	**$102.50**	.74	18.62	**19.36**	(.01)	(7.40)
June 30, 2022	**141.11**	.54	(24.24)	**(23.70)**	(1.03)	(13.88)
June 30, 2021	**107.06**	.69	42.06	**42.75**	(.69)	(8.01)
June 30, 2020	**100.88**	.61	12.62	**13.23**	(.64)	(6.41)
June 30, 2019	**102.51**	.52	13.09	**13.61**	(.21)	(15.03)
Class Y						
June 30, 2023	**$102.17**	.63	18.56	**19.19**	(.01)	(7.40)
June 30, 2022	**140.72**	.43	(24.18)	**(23.75)**	(.92)	(13.88)
June 30, 2021	**106.79**	.58	41.95	**42.53**	(.59)	(8.01)
June 30, 2020	**100.64**	.50	12.59	**13.09**	(.53)	(6.41)
June 30, 2019	**102.50**	.40	13.05	**13.45**	(.28)	(15.03)

See notes to financial highlights at the end of this section.

The accompanying notes are an integral part of these financial statements.

				RATIOS AND SUPPLEMENTAL DATA			
Total distributions	Non-recurring reimburse-ments	**Net asset value, end of period**	**Total return at net asset value (%)** [b]	**Net assets, end of period (in thousands)**	Ratio of expenses to average net assets (%) [c]	Ratio of net investment income (loss) to average net assets (%)	Portfolio turnover (%)
(7.41)	—	**$101.80**	**19.33**	**$4,928,013**	.92	.34	25
(14.48)	—	**92.24**	**(19.55)**	**4,442,688**	.99	.07	32
(8.34)	—	**128.40**	**40.82**	**5,915,779**	1.05	.20	24
(6.72)	—	**98.08**	**13.30**	**4,535,812**	1.03	.25	44
(15.07)	— [d]	**92.99**	**15.46**	**4,298,012**	1.04	.16	30
(7.41)	—	**$63.43**	**18.43**	**$11,056**	1.67	(.43)	25
(13.88)	—	**60.51**	**(20.15)**	**15,821**	1.74	(.69)	32
(8.01)	—	**89.00**	**39.78**	**30,467**	1.80	(.56)	24
(6.41)	—	**70.32**	**12.45**	**33,752**	1.78	(.52)	44
(15.03)	— [d]	**68.68**	**14.60**	**43,671**	1.79	(.60)	30
(7.41)	—	**$74.39**	**18.44**	**$31,579**	1.67	(.41)	25
(13.88)	—	**69.76**	**(20.15)**	**31,125**	1.74	(.68)	32
(8.01)	—	**100.59**	**39.76**	**41,870**	1.80	(.56)	24
(6.41)	—	**78.62**	**12.47**	**38,033**	1.78	(.51)	44
(15.03)	— [d]	**76.05**	**14.60**	**38,196**	1.79	(.59)	30
(7.41)	—	**$95.99**	**19.03**	**$1,304**	1.17	.10	25
(13.93)	—	**87.58**	**(19.74)**	**1,020**	1.24	(.22)	32
(8.14)	—	**122.36**	**40.47**	**3,860**	1.30	(.10)	24
(6.52)	—	**93.85**	**13.01**	**8,167**	1.28	(.02)	44
(15.03)	— [d]	**89.28**	**15.18**	**8,443**	1.29	(.10)	30
(7.41)	—	**$114.45**	**19.74**	**$98,187**	.58	.70	25
(14.91)	—	**102.50**	**(19.27)**	**81,611**	.65	.41	32
(8.70)	—	**141.11**	**41.29**	**102,909**	.70	.55	24
(7.05)	—	**107.06**	**13.71**	**74,725**	.66	.61	44
(15.24)	— [d]	**100.88**	**15.89**	**68,654**	.67	.53	30
(7.41)	—	**$113.95**	**19.62**	**$380,831**	.67	.60	25
(14.80)	—	**102.17**	**(19.35)**	**324,486**	.74	.32	32
(8.60)	—	**140.72**	**41.17**	**412,837**	.80	.46	24
(6.94)	—	**106.79**	**13.59**	**265,816**	.78	.51	44
(15.31)	— [d]	**100.64**	**15.74**	**208,467**	.79	.41	30

Financial highlights *cont.*

[a] Per share net investment income (loss) has been determined on the basis of the weighted average number of shares outstanding during the period.

[b] Total return assumes dividend reinvestment and does not reflect the effect of sales charges.

[c] Includes amounts paid through expense offset and/or brokerage/service arrangements, if any (Note 2). Also excludes acquired fund fees and expenses, if any.

[d] Reflects a non-recurring reimbursement pursuant to a settlement between the Securities and Exchange Commission (the SEC) and Canadian Imperial Holdings, Inc. and CIBC World Markets Corp., which amounted to less than $0.01 per share outstanding on March 6, 2019.

The accompanying notes are an integral part of these financial statements.

Notes to financial statements 6/30/23

Unless otherwise noted, the "reporting period" represents the period from July 1, 2022 through June 30, 2023. The following table defines commonly used references within the Notes to financial statements:

References to	Represent
Putnam Management	Putnam Investment Management, LLC, the fund's manager, an indirect wholly-owned subsidiary of Putnam Investments, LLC
State Street	State Street Bank and Trust Company
JPMorgan	JPMorgan Chase Bank, N.A.
the SEC	the Securities and Exchange Commission
ESG	environmental, social and governance
OTC	over-the-counter
PIL	Putnam Investments Limited, an affiliate of Putnam Management

Putnam Sustainable Leaders Fund (the fund) is a Massachusetts business trust, which is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end management investment company. The goal of the fund is to seek long-term capital appreciation. The fund invests mainly in common stocks of U.S. companies of any size, with a focus on companies that Putnam Management believes exhibit a commitment to financially material sustainable business practices. In evaluating investments for the fund, Putnam Management views "financially material sustainable business practices" as business practices that Putnam Management believes are reasonably likely to impact the financial condition or operating performance of a company and that relate to environmental, social, or corporate governance issues. Putnam Management identifies relevant environmental, social, or corporate governance issues on a sector-specific basis using an internally developed materiality map, which is informed by the sustainability issues identified by the Sustainability Accounting Standards Board as material to companies within a particular industry. As part of this analysis, Putnam Management may utilize metrics and information such as emissions data, carbon intensity, sources of energy used for operations, water use and re-use, water generation and diversion from landfill, employee safety and diversity data, supplier audits, product safety, board composition, and incentive compensation structures. Stocks of companies that exhibit a commitment to financially material sustainable business practices are typically, but not always, considered to be growth stocks. Growth stocks are stocks of companies whose revenues, earnings, or cash flows are expected to grow faster than those of similar firms, and whose business growth and other characteristics may lead to an increase in stock price. Putnam Management may consider, among other factors, a company's sustainable business practices (as described above), valuation, financial strength, growth potential, competitive position in its industry, projected future earnings, cash flows and dividends when deciding whether to buy or sell investments. The fund may also invest in non-U.S. companies.

