# FORM N-CSR

Certified annual shareholder report of registered management investment companies filed on Form N-CSR

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## FILER

**PUTNAM EQUITY INCOME FUND/NEW/**

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

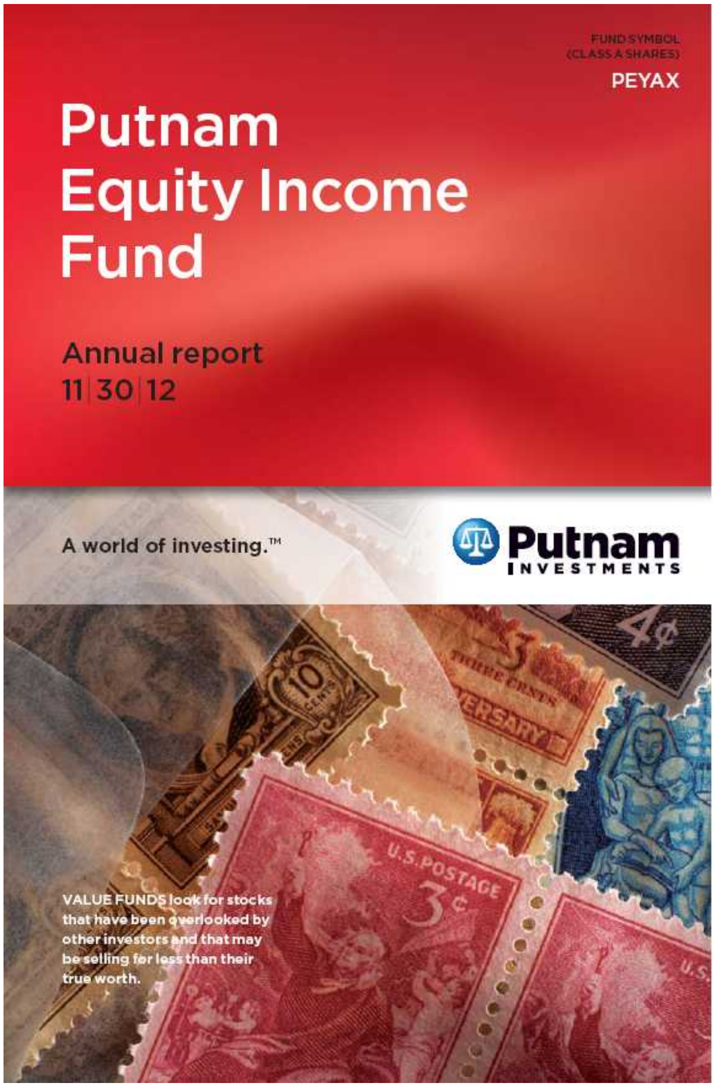
# FORM N-CSR

## CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

| | |
|---|---|
| Investment Company Act file number: | (811-02742) |
| Exact name of registrant as specified in charter: | Putnam Equity Income Fund |
| Address of principal executive offices: | One Post Office Square, Boston, Massachusetts 02109 |
| Name and address of agent for service: | Robert T. Burns, Vice President<br>One Post Office Square<br>Boston, Massachusetts 02109 |
| Copy to: | John W. Gerstmayr, Esq.<br>Ropes & Gray LLP<br>800 Boylston Street<br>Boston, Massachusetts 02199-3600 |
| Registrant's telephone number, including area code: | (617) 292-1000 |
| Date of fiscal year end: | November 30, 2012 |
| Date of reporting period: | December 1, 2011 — November 30, 2012 |

Item 1. Report to Stockholders:

The following is a copy of the report transmitted to stockholders pursuant to Rule 30e-1 under the Investment Company Act of 1940:




# Putnam Equity Income Fund

## Annual report

## 11 | 30 | 12



**Consider these risks before investing:** Value stocks may fail to rebound, and the market may not favor value-style investing. Income provided by the fund may be reduced by changes in the dividend policies of, and the capital resources available at, the companies in which the fund invests. The prices of stocks in the fund's portfolio may fall or fail to rise over extended periods of time for a variety of reasons, including both general financial market conditions and factors related to a specific company or industry.

## Message from the Trustees

Dear Fellow Shareholder:

In recent months, Europe's sovereign debt crisis and the threat of the "fiscal cliff" in the United States have contributed to heightened market volatility and have curtailed economic growth.

Even with these challenges, the U.S. economy has exhibited resiliency, with employment, housing, and GDP data all improving. While most of Europe is mired in recession, slow but steady progress is being made to resolve the eurozone's years-long debt crisis. Meanwhile, China, the world's second-largest economy, is showing strength in its important manufacturing sector.

Putnam's portfolio managers and analysts are trained to look for opportunities and manage downside risk in volatile market environments. We also believe in the importance of relying on the expertise of a financial advisor as you work toward your long-term financial goals.

We would like to take this opportunity to announce the arrival of two new Trustees, Liaquat Ahamed and Katinka Domotorffy, CFA, to your fund's Board of Trustees. Mr. Ahamed, who in 2010 won the Pulitzer Prize for History with his book, *Lords of Finance: The Bankers Who Broke the World*, also serves on the Board of Aspen Insurance and the Board of the Rohatyn Group, an emerging-market fund complex that manages money for institutional investors.

Ms. Domotorffy, who until year-end 2011 was a Partner, Chief Investment Officer, and Global Head of Quantitative Investment Strategies at Goldman Sachs Asset Management, currently serves as a member of the Anne Ray Charitable Trust's Investment Committee, Margaret A. Cargill Philanthropies, and director for Reach Out and Read of Greater New York, an organization dedicated to promoting early childhood literacy.

We would also like to extend a welcome to new shareholders of the fund and to thank all of our investors for your continued confidence in Putnam.

Respectfully yours,

Robert L. Reynolds
President and Chief Executive Officer
Putnam Investments

Jameson A. Baxter
Chair, Board of Trustees

January 14, 2013

**Putnam Equity Income Fund**

# A disciplined approach to seeking bargain stocks for investors

Value-style investing is grounded in a basic concept: The stock market always offers something at a discount. Putnam Equity Income Fund Portfolio Manager Darren Jaroch, along with a team of equity analysts, scours the universe of large companies, seeking attractively priced stocks of businesses that he believes are poised for positive change.

"I share the investment approach that has been the cornerstone of the fund since its inception — seeking a combination of growth and income potential for investors while employing disciplined risk management."

**Darren A. Jaroch, CFA**
Portfolio Manager

### A two-part search for promising stocks

In strong markets as well as challenging times, the fund has combined the income potential of dividend-paying companies with the growth potential of undervalued stocks.

#### Dividend-paying companies for income potential

The fund invests in companies that pay dividends — which are excess profits distributed to shareholders. In addition to their income potential, dividends can be a sign that a company's management is confident in the ongoing health of the business.

**Dividends have historically represented a significant portion of the total return of S&P 500 companies.**

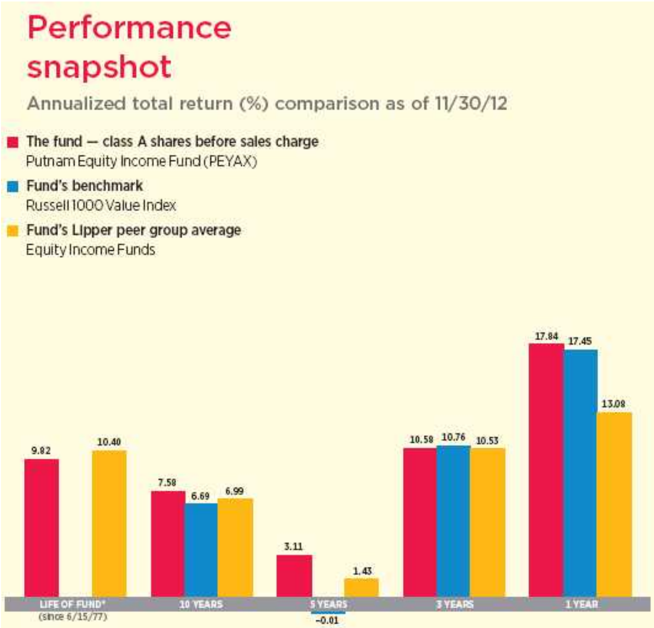

Source: Standard & Poor's.
There are no guarantees that a company will continue to pay dividends.

#### Value stocks for growth potential

Darren seeks growth potential from stocks of large and midsize U.S. companies. He looks for attractively priced stocks that he believes will appreciate as the market recognizes their long-term worth.

**The fund's portfolio has a lower price/earnings ratio — meaning its stocks are generally less expensive — than the broader market.**


Trailing 12 months as of 11/30/12.




***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 pages 5 and 11–13 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.***

**** The fund's benchmark, the Russell 1000 Value Index, was introduced on 12/31/78, which post-dates the inception of the fund's class A shares.***



# Interview with your fund's portfolio manager

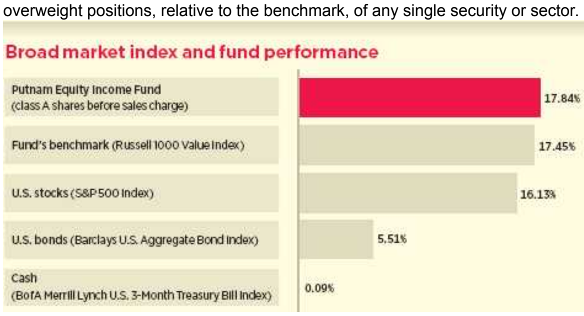
Darren A. Jaroch, CFA

**You recently became manager of this fund, and you bring 16 years of investment industry experience to the role. What is your investing background?**

Early in my Putnam career, I worked with the value teams to develop quantitative models, and in 2000, I joined Putnam's domestic Large Cap Value team. Over time, I have contributed to the investment process for all of Putnam's value portfolios. In 2005, I was named to the management team of Putnam International Value Fund, and today I manage that fund as well as domestic, international, and global value portfolios for institutional clients.

**Can you describe your philosophy and approach to managing Putnam Equity Income Fund?**

I share the investment approach that has been the cornerstone of the fund since its inception — seeking a combination of growth and income potential for investors, striving for positive returns over a full investment cycle, and employing disciplined risk management. I seek to maintain a diversified portfolio, focusing on fundamental research of individual stocks, and I try to avoid having significant overweight positions, relative to the benchmark, of any single security or sector. In building the portfolio, I look for high cash-flow-generating businesses with




This comparison shows your fund's performance in the context of broad market indexes for the 12 months ended 11/30/12. See pages 4 and 11–13 for additional fund performance information. Index descriptions can be found on page 16.



the willingness and ability to return cash to shareholders when appropriate.

**What can you tell us about the investing environment for the 12 months ended November 30, 2012?**

Stocks began the period on a strong note — with a sharp rally that continued into the early months of 2012. In fact, in the first three months of the year, stock market indexes posted their strongest first-quarter gains in over a decade. That rally, however, was quickly washed away by a trio of investor worries — Europe's ongoing sovereign debt crisis, China's economic slowdown, and debt issues and fiscal uncertainty in the United States. Investors began to flee any stocks perceived as risky and the market declined. Cyclical stocks, whose performance is generally tied to the overall economy, reversed course and underperformed sharply after a strong start to the year.

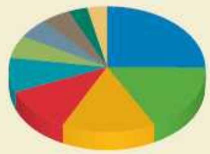
As we moved into the middle of June, however, the markets embarked on another rally as investor concerns about macroeconomic issues began to ease. A "hard landing" for China's economy seemed to be less of a risk, and the European Central Bank [ECB] took action to protect the euro and ease short-term funding pressure on Spain and Italy. ECB President Mario Draghi said the ECB was "ready to do whatever it takes" to preserve the euro. This appears to have been a significant catalyst for a pretty substantial stock market rally in the second half of the year.

**The fund outperformed both its benchmark index and the average return for funds in its Lipper peer group. What contributed to its strength?**

Throughout the period, the fund was positioned with a greater focus on cyclical stocks than its peers and the benchmark. While this dampened performance for the first half of the period, we believe it helped the fund outperform for the fiscal year overall. While much of the market took a defensive approach — investing based on

## Sector allocations as of 11/30/12

| | |
|---|---|
| Financials | 25.1% |
| Health care | 17.2 |
| Energy | 14.9 |
| Consumer discretionary | 11.4 |
| Industrials | 8.8 |
| Information technology | 5.8 |
| Consumer staples | 5.3 |
| Utilities | 4.8 |
| Materials | 3.3 |
| Short-term investments and net other assets | 3.4 |



Allocations are represented as a percentage of the fund's net assets. Summary information may differ from the information in the portfolio schedule notes included in the financial statements due to the inclusion of derivative securities, any interest accruals, the exclusion of as-of trades, if any, and the use of different classifications of securities for presentation purposes. Holdings and allocations may vary over time.



macroeconomic worries rather than the merits of individual companies — the fund remained focused on the stocks we believed could reward investors over time. It is important to note that we are stock-specific in our investing style — we invest based on research and analysis of individual companies rather than broader economic or market trends. And I am pleased to report that stock selection was the primary driver of returns for the fiscal year.

"A wider array of companies are offering dividends and, perhaps more important, dividend growth potential."

Darren Jaroch

**Which sectors were the strongest performers, and which struggled for the period?**

The best-performing sectors for the overall market were consumer discretionary, health care, and financials. The weakest performers were technology, basic materials, and energy. Within the fund's portfolio, energy was the top-performing sector relative to the benchmark. Strong performance also came from consumer discretionary and health-care stocks. The weakest-performing sectors for the fund, relative to the benchmark, were telecommunications services and information technology.

**What were some examples of stocks or strategies that helped performance versus the index?**

***Marathon Petroleum*** was the top contributor to performance for the fiscal year. In addition to being a fundamentally strong company, Marathon had a number of positive developments that pleased investors. In early 2011, the company announced its intention to split its business into two segments, making Marathon Oil Corporation an independent company in a spin-off transaction. The move was viewed as a positive strategy. More recently, the company announced that it was splitting Marathon Petroleum into two

## Top 10 holdings

| HOLDING (percentage of fund's net assets) | SECTOR | INDUSTRY |
|---|---|---|
| Marathon Oil Corp. (3.2%) | Energy | Oil, gas, and consumable fuels |
| Comcast Corp. (3.0%) | Consumer discretionary | Media |
| Marathon Petroleum Corp. (2.8%) | Energy | Oil, gas, and consumable fuels |
| Eli Lilly & Co. (2.8%) | Health care | Pharmaceuticals |
| Wells Fargo & Co. (2.8%) | Financials | Commercial banks |
| Baxter International, Inc. (2.7%) | Health care | Health-care equipment and supplies |
| Time Warner, Inc. (2.6%) | Consumer discretionary | Media |
| Royal Dutch Shell PLC (United Kingdom) (2.6%) | Energy | Oil, gas, and consumable fuels |
| JPMorgan Chase & Co. (2.5%) | Financials | Diversified financial services |
| Northrop Grumman Corp. (2.4%) | Industrials | Aerospace and defense |

This table shows the fund's top 10 individual holdings and the percentage of the fund's net assets that each represented as of 11/30/12. Short-term holdings are excluded. Holdings will vary over time.



public companies, one focused on pipelines and the other on refining. Investors cheered this announcement as an apparent indicator that the company was further optimizing its structure. Finally, with Marathon's acquisition of BP's Texas City refinery, I believe the company is well-positioned to take advantage of the U.S. shale oil boom.

I enjoy discussing the period's second-best performer, ***Comcast***, because I believe it has exemplified everything we look for in our stock-selection process. A provider of cable, video, high-speed Internet, and voice services, Comcast has had solid earnings and free-cash growth, and a durable competitive advantage in its industry. But most important, in my view, is that the company seems to be past its peak in capital spending. It has built a strong broadband network and has generated a significant amount of cash over the past two years. The company has shown a willingness to return cash to shareholders, which I believe bodes well for its dividend yield potential going forward.

As active fund managers, we have the flexibility to not own a stock that is included in our benchmark index — or to own less of it than the index. During the period, fund performance was helped by our decision to avoid, or maintain underweight positions in, many companies that struggled. The most notable example was ***Hewlett-Packard***, which is a significant part of the fund's benchmark index. Our decision to sell the fund's position in this stock during the period was a key contributor to fund performance. The company's earnings have been hurt by a global decline in demand for personal computers and printers, its two core products. In addition, investors were not happy with the company's decision in September 2011 to buy Autonomy — a search software company — for $10.3 billion. The company took a significant writedown on the acquisition in November 2012.

## Comparison of top sector shifts

| SECTOR | 5/31/12 | 11/30/12 | CHANGE |
|---|---|---|---|
| Energy | 11.6% | 14.9% | 3.3% |
| Consumer discretionary | 14.0% | 11.4% | -2.6% |
| Health care | 15.2% | 17.2% | 2.0% |
| Financials | 23.1% | 25.1% | 2.0% |
| Consumer staples | 6.9% | 5.3% | -1.6% |

This chart shows the fund's largest allocation shifts, by percentage, over the past six months. Weightings are shown as a percentage of the fund's net assets. Current period summary information may differ from the information in the portfolio schedule notes included in the financial statements due to the inclusion of derivative securities, any interest accruals, the exclusion of as-of trades, if any, and the use of different classifications of securities for presentation purposes. Holdings will vary over time.

