

Putnam Dynamic Asset Allocation Conservative Fund

Class Y: PACYX

Commentary | as of March 31, 2026

Key Takeaways

- **Markets:** Global equity markets experienced a volatile first quarter of 2026. Non-US markets began the year strongly, helped by a weaker US dollar, improving sentiment toward Europe, continued enthusiasm for semiconductors and artificial intelligence (AI) and renewed investor interest in lower-valued markets. By contrast, the United States lagged as the market broadened away from a concentration in large growth stocks.
- US Treasury (UST) yields moved higher across the curve. The yield on the benchmark 10-year UST note rose 15 basis points higher to 4.32%.
- **Contributors:** Security selection was a key contributor to positive relative returns, led by two equity strategies. Tactical asset allocation also strengthened performance.
- **Detractors:** Security selection in two equity strategies detracted, although both strategies posted positive results on an absolute return basis.
- **Outlook:** Our approach to risk remains cautious moving into April, as conflict in the Middle East continues to drive markets. Headlines and developments continue to change often.

Performance Review

- Over the first quarter, Dynamic Asset Allocation Conservative Fund (Class Y Share without sales charges) posted a small decline but performed better than its benchmark.
- Security selection strengthened relative returns, led by two equity strategies – quantitative US large-cap and quantitative international. The fundamental US large-cap growth equity and fundamental international equity strategies also delivered favorable security selection.
- In contrast, security selection in the fundamental large-cap value equity and small-cap quantitative equity strategies detracted, although both strategies posted positive results on an absolute return basis.
- Tactical asset allocation lifted relative performance. With respect to interest-rate risk, the Fund remained underweight duration, and this supported returns during a rising yield backdrop. We viewed the environment of sticky core inflation and energy price concerns as challenges to market expectations for Fed easing. Long positioning in commodities also supported relative returns. Commodity markets in the first quarter of 2026 were supported by elevated geopolitical and macroeconomic risks, uneven supply/demand dynamics and financial market volatility.
- In contrast, we maintained overweight US equity exposure through S&P futures, which detracted from relative performance. Our favorable view of US stocks reflected resilient economic growth and solid earnings results.

Outlook

- Our approach to equity markets remains cautious moving into April, as conflict in the Middle East continues to drive markets. Headlines and developments continue to change often.
- Disruption of energy supplies is a main reason for tensions in financial markets at the time of writing. A complete resolution of hostilities is unlikely, in our view, meaning some challenges will likely remain, albeit reduced from current levels.
- With geopolitical events, outcomes are much more difficult to predict than events tied to traditional factors such as growth, inflation and policy. Although macro indicators remain resilient, we have seen some weakening recently that supports our neutral view for equities. Softer leading economic indicators and purchasing managers' index (PMI) data point to slowing growth, and sticky core inflation remains a concern.
- Market expectations for monetary policy have pivoted around the energy price adjustment, as expectations for rate cuts have been priced out in most major economies. This may have a negative impact on growth by adding to borrowing costs and influencing business and consumer sentiment.
- Conflict in the Middle East has not affected the positive outlook for corporate earnings as of early April. At the same time, we are mindful that earnings expectations tend to lag equity prices by roughly three to four months. An analysis of fast-moving economic indicators bears close-watching.

Morningstar Rating™

Overall Rating as of March 31, 2026



(4-Star) Class Y

As of 03/31/2026 the fund's Class Y shares received a 4 star overall Morningstar rating™, measuring risk-adjusted returns against 86, 77 and 60 Conservative 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. The number of funds in the category for the Overall Rating are listed under the 3-year period.

Top Securities (% of Total)

Holding	Fund
Nvidia Corp	3.20
FNMA FN30 TBA UMBS 02.5000 04/01/2056	2.82
Apple	2.71
FNMA FN30 TBA UMBS 05.0000 04/01/2056	2.66
Microsoft Corp	1.92
Amazon.com	1.58
Alphabet Inc-Cl A	1.51
FNMA FN15 TBA UMBS 02.5000 04/01/2041	1.17
Meta Platforms Inc-Class A	1.13
Broadcom	0.99

Average annual total returns and fund expenses (%) - as of March 31, 2026

Class	CUSIP	Ticker	Without Sales Charge							With Maximum Sales Charge							Expenses		Sales Charges		Inception Date
			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	
Class Y	746444801	PACYX	-0.62	-0.62	9.79	9.22	4.17	5.16	5.82	-0.62	-0.62	9.79	9.22	4.17	5.16	5.82	0.71	0.71	—	—	2/7/1994
Benchmark 1	—	—	-0.05	-0.05	4.35	3.63	0.31	1.70	4.37	-0.05	-0.05	4.35	3.63	0.31	1.70	—	—	—	—	—	
Benchmark 2	—	—	-1.12	-1.12	8.68	7.90	3.61	5.38	—	-1.12	-1.12	8.68	7.90	3.61	5.38	—	—	—	—	—	

Benchmark(s)

Benchmark 1=Bloomberg U.S. Aggregate Index

Benchmark 2=Putnam Conservative 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. The total annual operating expenses are as of the fund's prospectus available at the time of publication. 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.

Important Information

Effective 2/1/2026, the fund changed the Putnam Conservative Blended Benchmark component index allocations to include more foreign exposure and less high yield exposure.

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 Conservative Blended Benchmark** reflects the performance of 65% Bloomberg U.S. Aggregate Bond Index, 25% Russell 3000 Index, 5% MSCI EAFE Index-NR and 5% JPMorgan Developed High Yield Index from fund inception through 1/31/2026 and 56% Bloomberg U.S. Aggregate Index, 24% Russell 3000 Index, 10.5% Bloomberg Global Aggregate ex-USD Index Hedged USD NR, 6% MSCI ACWI ex USA Index-NR, 3.5% Bloomberg US Corporate High Yield Index thereafter. The **Bloomberg US Aggregate Index** is comprised of investment-grade, U.S. dollar-denominated government, corporate, and mortgage- and asset-backed issues having at least one year to maturity.

Source: JP Morgan. 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. Net Returns (NR) include income net of tax withholding when dividends are paid. Source: Bloomberg Indices.

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

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®, 03/31/2026. 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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Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, or summary prospectus, if available, at www.franklintempleton.com. Please read it carefully.