

SECURITIES AND EXCHANGE COMMISSION

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FILER

PUTNAM VISTA FUND/NEW/

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PUTNAM VISTA FUND

Prospectus Supplement dated August 1, 1996
to Class A, B and M shares Prospectus dated December 1, 1995

At a meeting held on July 31, 1996, shareholders of the fund recently approved a number of changes to the fundamental investment restrictions of the fund, including the elimination of certain restrictions. The fund may now:

- o acquire more than 10% of the voting securities of any issuer with respect to 25% of its total assets without restriction based on class;
- o invest more than 5% of its total assets in securities of any one issuer with respect to 25% of its total assets (Investments in obligations issued or guaranteed as to interest or principal by the U.S. government or its agencies or instrumentalities are not subject to any limitation); and
- o invest more than 5% of its assets in equity securities for which market quotations are not readily available.

The first two policies set forth above are fundamental and may not be changed without shareholder approval. See the Statement of Additional Information of the fund for the full text of these policies as well as the fund's other fundamental policies, some of which were also changed by vote of shareholders.

In addition, the fund's restriction with respect to investments in securities to restrictions on resale was eliminated, although the fund will remain subject to the non-fundamental restriction which prohibits the fund from investing more than 15% of its net assets in any combination of (a) securities which are not readily marketable, (b) securities as to resale, and (c) repurchase agreements maturing in more than seven days.

Also, the fund's restriction with respect to investing up to 5% of its net assets in companies that, together with any predecessors, have been in operation for less than three years is now nonfundamental, meaning that it could be changed in the future without shareholder approval.

To the extent the fund invests a significant portion of its assets in the securities of a particular issuer, the fund will be subject to an increased risk of loss if the market value of such issuer's securities declines.

The second and third paragraph and the first sentence of the fourth paragraph under the heading "How to buy shares--Class A shares" is replaced with the following:

There is no initial sales charge on purchases of class A shares of \$1 million or more. However, a CDSC of 1.00% or 0.50%, respectively, will be imposed on redemptions (other than redemptions by certain participant-directed qualified retirement plans, which are subject to a two-year CDSC of 1.00%, as described below) within the first or second year after purchase.

There are also no initial sales charges on class A shares purchased by participant-directed qualified retirement plans with at least 200 eligible employees. A CDSC of 1.00% will, however, be imposed upon the redemption of shares purchased after July 31, 1996 at net asset value by a participant-directed qualified retirement plan (including a plan with at least 200 eligible employees) that initially invested less than \$20 million in Putnam funds and other investments managed by Putnam Management or its affiliates and that sells 90% or more of the amount initially invested within two years after its initial purchase.

Any CDSC will be based on the lower of the shares' cost and current net asset value. Any shares acquired by reinvestment of distributions will be redeemed without a CDSC.

Shares purchased by certain investors (including participant-directed qualified retirement plans with at least 200 eligible employees) investing \$1 million or more who have made arrangements with Putnam Mutual Funds and whose dealer of record waived the commission as described below are not subject to the CDSC.