**What were some stocks that detracted from returns versus the benchmark?**

Two energy stocks, ***TOTAL*** and ***Royal Dutch Shell***, were among the top detractors for the fiscal year. TOTAL, an integrated oil and gas company based in France, has struggled with several issues that have unnerved investors, including a natural gas leak at its Elgin platform in the North Sea, and the halting of production by militants in Yemen. As a Europe-based company, TOTAL also felt the effects of overall negative investor sentiment as the eurozone grappled with debt issues. Royal Dutch Shell underwhelmed the market with its dividend announcement and raised investor concerns related to its capital commitments in a tepid global economic environment.

Our decision to maintain an underweight position relative to the benchmark in ***Bank of America*** [BofA] also dampened performance. Our cautious stance was based on our concerns about the potential for continued regulatory challenges for large banks. At the same time, we underestimated the strength of the housing market recovery, which proved extremely beneficial for BofA stock for the period. By the close of the period, I had added to the fund's position in BofA.

**Can you tell us about the fund's recent dividend increase?**

Effective in September 2012, the fund's dividend rate increased by 19.40%, from $0.067 to $0.080 per class A share. This increase was due to a greater focus on dividend-paying stocks. Other share classes had similar increases.

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

In general, I am bullish on the prospects for stocks going into 2013. When investors are able to gain additional clarity on the U.S. government's approach to fiscal challenges, I believe the economy and markets will benefit. In my view, spending by both individual investors and corporations is likely to improve as macroeconomic uncertainties subside.

I am also optimistic about opportunities to increase dividend yield for the portfolio, as a wider array of companies are offering dividends and, perhaps more important, dividend growth potential. Of course, capital appreciation potential remains a critical component of the fund's strategy, and we continue to conduct rigorous fundamental research to ensure we have solid, differentiated insights on the companies we select.

**Thank you, Darren, for your time and insights.**

*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.*

Portfolio Manager **Darren A. Jaroch** has a B.A. from Hartwick College. A CFA charterholder, he joined Putnam in 1999 and has been in the investment industry since 1996.

In addition to Darren, your fund is also managed by Assistant Portfolio Manager Walter D. Scully, CPA.



**IN THE NEWS**

**While the U.S. economy continues to gather strength in several key areas, estimates for overall global economic growth in 2012 and 2013 have been downgraded.** The Organisation for Economic Co-operation and Development (OECD) revised its global GDP projections from 3.4% to 2.9% for 2012 and from 4.2% to 3.4% for 2013. The primary barriers to growth include the eurozone's debt crisis and, to a lesser degree, the impending U.S. "fiscal cliff." For the eurozone, the Paris-based think tank predicts negative growth of –0.4% in 2012 and –0.1% in 2013, before climbing to a tepid 1.3% in 2014. U.S. GDP growth may be significantly better, however: 2.2% for 2012, slowing to 2% in 2013, before increasing to 2.8% in 2014, according to the OECD.



## Your fund's performance

This section shows your fund's performance, price, and distribution information for periods ended November 30, 2012, the end of its most recent fiscal year. In accordance with regulatory requirements for mutual funds, we also include performance as of the most recent calendar quarter-end and 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. 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, R5, R6, and Y shares are not available to all investors. See the Terms and Definitions section in this report for definitions of the share classes offered by your fund.

**Fund performance** Total return for periods ended 11/30/12

| | **Class A** | | **Class B** | | **Class C** | | **Class M** | | **Class R** | **Class R5** | **Class R6** | **Class Y** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (inceptiondates) | (6/15/77) | | (9/13/93) | | (2/1/99) | | (12/2/94) | | (1/21/03) | (7/2/12) | (7/2/12) | (10/1/98) |
| | Before sales charge | After sales charge | Before CDSC | After CDSC | Before CDSC | After CDSC | Before sales charge | After sales charge | Net asset value | Net asset value | Net asset value | Net asset value |
| Annual average (life of fund) | 9.82% | 9.63% | 8.89% | 8.89% | 8.99% | 8.99% | 9.16% | 9.05% | 9.54% | 9.93% | 9.93% | 9.93% |
| 10 years | 107.69 | 95.79 | 92.72 | 92.72 | 92.62 | 92.62 | 97.58 | 90.72 | 102.69 | 112.92 | 112.97 | 112.87 |
| Annual average | 7.58 | 6.95 | 6.78 | 6.78 | 6.78 | 6.78 | 7.05 | 6.67 | 7.32 | 7.85 | 7.85 | 7.85 |
| 5 years | 16.57 | 9.89 | 12.33 | 10.33 | 12.28 | 12.28 | 13.73 | 9.78 | 15.14 | 18.16 | 18.19 | 18.13 |
| Annual average | 3.11 | 1.90 | 2.35 | 1.99 | 2.34 | 2.34 | 2.61 | 1.88 | 2.86 | 3.39 | 3.40 | 3.39 |
| 3 years | 35.21 | 27.45 | 32.20 | 29.20 | 32.16 | 32.16 | 33.20 | 28.58 | 34.15 | 36.24 | 36.27 | 36.21 |
| Annual average | 10.58 | 8.42 | 9.75 | 8.91 | 9.74 | 9.74 | 10.03 | 8.74 | 10.29 | 10.86 | 10.87 | 10.85 |
| 1 year | 17.84 | 11.08 | 16.99 | 11.99 | 17.00 | 16.00 | 17.30 | 13.17 | 17.60 | 18.23 | 18.26 | 18.20 |

Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. After-sales-charge returns for class A and M shares reflect the deduction of the maximum 5.75% and 3.50% sales charge, respectively, 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, R5, R6, and Y shares have no initial sales charge or CDSC. Performance for class B, C, M, 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 R5 and 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 R5 and 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.

Class B share performance does not reflect conversion to class A shares.



**Comparative index returns** For periods ended 11/30/12

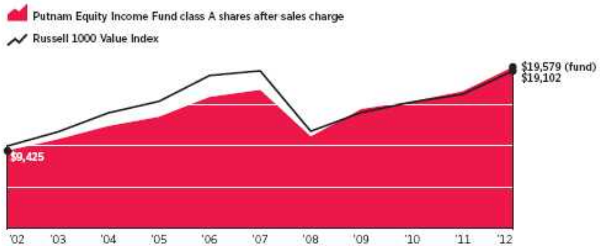
| | **Russell 1000 Value Index** | **Lipper Equity Income Funds category average*** |
|---|---|---|
| Annual average (life of fund) | —† | 10.40% |
| 10 years | 91.02% | 98.05 |
| Annual average | 6.69 | 6.99 |
| 5 years | –0.07 | 7.75 |
| Annual average | –0.01 | 1.43 |
| 3 years | 35.86 | 35.16 |
| Annual average | 10.76 | 10.53 |
| 1 year | 17.45 | 13.08 |

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

* Over the 1-year, 3-year, 5-year, 10-year, and life-of-fund periods ended 11/30/12, there were 311, 248, 213, 110, and 3 funds, respectively, in this Lipper category.

† The fund's benchmark, the Russell 1000 Value Index, was introduced on 12/31/78, which post-dates the inception of the fund's class A shares.

**Change in the value of a $10,000 investment** ($9,425 after sales charge)
Cumulative total return from 11/30/02 to 11/30/12




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 class C shares would have been valued at $19,272 and $19,262, respectively, and no contingent deferred sales charges would apply. A $10,000 investment in the fund's class M shares ($9,650 after sales charge) would have been valued at $19,072. A $10,000 investment in the fund's class R, class R5, class R6, and class Y shares would have been valued at $20,269, $21,292, $21,297, and $21,287, respectively.



**Fund price and distribution information** For the 12-month period ended 11/30/12

| Distributions | Class A | | Class B | Class C | Class M | | Class R | Class R5 | Class R6 | Class Y |
|---|---|---|---|---|---|---|---|---|---|---|
| Number | 4 | | 4 | 4 | 4 | | 4 | 1 | 1 | 4 |
| Income | $0.324 | | $0.204 | $0.209 | $0.246 | | $0.286 | $0.094 | $0.098 | $0.363 |
| Capital gains | — | | — | — | — | | — | — | — | — |
| **Total** | **$0.324** | | **$0.204** | **$0.209** | **$0.246** | | **$0.286** | **$0.094** | **$0.098** | **$0.363** |
| **Share value** | Before sales charge | After sales charge | Net asset value | Net asset value | Before sales charge | After sales charge | Net asset value | Net asset value | Net asset value | Net asset value |
| 11/30/11 | $14.94 | $15.85 | $14.80 | $14.82 | $14.80 | $15.34 | $14.85 | — | — | $14.94 |
| 7/2/12* | — | — | — | — | — | — | — | $15.86 | $15.86 | — |
| 11/30/12 | 17.25 | 18.30 | 17.09 | 17.11 | 17.09 | 17.71 | 17.15 | 17.26 | 17.26 | 17.26 |
| **Current yield (end of period)** | Before sales charge | After sales charge | Net asset value | Net asset value | Before sales charge | After sales charge | Net asset value | Net asset value | Net asset value | Net asset value |
| Current dividend rate [1] | 1.86% | 1.75% | 1.15% | 1.15% | 1.40% | 1.36% | 1.63% | 2.18% | 2.27% | 2.09% |
| Current 30-day SEC yield [2] | N/A | 1.47 | 0.83 | 0.83 | N/A | 1.03 | 1.32 | 1.96 | 2.05 | 1.80 |

The classification of distributions, if any, is an estimate. Before-sales-charge share value and current dividend rate for class A and M 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 and 3.50% for class M shares) was levied at the time of purchase. Final distribution information will appear on your year-end tax forms.

* Inception date of class R5 and R6 shares.

[1] Most recent distribution, excluding capital gains, annualized and divided by share price before or after sales charge at period-end.

[2] Based only on investment income and calculated using the maximum offering price for each share class, in accordance with SEC guidelines.

**Fund performance as of most recent calendar quarter**
Total return for periods ended 12/31/12

| | Class A | | Class B | | Class C | | Class M | | Class R | Class R5 | Class R6 | Class Y |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (inceptiondates) | (6/15/77) | | (9/13/93) | | (2/1/99) | | (12/2/94) | | (1/21/03) | (7/2/12) | (7/2/12) | (10/1/98) |
| | Before sales charge | After sales charge | Before CDSC | After CDSC | Before CDSC | After CDSC | Before sales charge | After sales charge | Net asset value | Net asset value | Net asset value | Net asset value |
| Annual average (life of fund) | 9.86% | 9.68% | 8.93% | 8.93% | 9.03% | 9.03% | 9.21% | 9.10% | 9.58% | 9.97% | 9.97% | 9.97% |
| 10 years | 120.31 | 107.65 | 104.32 | 104.32 | 104.32 | 104.32 | 109.52 | 102.26 | 114.90 | 125.85 | 125.95 | 125.86 |
| Annual average | 8.22 | 7.58 | 7.41 | 7.41 | 7.41 | 7.41 | 7.68 | 7.30 | 7.95 | 8.49 | 8.49 | 8.49 |
| 5 years | 18.97 | 12.12 | 14.60 | 12.60 | 14.54 | 14.54 | 16.02 | 11.98 | 17.50 | 20.48 | 20.54 | 20.49 |
| Annual average | 3.54 | 2.31 | 2.76 | 2.40 | 2.75 | 2.75 | 3.02 | 2.29 | 3.28 | 3.80 | 3.81 | 3.80 |
| 3 years | 36.10 | 28.27 | 33.06 | 30.06 | 32.99 | 32.99 | 34.09 | 29.39 | 35.03 | 37.13 | 37.19 | 37.14 |
| Annual average | 10.82 | 8.65 | 9.99 | 9.16 | 9.97 | 9.97 | 10.27 | 8.97 | 10.53 | 11.10 | 11.12 | 11.10 |
| 1 year | 19.02 | 12.14 | 18.08 | 13.08 | 18.07 | 17.07 | 18.40 | 14.25 | 18.70 | 19.31 | 19.36 | 19.31 |



## 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 M | Class R | Class R5 | Class R6 | Class Y |
|---|---|---|---|---|---|---|---|---|
| Total annual operating expenses for the fiscal year ended 11/30/11 | 1.12% | 1.87% | 1.87% | 1.62% | 1.37% | 0.72%* | 0.62%* | 0.87% |
| Annualized expense ratio for the six-month period ended 11/30/12† | 1.05% | 1.80% | 1.80% | 1.55% | 1.30% | 0.67% | 0.57% | 0.80% |

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 because it includes an impact of 0.05% in fees and expenses of acquired funds. Expenses are shown as a percentage of average net assets.

* Expenses for class R5 and R6 shares are based on the other expenses of class A shares for the fund's last fiscal year end, adjusted to reflect the lower investor servicing fees applicable to class R5 and R6 shares.

† For the fund's most recent fiscal half year, or in the case of class R5 and R6 shares, from 7/3/12 (commencement of operations) to 11/30/12; may differ from expense ratios based on one-year data in the financial highlights.

**Expenses per $1,000**

The following table shows the expenses you would have paid on a $1,000 investment in the fund from June 1, 2012 (or in the case of class R5 and R6 shares, from July 3, 2012 (commencement of operations)), to November 30, 2012. 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 M | Class R | Class R5 | Class R6 | Class Y |
|---|---|---|---|---|---|---|---|---|
| Expenses paid per $1,000*† | $5.65 | $9.66 | $9.66 | $8.32 | $6.99 | $2.89‡ | $2.46‡ | $4.31 |
| Ending value (after expenses) | $1,150.50 | $1,146.20 | $1,146.10 | $1,147.70 | $1,149.30 | $1,094.30 | $1,094.60 | $1,152.60 |

* 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 11/30/12 (or, in the case of class R5 and R6 shares, the period from 7/3/12 (commencement of operations) to 11/30/12). 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; and then dividing that result by the number of days in the year.

‡ Had expenses for class R5 and R6 shares been shown for the entire period from 6/1/12 to 11/30/12, they would have been higher.



**Estimate the expenses you paid**

To estimate the ongoing expenses you paid for the six months ended November 30, 2012, use the following calculation method. To find the value of your investment on June 1, 2012, call Putnam at 1-800-225-1581.

| How to calculate the expenses you paid | | | | | | |
|---|---|---|---|---|---|---|
| Value of your investment on 6/1/12 | ÷ | $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 | $5.65 *(see preceding table)* | = | $56.50 |

**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 M | Class R | Class R5 | Class R6 | Class Y |
|---|---|---|---|---|---|---|---|---|
| Expenses paid per $1,000*† | $5.30 | $9.07 | $9.07 | $7.82 | $6.56 | $3.39 | $2.88 | $4.04 |
| Ending value (after expenses) | $1,019.75 | $1,016.00 | $1,016.00 | $1,017.25 | $1,018.50 | $1,021.65 | $1,022.15 | $1,021.00 |

* 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 11/30/12 (or, in the case of class R5 and R6 shares, the period from 7/3/12 (commencement of operations) to 11/30/12). 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; and then dividing that result by the number of days in the year.



## Terms and definitions

**Important terms**

**Total return** shows how the value of the fund's shares changed over time, assuming you held the shares through the entire period and reinvested all distributions in the fund.

**Before sales charge**, or net asset value, is the price, or value, of one share of a mutual fund, without a sales charge. Before-sales-charge figures fluctuate with market conditions, and are calculated by dividing the net assets of each class of shares by the number of outstanding shares in the class.

**After sales charge** is the price of a mutual fund share plus the maximum sales charge levied at the time of purchase. After-sales-charge performance figures shown here assume the 5.75% maximum sales charge for class A shares and 3.50% for class M shares.

**Contingent deferred sales charge (CDSC)** is generally a charge applied at the time of the redemption of class B or C shares and assumes redemption at the end of the period. Your fund's class B CDSC declines over time from a 5% maximum during the first year to 1% during the sixth year. After the sixth year, the CDSC no longer applies. The CDSC for class C shares is 1% for one year after purchase.

**Share classes**

**Class A shares** are generally subject to an initial sales charge and no CDSC (except on certain redemptions of shares bought without an initial sales charge).

**Class B shares** are not subject to an initial sales charge. They may be subject to a CDSC.

**Class C shares** are not subject to an initial sales charge and are subject to a CDSC only if the shares are redeemed during the first year.

**Class M shares** have a lower initial sales charge and a higher 12b-1 fee than class A shares and no CDSC (except on certain redemptions of shares bought without an initial sales charge).

**Class R shares** are not subject to an initial sales charge or CDSC and are available only to certain defined contribution plans.

**Class R5 shares** and **class R6 shares** are not subject to an initial sales charge or CDSC, and carry no 12b-1 fee. They are only available to certain defined contribution plans with assets of at least $50 million.

**Class Y shares** are not subject to an initial sales charge or CDSC, and carry no 12b-1 fee. They are generally only available to corporate and institutional clients and clients in other approved programs.

**Comparative indexes**

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

**BofA (Bank of America) Merrill Lynch 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.

**Russell 1000 Value Index** is an unmanaged index of those companies in the large-cap Russell 1000 Index chosen for their value 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** is a third-party industry-ranking entity that ranks mutual 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 averages reflect performance trends for funds within a category.