Under normal circumstances, the fund invests at least 80% of the value of its net assets in securities that meet Putnam Management's sustainability criteria. These criteria are based on a proprietary materiality map that is informed by the sustainability issues identified as material by the Sustainability Accounting Standards Board. In applying these criteria, Putnam Management will assign each company a proprietary environmental, social and/or corporate governance (ESG) rating ranging from 1 to 4 (1 indicating the highest (best) ESG rating and 4 indicating the lowest (worst) ESG rating). In order to meet Putnam Management's sustainability criteria for purposes of this investment policy, a company must be rated 2 or 1 by Putnam Management. This policy is non-fundamental and may be changed only after 60 days' notice to shareholders. In selecting each investment, Putnam Management focuses on companies that have a demonstrated commitment to sustainable business practices in areas that are relevant and material to their long-term financial returns and risk profiles. Putnam Management believes that companies that have exhibited such a commitment also often demonstrate potential for strong financial growth. This commitment may be reflected through ESG policies, practices, or outcomes. The fund's approach to sustainable investing incorporates fundamental research together with consideration of ESG factors. Environmental factors include, for example, a company's carbon intensity and use of resources like water or minerals. Sustainability measures in this area might include plans to reduce waste, increase recycling, raise the proportion of energy supply from renewable sources, or improve product design to be less resource intensive. Social factors include, for example, labor practices and supply chain management. Sustainability measures in this area might include programs to improve employee well-being, commitment to workplace equality and diversity, or improved stewardship of supplier relationships and working conditions. Corporate governance factors include, for example, board composition and executive compensation. Sustainability measures in this area might include improvements in board independence or diversity, or alignment of management incentives with the company's strategic sustainability objectives. Putnam Management's integrated approach combines analysis of the growing body of ESG data and deep fundamental analysis and looks for companies that demonstrate leadership, beyond compliance, on relevant sustainability issues. The characteristics that Putnam Management may use when considering sustainability leadership include:

(1) Materiality. The company is focused on sustainability issues that are relevant to long term business success.

(2) Creativity and proactiveness. The company's sustainability characteristics go beyond compliance to demonstrate heightened commitment.

(3) Transparency. The company's goals are specific, with candid and consistent progress reporting.

(4) Impact. The sustainability characteristics create benefits that are meaningful both at the company and more broadly.

The fund offers the following share classes. The expenses for each class of shares may differ based on the distribution and investor servicing fees of each class, which are identified in Note 2.

Share class	**Sales charge**	**Contingent deferred sales charge**	**Conversion feature**
Class A	Up to 5.75%	1.00% on certain redemptions of shares bought with no initial sales charge	None
Class B*	None	5.00% phased out over six years	Converts to class A shares after 8 years
Class C	None	1.00% eliminated after one year	Converts to class A shares after 8 years
Class R†	None	None	None
Class R6†	None	None	None
Class Y†	None	None	None

* Purchases of class B shares are closed to new and existing investors except by exchange from class B shares of another Putnam fund or through dividend and/or capital gains reinvestment.

† Not available to all investors.

In the normal course of business, the fund enters into contracts that may include agreements to indemnify another party under given circumstances. The fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be, but have not yet been, made against the fund. However, the fund's management team expects the risk of material loss to be remote.

The fund has entered into contractual arrangements with an investment adviser, administrator, distributor, shareholder servicing agent and custodian, who each provide services to the fund. Unless expressly stated otherwise, shareholders are not parties to, or intended beneficiaries of these contractual arrangements, and these contractual arrangements are not intended to create any shareholder right to enforce them against the service providers or to seek any remedy under them against the service providers, either directly or on behalf of the fund.

Under the fund's Amended and Restated Agreement and Declaration of Trust, any claims asserted against or on behalf of the Putnam Funds, including claims against Trustees and Officers, must be brought in state and federal courts located within the Commonwealth of Massachusetts.

Note 1: Significant accounting policies

The following is a summary of significant accounting policies consistently followed by the fund in the preparation of its financial statements. The preparation of financial statements is in conformity with accounting principles generally accepted in the United States of America and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and the reported amounts of increases and decreases in net assets from operations. Actual results could differ from those estimates. Subsequent events after the Statement of assets and liabilities date through the date that the financial statements were issued have been evaluated in the preparation of the financial statements.

Investment income, realized and unrealized gains and losses and expenses of the fund are borne pro-rata based on the relative net assets of each class to the total net assets of the fund, except that each class bears expenses unique to that class (including the distribution fees applicable to such classes). Each class votes as a class only with respect to its own distribution plan or other matters on which a class vote is required by law or determined by the Trustees. If the fund were liquidated, shares of each class would receive their pro-rata share of the net assets of the fund. In addition, the Trustees declare separate dividends on each class of shares.

Security valuation Portfolio securities and other investments are valued using policies and procedures adopted by the Board of Trustees. The Trustees have formed a Pricing Committee to oversee the implementation of these procedures and have delegated responsibility for valuing the fund's assets in accordance with these procedures to Putnam Management. Putnam Management has established an internal Valuation Committee that is responsible for making fair value determinations, evaluating the effectiveness of the pricing policies of the fund and reporting to the Pricing Committee.

Investments for which market quotations are readily available are valued at the last reported sales price on their principal exchange, or official closing price for certain markets, and are classified as Level 1 securities under Accounting Standards Codification 820 *Fair Value Measurements and Disclosures* (ASC 820). If no sales are reported, as in the case of some securities that are traded OTC, a security is valued at its last reported bid price and is generally categorized as a Level 2 security.

Investments in open-end investment companies (excluding exchange-traded funds), if any, which can be classified as Level 1 or Level 2 securities, are valued based on their net asset value. The net asset value of such investment companies equals the total value of their assets less their liabilities and divided by the number of their outstanding shares.

Market quotations are not considered to be readily available for certain debt obligations (including short-term investments with remaining maturities of 60 days or less) and other investments; such investments are valued on the basis of valuations furnished by an independent pricing service approved by the Trustees or dealers selected by Putnam Management. Such services or dealers determine valuations for normal institutional-size trading units of such securities using methods based on market transactions for comparable securities and various relationships, generally recognized by institutional traders, between securities (which consider such factors as security prices, yields, maturities and ratings). These securities will generally be categorized as Level 2.

Many securities markets and exchanges outside the U.S. close prior to the scheduled close of the New York Stock Exchange and therefore the closing prices for securities in such markets or on such exchanges may not fully reflect events that occur after such close but before the scheduled close of the New York Stock Exchange. Accordingly, on certain days, the fund will fair value certain foreign equity securities taking into account multiple factors including movements in the U.S. securities markets, currency valuations and comparisons to the valuation of American Depository Receipts, exchange-traded funds and futures contracts. The foreign equity securities, which would generally be classified as Level 1 securities, will be transferred to Level 2 of the fair value hierarchy when they are valued at fair value. The number of days on which fair value prices will be used will depend on market activity and it is possible that fair value prices will be used by the fund to a significant extent. Securities quoted in foreign currencies, if any, are translated into U.S. dollars at the current exchange rate.

To the extent a pricing service or dealer is unable to value a security or provides a valuation that Putnam Management does not believe accurately reflects the security's fair value, the security will be valued at fair value by Putnam Management, which has been designated as valuation designee pursuant to Rule 2a–5 under the Investment Company Act of 1940, in accordance with policies and procedures approved by the Trustees. Certain investments, including certain restricted and illiquid securities and derivatives, are also valued at fair value following procedures approved by the Trustees. These valuations consider such factors as significant market or specific security events such as interest rate or credit quality changes, various relationships with other securities, discount rates, U.S. Treasury, U.S. swap and credit yields, index levels, convexity exposures, recovery rates, sales and other multiples and resale restrictions. These securities are classified as Level 2 or as Level 3 depending on the priority of the significant inputs.

