

Putnam Dynamic Asset Allocation Conservative Fund

Class Y: PACYX Commentary | as of September 30, 2025

Key Takeaways

- Markets: Financial market sentiment improved and global equity markets advanced through the third quarter of 2025 as tariff anxieties gradually eased, central banks tilted more accommodative and technology leadership persisted. July's tone improved on clearer trade signals and resilient US earnings; August added gains despite episodic volatility around new tariff measures and September capped the quarter with a US Federal Reserve (Fed) rate cut that steadied ratesensitive assets and lifted risk appetite.
- Contributors: Security selection benefited relative results, led by our quantitative US large-capitalization equity, fundamental international equity and fundamental US large-cap value equity strategies. Overall allocation effects benefited relative returns.
- **Detractors**: Selection in our large-cap growth equity strategy weighed on relative performance.
- Outlook: We upgraded our view of equities ahead of the final quarter of 2025 as we weighed equity valuations against a generally positive macro environment, strong corporate fundamentals and monetary policy easing.

Performance Review

- Over the third quarter, Dynamic Asset Allocation Conservative Fund (Class Y Share without sales charges) posted positive results and modestly outperformed the Putnam Conservative Blended Benchmark.
- Security selection strengthened relative results. Our quantitative US large-capitalization equity, fundamental international equity, fundamental US large-cap value equity, quantitative small-cap equity and quantitative international equity strategies led contributors during the third quarter. In contrast, our large-cap growth equity strategy weighed on relative performance.
- Overall allocation effects were muted. Within tactical asset allocation, we raised our equity exposure to overweight late in the third quarter, and the position did not have a material impact. With respect to interest-rate exposure, we maintained underweight duration positioning in USTs. We preferred a shorter-duration profile amid upward pressure on US longer-term yields. We also initiated a position in commodities late in the quarter, though this too had little impact on quarterly

Outlook

- We upgraded our view of equities as we entered the final guarter of 2025, as we weighed extended equity valuations against a generally positive macro environment, strong corporate fundamentals and monetary policy easing.
- The strength of the current global equity rally has surprised many market participants, considering stocks have brushed off tariff uncertainty, inflation concerns and labor market weakness to post gains close to 30% since a post-Liberation Day nadir in early April. US technology stocks have done even better, with the Nasdag Composite Index rising almost 50% in the same period. Such a powerful advance naturally brings some caution.
- However, we prefer to take a more measured approach, examining the underlying macro and corporate environment. Our analysis finds a broadly positive setup for equities, where improving business activity and solid economic growth have provided the platform for a strong second-quarter earnings season.
- Against this background, forward earnings-per-share growth forecasts for global stocks have risen into double digits, led by US companies, while there is also a clear improvement in the magnitude and breadth of earnings revisions.
- We still believe that growth could slow against the backdrop of tariff uncertainty, but that forecast has not yet manifested in weaker corporate guidance. This strengthens our conviction in a responsibly bullish approach to risk as we move into the final quarter of 2025.
- · We prefer a shorter duration profile within our fixed income portfolio. We see market expectations for Fed easing are too lofty. Markets are currently expecting at least three more cuts between October 2025 and June 2026—a move that would, at a minimum, bring the federal funds rate down from 4%-4.25% to 3.25%-3.5%. This feels like an ambitious target to us, with core inflation above 3% and the prospect of further upside pressure from tariffs on the horizon.

Morningstar Rating™

Overall Rating as of September 30, 2025



As of 09/30/2025 the fund's Class Y shares received a 5 star overall Morningstar rating™, measuring risk-adjusted returns against 83, 79 and 61 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.

Top Securities (% of Total)

	Fund
Nvidia Corp	3.66
Microsoft Corp	3.12
Apple	2.89
FNMA FN30 TBA UMBS 02.5000 10/01/2055	2.81
FNMA FN30 TBA UMBS 05.0000 10/01/2055	2.38
Amazon.com	1.88
Meta Platforms Inc-Class A	1.36
Alphabet Inc-CI A	1.35
FNMA FN15 TBA UMBS 02.5000 10/01/2040	1.29
Tesla	1.14

Average annual total returns and fund expenses (%) - as of September 30, 2025

			Without Sales Charge							With Maximum Sales Charge								ses	Sales Charges		Inception
Class	CUSIP	Ticker	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	746444801	PACYX	3.82	9.33	7.79	11.45	4.95	5.29	5.88	3.82	9.33	7.79	11.45	4.95	5.29	5.88	0.75	0.75	_	_	2/7/1994
Benchmark 1	_	_	2.03	6.13	2.88	4.93	-0.45	1.84	4.40	2.03	6.13	2.88	4.93	-0.45	1.84	_	_	_	_	_	_
Benchmark 2	_	_	3.71	9.22	7.34	10.74	4.48	5.70	_	3.71	9.22	7.34	10.74	4.48	5.70	_	_	_	_	_	_

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.

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

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

The **federal funds rate** is the interest rate at which a depository institution lends funds maintained at the Federal Reserve to another depository institution overnight. Also known as the "fed funds rate".

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

Nasdaq Composite Index is a market-capitalization-weighted index that is designed to represent the performance of NASDAQ securities and includes over 3,000 stocks. Source: Nasdaq OMX.

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 **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: Bloomberg Indices. The **Putnam Conservative Blended Benchmark** is comprised of 65% Bloomberg U.S. Aggregate Index, 25% Russell 3000 Index, 5% MSCI EAFE Index-NR, and 5% JPMorgan Developed High Yield Index. Source: Bloomberg Indices, FTSE, 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 and JP Morgan. Net Returns (NR) include income net of tax withholding when dividends are paid. Important data provider notices and terms available at www.franklintempletondatasources.com. All data is subject to change.

Morningstar Rating™: Source: Morningstar®, 09/30/2025. 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 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 5 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.

Putnam funds are not exchangeable for other funds distributed by Franklin Distributors, LLC.

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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.