## Other information for shareholders

**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.

**Proxy voting**

Putnam is committed to managing our mutual 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, 2012, are available in the Individual Investors section at putnam.com, and on the Securities and Exchange Commission (SEC) 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.

**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-Q. Shareholders may obtain the fund's Forms N-Q on the SEC's website at www.sec.gov. In addition, the fund's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. You may call the SEC at 1-800-SEC-0330 for information about the SEC's website or the operation of the Public Reference Room.

**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 mutual funds. As of November 30, 2012, Putnam employees had approximately $340,000,000 and the Trustees had approximately $83,000,000 invested in Putnam mutual funds. These amounts include investments by the Trustees' and employees' immediate family members as well as investments through retirement and deferred compensation plans.



## Trustee approval of management contract

**General conclusions**

The Board of Trustees of the Putnam funds 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 Investment Management ("Putnam Management") and the sub-management contract with respect to your fund between Putnam Management and its affiliate, Putnam Investments Limited ("PIL").

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 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 funds ("Independent Trustees").

At the outset of the review process, members of the Board's independent staff and independent legal counsel met with representatives of Putnam Management to review the annual contract review materials furnished to the Contract Committee during the course of the previous year's review and to discuss possible changes in these materials that might be necessary or desirable for the coming year. Following these discussions and in consultation with the Contract Committee, the Independent Trustees' independent legal counsel requested that Putnam Management 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 2012, 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's independent staff and by independent legal counsel for the Putnam funds and the Independent Trustees.

In May 2012, the Contract Committee met in executive session with the other Independent Trustees to discuss the Contract Committee's preliminary recommendations with respect to the continuance of the contracts. At the Trustees' June 22, 2012 meeting, the Contract Committee met in executive session with the other Independent Trustees to review a summary of the key financial data that the Contract Committee considered in the course of its review. The Contract Committee then presented its written report, which summarized the key factors that the Committee had considered and set forth its final recommendations. The Contract Committee then recommended, and the Independent Trustees approved, the continuance of your fund's management and sub-management contracts, effective July 1, 2012. (Because PIL is an affiliate of Putnam Management and Putnam Management remains fully responsible for all services provided by PIL, the Trustees have not evaluated PIL as a separate entity, and all subsequent references to Putnam Management below should be deemed to include reference to PIL as necessary or appropriate in the context.)

The Independent Trustees' approval was 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, and the costs incurred by Putnam Management in providing services, and

• That the fee schedule represented an appropriate sharing between fund shareholders and Putnam Management of such 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 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.

**Management fee schedules and total expenses**

The Trustees reviewed the management fee schedules in effect for all Putnam funds, including fee levels and breakpoints. In reviewing management fees, the Trustees generally focus their attention on material changes in circumstances — for example, changes in assets under management, changes in a fund's investment style, changes in Putnam Management's operating costs, or changes in competitive practices in the mutual fund industry — that suggest that consideration of fee changes might be warranted. The Trustees concluded that the circumstances did not warrant changes to the management fee structure of your fund.

Most of the open-end Putnam funds, including your fund, have relatively new management contracts, which introduced fee schedules that reflect more competitive fee levels for many funds, complex-wide breakpoints for the open-end funds, and performance fees for some funds. These new management contracts have been in effect for two years — since January or, for a few funds, February 2010. The Trustees approved the new management contracts on July 10, 2009, and fund shareholders subsequently approved the contracts by overwhelming majorities of the shares voted.

Under its management contract, your fund has the benefit of breakpoints in its management fee that provide shareholders with significant economies of scale in the form of reduced fee levels as assets under management in the Putnam family of funds increase. The Contract Committee observed that the complex-wide breakpoints of the open-end funds had only been in place for two years, and the Trustees will continue to examine the operation of this new breakpoint structure in future years in light of further experience.

As in the past, the Trustees also focused on the competitiveness of each fund's total expense ratio. In order to ensure that expenses of the Putnam funds continue to meet evolving competitive standards, the Trustees and Putnam Management agreed in 2009 to implement certain expense limitations. These expense limitations serve in particular to maintain competitive expense levels for funds with large numbers of small shareholder accounts and funds with relatively small net assets. Most funds, including your fund, had sufficiently low expenses that these expense limitations did not apply. The expense limitations were: (i) a contractual expense limitation applicable to all retail open-end funds of 37.5 basis points (effective March 1, 2012, this expense limitation was reduced to 32 basis points) on investor servicing fees and expenses and (ii) a contractual expense limitation applicable to all open-end funds of 20 basis points on so-called "other expenses" (i.e., all expenses exclusive of management fees, investor servicing fees, distribution fees, investment-related expenses, interest, taxes, brokerage commissions,



extraordinary expenses and acquired fund fees and expenses). Putnam Management's support for these expense limitations, including its agreement to reduce the expense limitation applicable to the open-end funds' investor servicing fees and expenses as noted above, was an important factor in the Trustees' decision to approve the continuance of your fund's management and sub-management contracts.

The Trustees reviewed comparative fee and expense information for a custom group of competitive funds selected by Lipper Inc. This comparative information included your fund's percentile ranking for effective management fees and total expenses (excluding any applicable 12b-1 fee), which provides a general indication of your fund's relative standing. In the custom peer group, your fund ranked in the 1st 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 2nd quintile in total expenses (excluding any applicable 12b-1 fees) as of December 31, 2011 (the first quintile representing the least expensive funds and the fifth quintile the most expensive funds). The fee and expense data reported by Lipper as of December 31, 2011 reflected the most recent fiscal year-end data available in Lipper's database at that time.

In connection with their review of the management fees and total expenses of the Putnam funds, 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. In this regard, the Trustees also reviewed an analysis of Putnam Management's revenues, expenses and profitability, allocated on a fund-by-fund basis, with respect to the funds' management, distribution, and investor servicing contracts. For each fund, the analysis presented information about revenues, expenses and profitability for each of the 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 represented reasonable compensation for the services being provided and represented an appropriate sharing of such economies of scale as may exist in the management of the funds at that time.

The information examined by the Trustees as part of their annual contract review for the Putnam funds has included for many years information regarding fees charged by Putnam Management and its affiliates to institutional clients such as defined benefit pension plans, college endowments, and the like. This information included comparisons of those fees with fees charged to the funds, as well as an assessment of the differences in the services provided to these different types of clients. The Trustees observed that the differences in fee rates between institutional clients and mutual 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 historical competitive forces operating in separate markets. The Trustees considered the fact that in many cases fee rates across different asset classes are higher on average for mutual funds than for institutional clients, as well as the differences between the services that Putnam Management provides to the Putnam funds and those that it provides to its institutional 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 the Putnam funds' investment process and performance by the work of the investment oversight committees of the Trustees, which meet on a regular basis with the funds' portfolio teams and with the Chief Investment Officer and other members 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 the investment performance of each fund over multiple time periods and considered information comparing each fund's performance with various benchmarks and, where applicable, with the performance of competitive funds or targeted annualized return. They noted that since 2009, when Putnam Management began implementing major changes to strengthen its investment personnel and processes, there has been a steady improvement in the number of Putnam funds showing above-median three-year performance results. They also noted the disappointing investment performance of some funds for periods ended December 31, 2011 and considered information provided by Putnam Management regarding the factors contributing to the underperformance and actions being taken to improve the performance of these particular funds. The Trustees indicated their intention to continue to monitor performance trends to assess the effectiveness of these efforts and to evaluate whether additional actions to address areas of underperformance are warranted.

In the case of your fund, the Trustees considered that its class A share cumulative total return performance at net asset value was in the following quartiles of its Lipper Inc. peer group (Lipper Equity Income Funds) for the one-year, three-year and five-year periods ended December 31, 2011 (the first quartile representing the best-performing funds and the fourth quartile the worst-performing funds):

| | |
|---|---|
| One-year period | 3rd |
| Three-year period | 2nd |
| Five-year period | 2nd |

Over the one-year, three-year and five-year periods ended December 31, 2011, there were 290, 253 and 216 funds, respectively, in your fund's Lipper peer group. (When considering performance information, shareholders should be mindful that past performance is not a guarantee of future results.)

**Brokerage and soft-dollar allocations; 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-dollar credits acquired through these means are used primarily to acquire research services that supplement Putnam Management's internal research efforts. However, the Trustees noted that a portion of available soft-dollar credits



continues to be allocated to the payment of fund expenses. The Trustees indicated their continued intent to monitor regulatory developments in this area with the assistance of their Brokerage Committee and also indicated their continued intent to monitor the potential benefits associated with fund brokerage and soft-dollar allocations and trends in industry practices 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 that the funds make to Putnam Management's affiliates for investor or distribution services. In conjunction with the annual review of your fund's management and sub-management contracts, the Trustees reviewed your fund's investor servicing agreement with Putnam Investor Services, Inc. ("PSERV") and its distributor's contracts 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 funds to PSERV and PRM, as applicable, for such services are reasonable in relation to the nature and quality of such services.



## 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 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 year.

**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 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**

The Board of Trustees and Shareholders
Putnam Equity Income Fund:

We have audited the accompanying statement of assets and liabilities of Putnam Equity Income Fund (the fund), including the fund's portfolio, as of November 30, 2012, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years or periods in the five-year period then ended. These financial statements and financial highlights are the responsibility of the fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of November 30, 2012, by correspondence with the custodian and brokers or by other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Putnam Equity Income Fund as of November 30, 2012, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years or periods in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

Boston, Massachusetts
January 14, 2013



**The fund's portfolio** 11/30/12

| COMMON STOCKS (93.9%)* | Shares | Value |
|---|---|---|
| **Aerospace and defense (4.4%)** | | |
| Honeywell International, Inc. | 124,500 | $7,635,585 |
| L-3 Communications Holdings, Inc. | 358,440 | 27,546,114 |
| Northrop Grumman Corp. S | 1,354,790 | 90,364,493 |
| Raytheon Co. | 222,100 | 12,688,573 |
| United Technologies Corp. | 366,200 | 29,336,282 |
| | | **167,571,047** |
| **Auto components (1.8%)** | | |
| Autoliv, Inc. (Sweden) S | 248,140 | 14,977,730 |
| Johnson Controls, Inc. | 223,200 | 6,146,928 |
| TRW Automotive Holdings Corp. † | 895,980 | 45,372,427 |
| | | **66,497,085** |
| **Automobiles (0.4%)** | | |
| Ford Motor Co. S | 1,231,540 | 14,101,133 |
| | | **14,101,133** |
| **Beverages (1.3%)** | | |
| Coca-Cola Enterprises, Inc. | 1,516,000 | 47,268,880 |
| Dr. Pepper Snapple Group, Inc. S | 65,600 | 2,942,160 |
| | | **50,211,040** |
| **Building products (0.3%)** | | |
| Owens Corning, Inc. † | 323,200 | 11,176,256 |
| | | **11,176,256** |
| **Capital markets (3.1%)** | | |
| Charles Schwab Corp. (The) | 1,478,300 | 19,365,730 |
| Invesco, Ltd. | 737,500 | 18,430,125 |
| State Street Corp. | 1,748,980 | 77,724,671 |
| | | **115,520,526** |
| **Chemicals (2.3%)** | | |

| | | |
|---|---|---|
| Ashland, Inc. | 495,560 | 35,145,115 |
| Celanese Corp. Ser. A | 291,500 | 11,963,160 |
| LyondellBasell Industries NV Class A (Netherlands) | 823,700 | 40,962,601 |
| | | **88,070,876** |
| **Commercial banks (3.0%)** | | |
| Popular, Inc. (Puerto Rico) † | 360,580 | 7,128,667 |
| Wells Fargo & Co. | 3,155,940 | 104,177,579 |
| | | **111,306,246** |
| **Commercial services and supplies (1.0%)** | | |
| ADT Corp. (The) † | 368,665 | 16,921,724 |
| Tyco International, Ltd. | 737,330 | 20,918,052 |
| | | **37,839,776** |
| **Communications equipment (1.7%)** | | |
| Cisco Systems, Inc. | 3,420,250 | 64,676,928 |
| | | **64,676,928** |
| **Computers and peripherals (0.5%)** | | |
| Apple, Inc. | 33,800 | 19,782,464 |
| | | **19,782,464** |
| **Consumer finance (2.1%)** | | |
| Capital One Financial Corp. | 1,065,300 | 61,361,280 |
| Discover Financial Services | 442,000 | 18,391,620 |
| | | **79,752,900** |
| **Containers and packaging (0.2%)** | | |
| Sealed Air Corp. S | 549,800 | 9,247,636 |
| | | **9,247,636** |



| **COMMON STOCKS (93.9%)*** *cont.* | **Shares** | **Value** |
|---|---|---|
| **Diversified financial services (3.9%)** | | |
| Bank of America Corp. | 2,134,200 | $21,043,212 |
| Citigroup, Inc. | 861,100 | 29,768,227 |
| JPMorgan Chase & Co. | 2,312,600 | 95,001,608 |
| | | **145,813,047** |
| **Diversified telecommunication services (0.7%)** | | |
| Verizon Communications, Inc. | 571,970 | 25,235,316 |
| | | **25,235,316** |
| **Electric utilities (1.8%)** | | |
| Entergy Corp. S | 222,600 | 14,144,004 |
| FirstEnergy Corp. | 440,100 | 18,686,646 |
| NV Energy, Inc. | 1,769,430 | 32,433,652 |
| PPL Corp. | 75,100 | 2,204,185 |
| | | **67,468,487** |
| **Food and staples retail (2.3%)** | | |
| CVS Caremark Corp. | 1,348,900 | 62,737,339 |
| Kroger Co. (The) S | 599,200 | 15,723,008 |
| Walgreen Co. | 202,200 | 6,856,602 |
| | | **85,316,949** |
| **Food products (0.5%)** | | |
| Bunge, Ltd. S | 271,600 | 19,870,256 |
| | | **19,870,256** |
| **Health-care equipment and supplies (5.4%)** | | |
| Baxter International, Inc. | 1,536,600 | 101,830,482 |
| Covidien PLC | 746,025 | 43,351,513 |
| St. Jude Medical, Inc. | 1,021,000 | 34,999,880 |
| Zimmer Holdings, Inc. | 339,100 | 22,370,427 |
| | | **202,552,302** |
| **Health-care providers and services (2.6%)** | | |
| CIGNA Corp. | 1,401,300 | 73,245,951 |
| UnitedHealth Group, Inc. | 430,700 | 23,425,773 |
| | | **96,671,724** |
| **Hotels, restaurants, and leisure (0.5%)** | | |
| McDonald's Corp. S | 214,700 | 18,687,488 |
| | | **18,687,488** |
| **Household durables (0.5%)** | | |
| Jarden Corp. S | 286,660 | 15,167,181 |
| Newell Rubbermaid, Inc. | 236,400 | 5,155,884 |
| | | **20,323,065** |
| **Independent power producers and energy traders (1.2%)** | | |
| AES Corp. (The) | 4,374,970 | 46,680,930 |
| | | **46,680,930** |
| **Insurance (9.3%)** | | |
| Aflac, Inc. | 463,830 | 24,578,352 |
| American International Group, Inc. † | 1,013,053 | 33,562,446 |
| Aon PLC | 493,800 | 28,047,840 |
| Everest Re Group, Ltd. | 154,260 | 16,732,582 |
| Hartford Financial Services Group, Inc. (The) S | 219,000 | 4,638,420 |
| MetLife, Inc. | 2,344,770 | 77,822,916 |
| PartnerRe, Ltd. | 509,550 | 42,231,504 |
| Validus Holdings, Ltd. S | 2,165,590 | 76,791,821 |
| Willis Group Holdings PLC S | 395,000 | 13,856,600 |
| XL Group PLC | 1,442,811 | 35,103,592 |
| | | **353,366,073** |