To assess the continuing appropriateness of fair valuations, the Valuation Committee reviews and affirms the reasonableness of such valuations on a regular basis after considering all relevant information that is reasonably available. Such valuations and procedures are reviewed periodically by the Trustees. The fair value of securities is generally determined as the amount that the fund could reasonably expect to realize from an orderly disposition of such securities over a reasonable period of time. By its nature, a fair value price is a good faith estimate of the value of a security in a current sale and does not reflect an actual market price, which may be different by a material amount.

Joint trading account Pursuant to an exemptive order from the SEC, the fund may transfer uninvested cash balances into a joint trading account along with the cash of other registered investment companies and certain other accounts managed by Putnam Management. These balances may be invested in issues of short-term investments having maturities of up to 90 days.

Repurchase agreements The fund, or any joint trading account, through its custodian, receives delivery of the underlying securities, the fair value of which at the time of purchase is required to be in an amount at least equal to the resale price, including accrued interest. Collateral for certain tri-party repurchase agreements, is held at the counterparty's custodian in a segregated account for the benefit of the fund and the counterparty. Putnam Management is responsible for determining that the value of these underlying securities is at all times at least equal to the resale price, including accrued interest. In the event of default or bankruptcy by the other party to the agreement, retention of the collateral may be subject to legal proceedings.

Security transactions and related investment income Security transactions are recorded on the trade date (the date the order to buy or sell is executed). Gains or losses on securities sold are determined on the identified cost basis.

Interest income, net of any applicable withholding taxes, if any, is recorded on the accrual basis. Amortization and accretion of premiums and discounts on debt securities, if any, is recorded on the accrual basis.

Dividend income, net of any applicable withholding taxes, is recognized on the ex-dividend date except that certain dividends from foreign securities, if any, are recognized as soon as the fund is informed of the ex-dividend date. Non-cash dividends, if any, are recorded at the fair value of the securities received. Dividends representing a return of capital or capital gains, if any, are reflected as a reduction of cost and/or as a realized gain.

Foreign currency translation The accounting records of the fund are maintained in U.S. dollars. The fair value of foreign securities, currency holdings, and other assets and liabilities is recorded in the books and records of the fund after translation to U.S. dollars based on the exchange rates on that day. The cost of each security is determined using historical exchange rates. Income and withholding taxes are translated at prevailing exchange rates when earned or incurred. The fund does not isolate that portion of realized or unrealized gains or losses resulting from changes in the foreign exchange rate on investments from fluctuations arising from changes in the market prices of the securities. Such gains and losses are included with the net realized and unrealized gain or loss on investments. Net realized gains and losses on foreign currency transactions represent net realized exchange gains or losses on disposition of foreign currencies, currency gains and losses realized between the trade and settlement dates on securities transactions and the difference between the amount of investment income and foreign withholding taxes recorded on the fund's books and the U.S. dollar equivalent amounts actually received or paid. Net unrealized appreciation and depreciation of assets and liabilities in foreign currencies arise from changes in the value of assets and liabilities other than investments at the period end, resulting from changes in the exchange rate.

Forward currency contracts The fund buys and sells forward currency contracts, which are agreements between two parties to buy and sell currencies at a set price on a future date. These contracts are used to hedge foreign exchange risk.

The U.S. dollar value of forward currency contracts is determined using current forward currency exchange rates supplied by a quotation service. The fair value of the contract will fluctuate with changes in currency exchange rates. The contract is marked to market daily and the change in fair value is recorded as an unrealized gain or loss. The fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed when the contract matures or by delivery of the currency. The fund could be exposed to risk if the value of the currency changes unfavorably, if the counterparties to the contracts are unable to meet the terms of their contracts or if the fund is unable to enter into a closing position. Risks may exceed amounts recognized on the Statement of assets and liabilities.

Forward currency contracts outstanding at period end, if any, are listed after the fund's portfolio.

Master agreements The fund is a party to ISDA (International Swaps and Derivatives Association, Inc.) Master Agreements (Master Agreements) with certain counterparties that govern OTC derivative and foreign exchange contracts entered into from time to time. The Master Agreements may contain provisions regarding, among other things, the parties' general obligations, representations, agreements, collateral requirements, events of default and early termination. With respect to certain counterparties, in accordance with the terms of the Master Agreements, collateral pledged to the fund is held in a segregated account by the fund's custodian and, with respect to those amounts which can be sold or repledged, is presented in the fund's portfolio.

Collateral pledged by the fund is segregated by the fund's custodian and identified in the fund's portfolio. Collateral can be in the form of cash or debt securities issued by the U.S. Government or related agencies or other securities as agreed to by the fund and the applicable counterparty. Collateral requirements are determined based on the fund's net position with each counterparty.

Termination events applicable to the fund may occur upon a decline in the fund's net assets below a specified threshold over a certain period of time. Termination events applicable to counterparties may occur upon a decline in the counterparty's long-term and short-term credit ratings below a specified level. In each case, upon occurrence, the other party may elect to terminate early and cause settlement of all derivative and foreign exchange contracts outstanding, including the payment of any losses and costs resulting from such early termination, as reasonably determined by the terminating party. Any decision by one or more of the fund's counterparties to elect early termination could impact the fund's future derivative activity.

At the close of the reporting period, the fund had a net liability position of $5,887,974 on open derivative contracts subject to the Master Agreements. Collateral pledged by the fund at period end for these agreements totaled $4,338,650 and may include amounts related to unsettled agreements.

Securities lending The fund may lend securities, through its agent, to qualified borrowers in order to earn additional income. The loans are collateralized by cash in an amount at least equal to the fair value of the securities loaned. The fair value of securities loaned is determined daily and any additional required collateral is allocated to the fund on the next business day. The remaining maturities of the securities lending transactions are considered overnight and continuous. The risk of borrower default will be borne by the fund's agent; the fund will bear the risk of loss with respect to the investment of the cash collateral. Income from securities lending, net of expenses, is included in investment income on the Statement of operations. Cash collateral is invested in Putnam Cash Collateral Pool, LLC, a limited liability company managed by an affiliate of Putnam Management. Investments in Putnam Cash Collateral Pool, LLC are valued at its closing net asset value each business day. There are no management fees charged to Putnam Cash Collateral Pool, LLC. At the close of the reporting period, the fund had no securities out on loan.

Interfund lending The fund, along with other Putnam funds, may participate in an interfund lending program pursuant to an exemptive order issued by the SEC. This program allows the fund to borrow from or lend to other Putnam funds that permit such transactions. Interfund lending transactions are subject to each fund's investment policies and borrowing and lending limits. Interest earned or paid on the interfund lending transaction will be based on the average of certain current market rates. During the reporting period, the fund did not utilize the program.

