

Putnam Dynamic Asset Allocation Growth Fund

Class Y: PAGYX
Commentary | as of December 31, 2025

Key Takeaways

- **Markets:** Global equities finished the fourth quarter of 2025 modestly higher as investors weighed easing inflation trends and expectations for lower policy rates in 2026 against slowing growth and persistent geopolitical risks. US stocks advanced into year-end, while other regions were more mixed—benefiting from pockets of technology- and artificial intelligence-led strength but constrained by currency moves, uneven domestic demand and sector-specific headwinds.
- The US Treasury yield curve steepened, and the yield on the benchmark 10-year US Treasury note moved two basis points higher to 4.17%.
- **Contributors:** Security selection strengthened relative returns, notably the fundamental US large-cap value equity strategy. A tactical equity overweight allocation also helped relative performance, as did long tactical positioning in commodities.
- **Detractors:** The quantitative US large-capitalization equity was a main detractor from relative results, although this strategy posted positive absolute returns.
- **Outlook:** Positive earnings revisions and guidance support equity market momentum, outweighing valuation concerns, in our view.

Performance Review

- Over the quarter, Dynamic Asset Allocation Growth Fund (Class Y without sales charges) delivered a solid gain and outperformed its benchmark.
- Security selection strengthened relative returns. Leading the way was the fundamental US large-cap value equity strategy, which meaningfully outperformed its benchmark value component. Additional strategies that contributed to relative performance included the international and small-cap quantitative equity strategies, as well as the fundamental high-yield bond strategy.
- Conversely, the quantitative US large-capitalization equity, fundamental US large-cap growth equity and fundamental international equity strategies weighed on relative performance, though these strategies posted positive absolute returns.
- Overall allocation effects did not have a significant impact. Within tactical asset allocation, we maintained overweight equity exposure throughout the fourth quarter, and this allocation helped relative performance. We held long tactical positioning in commodities during the fourth quarter, and this positioning was a significant contributor in terms of relative results. We recognized tailwinds for commodities, including a weakening US dollar and persistent inflation, which increased gold's attraction as a potential diversifier. With respect to interest-rate risk, underweight duration positioning in US Treasuries detracted from performance.

Outlook

- We retain measured conviction toward equities into 2026, as influential pillars of support for risk assets—such as inflation, policy and corporate fundamentals—remain healthy. These dynamics are fueling our belief that equities will likely continue to deliver positive returns for investors despite stretched valuations.
- Economic activity indicators at year-end showed growth above six-month averages in the United States, emerging markets and Europe. In addition, continued disinflation trends have provided some room for central banks to bolster accommodative fiscal policy by cutting interest rates.
- Equally importantly, corporate fundamentals show little sign of weakening, as trailing earnings growth remains strong. In addition, global forward earnings expectations are being revised higher, alongside earnings guidance breadth.
- We recognize that recent developments around sentiment, positioning and momentum are valid arguments for a note of caution, as is a marginally less supportive macro backdrop. More optimistic sentiment among investors is a headwind for future equity returns, as is weaker price momentum resulting from an uptick in market volatility during October and November.
- With that said, a stronger-than-expected jobs market, alongside falling inflation, strengthens the “goldilocks” environment for US stocks. We find this backdrop provides a persuasive argument for a “risk-on” approach, when combined with our conclusion that tariff-induced inflation pressures are now past their peak. Forward earnings expectations for growth equities remain strong and support our overweight allocation to core US equities.
- We remain broadly underweight on duration, primarily due to upward pressure on longer-term US Treasury yields amid fiscal sustainability concerns. We believe market expectations for Fed policy easing across the next 12 months are too optimistic. Although the US labor market continues to gradually cool, potential inflation and tariff pressures limit the likelihood of an extended rate cutting cycle by the Fed.

Morningstar Rating™

Overall Rating as of December 31, 2025


(4-Star) Class Y

As of 12/31/2025 the fund's Class Y shares received a 4 star overall Morningstar rating™, measuring risk-adjusted returns against 124, 118 and 100 Moderately Aggressive Allocation funds over the 3-, 5- and 10- year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics.