| **COMMON STOCKS (93.9%)*** *cont.* | **Shares** | **Value** |
|---|---|---|

| | | |
|---|---|---|
| **Leisure equipment and products (1.5%)** | | |
| Hasbro, Inc. S | 1,481,000 | $56,959,260 |
| | | **56,959,260** |
| **Life sciences tools and services (1.0%)** | | |
| Thermo Fisher Scientific, Inc. | 596,400 | 37,901,220 |
| | | **37,901,220** |
| **Machinery (0.8%)** | | |
| Stanley Black & Decker, Inc. S | 234,200 | 16,841,322 |
| Timken Co. | 272,900 | 12,294,145 |
| | | **29,135,467** |
| **Media (6.7%)** | | |
| Comcast Corp. Special Class A | 3,200,250 | 115,337,010 |
| Interpublic Group of Companies, Inc. (The) | 1,761,470 | 19,059,105 |
| McGraw-Hill Cos., Inc. (The) | 368,870 | 19,590,686 |
| Time Warner, Inc. S | 2,108,690 | 99,741,037 |
| | | **253,727,838** |
| **Multi-utilities (0.3%)** | | |
| Ameren Corp. | 323,824 | 9,705,005 |
| | | **9,705,005** |
| **Multiline retail (—%)** | | |
| Kohl's Corp. | 14,800 | 660,820 |
| | | **660,820** |
| **Office electronics (0.7%)** | | |
| Xerox Corp. | 3,702,360 | 25,213,072 |
| | | **25,213,072** |
| **Oil, gas, and consumable fuels (14.9%)** | | |
| Apache Corp. | 165,400 | 12,750,686 |
| Chevron Corp. | 19,600 | 2,071,524 |
| Ente Nazionale Idrocarburi (ENI) SpA ADR (Italy) S | 268,500 | 12,734,955 |
| Exxon Mobil Corp. | 909,100 | 80,128,074 |
| Hess Corp. | 854,900 | 42,411,589 |
| Marathon Oil Corp. | 3,965,300 | 122,329,505 |
| Marathon Petroleum Corp. | 1,765,300 | 105,105,962 |
| Noble Energy, Inc. | 121,700 | 11,896,175 |
| Occidental Petroleum Corp. | 91,600 | 6,889,236 |
| Royal Dutch Shell PLC ADR (United Kingdom) S | 1,458,210 | 97,656,324 |
| Total SA (France) | 164,744 | 8,243,574 |
| Valero Energy Corp. | 1,908,100 | 61,555,306 |
| | | **563,772,910** |
| **Paper and forest products (0.7%)** | | |
| International Paper Co. | 753,110 | 27,970,505 |
| | | **27,970,505** |
| **Personal products (0.3%)** | | |
| Avon Products, Inc. S | 938,910 | 13,097,795 |
| | | **13,097,795** |
| **Pharmaceuticals (8.3%)** | | |
| Eli Lilly & Co. | 2,132,400 | 104,572,896 |
| GlaxoSmithKline PLC ADR (United Kingdom) S | 124,200 | 5,341,842 |
| Johnson & Johnson S | 1,164,870 | 81,226,385 |
| Merck & Co., Inc. | 1,081,800 | 47,923,740 |
| Pfizer, Inc. | 3,007,710 | 75,252,904 |
| | | **314,317,767** |



| **COMMON STOCKS (93.9%)*** *cont.* | **Shares** | **Value** |
|---|---|---|
| **Professional services (1.2%)** | | |
| Dun & Bradstreet Corp. (The) S | 560,060 | $44,345,551 |
| | | **44,345,551** |
| **Real estate investment trusts (REITs) (1.4%)** | | |
| Hatteras Financial Corp. | 464,400 | 12,380,904 |
| MFA Financial, Inc. | 4,883,805 | 41,072,800 |
| | | **53,453,704** |
| **Semiconductors and semiconductor equipment (1.6%)** | | |
| Intel Corp. | 1,453,400 | 28,443,038 |
| KLA-Tencor Corp. S | 73,200 | 3,328,404 |
| Texas Instruments, Inc. S | 1,024,900 | 30,203,803 |
| | | **61,975,245** |
| **Software (1.3%)** | | |
| Microsoft Corp. | 699,800 | 18,628,676 |
| Oracle Corp. S | 612,900 | 19,674,090 |
| Symantec Corp. † | 543,300 | 10,192,308 |
| | | **48,495,074** |
| **Specialty retail (—%)** | | |
| Best Buy Co., Inc. S | 103,800 | 1,360,818 |
| | | **1,360,818** |
| **Tobacco (0.8%)** | | |
| Philip Morris International, Inc. | 354,950 | 31,902,906 |
| | | **31,902,906** |
| **Wireless telecommunication services (1.6%)** | | |
| Vodafone Group PLC ADR (United Kingdom) | 2,355,300 | 60,766,739 |
| | | **60,766,739** |
| **Total common stocks (cost $3,065,608,683)** | | **$3,552,501,246** |

| **CONVERTIBLE PREFERRED STOCKS (4.4%)*** | **Shares** | **Value** |
|---|---|---|

| | | |
|---|---|---|
| Citigroup, Inc. $7.50 cv. pfd. | 814,075 | $81,635,441 |
| PPL Corp. $4.375 cv. pfd. | 1,090,062 | 59,135,864 |
| Swift Mandatory Common Exchange Security Trust 144A 6.00% cv. pfd. | 3,145,945 | 27,078,722 |
| **Total convertible preferred stocks (cost $172,138,851)** | | **$167,850,027** |

| **CONVERTIBLE BONDS AND NOTES (0.8%)*** | **Principal amount** | **Value** |
|---|---|---|
| MGIC Investment Corp. cv. sr. notes 5s, 2017 | $18,271,000 | $13,006,668 |
| WESCO International, Inc. cv. company guaranty sr. unsec. notes 6s, 2029 | 6,471,000 | 15,425,246 |
| **Total convertible bonds and notes (cost $28,141,139)** | | **$28,431,914** |

| **SHORT-TERM INVESTMENTS (8.5%)*** | **Shares** | **Value** |
|---|---|---|
| Putnam Cash Collateral Pool, LLC 0.20% [d] | 304,280,375 | $304,280,375 |
| Putnam Money Market Liquidity Fund 0.16% [L] | 15,593,271 | 15,593,271 |
| **Total short-term investments (cost $319,873,646)** | | **$319,873,646** |

| **TOTAL INVESTMENTS** | |
|---|---|
| **Total investments (cost $3,585,762,319)** | **$4,068,656,833** |



**Key to holding's abbreviations**

ADR American Depository Receipts: represents ownership of foreign securities on deposit with a custodian bank

**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 December 1, 2011 through November 30, 2012 (the reporting period). Within the following notes to the portfolio, references to "ASC 820" represent Accounting Standards Codification ASC 820 *Fair Value Measurements and Disclosures*.

* Percentages indicated are based on net assets of $3,784,636,714.

† Non-income-producing security.

[d] Affiliated company. See Note 1 to the financial statements regarding securities lending. The rate quoted in the security description is the annualized 7-day yield of the fund at the close of the reporting period.

[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.

[S] Security on loan, in part or in entirety, at the close of the reporting period (Note 1).

144A after the name of an issuer represents securities exempt from registration under Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.

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: | | | |
| Consumer discretionary | $432,317,507 | $— | $— |
| Consumer staples | 200,398,946 | — | — |
| Energy | 563,772,910 | — | — |
| Financials | 859,212,496 | — | — |
| Health care | 651,443,013 | — | — |
| Industrials | 290,068,097 | — | — |
| Information technology | 220,142,783 | — | — |
| Materials | 125,289,017 | — | — |
| Telecommunication services | 86,002,055 | — | — |
| Utilities | 123,854,422 | — | — |
| **Total common stocks** | **3,552,501,246** | **—** | **—** |
| Convertible bonds and notes | — | 28,431,914 | — |
| Convertible preferred stocks | — | 167,850,027 | — |
| Short-term investments | 15,593,271 | 304,280,375 | — |
| **Totals by level** | **$3,568,094,517** | **$500,562,316** | **$—** |

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



## Statement of assets and liabilities 11/30/12

| **ASSETS** | |
|---|---|
| Investment in securities, at value, including $297,435,631 of securities on loan (Note 1): | |
| Unaffiliated issuers (identified cost $3,265,888,673) | $3,748,783,187 |
| Affiliated issuers (identified cost $319,873,646) (Notes 1 and 5) | 319,873,646 |
| Dividends, interest and other receivables | 17,364,379 |
| Receivable for shares of the fund sold | 4,257,567 |
| Receivable for investments sold | 41,401,996 |
| **Total assets** | **4,131,680,775** |

| **LIABILITIES** | |
|---|---|
| Payable for investments purchased | 28,622,407 |
| Payable for shares of the fund repurchased | 8,662,301 |
| Payable for compensation of Manager (Note 2) | 1,484,239 |
| Payable for custodian fees (Note 2) | 16,779 |
| Payable for investor servicing fees (Note 2) | 1,648,409 |
| Payable for Trustee compensation and expenses (Note 2) | 640,000 |
| Payable for administrative services (Note 2) | 7,518 |
| Payable for distribution fees (Note 2) | 1,331,624 |
| Collateral on securities loaned, at value (Note 1) | 304,280,375 |
| Other accrued expenses | 350,409 |
| **Total liabilities** | **347,044,061** |
| **Net assets** | **$3,784,636,714** |

| REPRESENTED BY | |
|---|---|
| Paid-in capital (Unlimited shares authorized) (Notes 1 and 4) | $3,285,038,254 |
| Undistributed net investment income (Note 1) | 46,055,504 |
| Accumulated net realized loss on investments and foreign currency transactions (Note 1) | (29,351,558) |
| Net unrealized appreciation of investments and assets and liabilities in foreign currencies | 482,894,514 |
| **Total — Representing net assets applicable to capital shares outstanding** | **$3,784,636,714** |

(Continued on next page)



## Statement of assets and liabilities (Continued)

| COMPUTATION OF NET ASSET VALUE AND OFFERING PRICE | |
|---|---|
| **Net asset value and redemption price per class A share** ($2,573,319,112 divided by 149,146,606 shares) | $17.25 |
| **Offering price per class A share** (100/94.25 of $17.25)* | $18.30 |
| **Net asset value and offering price per class B share** ($89,690,958 divided by 5,248,030 shares)** | $17.09 |
| **Net asset value and offering price per class C share** ($127,605,512 divided by 7,457,632 shares)** | $17.11 |
| **Net asset value and redemption price per class M share** ($33,497,268 divided by 1,960,302 shares) | $17.09 |
| **Offering price per class M share** (100/96.50 of $17.09)* | $17.71 |
| **Net asset value, offering price and redemption price per class R share** ($74,914,263 divided by 4,367,994 shares) | $17.15 |
| **Net asset value, offering price and redemption price per class R5 share** ($10,944 divided by 634 shares) | $17.26 |
| **Net asset value, offering price and redemption price per class R6 share** ($10,947 divided by 634 shares)† | $17.26 |
| **Net asset value, offering price and redemption price per class Y share** ($885,587,710 divided by 51,315,850 shares) | $17.26 |

* 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.

† Net asset value may not recalculate due to rounding of fractional shares.

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



## Statement of operations Year ended 11/30/12

| INVESTMENT INCOME | |
|---|---|
| Dividends (net of foreign tax of $1,937,861) | $110,952,826 |
| Interest (including interest income of $39,843 from investments in affiliated issuers) (Note 5) | 472,076 |
| Securities lending (Note 1) | 1,237,043 |
| **Total investment income** | **112,661,945** |
| **EXPENSES** | |
| Compensation of Manager (Note 2) | 17,452,067 |
| Investor servicing fees (Note 2) | 10,469,811 |
| Custodian fees (Note 2) | 48,208 |
| Trustee compensation and expenses (Note 2) | 329,466 |
| Distribution fees (Note 2) | 8,984,723 |
| Administrative services (Note 2) | 104,259 |
| Other | 891,921 |
| **Total expenses** | **38,280,455** |
| Expense reduction (Note 2) | (367,424) |
| **Net expenses** | **37,913,031** |
| **Net investment income** | **74,748,914** |
| Net realized gain on investments (Notes 1 and 3) | 193,952,063 |
| Net realized loss on foreign currency transactions (Note 1) | (327) |
| Net unrealized appreciation of investments during the year | 316,740,928 |
| **Net gain on investments** | **510,692,664** |
| **Net increase in net assets resulting from operations** | **$585,441,578** |

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



## Statement of changes in net assets

| INCREASE IN NET ASSETS | Year ended 11/30/12 | Year ended 11/30/11 |
|---|---|---|
| **Operations:** | | |
| Net investment income | $74,748,914 | $62,163,239 |
| Net realized gain on investments and foreign currency transactions | 193,951,736 | 415,599,817 |
| Net unrealized appreciation (depreciation) of investments and assets and liabilities in foreign currencies | 316,740,928 | (227,709,151) |
| **Net increase in net assets resulting from operations** | **585,441,578** | **250,053,905** |
| Distributions to shareholders (Note 1): | | |
| From ordinary income | | |
| Net investment income | | |
| Class A | (49,871,436) | (43,003,217) |
| Class B | (1,200,348) | (1,134,861) |
| Class C | (1,588,302) | (1,046,654) |
| Class M | (514,371) | (425,143) |
| Class R | (1,249,850) | (782,728) |
| Class R5 | (59) | — |
| Class R6 | (62) | — |
| Class Y | (17,144,417) | (8,451,791) |
| Increase in capital from settlement payments (Note 7) | — | 657,365 |
| Increase (decrease) from capital share transactions (Note 4) | 68,190,084 | (83,400,078) |
| **Total increase in net assets** | **582,062,817** | **112,466,798** |

| **NET ASSETS** | | |
|---|---|---|
| Beginning of year | 3,202,573,897 | 3,090,107,099 |
| **End of year** (including undistributed net investment income of $46,055,504 and $43,473,921, respectively) | **$3,784,636,714** | **$3,202,573,897** |

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: | | | | | RATIOS AND SUPPLEMENTAL DATA: | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 | **Total distributions** | Redemption fees | Non-recurring reimbursements | **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 (%) |
| **Class A** | | | | | | | | | | | | | | | |
| November 30, 2012 | **$14.94** | .34 | 2.29 | **2.63** | (.32) | — | **(.32)** | — | — | **$17.25** | **17.84** | **$2,573,319** | 1.06 | 2.08 | 57 |
| November 30, 2011 | **14.09** | .29 | .82 | **1.11** | (.26) | — | **(.26)** | — | — [d,e] | **14.94** | **7.91** | **2,308,957** | 1.07 | 1.92 | 71 |
| November 30, 2010 | **13.47** | .21 | .63 | **.84** | (.22) | — | **(.22)** | — [e] | — | **14.09** | **6.33** | **2,456,538** | 1.12 | 1.53 | 66 |
| November 30, 2009 | **10.59** | .24 | 2.87 | **3.11** | (.23) | — | **(.23)** | — [e] | — | **13.47** | **29.85** | **2,318,615** | 1.21 [f] | 2.09 [f] | 102 |
| November 30, 2008 | **16.27** | .30 | (5.69) | **(5.39)** | (.28) | (.01) | **(.29)** | — [e] | — | **10.59** | **(33.60)** | **1,729,477** | 1.04 [f] | 2.09 [f] | 69 |
| **Class B** | | | | | | | | | | | | | | | |
| November 30, 2012 | **$14.80** | .21 | 2.28 | **2.49** | (.20) | — | **(.20)** | — | — | **$17.09** | **16.99** | **$89,691** | 1.81 | 1.32 | 57 |
| November 30, 2011 | **13.95** | .17 | .82 | **.99** | (.14) | — | **(.14)** | — | — [d,e] | **14.80** | **7.13** | **94,660** | 1.82 | 1.14 | 71 |
| November 30, 2010 | **13.34** | .10 | .63 | **.73** | (.12) | — | **(.12)** | — [e] | — | **13.95** | **5.48** | **129,145** | 1.87 | .76 | 66 |
| November 30, 2009 | **10.48** | .15 | 2.85 | **3.00** | (.14) | — | **(.14)** | — [e] | — | **13.34** | **28.96** | **183,148** | 1.96 [f] | 1.35 [f] | 102 |
| November 30, 2008 | **16.09** | .19 | (5.63) | **(5.44)** | (.16) | (.01) | **(.17)** | — [e] | — | **10.48** | **(34.11)** | **163,856** | 1.79 [f] | 1.30 [f] | 69 |
| **Class C** | | | | | | | | | | | | | | | |
| November 30, 2012 | **$14.82** | .21 | 2.29 | **2.50** | (.21) | — | **(.21)** | — | — | **$17.11** | **17.00** | **$127,606** | 1.81 | 1.33 | 57 |
| November 30, 2011 | **13.98** | .18 | .81 | **.99** | (.15) | — | **(.15)** | — | — [d,e] | **14.82** | **7.11** | **109,414** | 1.82 | 1.20 | 71 |
| November 30, 2010 | **13.38** | .11 | .62 | **.73** | (.13) | — | **(.13)** | — [e] | — | **13.98** | **5.45** | **87,165** | 1.87 | .78 | 66 |
| November 30, 2009 | **10.51** | .15 | 2.87 | **3.02** | (.15) | — | **(.15)** | — [e] | — | **13.38** | **29.03** | **74,761** | 1.96 [f] | 1.34 [f] | 102 |
| November 30, 2008 | **16.15** | .19 | (5.66) | **(5.47)** | (.16) | (.01) | **(.17)** | — [e] | — | **10.51** | **(34.15)** | **45,378** | 1.79 [f] | 1.32 [f] | 69 |
| **Class M** | | | | | | | | | | | | | | | |
| November 30, 2012 | **$14.80** | .25 | 2.29 | **2.54** | (.25) | — | **(.25)** | — | — | **$17.09** | **17.30** | **$33,497** | 1.56 | 1.57 | 57 |
| November 30, 2011 | **13.96** | .22 | .81 | **1.03** | (.19) | — | **(.19)** | — | — [d,e] | **14.80** | **7.36** | **31,868** | 1.57 | 1.42 | 71 |
| November 30, 2010 | **13.35** | .14 | .63 | **.77** | (.16) | — | **(.16)** | — [e] | — | **13.96** | **5.77** | **32,614** | 1.62 | 1.02 | 66 |
| November 30, 2009 | **10.49** | .18 | 2.85 | **3.03** | (.17) | — | **(.17)** | — [e] | — | **13.35** | **29.30** | **32,972** | 1.71 [f] | 1.59 [f] | 102 |
| November 30, 2008 | **16.12** | .22 | (5.64) | **(5.42)** | (.20) | (.01) | **(.21)** | — [e] | — | **10.49** | **(33.96)** | **24,102** | 1.54 [f] | 1.57 [f] | 69 |
| **Class R** | | | | | | | | | | | | | | | |
| November 30, 2012 | **$14.85** | .29 | 2.30 | **2.59** | (.29) | — | **(.29)** | — | — | **$17.15** | **17.60** | **$74,914** | 1.31 | 1.82 | 57 |
| November 30, 2011 | **14.01** | .26 | .81 | **1.07** | (.23) | — | **(.23)** | — | — [d,e] | **14.85** | **7.63** | **62,193** | 1.32 | 1.73 | 71 |
| November 30, 2010 | **13.41** | .18 | .62 | **.80** | (.20) | — | **(.20)** | — [e] | — | **14.01** | **5.98** | **41,246** | 1.37 | 1.31 | 66 |
| November 30, 2009 | **10.54** | .21 | 2.87 | **3.08** | (.21) | — | **(.21)** | — [e] | — | **13.41** | **29.61** | **16,767** | 1.46 [f] | 1.84 [f] | 102 |
| November 30, 2008 | **16.20** | .27 | (5.67) | **(5.40)** | (.25) | (.01) | **(.26)** | — [e] | — | **10.54** | **(33.79)** | **7,136** | 1.29 [f] | 1.89 [f] | 69 |
| **Class R5** | | | | | | | | | | | | | | | |
| November 30, 2012† | **$15.86** | .18 | 1.31 | **1.49** | (.09) | — | **(.09)** | — | — | **$17.26** | **9.43*** | **$11** | .28* | 1.05* | 57 |
| **Class R6** | | | | | | | | | | | | | | | |
| November 30, 2012† | **$15.86** | .18 | 1.32 | **1.50** | (.10) | — | **(.10)** | — | — | **$17.26** | **9.46*** | **$11** | .24* | 1.09* | 57 |
| **Class Y** | | | | | | | | | | | | | | | |
| November 30, 2012 | **$14.94** | .38 | 2.30 | **2.68** | (.36) | — | **(.36)** | — | — | **$17.26** | **18.20** | **$885,588** | .81 | 2.34 | 57 |
| November 30, 2011 | **14.09** | .34 | .81 | **1.15** | (.30) | — | **(.30)** | — | — [d,e] | **14.94** | **8.19** | **595,481** | .82 | 2.26 | 71 |
| November 30, 2010 | **13.48** | .24 | .63 | **.87** | (.26) | — | **(.26)** | — [e] | — | **14.09** | **6.52** | **343,399** | .87 | 1.76 | 66 |
| November 30, 2009 | **10.59** | .27 | 2.88 | **3.15** | (.26) | — | **(.26)** | — [e] | — | **13.48** | **30.28** | **364,522** | .96 [f] | 2.33 [f] | 102 |
| November 30, 2008 | **16.27** | .34 | (5.69) | **(5.35)** | (.32) | (.01) | **(.33)** | — [e] | — | **10.59** | **(33.43)** | **170,229** | .79 [f] | 2.34 [f] | 69 |