Lines of credit The fund participates, along with other Putnam funds, in a $320 million syndicated unsecured committed line of credit, provided by State Street ($160 million) and JPMorgan ($160 million), and a $235.5 million unsecured uncommitted line of credit, provided by State Street. Prior to May 2, 2023, the fund participated, along with other Putnam funds, in a $100 million unsecured committed line of credit and a $235.5 million unsecured uncommitted line of credit, both provided by State Street. Borrowings may be made for temporary or emergency purposes, including the funding of shareholder redemption requests and trade settlements. Interest is charged to the fund based on the fund's borrowing at a rate equal to 1.25% plus the higher of (1) the Federal Funds rate and (2) the Overnight Bank Funding Rate for the committed line of credit and 1.30% plus the higher of (1) the Federal Funds rate and (2) the Overnight Bank Funding Rate for the uncommitted line of credit. A closing fee equal to 0.04% of the committed line of credit and 0.04% of the uncommitted line of credit has been paid by the participating funds and a $75,000 fee has been paid by the participating funds to State Street as agent of the syndicated committed line of credit. In addition, a commitment fee of 0.21% per annum on any unutilized portion of the committed line of credit is allocated to the participating funds based on their relative net assets and paid quarterly. During the reporting period, the fund had no borrowings against these arrangements.

Federal taxes It is the policy of the fund to distribute all of its taxable income within the prescribed time period and otherwise comply with the provisions of the Internal Revenue Code of 1986, as amended (the Code), applicable to regulated investment companies. It is also the intention of the fund to distribute an amount sufficient to avoid imposition of any excise tax under Section 4982 of the Code.

The fund is subject to the provisions of Accounting Standards Codification 740 *Income Taxes* (ASC 740). ASC 740 sets forth a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. The fund did not have a liability to record for any unrecognized tax benefits in the accompanying financial statements. No provision has been made for federal taxes on income, capital gains or unrealized appreciation on securities held nor for excise tax on income and capital gains. Each of the fund's federal tax returns for the prior three fiscal years remains subject to examination by the Internal Revenue Service.

The fund may also be subject to taxes imposed by governments of countries in which it invests. Such taxes are generally based on either income or gains earned or repatriated. The fund accrues and applies such taxes to net investment income, net realized gains and net unrealized gains as income and/or capital gains are earned. In some cases, the fund may be entitled to reclaim all or a portion of such taxes, and such reclaim amounts, if any, are reflected as an asset on the fund's books. In many cases, however, the fund may not receive such amounts for an extended period of time, depending on the country of investment.

Distributions to shareholders Distributions to shareholders from net investment income are recorded by the fund on the ex-dividend date. Distributions from capital gains, if any, are recorded on the ex-dividend date and paid at least annually. The amount and character of income and gains to be distributed are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles. These differences include temporary and/or permanent differences from losses on wash sale transactions, redesignation of taxable distributions and foreign currency gains and losses. Reclassifications are made to the fund's capital accounts to reflect income and gains available for distribution (or available capital loss carryovers) under income tax regulations. At the close of the reporting period, the fund reclassified $6,017,020 to increase undistributed net investment income and $6,017,020 to decrease accumulated net realized gain.

Tax cost of investments includes adjustments to net unrealized appreciation (depreciation) which may not necessarily be final tax cost basis adjustments, but closely approximate the tax basis unrealized gains and losses that may be realized and distributed to shareholders. The tax basis components of distributable earnings and the federal tax cost as of the close of the reporting period were as follows:

Unrealized appreciation	$2,259,631,657
Unrealized depreciation	(278,817,789)
Net unrealized appreciation	1,980,813,868
Undistributed ordinary income	10,746,304
Undistributed long-term gains	154,603,016
Cost for federal income tax purposes	$3,443,251,191

Note 2: Management fee, administrative services and other transactions

The fund pays Putnam Management a management fee (base fee) (based on the fund's average net assets and computed and paid monthly) at annual rates that may vary based on the average of the aggregate net assets of all open-end mutual funds sponsored by Putnam Management (excluding net assets of funds that are invested in, or that are invested in by, other Putnam funds to the extent necessary to avoid "double counting" of those assets). Such annual rates may vary as follows:

0.710%	of the first $5 billion,	0.510%	of the next $50 billion,
0.660%	of the next $5 billion,	0.490%	of the next $50 billion,
0.610%	of the next $10 billion,	0.480%	of the next $100 billion and
0.560%	of the next $10 billion,	0.475%	of any excess thereafter.

In addition, the monthly management fee consists of the monthly base fee plus or minus a performance adjustment for the month. The performance adjustment is determined based on performance over the thirty-six month period then ended. Each month, the performance adjustment is calculated by multiplying the performance adjustment rate and the fund's average net assets over the performance period and dividing the result by twelve. The resulting dollar amount is added to, or subtracted from the base fee for that month. The performance adjustment rate is equal to 0.03 multiplied by the difference between the fund's annualized performance (measured by the fund's class A shares) and the annualized performance of the benchmark indices described below each measured over the performance period. The maximum annualized performance adjustment rate is +/–0.12%. The monthly base fee is determined based on the fund's average net assets for the month, while the performance adjustment is determined based on the fund's average net assets over the thirty-six month performance period. This means it is possible that, if the fund underperforms significantly over the performance period, and the fund's assets have declined significantly over that period, the negative performance adjustment may exceed the base fee. In this event, Putnam Management would make a payment to the fund.

Effective August 1, 2019, the fund's benchmark index is the S&P 500 Index. Before August 1, 2019, the fund's benchmark index was the Russell 3000 Growth Index. Because the performance adjustment is based on a rolling thirty-six-month performance period, there is a transition period during which the fund's performance is compared to a composite index that reflects the performance of the Russell 3000 Growth Index for the portion of the performance period before August 1, 2019, and the performance of the S&P 500 Index for the remainder of the period.

Because the performance adjustment is based on the fund's performance relative to its applicable benchmark index, and not its absolute performance, the performance adjustment could increase Putnam Management's fee even if the fund's shares lose value during the performance period provided that the fund outperformed its benchmark index, and could decrease Putnam Management's fee even if the fund's shares increase in value during the performance period provided that the fund underperformed its benchmark index.

For the reporting period, the management fee represented an effective rate (excluding the impact of any expense waiver in effect) of 0.497% of the fund's average net assets, which included an effective base fee of 0.551% and a decrease of 0.054% ($2,762,763) based on performance.

Putnam Management has contractually agreed, through October 30, 2024, to waive fees and/or reimburse the fund's expenses to the extent necessary to limit the cumulative expenses of the fund, exclusive of brokerage, interest, taxes, investment-related expenses, extraordinary expenses, acquired fund fees and expenses and payments under the fund's investor servicing contract, investment management contract and distribution plans, on a fiscal year-to-date basis to an annual rate of 0.20% of the fund's average net assets over such fiscal year-to-date period. During the reporting period, the fund's expenses were not reduced as a result of this limit.

PIL is authorized by the Trustees to manage a separate portion of the assets of the fund as determined by Putnam Management from time to time. PIL did not manage any portion of the assets of the fund during the reporting period. If Putnam Management were to engage the services of PIL, Putnam Management would pay a quarterly sub-management fee to PIL for its services at an annual rate of 0.25% of the average net assets of the portion of the fund managed by PIL.

The fund reimburses Putnam Management an allocated amount for the compensation and related expenses of certain officers of the fund and their staff who provide administrative services to the fund. The aggregate amount of all such reimbursements is determined annually by the Trustees.

Custodial functions for the fund's assets are provided by State Street. Custody fees are based on the fund's asset level, the number of its security holdings and transaction volumes.