Top Securities (% of Total)

Holding	Fund
Nvidia Corp	4.50
Apple	3.90
Microsoft Corp	3.74
Amazon.com	2.51
Alphabet Inc-Cl A	2.27
Meta Platforms Inc-Class A	1.58
Broadcom	1.57
Tesla	1.26
Citigroup	1.12
Mastercard - A	1.06

Average annual total returns and fund expenses (%) - as of December 31, 2025

Class	CUSIP	Ticker	Without Sales Charge						With Maximum Sales Charge						Expenses		Sales Charges		Inception		
			3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	Gross	Net	Initial Charge	CDSC	Date
Class Y	746444702	PAGYX	2.82	18.70	18.70	19.71	10.82	10.56	8.67	2.82	18.70	18.70	19.71	10.82	10.56	8.67	0.76	0.76	—	—	2/8/1994
Benchmark 1	—	—	2.40	17.15	17.15	22.25	13.15	14.29	10.66	2.40	17.15	17.15	22.25	13.15	14.29	—	—	—	—	—	—
Benchmark 2	—	—	2.66	18.15	18.15	17.99	9.75	11.02	—	2.66	18.15	18.15	17.99	9.75	11.02	—	—	—	—	—	—

Benchmark(s)

Benchmark 1=Russell 3000 Index

Benchmark 2=Putnam Growth Blended Benchmark

Performance data quoted represents past performance, which does not guarantee future results. Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Returns with sales charge reflect a deduction of the stated maximum sales charge. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. Returns for periods of less than one year are not annualized. All classes of shares may not be available to all investors or through all distribution channels. For current month-end performance, please visit franklintempleton.com. Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Net expenses are capped under a contractual agreement, which cannot be terminated prior to 01/31/2026 without Board consent. Actual expenses may be higher and may impact portfolio returns.

What are the Risks?

All investments involve risks, including possible loss of principal. The **allocation** of assets among different strategies, asset classes and investments may not prove beneficial or produce the desired results. **International investments** are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets**. The **investment style** may become out of favor, which may have a negative impact on performance. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. **Fixed income securities** involve interest rate, credit, inflation and reinvestment risks, and possible loss of principal. As interest rates rise, the value of fixed income securities falls. **Low-rated, high-yield bonds** are subject to greater price volatility, illiquidity and possibility of default. **Asset-backed, mortgage-backed or mortgage-related securities** are subject to prepayment and extension risks. **Derivative instruments** can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance. **Active management** does not ensure gains or protect against market declines. These and other risks are discussed in the fund's prospectus.

Glossary

A basis point (bp, or bps) is one one-hundredth of one percent (1/100 or 0.01%).

Duration is a measure of the sensitivity of a bond's price to changes in interest rates.

Forward earnings are an estimate of a next period's earnings of a company.

A **Goldilocks** economy has steady economic growth, preventing a recession, but not so much growth that inflation rises by a great deal.

The **yield curve** shows the relationship between yields and maturity dates for a similar class of bonds.

Important Information

The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or fund. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of the date of this material and may change without notice. A portfolio manager's assessment of a particular security, investment or strategy is not intended as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy; it is intended only to provide insight into the fund's portfolio selection process. Holdings are subject to change.

The **Putnam Growth Blended Benchmark** is comprised of 60% Russell 3000 Index, 15% MSCI EAFE Index-NR, 15% Bloomberg U.S. Aggregate Index, 5% JPMorgan Developed High Yield Index, and 5% MSCI Emerging Markets Index. The **Russell 3000 Index** measures the performance of the 3,000 largest U.S. companies based on total market capitalization.

Important data provider notices and terms available at www.franklintempletondatasources.com. All data is subject to change.

Source: Bloomberg Indices. Net Returns (NR) include income net of tax withholding when dividends are paid. Source: FTSE. Source: MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI. Source: JP Morgan.

Holdings are provided for informational purposes only and should not be construed as a recommendation to purchase or sell any security.

Morningstar Rating™. Source: Morningstar®, 12/31/2025. For each mutual fund and ETF with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance, and does not take into account the effects of sales charges and loads, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods. The fund's Class Y shares received a Morningstar Rating of 5, 4 and 4 star(s) for the 3-, 5- and 10-year periods, respectively. Franklin Templeton provides this fund's Morningstar Rating™ for Class Y shares only. Other share classes may have different Morningstar ratings. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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