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

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



**Financial highlights** (Continued)

* Not annualized.

† For the period July 3, 2012 (commencement of operations) to November 30, 2012.

[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 (Note 2).

[d] Reflects a non-recurring reimbursement related to restitution amounts in connection with a distribution plan approved by the Securities and Exchange Commission (the SEC) which amounted to less than $0.01 per share outstanding on July 21, 2011. Also reflects a non-recurring reimbursement related to short-term trading related lawsuits, which amounted to less than $0.01 per share outstanding on May 11, 2011 (Note 7).

[e] Amount represent less than $0.01 per share.

[f] Reflects an involuntary contractual expense limitation in effect during the period. For periods prior to November 30, 2009, certain fund expenses were waived in connection with the fund's investment in Putnam Prime Money Market Fund. As a result of such limitation and/or waivers, the expenses of each class reflect a reduction of the following amounts:

| | **Percentage of average net assets** |
|---|---|
| November 30, 2009 | 0.02% |
| November 30, 2008 | <0.01 |

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



**Notes to financial statements** 11/30/12

Within the following Notes to financial statements, references to "State Street" represent State Street Bank and Trust Company, references to "the SEC" represent the Securities and Exchange Commission and references to "Putnam Management" represent Putnam Investment Management, LLC, the fund's manager, an indirect wholly-owned subsidiary of Putnam Investments, LLC. Unless otherwise noted, the "reporting period" represents the period from December 1, 2011 through November 30, 2012.

Putnam Equity Income 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 investment objective of the fund is to seek capital growth and current income. The fund invests mainly in common stocks of large and midsize U.S. companies, with a focus on value stocks that offer the potential for capital growth, current income, or both. Value stocks are issued by companies that Putnam Management believes are currently undervalued by the market.

The fund offers class A, class B, class C, class M, class R, class R5, class R6 and class Y shares. The fund began offering class R5 and class R6 shares on July 2, 2012. Class A and class M shares are sold with a maximum front-end sales charge of 5.75% and 3.50%, respectively, and generally do not pay a contingent deferred sales charge. Class B shares, which convert to class A shares after approximately eight years, do not pay a front-end sales charge and are subject to a contingent deferred sales charge if those shares are redeemed within six years of purchase. Class C shares have a one-year 1.00% contingent deferred sales charge and do not convert to class A shares. Class R shares, which are not available to all investors, are sold at net asset value. The expenses for class A, class B, class C, class M and class R shares may differ based on the distribution fee of each class, which is identified in Note 2. Class R5, class R6 and class Y shares, which are sold at net asset value, are generally subject to the same expenses as class A, class B, class C, class M and class R shares, but do not bear a distribution fee and in the case of class R5 and class R6 shares, bear a lower investor servicing fee, which is identified in Note 2. Class R5, class R6 and class Y shares are 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.

**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** 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. If no sales are reported, as in the case of some securities traded over-the-counter, 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 based on their net asset value. The net asset value of such investment companies equals the total value of its assets less its liabilities and divided by the number of its outstanding shares.

Many securities markets and exchanges outside the U.S. close prior to the 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 close of the New York Stock Exchange. Accordingly, on certain days, the fund will fair value 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. These 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. 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 and recovery rates. These securities are classified as Level 2 or as Level 3 depending on the priority of the significant inputs.

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.

**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, 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 market 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.

All premiums/discounts are amortized/accreted on a yield-to-maturity basis.

**Foreign currency translation** The accounting records of the fund are maintained in U.S. dollars. The market 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 closed forward currency contracts, 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 open forward currency contracts and assets and liabilities other than investments at the period end, resulting from changes in the exchange rate.

**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 market value of the securities loaned. The market value of securities loaned is determined daily and any additional required collateral is allocated to the fund on the next business day. 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 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 value of securities loaned amounted to $297,435,631 and the fund received cash collateral of $304,280,375.



**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.

**Line of credit** The fund participates, along with other Putnam funds, in a $315 million unsecured committed line of credit and a $185 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 the Federal Funds rate plus 1.25% for the committed line of credit and the Federal Funds rate plus 1.30% for the uncommitted line of credit. A closing fee equal to 0.02% of the committed line of credit and $50,000 for the uncommitted line of credit has been paid by the participating funds. In addition, a commitment fee of 0.11% 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 ASC 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.

At November 30, 2012, the fund had a capital loss carryover of $125,011,155 available to the extent allowed by the Code to offset future net capital gain, if any. The amounts of the carryovers and the expiration dates are:

| Loss carryover | | | |
|---|---|---|---|
| **Short-term** | **Long-term** | **Total** | **Expiration** |
| $100,008,924 | N/A | $100,008,924 | November 30, 2016 |
| 25,002,231 | N/A | 25,002,231 | November 30, 2017 |

Under the Regulated Investment Company Modernization Act of 2010, the fund will be permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an unlimited period. However, any losses incurred will be required to be utilized prior to the losses incurred in pre-enactment tax years. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term as under previous law.

Pursuant to federal income tax regulations applicable to regulated investment companies, the fund has elected to defer certain capital losses of $13,153,977 recognized during the period between November 1 and November 30, 2012 to its fiscal year ending November 30, 2013.

**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 of losses on wash sale transactions, late year loss deferrals and capital loss carryover limitation write-off. 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. For the reporting period ended, the fund reclassified $598,486 to decrease undistributed net investment income, $263,884,438 to decrease paid-in-capital and $264,482,924 to decrease accumulated net realized losses.

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 | $578,193,798 |
| Unrealized depreciation | (96,782,250) |
| Net unrealized appreciation | 481,411,548 |
| Undistributed ordinary income | 46,055,504 |
| Undistributed long-term gain | 110,296,540 |
| Capital loss carryforward | (125,011,155) |
| Post-October capital loss deferral | (13,153,977) |
| Cost for federal income tax purposes | $3,587,245,285 |

**Note 2: Management fee, administrative services and other transactions**

The fund pays Putnam Management a management 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 most open-end funds, as defined in the fund's management contract, sponsored by Putnam Management. Such annual rates may vary as follows:

| | |
|---|---|
| 0.630% | of the first $5 billion, |
| 0.580% | of the next $5 billion, |
| 0.530% | of the next $10 billion, |
| 0.480% | of the next $10 billion, |
| 0.430% | of the next $50 billion, |
| 0.410% | of the next $50 billion, |
| 0.400% | of the next $100 billion and |
| 0.395% | of any excess thereafter. |

Putnam Management has contractually agreed, through June 30, 2013, to waive fees 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.

Putnam Investments Limited (PIL), an affiliate of Putnam Management, 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. Putnam Management pays a quarterly sub-management fee to PIL for its services at an annual rate of 0.35% 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 (except for Class R5 and R6 shares) based on the fund's retail asset level, the number of shareholder accounts in the fund and the level of defined contribution plan assets in the fund. Class R5 shares pay a monthly fee based on the average net assets of class R5 shares at an annual rate of 0.15%. Class R6 shares pay a monthly fee based on the average net assets of class R6 shares at an annual rate of 0.05%. Investor servicing fees will not exceed an annual rate of 0.32% of the fund's average net assets. Prior to March 1, 2012, investor servicing fees could not exceed an annual rate of 0.375% of the fund's average net assets. During the reporting period, the class specific expenses related to investor servicing fees were as follows:



| | |
|---|---|
| Class A | $7,251,857 |
| Class B | 267,917 |
| Class C | 358,565 |
| Class M | 96,904 |
| Class R | 207,618 |
| Class R5 | 6 |
| Class R6 | 2 |
| Class Y | 2,286,942 |
| **Total** | **$10,469,811** |

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. The fund also reduced expenses through brokerage/service arrangements. For the reporting period, the fund's expenses were reduced by $3,977 under the expense offset arrangements and by $363,447 under the brokerage/ service arrangements.

Each independent Trustee of the fund receives an annual Trustee fee, of which $2,973, 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 its class A, class B, class C, class M and class R shares 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 for payments by the fund to Putnam Retail Management Limited Partnership at an annual rate of up to 0.35%, 1.00%, 1.00%, 1.00% and 1.00% of the average net assets attributable to class A, class B, class C, class M and class R shares, respectively. The Trustees have approved payment by the fund at an annual rate of 0.25%, 1.00%, 1.00%, 0.75% and 0.50% of the average net assets attributable to class A, class B, class C, class M and class R shares, respectively. During the reporting period, the class specific expenses related to distribution fees were as follows:

| | |
|---|---|
| Class A | $6,227,134 |
| Class B | 919,177 |
| Class C | 1,232,127 |
| Class M | 249,487 |
| Class R | 356,798 |
| **Total** | **$8,984,723** |

For the reporting period, Putnam Retail Management Limited Partnership, acting as underwriter, received net commissions of $267,135 and $3,781 from the sale of class A and class M shares, respectively, and received $57,750 and $5,447 in contingent deferred sales charges from redemptions of class B and class C shares, respectively.

A deferred sales charge of up to 1.00% and 0.65% is assessed on certain redemptions of class A and class M shares, respectively. For the reporting period, Putnam Retail Management Limited Partnership, acting as underwriter, received $172 and no monies on class A and class M redemptions, respectively.

**Note 3: Purchases and sales of securities**

During the reporting period, cost of purchases and proceeds from sales of investment securities other than short-term investments aggregated $2,089,569,394 and $2,007,896,234, respectively. There were no purchases or proceeds from sales of long-term U.S. government securities.



**Note 4: Capital shares**

At the close of the reporting period, there was an unlimited number of shares of beneficial interest authorized. Transactions in capital shares were as follows:

| | **Year ended 11/30/12** | | **Year ended 11/30/11** | |
|---|---|---|---|---|
| **Class A** | **Shares** | **Amount** | **Shares** | **Amount** |
| Shares sold | 25,387,129 | $408,353,404 | 32,563,871 | $495,891,520 |
| Shares issued in connection with reinvestment of distributions | 2,918,918 | 46,187,183 | 2,666,925 | 40,003,503 |
| | 28,306,047 | 454,540,587 | 35,230,796 | 535,895,023 |
| Redemption in kind | — | — | (15,798,288) | (246,295,304) |
| Shares repurchased | (33,757,482) | (546,658,475) | (39,194,307) | (598,078,392) |
| **Net decrease** | **(5,451,435)** | **$(92,117,888)** | **(19,761,799)** | **$(308,478,673)** |

| | **Year ended 11/30/12** | | **Year ended 11/30/11** | |
|---|---|---|---|---|
| **Class B** | **Shares** | **Amount** | **Shares** | **Amount** |
| Shares sold | 897,499 | $14,420,973 | 912,325 | $13,938,737 |
| Shares issued in connection with reinvestment of distributions | 72,119 | 1,123,048 | 71,250 | 1,059,312 |
| | 969,618 | 15,544,021 | 983,575 | 14,998,049 |
| Shares repurchased | (2,119,384) | (33,926,959) | (3,844,130) | (58,757,863) |
| **Net decrease** | **(1,149,766)** | **$(18,382,938)** | **(2,860,555)** | **$(43,759,814)** |

| | **Year ended 11/30/12** | | **Year ended 11/30/11** | |
|---|---|---|---|---|
| **Class C** | **Shares** | **Amount** | **Shares** | **Amount** |
| Shares sold | 1,615,214 | $25,780,296 | 2,370,375 | $35,998,691 |
| Shares issued in connection with | | | | |

| | | | | |
|---|---|---|---|---|
| reinvestment of distributions | 80,117 | 1,253,667 | 55,350 | 820,100 |
| | 1,695,331 | 27,033,963 | 2,425,725 | 36,818,791 |
| Shares repurchased | (1,621,691) | (26,184,977) | (1,275,565) | (19,220,775) |
| **Net increase** | **73,640** | **$848,986** | **1,150,160** | **$17,598,016** |

| | Year ended 11/30/12 | | Year ended 11/30/11 | |
|---|---|---|---|---|
| **Class M** | **Shares** | **Amount** | **Shares** | **Amount** |
| Shares sold | 233,018 | $3,766,342 | 288,060 | $4,406,677 |
| Shares issued in connection with reinvestment of distributions | 32,010 | 500,328 | 27,465 | 407,687 |
| | 265,028 | 4,266,670 | 315,525 | 4,814,364 |
| Shares repurchased | (458,681) | (7,418,097) | (498,109) | (7,511,078) |
| **Net decrease** | **(193,653)** | **$(3,151,427)** | **(182,584)** | **$(2,696,714)** |



| | Year ended 11/30/12 | | Year ended 11/30/11 | |
|---|---|---|---|---|
| **Class R** | **Shares** | **Amount** | **Shares** | **Amount** |
| Shares sold | 1,476,255 | $23,656,601 | 1,964,043 | $29,781,643 |
| Shares issued in connection with reinvestment of distributions | 73,718 | 1,160,627 | 50,388 | 746,443 |
| | 1,549,973 | 24,817,228 | 2,014,431 | 30,528,086 |
| Shares repurchased | (1,370,355) | (21,919,234) | (769,585) | (11,676,187) |
| **Net increase** | **179,618** | **$2,897,994** | **1,244,846** | **$18,851,899** |

| | For the period 7/3/12 (commencement of operations) to 11/30/12 | |
|---|---|---|
| **Class R5** | **Shares** | **Amount** |
| Shares sold | 631 | $10,000 |
| Shares issued in connection with reinvestment of distributions | 3 | 59 |
| | 634 | 10,059 |
| Shares repurchased | — | — |
| **Net increase** | **634** | **$10,059** |

| | For the period 7/3/12 (commencement of operations) to 11/30/12 | |
|---|---|---|
| **Class R6** | **Shares** | **Amount** |
| Shares sold | 631 | $10,000 |
| Shares issued in connection with reinvestment of distributions | 3 | 62 |
| | 634 | 10,062 |
| Shares repurchased | — | — |
| **Net increase** | **634** | **$10,062** |

| | Year ended 11/30/12 | | Year ended 11/30/11 | |
|---|---|---|---|---|
| **Class Y** | **Shares** | **Amount** | **Shares** | **Amount** |
| Shares sold | 22,257,733 | $354,488,641 | 22,916,906 | $347,560,617 |
| Shares issued in connection with reinvestment of distributions | 1,040,431 | 16,524,311 | 518,708 | 7,739,969 |
| | 23,298,164 | 371,012,952 | 23,435,614 | 355,300,586 |
| Shares repurchased | (11,846,742) | (192,937,716) | (7,941,015) | (120,215,378) |
| **Net increase** | **11,451,422** | **$178,075,236** | **15,494,599** | **$235,085,208** |

At the close of the reporting period, Putnam Investments, LLC owned the following class shares of the fund:

| | Shares owned | Percentage of ownership | Value |
|---|---|---|---|
| Class R5 | 634 | 100% | $10,944 |
| Class R6 | 634 | 100 | 10,947 |



**Note 5: Transactions with affiliated issuer**

Transactions during the reporting period with Putnam Money Market Liquidity Fund which is under common ownership and control were as follows:

| Name of affiliate | Market value at the beginning of the reporting period | Purchase cost | Sale proceeds | Investment income | Market value at the end of the reporting period |
|---|---|---|---|---|---|
| Putnam Money Market Liquidity Fund* | $22,059,422 | $775,863,299 | $782,329,450 | $39,843 | $15,593,271 |

* Management fees charged to Putnam Money Market Liquidity Fund have been waived by Putnam Management.