Putnam Investor Services, Inc., an affiliate of Putnam Management, provides investor servicing agent functions to the fund. Putnam Investor Services, Inc. received fees for investor servicing for class A, class B, class C, class R and class Y shares that included (1) a per account fee for each direct and underlying non-defined contribution account (retail account) of the fund; (2) a specified rate of the fund's assets attributable to defined contribution plan accounts; and (3) a specified rate based on the average net assets in retail accounts. Putnam Investor Services, Inc. has agreed that the aggregate investor servicing fees for each fund's retail and defined contribution accounts for these share classes will not exceed an annual rate of 0.25% of the fund's average assets attributable to such accounts.

Class R6 shares paid a monthly fee based on the average net assets of class R6 shares at an annual rate of 0.05%.

During the reporting period, the expenses for each class of shares related to investor servicing fees were as follows:

Class A	$6,706,783	Class R	1,624
Class B	19,450	Class R6	45,447
Class C	44,940	Class Y	506,310
		Total	**$7,324,554**

The fund has entered into expense offset arrangements with Putnam Investor Services, Inc. and State Street whereby Putnam Investor Services, Inc.'s and State Street's fees are reduced by credits allowed on cash balances. For the reporting period, the fund's expenses were reduced by $56,281 under the expense offset arrangements.

Each Independent Trustee of the fund receives an annual Trustee fee, of which $4,514, as a quarterly retainer, has been allocated to the fund, and an additional fee for each Trustees meeting attended. Trustees also are reimbursed for expenses they incur relating to their services as Trustees.

The fund has adopted a Trustee Fee Deferral Plan (the Deferral Plan) which allows the Trustees to defer the receipt of all or a portion of Trustees fees payable on or after July 1, 1995. The deferred fees remain invested in certain Putnam funds until distribution in accordance with the Deferral Plan.

The fund has adopted an unfunded noncontributory defined benefit pension plan (the Pension Plan) covering all Trustees of the fund who have served as a Trustee for at least five years and were first elected prior to 2004. Benefits under the Pension Plan are equal to 50% of the Trustee's average annual attendance and retainer fees for the three years ended December 31, 2005. The retirement benefit is payable during a Trustee's lifetime, beginning the year following retirement, for the number of years of service through December 31, 2006. Pension expense for the fund is included in Trustee compensation and expenses in the Statement of operations. Accrued pension liability is included in Payable for Trustee compensation and expenses in the Statement of assets and liabilities. The Trustees have terminated the Pension Plan with respect to any Trustee first elected after 2003.

The fund has adopted distribution plans (the Plans) with respect to the following share classes pursuant to Rule 12b–1 under the Investment Company Act of 1940. The purpose of the Plans is to compensate Putnam Retail Management Limited Partnership, an indirect wholly-owned subsidiary of Putnam Investments, LLC, for services provided and expenses incurred in distributing shares of the fund. The Plans provide payments by the fund to Putnam Retail Management Limited Partnership at an annual rate of up to the following amounts (Maximum %) of the average net assets attributable to each class. The Trustees have approved payment by the fund at the following annual rate (Approved %) of the average net assets attributable to each class. During the reporting period, the class-specific expenses related to distribution fees were as follows:

	Maximum %	Approved %	Amount
Class A	0.35%	0.25%	$11,572,761
Class B	1.00%	1.00%	134,152
Class C	1.00%	1.00%	310,017
Class R	1.00%	0.50%	5,608
Total			**$12,022,538**

For the reporting period, Putnam Retail Management Limited Partnership, acting as underwriter, received net commissions of $174,917 from the sale of class A shares and received $229 and $1,208 in contingent deferred sales charges from redemptions of class B and class C shares, respectively.

A deferred sales charge of up to 1.00% is assessed on certain redemptions of class A shares. For the reporting period, Putnam Retail Management Limited Partnership, acting as underwriter, received $233 on class A redemptions.

Note 3: Purchases and sales of securities

During the reporting period, the cost of purchases and the proceeds from sales, excluding short-term investments, were as follows:

	Cost of purchases	Proceeds from sales
Investments in securities (Long-term)	$1,266,674,606	$1,707,697,605
U.S. government securities (Long-term)	—	—
Total	**$1,266,674,606**	**$1,707,697,605**

The fund may purchase or sell investments from or to other Putnam funds in the ordinary course of business, which can reduce the fund's transaction costs, at prices determined in accordance with SEC requirements and policies approved by the Trustees. During the reporting period, purchases or sales of long-term securities from or to other Putnam funds, if any, did not represent more than 5% of the fund's total cost of purchases and/or total proceeds from sales.

Note 4: Capital shares

At the close of the reporting period, there were an unlimited number of shares of beneficial interest authorized. Transactions, including, if applicable, direct exchanges pursuant to share conversions, in capital shares were as follows:

	YEAR ENDED 6/30/23		YEAR ENDED 6/30/22	
Class A	**Shares**	**Amount**	**Shares**	**Amount**
Shares sold	676,028	$63,714,146	861,025	$104,203,118
Shares issued in connection with reinvestment of distributions	3,587,950	327,256,946	5,089,321	614,382,799
	4,263,978	390,971,092	5,950,346	718,585,917
Shares repurchased	(4,021,387)	(381,962,567)	(3,858,268)	(458,917,886)
Net increase	**242,591**	**$9,008,525**	**2,092,078**	**$259,668,031**

	YEAR ENDED 6/30/23		YEAR ENDED 6/30/22	
Class B	**Shares**	**Amount**	**Shares**	**Amount**
Shares sold	820	$50,487	2,619	$214,015
Shares issued in connection with reinvestment of distributions	27,449	1,566,495	50,140	3,987,646
	28,269	1,616,982	52,759	4,201,661
Shares repurchased	(115,429)	(6,986,190)	(133,619)	(10,774,188)
Net decrease	**(87,160)**	**$(5,369,208)**	**(80,860)**	**$(6,572,527)**

	YEAR ENDED 6/30/23		YEAR ENDED 6/30/22	
Class C	**Shares**	**Amount**	**Shares**	**Amount**
Shares sold	55,245	$3,931,122	81,131	$7,441,163
Shares issued in connection with reinvestment of distributions	46,222	3,093,623	62,427	5,723,948
	101,467	7,024,745	143,558	13,165,111
Shares repurchased	(123,133)	(8,694,815)	(113,642)	(10,127,215)
Net increase (decrease)	**(21,666)**	**$(1,670,070)**	**29,916**	**$3,037,896**

	YEAR ENDED 6/30/23		YEAR ENDED 6/30/22	
Class R	**Shares**	**Amount**	**Shares**	**Amount**
Shares sold	3,508	$319,063	4,357	$511,605
Shares issued in connection with reinvestment of distributions	953	82,084	3,912	448,956
	4,461	401,147	8,269	960,561
Shares repurchased	(2,525)	(227,579)	(28,168)	(3,268,340)
Net increase (decrease)	**1,936**	**$173,568**	**(19,899)**	**$(2,307,779)**

	YEAR ENDED 6/30/23		YEAR ENDED 6/30/22	
Class R6	**Shares**	**Amount**	**Shares**	**Amount**
Shares sold	160,394	$17,101,412	125,894	$17,382,674
Shares issued in connection with reinvestment of distributions	60,952	6,237,790	86,641	11,600,345
	221,346	23,339,202	212,535	28,983,019
Shares repurchased	(159,679)	(16,879,722)	(145,569)	(18,242,662)
Net increase	**61,667**	**$6,459,480**	**66,966**	**$10,740,357**