**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.

**Note 7: Regulatory matters and litigation**

In late 2003 and 2004, Putnam Management settled charges brought by the SEC and the Massachusetts Securities Division in connection with excessive short-term trading in Putnam funds. In July 2011, the fund recorded a receivable of $639,361 related to restitution amounts in connection with a distribution plan approved by the SEC. This amount, which was received by the fund in December 2011, is reported as part of Increase in capital from settlement payments on the Statement of changes in net assets. These allegations and related matters have served as the general basis for certain lawsuits, including purported class action lawsuits against Putnam Management and, in a limited number of cases, some Putnam funds. In May 2011, the fund received a payment of $18,004 related to settlement of those lawsuits. This amount is reported as a part of Increase in capital from settlement payments on the Statement of changes in net assets. Putnam Management has agreed to bear any costs incurred by the Putnam funds as a result of these matters.

**Note 8: New accounting pronouncements**

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011–04 *"Fair Value Measurements and Disclosures (Topic 820) — Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS"*. ASU 2011–04 amends FASB Topic 820 *"Fair Value Measurement"* and seeks to develop common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP. ASU 2011–04 is effective for fiscal years and interim periods beginning after December 15, 2011. The application of ASU 2011–04 did not have a material impact on the fund's financial statements.

In December 2011, the FASB issued ASU No. 2011–11 *"Disclosures about Offsetting Assets and Liabilities"*. The update creates new disclosure requirements requiring entities to disclose both gross and net information for derivatives and other financial instruments that are either offset in the Statement of assets and liabilities or subject to an enforceable master netting arrangement or similar agreement. The disclosure requirements are effective for annual reporting periods beginning on or after January 1, 2013 and interim periods within those annual periods. Putnam Management is currently evaluating the application of ASU 2011–11 and its impact, if any, on the fund's financial statements.



## Federal tax information (Unaudited)

Pursuant to §852 of the Internal Revenue Code, as amended, the fund hereby designates $110,296,540 as a capital gain dividend with respect to the taxable year ended November 30, 2012, 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 ended, 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.

For the reporting period ended, pursuant to §871(k) of the Internal Revenue Code, the fund hereby designates $218,758 of distributions paid as qualifying to be taxed as interest-related dividends, and no monies to be taxed as short-term capital gain dividends for nonresident alien shareholders.

The Form 1099 that will be mailed to you in January 2013 will show the tax status of all distributions paid to your account in calendar 2012.



## About the Trustees

### Independent Trustees

**Liaquat Ahamed**

*Born 1952, Trustee since 2012*

**Principal occupations during past five years:** Pulitzer Prize-winning author of *Lords of Finance: The Bankers Who Broke the World*, whose articles on economics have appeared in such publications as the *New York Times*, *Foreign Affairs*, and the *Financial Times*. Director of Aspen Insurance Co., a New York Stock Exchange company, and Chair of the Aspen Board's Investment Committee. Trustee of the Brookings Institution and Chair of its Investment Committee.

**Other directorships:** The Rohatyn Group, an emerging-market fund complex that manages money for institutions

**Ravi Akhoury**

*Born 1947, Trustee since 2009*

**Principal occupations during past five years:** Advisor to New York Life Insurance Company. Trustee of American India Foundation and of the Rubin Museum. From 1992 to 2007, was Chairman and CEO of MacKay Shields, a multi-product investment management firm with over $40 billion in assets under management.

**Other directorships:** RAGE Frameworks, Inc., a private software company; English Helper, Inc., a private software company

**Barbara M. Baumann**

*Born 1955, Trustee since 2010*

**Principal occupations during past five years:** President and Owner of Cross Creek Energy Corporation, a strategic consultant to domestic energy firms and direct investor in energy projects. Trustee of Mount Holyoke College and member of the Investment Committee for the college's endowment. Former Chair and current board member of Girls Incorporated of Metro Denver. Member of the Finance Committee, The Children's Hospital of Colorado.

**Other directorships:** SM Energy Company, a domestic exploration and production company; UNS Energy Corporation, an Arizona utility

**Jameson A. Baxter**

*Born 1943, Trustee since 1994, Vice Chair from 2005 to 2011, and Chair since 2011*

**Principal occupations during past five years:** President of Baxter Associates, Inc., a private investment firm. Chair of Mutual Fund Directors Forum. Chair Emeritus of the Board of Trustees of Mount Holyoke College. Director of the Adirondack Land Trust and Trustee of the Nature Conservancy's Adirondack Chapter.

**Charles B. Curtis**

*Born 1940, Trustee since 2001*

**Principal occupations during past five years:** Senior Advisor to the Center for Strategic and International Studies. Former President and Chief Operating Officer of the Nuclear Threat Initiative, a private foundation dealing with national security issues. Member of the Council on Foreign Relations and U.S. State Department International Security Advisory Board. Chairman of World Institute of Nuclear Security, a non-profit international non-governmental organization.

**Other directorships:** Southern California Edison, a regulated electric utility, and its parent company, Edison International

**Robert J. Darretta**

*Born 1946, Trustee since 2007*

**Principal occupations during past five years:** Health Care Industry Advisor to Permira, a global private equity firm. Until April 2007, was Vice Chairman of the Board of Directors of Johnson & Johnson. Served as Johnson & Johnson's Chief Financial Officer for a decade.

**Other directorships:** UnitedHealth Group, a diversified health-care company

**Katinka Domotorffy**

*Born 1975, Trustee since 2012*

**Principal occupations during past five years:** Voting member of the Anne Ray Charitable Trust's Investment Committee, Margaret A. Cargill Philanthropies. Until 2011, Partner, Chief Investment Officer, and Global Head of Quantitative Investment Strategies at Goldman Sachs Asset Management.

**Other directorships:** Reach Out and Read of Greater New York, an organization dedicated to promoting childhood literacy

**John A. Hill**

*Born 1942, Trustee since 1985 and Chairman from 2000 to 2011*

**Principal occupations during past five years:** Founder and Vice-Chairman of First Reserve Corporation, the leading private equity buyout firm focused on the worldwide energy industry. Trustee and Chairman of the Board of Trustees of Sarah Lawrence College. Member of the Advisory Board of the Millstein Center for Corporate Governance and Performance at the Yale School of Management.

**Other directorships:** Devon Energy Corporation, a leading independent natural gas and oil exploration and production company

**Paul L. Joskow**
*Born 1947, Trustee since 1997*
**Principal occupations during past five years:** Economist and President of the Alfred P. Sloan Foundation, a philanthropic institution focused primarily on research and education on issues related to science, technology, and economic performance. Elizabeth and James Killian Professor of Economics, Emeritus at the Massachusetts Institute of Technology (MIT). Prior to 2007, served as the Director of the Center for Energy and Environmental Policy Research at MIT.
**Other directorships:** Yale University; TransCanada Corporation, an energy company focused on natural gas transmission, oil pipeline, and power services; Exelon Corporation, an energy company focused on power services; Boston Symphony Orchestra

**Elizabeth T. Kennan**
*Born 1938, Trustee from 1992 to 2010 and since 2012*
**Principal occupations during the past five years:** Partner of Cambus-Kenneth Farm (thoroughbred horse breeding and general farming). President Emeritus of Mount Holyoke College. Trustee of the National Trust for Historic Preservation and of Centre College. Chairman of the Board of Shaker Village of Pleasant Hill.
**Other directorships:** Former Chairman and now Lead Director of Northeast Utilities, which operates New England's largest energy delivery system

**Kenneth R. Leibler**
*Born 1949, Trustee since 2006*
**Principal occupations during past five years:** Founder and former Chairman of Boston Options Exchange, an electronic marketplace for the trading of derivative securities. Vice Chairman of the Board of Trustees of Beth Israel Deaconess Hospital in Boston, Massachusetts. Until November 2010, director of Ruder Finn Group, a global communications and advertising firm.
**Other directorships:** Northeast Utilities, which operates New England's largest energy delivery system

**Robert E. Patterson**
*Born 1945, Trustee since 1984*
**Principal occupations during past five years:** Senior Partner of Cabot Properties, LP and Co-Chairman of Cabot Properties, Inc., a private equity firm investing in commercial real estate. Past Chairman and Trustee of the Joslin Diabetes Center.

**George Putnam, III**
*Born 1951, Trustee since 1984*
**Principal occupations during past five years:** Chairman of New Generation Research, Inc., a publisher of financial advisory and other research services. Founder and President of New Generation Advisors, LLC, a registered investment advisor to private funds. Director of The Boston Family Office, LLC, a registered investment advisor.

**W. Thomas Stephens**
*Born 1942, Trustee from 1997 to 2008 and since 2009*
**Principal occupations during past five years:** Retired as Chairman and Chief Executive Officer of Boise Cascade, LLC, a paper, forest products, and timberland assets company, in December 2008. Prior to 2010, Director of Boise Inc., a manufacturer of paper and packaging products.
**Other directorships:** TransCanada Pipelines Ltd., an energy infrastructure company

### Interested Trustee

**Robert L. Reynolds***
*Born 1952, Trustee since 2008 and President of the Putnam Funds since 2009*
**Principal occupations during past five years:** President and Chief Executive Officer of Putnam Investments since 2008. Prior to joining Putnam Investments, served as Vice Chairman and Chief Operating Officer of Fidelity Investments from 2000 to 2007.

* Mr. Reynolds is an "interested person" (as defined in the Investment Company Act of 1940) of the fund, Putnam Management, and Putnam Retail Management. 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 One Post Office Square, Boston, MA 02109.

As of November 30, 2012, there were 109 Putnam funds. All Trustees serve as Trustees of all Putnam funds.

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:

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

**Steven D. Krichmar** *(Born 1958)*
Vice President and Principal Financial Officer
*Since 2002*
Chief of Operations, Putnam Investments and Putnam Management

**Robert T. Burns** *(Born 1961)*
Vice President and Chief Legal Officer
*Since 2011*
General Counsel, Putnam Investments and Putnam Management

**Robert R. Leveille** *(Born 1969)*
Vice President and Chief Compliance Officer
*Since 2007*
Chief Compliance Officer, Putnam Investments, Putnam Management, and Putnam Retail Management

**Michael J. Higgins** *(Born 1976)*
Vice President and Treasurer
*Since 2010*
Manager of Finance, Dunkin' Brands (2008–2010); Senior Financial Analyst, Old Mutual Asset Management (2007–2008); Senior Financial Analyst, Putnam Investments (1999–2007)

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

**Susan G. Malloy** *(Born 1957)*
Vice President and Assistant Treasurer
*Since 2007*
Director of Accounting & Control Services, Putnam Management

**James P. Pappas** *(Born 1953)*
Vice President
*Since 2004*
Director of Trustee Relations, Putnam Investments and Putnam Management

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

**Judith Cohen** *(Born 1945)*
Vice President, Clerk, and Associate Treasurer
*Since 1993*

**Nancy E. Florek** *(Born 1957)*
Vice President, Proxy Manager, Assistant Clerk, and Associate Treasurer
*Since 2000*

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 One Post Office Square, Boston, MA 02109.



## 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** Ask a helpful Putnam representative or your financial advisor for details about any of these or other services, or see your prospectus.


## The Putnam family of funds

The following is a list of Putnam's open-end mutual funds offered to the public. *Investors should carefully consider the investment objective, risks, charges, and expenses of a fund before investing. For a prospectus, or a summary prospectus if available, containing this and other information for any Putnam fund or product, call your financial advisor at 1-800-225-1581 and ask for a prospectus. Please read the prospectus carefully before investing.*

**Growth**
Growth Opportunities Fund
International Growth Fund
Multi-Cap Growth Fund
Small Cap Growth Fund
Voyager Fund

**Blend**
Asia Pacific Equity Fund
Capital Opportunities Fund
Capital Spectrum Fund
Emerging Markets Equity Fund
Equity Spectrum Fund
Europe Equity Fund
Global Equity Fund
International Capital Opportunities Fund
International Equity Fund
Investors Fund
Multi-Cap Core Fund
Research Fund

**Value**
Convertible Securities Fund
Equity Income Fund
George Putnam Balanced Fund
The Putnam Fund for Growth and Income
International Value Fund
Multi-Cap Value Fund
Small Cap Value Fund

**Income**
American Government Income Fund
Diversified Income Trust
Floating Rate Income Fund
Global Income Trust
High Yield Advantage Fund
High Yield Trust
Income Fund
Money Market Fund*
Short Duration Income Fund
U.S. Government Income Trust

**Tax-free income**
AMT-Free Municipal Fund
Tax Exempt Income Fund
Tax Exempt Money Market Fund*
Tax-Free High Yield Fund

*State tax-free income funds:*
Arizona, California, Massachusetts, Michigan, Minnesota, New Jersey, New York, Ohio, and Pennsylvania.

**Absolute Return**
Absolute Return 100 Fund®
Absolute Return 300 Fund®
Absolute Return 500 Fund®
Absolute Return 700 Fund®

* **An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the fund.**


**Global Sector**
Global Consumer Fund
Global Energy Fund
Global Financials Fund
Global Health Care Fund
Global Industrials Fund
Global Natural Resources Fund
Global Sector Fund
Global Technology Fund
Global Telecommunications Fund
Global Utilities Fund

**Asset Allocation**
*Putnam Global Asset Allocation Funds —* portfolios with allocations to stocks, bonds, and money market instruments that are adjusted dynamically within specified ranges as market conditions change.

Dynamic Asset Allocation Balanced Fund
Dynamic Asset Allocation Conservative Fund
Dynamic Asset Allocation Growth Fund
Dynamic Risk Allocation Fund

*Putnam RetirementReady® Funds* — portfolios with automatically adjusting allocations to stocks, bonds, and money market instruments, becoming more conservative over time.

RetirementReady 2055 Fund
RetirementReady 2050 Fund
RetirementReady 2045 Fund
RetirementReady 2040 Fund
RetirementReady 2035 Fund
RetirementReady 2030 Fund
RetirementReady 2025 Fund
RetirementReady 2020 Fund
RetirementReady 2015 Fund

*Putnam Retirement Income Lifestyle Funds* — portfolios with managed allocations to stocks, bonds, and money market investments to generate retirement income.

Retirement Income Fund Lifestyle 1
Retirement Income Fund Lifestyle 2
Retirement Income Fund Lifestyle 3

A short-term trading fee of 1% may apply to redemptions or exchanges from certain funds within the time period specified in the fund's prospectus.
Check your account balances and the most recent month-end performance in the Individual Investors section at putnam.com.


## Fund information

Founded 75 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 over 100 funds across income, value, blend, growth, asset allocation, absolute return, and global sector categories.

**Investment Manager**
Putnam Investment Management, LLC



Robert R. Leveille
*Vice President and Chief Compliance Officer*

One Post Office Square
Boston, MA 02109

**Investment Sub-Manager**
Putnam Investments Limited
57–59 St James's Street
London, England SW1A 1LD

**Marketing Services**
Putnam Retail Management
One Post Office Square
Boston, MA 02109

**Custodian**
State Street Bank
and Trust Company

**Legal Counsel**
Ropes & Gray LLP

**Independent Registered Public Accounting Firm**
KPMG LLP



**Officers**
Robert L. Reynolds
*President*

Jonathan S. Horwitz
*Executive Vice President, Principal Executive Officer, and Compliance Liaison*

Steven D. Krichmar
*Vice President and Principal Financial Officer*

Robert T. Burns
*Vice President and Chief Legal Officer*

Michael J. Higgins
*Vice President and Treasurer*

Janet C. Smith
*Vice President, Principal Accounting Officer, and Assistant Treasurer*

Susan G. Malloy
*Vice President and Assistant Treasurer*

James P. Pappas
*Vice President*

Mark C. Trenchard
*Vice President and BSA Compliance Officer*

Judith Cohen
*Vice President, Clerk, and Associate Treasurer*

Nancy E. Florek
*Vice President, Proxy Manager, Assistant Clerk, and Associate Treasurer*

*This report is for the information of shareholders of Putnam Equity Income 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.*

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Putnam INVESTMENTS
One Post Office Square
Boston, MA 02109
putnam.com
1-800-225-1581

Electronic service requested

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1937 75 YEARS 2012

**A BALANCED APPROACH**
Since 1937, when George Putnam created a diverse mix of stocks and bonds in a single, professionally managed portfolio, Putnam has championed the balanced approach.

**A WORLD OF INVESTING**
Today, we offer investors a world of equity, fixed-income, multi-asset, and absolute-return portfolios to suit a range of financial goals.

**A COMMITMENT TO EXCELLENCE**
Our portfolio managers seek superior results over time, backed by original, fundamental research on a global scale. We believe in the value of experienced financial advice, in providing exemplary service, and in putting clients first in all we do.

Item 2. Code of Ethics:

(a) The fund's principal executive, financial and accounting officers are employees of Putnam Investment Management, LLC, the Fund's investment manager. As such they are subject to a comprehensive Code of Ethics adopted and administered by Putnam Investments which is designed to protect the interests of the firm and its clients. The Fund has adopted a Code of Ethics which incorporates the Code of Ethics of Putnam Investments with respect to all of its officers and Trustees who are employees of Putnam Investment Management, LLC. For this reason, the Fund has not adopted a separate code of ethics governing its principal executive, financial and accounting officers.

(c) In May 2008, the Code of Ethics of Putnam Investment Management, LLC was updated in its entirety to include the amendments adopted in August 2007 as well as a several additional technical, administrative and non-substantive changes. In May of 2009, the Code of Ethics of Putnam Investment Management, LLC was amended to reflect that all employees will now be subject to a 90-day blackout restriction on holding Putnam open-end funds, except for portfolio managers and their supervisors (and each of their immediate family members), who will be subject to a one-year blackout restriction on the funds that they manage or supervise. In June 2010, the Code of Ethics of Putnam Investments was updated in its entirety to include the amendments adopted in May of 2009 and to change certain rules and limits contained in the Code of Ethics. In addition, the updated Code of Ethics included numerous technical, administrative and non-substantive changes, which were intended primarily to make the document easier to navigate and understand. In July 2011, the Code of Ethics of Putnam Investments was updated to reflect several technical, administrative and non-substantive changes resulting from changes in employee titles.

Item 3. Audit Committee Financial Expert:

The Funds' Audit and Compliance Committee is comprised solely of Trustees who are "independent" (as such term has been defined by the Securities and Exchange Commission ("SEC") in regulations implementing Section 407 of the Sarbanes-Oxley Act (the "Regulations")). The Trustees believe that each of the members of the Audit and Compliance Committee also possess a combination of knowledge and experience with respect to financial accounting matters, as well as other attributes, that qualify them for service on the Committee. In addition, the Trustees have determined that each of Mr. Leibler, Mr. Hill, Mr. Darretta and Ms. Baumann qualifies as an "audit committee financial expert" (as such term has been defined by the Regulations) based on their review of his or her pertinent experience and education. The SEC has stated that the designation or identification of a person as an audit committee financial expert pursuant to this Item 3 of Form N-CSR does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Audit and Compliance Committee and the Board of Trustees in the absence of such designation or identification.

Item 4. Principal Accountant Fees and Services:

The following table presents fees billed in each of the last two fiscal years for services rendered to the fund by the fund's independent auditor:

| Fiscal year ended | Audit Fees | Audit-Related Fees | Tax Fees | All Other Fees |
|---|---|---|---|---|
| November 30, 2012 | $43,672 | $-- | $4,100 | $ — |
| November 30, 2011 | $52,940 | $-- | $4,000 | $ — |

For the fiscal years ended November 30, 2012 and November 30, 2011, the fund's independent auditor billed aggregate non-audit fees in the amounts of $4,100 and $ 4,000 respectively, to the fund, Putnam Management and any entity controlling, controlled by or under common control with Putnam Management that provides ongoing services to the fund.

Audit Fees represent fees billed for the fund's last two fiscal years relating to the audit and review of the financial statements included in annual reports and registration statements, and other services that are normally provided in connection with statutory and regulatory filings or engagements.

Audit-Related Fees represent fees billed in the fund's last two fiscal years for services traditionally performed by the fund's auditor, including accounting consultation for proposed transactions or concerning financial accounting and reporting standards and other audit or attest services not required by statute or regulation.

Tax Fees represent fees billed in the fund's last two fiscal years for tax compliance, tax planning and tax advice services. Tax planning and tax advice services include assistance with tax audits, employee benefit plans and requests for rulings or technical advice from taxing authorities.

Pre-Approval Policies of the Audit and Compliance Committee. The Audit and Compliance Committee of the Putnam funds has determined that, as a matter of policy, all work performed for the funds by the funds' independent auditors will be pre-approved by the Committee itself and thus will generally not be subject to pre-approval procedures.

The Audit and Compliance Committee also has adopted a policy to pre-approve the engagement by Putnam Management and certain of its affiliates of the funds' independent auditors, even in circumstances where pre-approval is not required by applicable law. Any such requests by Putnam Management or certain of its affiliates are typically submitted in writing to the Committee and explain, among other things, the nature of the proposed engagement, the estimated fees, and why this work should be performed by that particular audit firm as opposed to another one. In reviewing such requests, the Committee considers, among other things, whether the provision of such services by the audit firm are compatible with the independence of the audit firm.

The following table presents fees billed by the fund's independent auditor for services required to be approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X.

| Fiscal year ended | Audit-Related Fees | Tax Fees | All Other Fees | Total Non-Audit Fees |
|---|---|---|---|---|
| November 30, 2012 | $ — | $ — | $ — | $ — |
| November 30, 2011 | $ — | $ — | $ — | $ — |

Item 5. Audit Committee of Listed Registrants

Not applicable

Item 6. Schedule of Investments:

The registrant's schedule of investments in unaffiliated issuers is included in the report to shareholders in Item 1 above.

Item 7. Disclosure of Proxy Voting Policies and Procedures For Closed-End Management Investment Companies:

Not applicable

Item 8. Portfolio Managers of Closed-End Investment Companies

Not Applicable

Item 9. Purchases of Equity Securities by Closed-End Management Investment Companies and Affiliated Purchasers:

Not applicable

Item 10. Submission of Matters to a Vote of Security Holders:

Not applicable

Item 11. Controls and Procedures:

(a) The registrant's principal executive officer and principal financial officer have concluded, based on their evaluation of the effectiveness of the design and operation of the registrant's disclosure controls and procedures as of a date within 90 days of the filing date of this report, that the design and operation of such procedures are generally effective to provide reasonable assurance that information required to be disclosed by the registrant in this report is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.

(b) Changes in internal control over financial reporting: Not applicable

Item 12. Exhibits:

(a)(1) The Code of Ethics of The Putnam Funds, which incorporates the Code of Ethics of Putnam Investments, is filed herewith.

(a)(2) Separate certifications for the principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Investment Company Act of 1940, as amended, are filed herewith.

(b) The certifications required by Rule 30a-2(b) under the Investment Company Act of 1940, as amended, are filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Putnam Equity Income Fund

By (Signature and Title):

/s/Janet C. Smith
Janet C. Smith
Principal Accounting Officer

Date: January 28, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title):

/s/Jonathan S. Horwitz
Jonathan S. Horwitz
Principal Executive Officer

Date: January 28, 2013

By (Signature and Title):

/s/Steven D. Krichmar
Steven D. Krichmar
Principal Financial Officer

Date: January 28, 2013

Certifications

I, Jonathan S. Horwitz, the Principal Executive Officer of the funds listed on Attachment A, certify that:

1. I have reviewed each report on Form N-CSR of the funds listed on Attachment A:

2. Based on my knowledge, each report does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by each report;

3. Based on my knowledge, the financial statements, and other financial information included in each report, fairly present in all material respects the financial condition, results of operations, changes in net assets, and cash flows (if the financial statements are required to include a statement of cash flows) of the registrant as of, and for, the periods presented in each report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which each report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of each report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed to each registrant's auditors and the audit committee of each registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect each registrant's ability to record, process, summarize, and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in each registrant's internal control over financial reporting.

Date: January 25, 2013

/s/ Jonathan S. Horwitz

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Jonathan S. Horwitz
Principal Executive Officer

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Certifications

I, Steven D. Krichmar, the Principal Financial Officer of the funds listed on Attachment A, certify that:

1. I have reviewed each report on Form N-CSR of the funds listed on Attachment A:

2. Based on my knowledge, each report does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by each report;

3. Based on my knowledge, the financial statements, and other financial information included in each report, fairly present in all material respects the financial condition, results of operations, changes in net assets, and cash flows (if the financial statements are required to include a statement of cash flows) of the registrant as of, and for, the periods presented in each report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which each report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of each report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed to each registrant's auditors and the audit committee of each registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect each registrant's ability to record, process, summarize, and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in each registrant's internal control over financial reporting.

Date: January 25, 2013

/s/ Steven D. Krichmar

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Steven D. Krichmar
Principal Financial Officer

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## Attachment A

Period (s) ended November 30, 2012

Putnam Arizona Tax Exempt Income Fund
Putnam Minnesota Tax Exempt Income Fund
Putnam Massachusetts Tax Exempt Income Fund
Putnam New York Tax Exempt Income Fund
Putnam High Yield Advantage Fund
Putnam Equity Income Fund
Putnam Pennsylvania Tax Exempt Income Fund
Putnam Ohio Tax Exempt Income Fund
Putnam New Jersey Tax Exempt Income Fund
Putnam Michigan Tax Exempt Income Fund
Putnam Dynamic Asset Allocation Equity Fund
Putnam Dynamic Risk Allocation Fund

Section 906 Certifications

I, Jonathan S. Horwitz, the Principal Executive Officer of the Funds listed on Attachment A, certify that, to my knowledge:

1. The form N-CSR of the Funds listed on Attachment A for the period ended November 30, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Form N-CSR of the Funds listed on Attachment A for the period ended November 30, 2012 fairly presents, in all material respects, the financial condition and results of operations of the Funds listed on Attachment A.

Date: January 25, 2013

/s/ Jonathan S. Horwitz

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Jonathan S. Horwitz
Principal Executive Officer

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Section 906 Certifications

I, Steven D. Krichmar, the Principal Financial Officer of the Funds listed on Attachment A, certify that, to my knowledge:

1. The form N-CSR of the Funds listed on Attachment A for the period ended November 30, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Form N-CSR of the Funds listed on Attachment A for the period ended November 30, 2012 fairly presents, in all material respects, the financial condition and results of operations of the Funds listed on Attachment A.

Date: January 25, 2013

/s/ Steven D. Krichmar

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Steven D. Krichmar
Principal Financial Officer

# Attachment A

# N-CSR

Period (s) ended November 30, 2012

Putnam Arizona Tax Exempt Income Fund
Putnam Minnesota Tax Exempt Income Fund
Putnam Massachusetts Tax Exempt Income Fund
Putnam New York Tax Exempt Income Fund
Putnam High Yield Advantage Fund
Putnam Equity Income Fund
Putnam Pennsylvania Tax Exempt Income Fund
Putnam Ohio Tax Exempt Income Fund
Putnam New Jersey Tax Exempt Income Fund
Putnam Michigan Tax Exempt Income Fund
Putnam Dynamic Asset Allocation Equity Fund
Putnam Dynamic Risk Allocation Fund

Amendments to Putnam' s Code of Ethics – June 2011

***The following sections of the Code are rewritten to read in their entirety as follows:***

**Definitions**

**Access Person** Putnam has identified certain employees as Access Persons due to their position or access to investment information. Access Persons are held to a higher standard under the Code than other employees. Please ask the Code of Ethics Officer if you have any question whether you are an Access Person. The following employees are Access Persons:

All employees of Putnam' s Investment Management Division

Employees of the Operations Division within the following specific groups and departments:

» Fund Administration Group
» investment Services and Operations Group
» Accounting Services Group
» Custody Services Group

Any employee in the following groups or divisions who reports directly to a member of the Operating Committee:

» Mutual Fund Shareholder Services Group
» Accounting, Custody, and Control Services Group
» Global Marketing and Products Division
» Defined Contribution Division
» Global Distribution Division

All members of Putnam' s Operating Committee

All employees of Putnam investments Limited (PiL) and all other Putnam employees based in Europe

All directors and officers of a registered investment advisor affiliate, e.g., Putnam investment Management, LLC (PIM), or The Putnam Advisory Company, LLC (PAC)

All employees who have access to My Putnam (unless access is limited to the *Wall Street Journal, Factiva*, or other systems that do not allow access to non-public information about Putnam products, as determined by the Code of Ethics Officer)

Employees who have systems access or other access to non-public information about any client' s purchase or sale of securities or to information regarding portfolio holdings or recommendations with respect to such purchases or sales

Others as determined by the Code of Ethics Officer

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**Section 8 – Sanctions**

The Code of Ethics Oversight Committee has adopted the following minimum monetary sanctions for violations of the Code. These sanctions apply even if the exception results from inadvertence rather than intentional misbehavior. The Code of Ethics Oversight Committee will review and approve sanctions on employees. However, the sanctions noted below are only minimums, and the Committee reserves the right to impose sanctions it believes fit the circumstances, such as higher monetary sanctions, trading bans, suspension, or termination of employment. The Committee' s belief that an employee has violated the Code of Ethics intentionally may result in more severe sanctions than outlined in the guidelines.

8.1. **Sanctions for violations of Sections 1-3**.

The minimum sanction per violation of the Rules in Sections 1, 2 or 3 is disgorgement of any profits or payment of avoided losses and the following payments:

| | **Investment Division, Operating Committee Member, and any employee who reports directly to an Operating Committee Member** | **All other employees not included in the criteria for inclusion in the higher sanction schedule** |
|---|---|---|

| | (administrative assistants will be excluded from the higher sanction schedule) | |
|---|---|---|
| 1st violation | $250 | $50 |
| 2nd violation | $500 | $100 |
| 3rd violation | Minimum monetary sanction for a 2nd violation with a ban on all new personal securities transactions for time period determined by the Code of Ethics Oversight Committee | |

8.2. **Sanctions for violations of Sections 4-6**.

The minimum sanction for violations of the rules in Sections 4-6 is as follows:

| | **Investment Division, Operating Committee Member, and any employee who reports directly to an Operating Committee Member (administrative assistants will be excluded from the higher sanction schedule)** | **All other employees not included in the criteria for inclusion in the higher sanction schedule** |
|---|---|---|
| 1st violation | Warning | Warning |
| 2nd violation | $50 | $25 |
| 3rd violation | $100 | $50 |

8.3. **Sanctions for violations of Section 7**.

All violations concerning the use of material, non-public information, failure to report inside information, or insider trading will be presented to the Code of Ethics Oversight Committee to determine the appropriate sanction, up to and including termination. Severe criminal penalties may also be imposed.

The reference period for determining generally whether a violation is initial or subsequent will be three years.

# Putnam's
# Code of Ethics

[Graphic omitted: Portrait of Samuel Putnam]

[Graphic omitted: Putnam Investments logo]

## Putnam Investments Code of Ethics

Putnam Investments is required by law to adopt a Code of Ethics (the "Code"). The objective of the Code is to ensure that Putnam's employees comply with all applicable laws and avoid any conflict of interest that might result in any harm to our clients. Putnam owes a fiduciary duty to its clients. This Code of Ethics is designed to strengthen the trust and confidence our clients place in us and to demonstrate that our clients' interests come first.

Adherence to the Code is a fundamental condition of employment at Putnam. Every employee is expected to adhere to the requirements of the Code. Any employee failing to do so may be subject to disciplinary action, including financial penalties and termination of employment, as determined by the Code of Ethics Officer, the Code of Ethics Oversight Committee, or the Chief Executive Officer of Putnam Investments.



## Table of Contents

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## Definitions

**Access Person** Putnam has identified certain employees as Access Persons due to their position or access to investment information. Access Persons are held to a higher standard under the Code than other employees. Please ask the Code of Ethics Officer if you have any question whether you are an Access Person. The following employees are Access Persons:

All employees of Putnam's Investment Management Division

Employees of the Operations Division within the following specific groups and departments:

» Fund Administration Group
» Investment Services and Operations Group
» Accounting Services Group
» Custody Services Group

Senior Managing Directors and Managing Directors in:

» Mutual Fund Shareholder Services Group
» Accounting, Custody, and Control Services Group
» Global Marketing and Products Division
» Global Distribution Division
All members of Putnam' s Operating Committee
All employees of Putnam Investments Limited (PIL) and all other Putnam employees based in Europe
All directors and officers of a registered investment advisor affiliate, e.g., Putnam Investment Management, LLC (PIM), or The Putnam Advisory Company, LLC (PAC)
All employees who have access to My Putnam (unless access is limited to the *Wall Street Journal, Factiva*, or other systems that do not allow access to non-public information about Putnam products, as determined by the Code of Ethics Officer)
Employees who have systems access or other access to non-public information about any client' s purchase or sale of securities or to information regarding portfolio holdings or recommendations with respect to such purchases or sales
Others as determined by the Code of Ethics Officer

**Approved Indices** means any securities index (which is typically a broad-based index) determined by the Code of Ethics Officer to present minimal risks of abuse. All Approved Indices are posted on the Putnam Compliance intranet homepage and the Code of Ethics PTA system.

**Closed-end fund** means a fund that has a fixed number of shares outstanding and does not redeem its shares. Closed-end funds typically trade like stocks on an exchange.