	YEAR ENDED 6/30/23		YEAR ENDED 6/30/22	
Class Y	**Shares**	**Amount**	**Shares**	**Amount**
Shares sold	777,715	$82,894,300	721,210	$96,808,609
Shares issued in connection with reinvestment of distributions	229,858	23,434,023	340,086	45,411,668
	1,007,573	106,328,323	1,061,296	142,220,277
Shares repurchased	(841,351)	(89,065,676)	(819,145)	(103,765,050)
Net increase	**166,222**	**$17,262,647**	**242,151**	**$38,455,227**

Note 5: Affiliated transactions

Transactions during the reporting period with any company which is under common ownership or control were as follows:

Name of affiliate	Fair value as of 6/30/22	Purchase cost	Sale proceeds	Investment income	Shares outstanding and fair value as of 6/30/23
Short-term investments					
Putnam Cash Collateral Pool, LLC*	$4,935,200	$467,650	$5,402,850	$30,375	$—
Putnam Short Term Investment Fund**	116,925,076	778,411,257	709,081,337	3,704,172	186,254,996
Total Short-term investments	**$121,860,276**	**$778,878,907**	**$714,484,187**	**$3,734,547**	**$186,254,996**

* No management fees are charged to Putnam Cash Collateral Pool, LLC (Note 1).Investment income shown is included in securities lending income on the Statement of operations. There were no realized or unrealized gains or losses during the period.

** Management fees charged to Putnam Short Term Investment Fund have been waived by Putnam Management. There were no realized or unrealized gains or losses during the period.

Note 6: Market, credit and other risks

In the normal course of business, the fund trades financial instruments and enters into financial transactions where risk of potential loss exists due to changes in the market (market risk) or failure of the contracting party to the transaction to perform (credit risk). The fund may be exposed to additional credit risk that an institution or other entity with which the fund has unsettled or open transactions will default. Investments in foreign securities involve certain risks, including those related to economic instability, unfavorable political developments, and currency fluctuations.

Investing with a focus on companies that exhibit a commitment to sustainable business practices may result in the fund investing in certain types of companies, industries or sectors that the market may not favor. In evaluating an investment opportunity, Putnam Management may make investment decisions based on information and data that is incomplete or inaccurate. Due to changes in the products or services of the companies and issuers in which the fund invests, the fund may temporarily hold securities that are inconsistent with its sustainable investment criteria.

Note 7: Summary of derivative activity

The volume of activity for the reporting period for any derivative type that was held during the period is listed below and was based on an average of the holdings at the end of each fiscal quarter:

Forward currency contracts (contract amount)	$407,500,000

The following is a summary of the fair value of derivative instruments as of the close of the reporting period:

Fair value of derivative instruments as of the close of the reporting period

	ASSET DERIVATIVES		LIABILITY DERIVATIVES	
Derivatives not accounted for as hedging instruments under ASC 815	**Statement of assets and liabilities location**	**Fair value**	**Statement of assets and liabilities location**	**Fair value**
Foreign exchange contracts	Receivables	$—	Payables	$5,887,974
Total		**$—**		**$5,887,974**

The following is a summary of realized and change in unrealized gains or losses of derivative instruments in the Statement of operations for the reporting period (Note 1):

Amount of realized gain or (loss) on derivatives recognized in net gain or (loss) on investments

Derivatives not accounted for as hedging instruments under ASC 815	Forward currency contracts	Total
Foreign exchange contracts	$6,329,175	$6,329,175
Total	**$6,329,175**	**$6,329,175**

Change in unrealized appreciation or (depreciation) on derivatives recognized in net gain or (loss) on investments

Derivatives not accounted for as hedging instruments under ASC 815	Forward currency contracts	Total
Foreign exchange contracts	$(13,931,345)	$(13,931,345)
Total	**$(13,931,345)**	**$(13,931,345)**

Note 8: Offsetting of financial and derivative assets and liabilities

The following table summarizes any derivatives, repurchase agreements and reverse repurchase agreements, at the end of the reporting period, that are subject to an enforceable master netting agreement or similar agreement. For securities lending transactions or borrowing transactions associated with securities sold short, if any, see Note 1. For financial reporting purposes, the fund does not offset financial assets and financial liabilities that are subject to the master netting agreements in the Statement of assets and liabilities.

	Bank of America N.A.	Barclays Bank PLC	Citibank, N.A.	HSBC Bank USA, National Association
Assets:				
Forward currency contracts#	$—	$—	$—	$—
Total Assets	**$—**	**$—**	**$—**	**$—**
Liabilities:				
Forward currency contracts#	813,698	96,767	186,160	1,334,989
Total Liabilities	**$813,698**	**$96,767**	**$186,160**	**$1,334,989**
Total Financial and Derivative Net Assets	**$(813,698)**	**$(96,767)**	**$(186,160)**	**$(1,334,989)**
Total collateral received (pledged)†##	$(643,047)	$(96,767)	$(151,854)	$(1,078,334)
Net amount	$(170,651)	$—	$(34,306)	$(256,655)
*Controlled collateral received (including TBA commitments)***	$—	$—	$—	$—
Uncontrolled collateral received	$—	$—	$—	$—
*Collateral (pledged) (including TBA commitments)***	$(643,047)	$(120,503)	$(151,854)	$(1,078,334)

** Included with Investments in securities on the Statement of assets and liabilities.

† Additional collateral may be required from certain brokers based on individual agreements.

Covered by master netting agreement (Note 1).

Any over-collateralization of total financial and derivative net assets is not shown. Collateral may include amounts related to unsettled agreements.

Note 9: Of special note

On May 31, 2023, Franklin Resources, Inc. (“Franklin Resources”) and Great-West Lifeco Inc., the parent company of Putnam U.S. Holdings I, LLC (“Putnam Holdings”), announced that they have entered into a definitive agreement for a subsidiary of Franklin Resources to acquire Putnam Holdings in a stock and cash transaction.

As part of this transaction, Putnam Management, a wholly-owned subsidiary of Putnam Holdings and investment manager to the Putnam family of funds (the “Putnam Funds”), would become an indirect wholly-owned subsidiary of Franklin Resources.

The transaction is subject to customary closing conditions, including receipt of applicable regulatory approvals. Subject to such approvals and the satisfaction of these conditions, the transaction is currently expected to be consummated in the fourth quarter of 2023.

Under the Investment Company Act of 1940, as amended, consummation of the transaction will result in the automatic termination of the investment management contract between each Putnam Fund and Putnam Management and any related sub-management and sub-advisory contracts, where applicable. In anticipation of this automatic termination, on June 23, 2023, the Board of Trustees of the Putnam Funds approved a new investment management contract between each Putnam Fund and Putnam Management (and new sub-management and sub-advisory contracts, if applicable), which will be presented to the shareholders of each Putnam Fund for their approval at shareholder meetings currently expected to occur in October 2023. Proxy solicitation materials related to these meetings have been made available to shareholders that held shares of the fund at the close of business on July 24, 2023.

JPMorgan Chase Bank N.A.	Morgan Stanley & Co. International PLC	State Street Bank and Trust Co.	UBS AG	WestPac Banking Corp.	Total
$—	$—	$—	$—	$—	$—
$—	**$—**	**$—**	**$—**	**$—**	**$—**
356,663	655,521	1,389,498	597,454	457,224	5,887,974
$356,663	**$655,521**	**$1,389,498**	**$597,454**	**$457,224**	**$5,887,974**
$(356,663)	**$(655,521)**	**$(1,389,498)**	**$(597,454)**	**$(457,224)**	**$(5,887,974)**
$(283,133)	$(529,181)	$(1,048,289)	$(484,309)	$—	
$(73,530)	$(126,340)	$(341,209)	$(113,145)	$(457,224)	
$—	$—	$—	$—	$—	$—
$—	$—	$—	$—	$—	$—
$(283,133)	$(529,181)	$(1,048,289)	$(484,309)	$—	$(4,338,650)

Federal tax information (Unaudited)

Pursuant to §852 of the Internal Revenue Code, as amended, the fund hereby designates $172,244,785 as a capital gain dividend with respect to the taxable year ended June 30, 2023, or, if subsequently determined to be different, the net capital gain of such year.

The fund designated 100% of ordinary income distributions as qualifying for the dividends received deduction for corporations.

For the reporting period, the fund hereby designates 100%, or the maximum amount allowable, of its taxable ordinary income distributions as qualified dividends taxed at the individual net capital gain rates.

The Form 1099 that will be mailed to you in January 2024 will show the tax status of all distributions paid to your account in calendar 2023.

About the Trustees

INDEPENDENT TRUSTEES

Liaquat Ahamed

Born 1952, Trustee since 2012

Principal occupations during past five years: Author; won Pulitzer Prize for *Lords of Finance: The Bankers Who Broke the World.*

Other directorships: Chair of the Sun Valley Writers Conference, a literary not-for-profit organization, and a Trustee of the Journal of Philosophy.

Barbara M. Baumann

Born 1955, Trustee since 2010, Vice Chair since 2022

Principal occupations during past five years: President of Cross Creek Energy Corporation, a strategic consultant to domestic energy firms and direct investor in energy projects.

Other directorships: Director of Devon Energy Corporation, a publicly traded independent natural gas and oil exploration and production company; Director of National Fuel Gas Company, a publicly traded energy company that engages in the production, gathering, transportation, distribution, and marketing of natural gas; Senior Advisor to the energy private equity firm First Reserve; member of the Finance Committee of the Children's Hospital of Colorado; member of the Investment Committee of the Board of The Denver Foundation; and previously a Director of publicly traded companies Buckeye Partners LP, UNS Energy Corporation, CVR Energy Company, and SM Energy Corporation.

Katinka Domotorffy

Born 1975, Trustee since 2012

Principal occupations during past five years: Voting member of the Investment Committees of the Anne Ray Foundation and Margaret A. Cargill Foundation, part of the Margaret A. Cargill Philanthropies.

Other directorships: Director of the Great Lakes Science Center and of College Now Greater Cleveland.

Catharine Bond Hill

Born 1954, Trustee since 2017

Principal occupations during past five years: Managing Director of Ithaka S+R, a not-for-profit service that helps the academic community navigate economic and technological change. From 2006 to 2016, Dr. Hill served as the 10th president of Vassar College.

Other directorships: Director of Yale-NUS College and Trustee of Yale University.

Kenneth R. Leibler

Born 1949, Trustee since 2006, Vice Chair from 2016 to 2018, Chair since 2018

Principal occupations during past five years: Vice Chair Emeritus of the Board of Trustees of Beth Israel Deaconess Hospital in Boston. Member of the Investment Committee of the Boston Arts Academy Foundation.

Other directorships: Director of Eversource Corporation, which operates New England's largest energy delivery system; previously the Chairman of the Boston Options Exchange, an electronic marketplace for the trading of listed derivatives securities; previously the Chairman and Chief Executive Officer of the Boston Stock Exchange; and previously the President and Chief Operating Officer of the American Stock Exchange.

Jennifer Williams Murphy

Born 1964, Trustee since 2022

Principal occupations during past five years: Chief Executive Officer and Founder of Runa Digital Assets, LLC, an institutional investment advisory firm specializing in active management of digital assets. Until 2021, Chief Operating Officer of Western Asset Management, LLC, a global investment advisor, and Chief Executive Officer and President of Western Asset Mortgage Capital Corporation, a mortgage finance real estate investment trust.

Other directorships: Previously, a Director of Western Asset Capital Corporation.

Marie Pillai

Born 1954, Trustee since 2022

Principal occupations during past five years: Senior Advisor, Hunter Street Partners, LP, an asset-oriented private investment firm; Specialty Leader and Member of the Curriculum Committee of the Center for Board Certified Fiduciaries, a public benefit corporation providing coursework for developing fiduciaries. Until 2019, Vice President, Chief Investment Officer, and Treasurer of General Mills, Inc., a global food company.

Other directorships: Member of the Investment Committee of the Bush Foundation, a nonprofit organization supporting community problem-solving in Minnesota, North Dakota, and South Dakota; Member of the Finance Council and Corporate Board of the Archdiocese of Saint Paul and Minneapolis; previously a Board Member of Catholic Charities of St. Paul and Minneapolis; Director of the Catholic Community Foundation of Minnesota; and Investment Advisory Board Member of the University of Minnesota.

George Putnam III

Born 1951, Trustee since 1984

Principal occupations during past five years: Chair of New Generation Research, Inc., a publisher of financial advisory and other research services, and President of New Generation Advisors, LLC, a registered investment advisor to private funds.

Other directorships: Director of The Boston Family Office, LLC, a registered investment advisor; a Director of the Gloucester Marine Genomics Institute; a Trustee of the Lowell Observatory Foundation; and previously a Trustee of the Marine Biological Laboratory.

Manoj P. Singh

Born 1952, Trustee since 2017

Principal occupations during past five years: Until 2015, Chief Operating Officer and Global Managing Director at Deloitte Touche Tohmatsu, Ltd., a global professional services organization, serving on the Deloitte U.S. Board of Directors and the boards of Deloitte member firms in China, Mexico, and Southeast Asia.

Other directorships: Director of ReNew Energy Global plc, a publicly traded renewable energy company; Director of Abt Associates, a global research firm working in the fields of health, social and environmental policy, and international development; Trustee of Carnegie Mellon University; Director of Pratham USA, an organization dedicated to children's education in India; member of the advisory board of Altimetrik, a business transformation and technology solutions firm; and Director of DXC Technology, a global IT services and consulting company.

Mona K. Sutphen

Born 1967, Trustee since 2020

Principal occupations during past five years: Partner, Investment Strategies, at The Vistria Group, a private investment firm focused on middle-market companies in the health care, education, and financial services industries. From 2014 to 2018, Partner at Macro Advisory Partners, a global consulting firm.

Other directorships: Director of Spotify Technology S.A., a publicly traded audio content streaming service; Director of Unitek Learning, a private nursing and medical services education provider in the United States; Board Member, International Rescue Committee; Co-Chair of the Board of Human Rights First; Trustee of Mount Holyoke College; member of the Advisory Board for the Center on Global Energy Policy at Columbia University's School of International and Public Affairs; previously Director of Pattern Energy and Pioneer Natural Resources, publicly traded energy companies; and previously Managing Director of UBS AG.

INTERESTED TRUSTEE

Robert L. Reynolds*

Born 1952, Trustee since 2008, President and Chief Executive Officer of Putnam Investments since 2008

Principal occupations during past five years: President and Chief Executive Officer of Putnam Investments; member of Putnam Investments' Board of Directors; and Chair of Great-West Lifeco U.S. LLC. Prior to 2019, also President and Chief Executive Officer of Great-West Financial, a financial services company that provides retirement savings plans, life insurance, and annuity and executive benefits products, and of Great-West Lifeco U.S. LLC, a holding company that owns Putnam Investments and Great-West Financial, and a member of Great-West Financial's Board of Directors.

Other directorships: Director of the Concord Museum; Director of Dana-Farber Cancer Institute; Director of the U.S. Ski & Snowboard Foundation; Chair of the Boston Advisory Board of the American Ireland Fund; Council Co-Chair of the American Enterprise Institute; Member of U.S. Chamber of Commerce, Center for Capital Markets Competitiveness; Chair of Massachusetts High Technology Council; Member of the Chief Executives Club of Boston; Member of the Massachusetts General Hospital President's Council; Chairman of the Board of Directors of the Ron Burton Training Village; Director and former Chair of the Massachusetts Competitive Partnership; former Chair of the West Virginia University Foundation; and former Executive Committee Member of the Greater Boston Chamber of Commerce.

* Mr. Reynolds is an "interested person" (as defined in the Investment Company Act of 1940) of the fund and Putnam Investments. He is President and Chief Executive Officer of Putnam Investments, as well as the President of your fund and each of the other Putnam funds.

The address of each Trustee is 100 Federal Street, Boston, MA 02110.

As of June 30, 2023, there were 89 mutual funds, 4 closed-end funds, and 12 exchange-traded funds in the Putnam funds complex. Each Trustee serves as Trustee of all funds in the Putnam funds complex.

Each Trustee serves for an indefinite term, until his or her resignation, retirement at age 75, removal, or death.

Officers

In addition to Robert L. Reynolds, the other officers of the fund are shown below:

James F. Clark *(Born 1974)*
Vice President and Chief Compliance Officer
Since 2016
Chief Compliance Officer and Chief Risk Officer, Putnam Investments, and Chief Compliance Officer, Putnam Management

Michael J. Higgins *(Born 1976)*
Vice President, Treasurer, and Clerk
Since 2010

Jonathan S. Horwitz *(Born 1955)*
Executive Vice President, Principal Executive Officer, and Compliance Liaison
Since 2004

Richard T. Kircher *(Born 1962)*
Vice President and BSA Compliance Officer
Since 2019
Assistant Director, Operational Compliance, Putnam Investments and Putnam Retail Management

Martin Lemaire *(Born 1984)*
Vice President and Derivatives Risk Manager
Since 2022
Risk Manager and Risk Analyst, Putnam Investments

Susan G. Malloy *(Born 1957)*
Vice President and Assistant Treasurer
Since 2007
Head of Accounting and Middle Office Services, Putnam Investments and Putnam Management

Alan G. McCormack *(Born 1964)*
Vice President and Derivatives Risk Manager
Since 2022
Head of Quantitative Equities and Risk, Putnam Investments

Denere P. Poulack *(Born 1968)*
Assistant Vice President, Assistant Clerk, and Assistant Treasurer
Since 2004

Janet C. Smith *(Born 1965)*
Vice President, Principal Financial Officer, Principal Accounting Officer, and Assistant Treasurer
Since 2007
Head of Fund Administration Services, Putnam Investments and Putnam Management

Stephen J. Tate *(Born 1974)*
Vice President and Chief Legal Officer
Since 2021
General Counsel, Putnam Investments, Putnam Management, and Putnam Retail Management

Mark C. Trenchard *(Born 1962)*
Vice President
Since 2002
Director of Operational Compliance, Putnam Investments and Putnam Retail Management

The principal occupations of the officers for the past five years have been with the employers as shown above, although in some cases they have held different positions with such employers. The address of each officer is 100 Federal Street, Boston, MA 02110.

Services for shareholders

Investor services

Systematic investment plan Tell us how much you wish to invest regularly — weekly, semimonthly, or monthly — and the amount you choose will be transferred automatically from your checking or savings account. There's no additional fee for this service, and you can suspend it at any time. This plan may be a great way to save for college expenses or to plan for your retirement.

Please note that regular investing does not guarantee a profit or protect against loss in a declining market. Before arranging a systematic investment plan, consider your financial ability to continue making purchases in periods when prices are low.

Systematic exchange You can make regular transfers from one Putnam fund to another Putnam fund. There are no additional fees for this service, and you can cancel or change your options at any time.

Dividends PLUS You can choose to have the dividend distributions from one of your Putnam funds automatically reinvested in another Putnam fund at no additional charge.

Free exchange privilege You can exchange money between Putnam funds free of charge, as long as they are the same class of shares. A signature guarantee is required if you are exchanging more than $500,000. The fund reserves the right to revise or terminate the exchange privilege.

Reinstatement privilege If you've sold Putnam shares or received a check for a dividend or capital gain, you may reinvest the proceeds with Putnam within 90 days of the transaction and they will be reinvested at the fund's current net asset value — with no sales charge. However, reinstatement of class B shares may have special tax consequences. Ask your financial or tax representative for details.

Check-writing service You have ready access to many Putnam accounts. It's as simple as writing a check, and there are no special fees or service charges. For more information about the check-writing service, call Putnam or visit our website.

Dollar cost averaging When you're investing for long-term goals, it's time, not timing, that counts. Investing on a systematic basis is a better strategy than trying to figure out when the markets will go up or down. This means investing the same amount of money regularly over a long period. This method of investing is called dollar cost averaging. When a fund's share price declines, your investment dollars buy more shares at lower prices. When it increases, they buy fewer shares. Over time, you will pay a lower average price per share.

For more information

Visit the Individual Investors section at putnam.com A secure section of our website contains complete information on your account, including balances and transactions, updated daily. You may also conduct transactions, such as exchanges, additional investments, and address changes. Log on today to get your password.

Call us toll free at 1-800-225-1581 or, for exchange-traded funds only, 1-833-228-5577 Ask a helpful Putnam representative or your financial advisor for details about any of these or other services, or see your prospectus.

Fund information

Founded over 85 years ago, Putnam Investments was built around the concept that a balance between risk and reward is the hallmark of a well-rounded financial program. We manage funds across income, value, blend, growth, sustainable, and asset allocation categories.

This report is for the information of shareholders of Putnam Sustainable Leaders Fund. It may also be used as sales literature when preceded or accompanied by the current prospectus, the most recent copy of Putnam's Quarterly Performance Summary, and Putnam's Quarterly Ranking Summary. For more recent performance, please visit putnam.com. Investors should carefully consider the investment objectives, risks, charges, and expenses of a fund, which are described in its prospectus. For this and other information or to request a prospectus or summary prospectus, call 1-800-225-1581 toll free. Please read the prospectus carefully before investing. The fund's Statement of Additional Information contains additional information about the fund's Trustees and is available without charge upon request by calling 1-800-225-1581.

Putnam
INVESTMENTS

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Boston, MA 02110

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