The **Code of Ethics Officer** and the **Deputy Code of Ethics Officer** are responsible for enforcing and interpreting the Code. The following are the current members of the Code of Ethics staff, each of whom can answer employee questions and provide other assistance regarding the Code:

| | | |
|---|---|---|
| Code of Ethics Officer: | Bob Leveille | (617) 760-1858 |
| Deputy Code of Ethics Officer: | Rick DeGregorio | (617) 760-1201 |
| Compliance Analyst: | Dana Scribner-Shea | (617) 760-7182 |



**Code of Ethics Oversight Committee** has oversight responsibility for administering the Code of Ethics. Members include the Code of Ethics Officer and other members of Putnam' s senior management appointed by the Chief Executive Officer of Putnam. The Committee reviews and approves Code revisions, violations, and sanctions. In certain instances, requests for exemptions may require the approval of the Committee. The Committee meets on a quarterly basis or as otherwise necessary.

**Exchange-Traded Fund (ETF)** means a fund (other than a closed-end fund) that can be traded on an exchange throughout the day like a stock. ETFs often track an index. Examples include (but are not limited to) SPDRs, WEBs, QQQQs, iShares, and HLDRs.

**Immediate Family** means the Putnam employee' s spouse, domestic partner, fiancé(e), or other family members who are living in the same household. Immediate Family also includes any other family members, including in-laws, for whom the Putnam employee can exercise investment discretion, regardless of whether or not they live in the same household.

**Private Placement** means any offering of a security not offered to the public and not requiring registration with the relevant securities authorities.

**Putnam** means any or all of Putnam Investments, LLC and its subsidiaries (other than PanAgora Asset Management, Inc.), any one of which shall be a Putnam company.

**Putnam employee, or employee,** means any employee of Putnam and, for purposes of all rules in Sections 1, 2, and 3, also includes the following:
Members of the Immediate Family of a Putnam employee;
Any trust in which a Putnam employee or Immediate Family member is a trustee with investment discretion;
Any account for a partnership in which a Putnam employee or Immediate Family member is a general partner or a partner with investment discretion;

Any closely held entity (such as a partnership, limited liability company, or corporation) in which a Putnam employee or Immediate Family member holds a controlling interest and with respect to which he or she has investment discretion;

Any account (including any retirement, pension, deferred compensation, or similar account) in which a Putnam employee or Immediate Family member has a substantial economic interest and over which the Putnam employee or Immediate Family member exercises investment discretion;

Any account other than a Putnam client account that receives investment advice of any sort from the employee or Immediate Family member, or as to which the employee or Immediate Family member has investment discretion.

**Security** The instruments required to be pre-cleared under Section 1.1 are considered to be securities for purposes of this Code and are also required to be reported by Access Persons under Section 4. In addition, transactions in exchange-traded funds (ETFs), exchange-traded notes (ETNs), exchange-traded commodities (ETCs), options, futures, and other derivative securities are required to be reported by Access Persons under Section 4, even for those instruments that are not required to be pre-cleared pursuant to Section 1.1(c).



## Section 1 – Personal Securities Rules for All Employees

Putnam maintains the Code of Ethics PTA system to assist employees in fulfilling their obligations under the Code of Ethics. This system can be accessed by selecting the Code of Ethics PTA link, which appears on Putnam' s intranet page in the Secure Information Section under My Essentials. This system allows the automated pre-clearance of publicly traded equities and other securities trading on major U.S. and other exchanges. To pre-clear an options contract for a publicly traded security, pre-clear the underlying security in the Code of Ethics PTA system. To request clearance to trade bonds or other securities, you must contact the Code of Ethics staff. Pre-clearance hours are 9:00 a.m. to 4:00 p.m. EST.

**1.1. Pre-clearance Requirements**

**1.1(a) Employees must pre-clear all trades in the following securities:**

Stocks of companies

Bonds (including corporate, municipal, high-yield, and convertible bonds)

Options, warrants, and all other derivatives of any underlying securities which themselves require pre-clearance. Examples include options and futures based on specific stocks or based on indices that are not Approved Indices (see "Definitions" section)

Exchange-traded funds (ETFs ) other than those based on Approved Indices or based on other instruments listed below (under Section 1.1(c)) that do not require pre-clearance

Exchange-traded notes (ETNs) other than those based on Approved Indices

Closed-end funds, including Putnam closed-end funds

Employees must also pre-clear the following transactions:

Private placements and purchases of hedge funds or other private investment funds must receive pre-approval from the Code of Ethics Oversight Committee

Donating or gifting of securities

Shares purchased by subscription or by mail (if purchasing directly from a company' s transfer agent by check, you must pre-clear the day the check is to be mailed)

Tendering securities from your personal account

**1.1(b) Provisions Applicable to Pre-Clearances**

A pre-clearance is only valid for trading on the day it is obtained. However, trades by employees in Putnam' s Asian or European offices, or trades by any employees in securities listed on Asian or European stock exchanges, may be executed within one business day after pre-clearance is obtained. If the Code of Ethics system does not recognize a security, if an employee is unable to use the system, or if he or she has any questions with respect to the system or pre-clearance, the employee must contact the Code of Ethics staff.

**1.1(c) Exceptions from Pre-Clearance Requirements**

Pre-clearance is not required for certain transactions. (Please note that reporting may still be required for Access Persons even when pre-clearance is not required. See Sections 4 and 5 for reporting requirements.)

Pre-clearance is not required for:

Open-end mutual funds
Currencies
Commodities
Treasury securities and other U.S. and other sovereign government debt (Please note that agency securities, such as securities issued by Fannie Mae and Freddie Mac, require pre-clearance.)
Certificates of deposit (CDs), commercial paper, repurchase agreements, bankers' acceptances, and other money market instruments


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Options and futures and all other derivatives of securities not requiring pre-clearance (Please note that examples include options and futures based on Approved Indices (see Definitions) and Treasury futures.)
ETFs and ETNs based on Approved Indices
Exchange-traded commodities (ETCs)
Withdrawals or distributions from a Putnam Retirement Plan that result in the sale of MMC stock
Trades in approved discretionary accounts (see Section 4.2 for additional information)
Transactions that are involuntary (i.e., not initiated by the employee or an immediate family member covered under the Code), including dividend reinvestments under an automatic program of a publicly traded issuer and broker actions not initiated by the employee, such as option assignments or sales out of the brokerage account to cover fees or margin calls (provided the employee may not have withdrawn funds from the margin account in the prior 10 days)

**1.2. Restricted List**

Employees may not trade in securities that are on Putnam's restricted list, except as set forth below under "Large-/Mid-Cap Exemption." There are a number of reasons why a security may appear on the Restricted List, and securities are placed on the Restricted List under criteria, and in specific circumstances, as determined by the Code of Ethics Officer or the Code of Ethics Oversight Committee. If a security is not on the Restricted List, other classes of securities of the same issuer (e.g., preferred or convertible preferred stock) may be on the Restricted List. It is the employee's responsibility to identify with particularity the class of securities being pre-cleared.

**Large-/Mid-Cap Exemption.** An employee may trade up to 1,000 shares of a security appearing on the Restricted List if it is an equity security of an issuer with a market capitalization greater than $2 billion. However, these transactions must still be pre-cleared. Market capitalization is defined as outstanding shares multiplied by current price per share.

**1.3. Prohibited Transactions**

The following transactions and activities are prohibited for all employees:

1. Good-Until-Canceled Orders (GTC). Any order not executed on the day of pre-clearance must be resubmitted for pre-clearance before being executed on a subsequent day.
2. Short sales of any security that is subject to pre-clearance requirements. However, short sales against the box are permitted. In addition, opening an option position that would result in a short position in the underlying security upon assignment or expiration is also prohibited. For example, buying a put option without owning a number of shares at least equal to the delivery obligation under the contract, or selling a naked call option, would be prohibited.
3. Purchasing securities in an initial public offering (IPO). Although exceptions from this prohibition will rarely be granted, employees may request an exemption from the Code of Ethics Officer, who may grant exceptions in unusual cases such as when an immediate family member's association or employment with the issuer warrants consideration or when the employee has had a pre-existing status for at least two years as a policyholder or depositor in connection with a bank or insurance company conversion from mutual or cooperative form to stock form.
4. Trading with Material Non-public Information (see Section 7)
5. Personal Trading with Putnam Client Portfolios. Putnam employees may not buy or sell securities when the employee knows a Putnam client account is on the other side of the trade.
6. Participating in an Investment Club
7. Spread Betting. PIL employees may not enter into any spread betting contracts on financial instruments.
8. Excessive Trading. Employees are prohibited from making more than 10 trades in individual securities in any given quarter across all their accounts (including accounts held by Immediate Family members). For purposes of applying this

rule, securities that are required to be pre-cleared shall be the only securities counted, and trading the same security in the same direction (buy or sell) over a period of five business days will be counted as one transaction.


# Section 2 – Putnam Mutual Funds

**2.1. Holding Putnam Mutual Fund Shares at Putnam**

Putnam employees must hold shares of Putnam open-end U.S. mutual funds through accounts maintained at Putnam, with Putnam Retail Management (PRM) listed as the dealer of record. All transactions must be executed through Putnam and not through an outside broker or other intermediary.

These requirements also apply to:

Self-directed IRA accounts holding Putnam fund shares;

Variable annuities and variable insurance contracts, such as Putnam/Hartford Capital Manager and Allstate Advisor, which invest in Putnam Variable Trusts (must list PRM as dealer but may be held at the insurer).

In limited circumstances, retirement, pension, deferred compensation, and similar accounts (and variable insurance arrangements) that cannot be legally transferred to Putnam may be allowed to hold Putnam funds upon approval of the Code of Ethics Officer. For example, a spouse of a Putnam employee may have a 401(k)/ Profit Sharing Plan with his or her employer that invests in Putnam funds. The employee must notify the Code of Ethics Officer in writing, provide the reason why the account cannot be transferred to Putnam, and arrange for a quarterly statement of transactions in such account to be sent to the Code of Ethics staff, if approved.

**2.2. Putnam Mutual Funds – Employee Holding Periods and Linked Accounts**

Employees may not, within a 90-calendar day period, make a purchase followed by a sale or a sale followed by a purchase of shares of the same open-end Putnam mutual fund, even if the transactions occur in different accounts.

Employees who have sole or shared supervisory or portfolio management responsibility for a Putnam open-end mutual fund or a U.S. registered mutual fund to which Putnam acts as advisor or sub-advisor may not, within a one-year period, make a purchase followed by a sale or a sale followed by a purchase of shares of such fund, even if the transactions occur in different accounts.

All employees are required to ensure that their Immediate Family members' accounts holding Putnam mutual funds are linked to comply with the disclosure and holding period requirements. To ensure these accounts are linked, log on to Putnam's intranet home page at http://intranet/home/index.shtml, and select My Essentials/Linked Mutual Fund Accounts.

The above holding period restrictions do not apply to:

401(k)/Profit Sharing (or other employee benefit plan) contributions, withdrawals, loans, or distributions, including employer contributions or forfeitures to an employee's account. However, exchanges within these accounts are subject to these holding period restrictions.

Putnam's Money Market Funds or Putnam Stable Value Fund

Systematic investments, exchanges, or redemptions and payroll deductions. However, once these programs are established/revised, they may not be changed again for 90 days. Employees subject to a one-year holding period with respect to a fund may establish a semiannual or annual automatic rebalancing program, although it may only be changed on an annual basis.

Dividend reinvestments, distributions, fund mergers, and share class conversions

Qualified redemptions (i.e., from the Putnam CollegeAdvantage 529 Plan for matters such as tuition, school fees, books, supplies, and equipment required by the school, room and board, disability, and death)

In special situations, such as financial hardship or disability, an exemption from the holding period requirements may be provided by the Code of Ethics Oversight Committee upon written application by the employee.


**2.3. Putnam Mutual Funds – Closed-End Fund Rules**

**2.3(a)** Pre-clearance and Reporting. Putnam closed-end fund shares are subject to the same pre-clearance and reporting requirements as other stocks. A list of the Putnam closed-end funds can be obtained from the Code of Ethics staff.

**2.3(b)** Special Rules Applicable to Managing Directors in the Investment Division, Operating Committee members, and officers of the Putnam Funds. Managing Directors in Putnam's Investment Division, Putnam Operating Committee members, and officers of the Putnam Funds will not receive clearance to engage in any combination of purchase and sale, or sale and purchase, of the shares of a given closed-end fund within six months of each other. Therefore, purchases should be made only if you intend to hold the shares more than six months, and sales should not be made if you plan to purchase more shares of that fund within six months.

## Section 3 – Additional Rules for Access Persons and Certain Investment Professionals

### 3.1. 60-Day Short-Term Rule – All Access Persons

Access Persons may not sell a security at a price higher than any price paid for that security within the past 60 calendar days, or buy a security at a price below which he or she sold it within the past 60 days. This rule applies to transactions across all accounts of the employee. All trades for the previous 60 days will be compared to the trade date for the transaction in question to determine whether a violation has occurred. Thus, if an employee buys a security for $10, buys it again for $15, and then sells shares of this security for $12, this will be considered a violation even though some shares of the security in question were bought for a higher price. Access Persons may also not open an option transaction for a contract that expires in 60 days or less. Although portfolio managers and analysts may sell securities at a profit within 60 days of purchase in order to comply with the requirements of the 7-Day Pre-Trade and 7-Day Post-Trade Rules (described below), any profit must be disgorged to charity.

### 3.2. 7-Day Pre-Trade Rule (Portfolio Managers and Analysts)

**3.2(a)** Portfolio Managers: (i) Before a portfolio manager places an order to buy a security for any Putnam client portfolio that he manages, he must sell that security or related derivative security if he has purchased it in his personal account within the preceding seven calendar days; or (ii) upon entering an order to sell a security for any Putnam client portfolio that he manages, he must disgorge to charity any losses avoided if he sold the security in his personal account within the preceding seven calendar days. Disgorgements will be measured by the difference between the selling price for the personal account and the selling price for the client account, multiplied by the number of shares sold for the personal account.

**3.2(b)** Analysts: (i) Before an analyst makes a purchase or an outperform recommendation for a security (including designation of a security for inclusion in the portfolio of Putnam Research Fund), he must sell that security or related derivative security if he has purchased it in his personal account within the preceding seven calendar days; or (ii) upon making a sell or an underperform recommendation for a security (including designation of a security for sale from the portfolio of Putnam Research Fund), he must disgorge to charity any losses avoided if he sold the security in his personal account within the preceding seven calendar days. Disgorgements will be measured by the difference between the selling price for the personal account and the price at the time that the recommendation is made, multiplied by the number of shares sold for the personal account.



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### 3.3. 7-Day Post-Trade Rule (Portfolio Managers and Analysts)

**3.3(a)** Portfolio Managers: No portfolio manager shall: (i) sell any security or related derivative security for her personal account until seven calendar days have elapsed after the date of the most recent purchase of that security or related derivative security by any Putnam client portfolio she manages or co-manages; or (ii) purchase any security or related derivative security for her personal account until seven calendar days have elapsed after the date of the most recent sale of that security or related derivative security from any Putnam client portfolio that she manages or co-manages.

**3.3(b)** Analysts: No analyst shall: (i) sell any security or related derivative security for his personal account until seven calendar days have elapsed after the date of his most recent buy or outperform recommendation for that security or related derivative security (including designation of a security for inclusion in the portfolio of Putnam Research Fund); or (ii) purchase any security or related derivative security for his personal account until seven calendar days have elapsed after the date of his most recent sell or underperform recommendation for that security or related derivative security (including the removal of a security from the portfolio of Putnam Research Fund).

### 3.4. Contra-Trading Rule (Portfolio Managers and Team Leaders)

**3.4(a)** Portfolio Managers: No portfolio manager shall, without prior clearance and written approval, sell in his personal account any securities or related derivative securities that are held in any Putnam client portfolio that he manages or co-manages (see Appendix A for the Contra-Trading Rule Clearance Form).

**3.4(b)** Team Leaders: No Team Leader within the Investment Division shall, without prior clearance and written approval, sell in his personal account any securities or related derivative securities that are held in any Putnam client portfolio managed in his team (see Appendix A for the Contra-Trading Rule Clearance Form).

**3.5. No Personal Benefit (Portfolio Managers and Analysts)**

No portfolio manager shall cause, and no analyst shall recommend, an action that would cause a Putnam client to take action for the portfolio manager' s or analyst' s own personal benefit. A portfolio manager who trades in, or an analyst who recommends, particular securities for a Putnam client account in order to support the price of securities in his personal account, or who "front runs" a Putnam client order, is in violation of this Rule.

## Section 4 – Reporting Requirements

**4.1. Brokerage/Securities Accounts – Initial and Annual Requirements**

All employees (on their own behalf and on behalf of their Immediate Family members) are required to report the existence of any accounts which have the capability of purchasing any securities. This Rule includes all brokerage accounts, accounts held directly at an issuer' s transfer agent, and securities held in physical certificate form by an employee or any Immediate Family member of the employee. The only investment accounts excluded from this rule are accounts that are only permitted to hold open-end mutual funds (other than Putnam open-end funds) and no other investments.

To satisfy this requirement, a new employee must enter the requested information in the Code of Ethics PTA system within the required time frame below:

Access Persons – within 10 days of hire

Non-access Persons – within 30 days of hire

Existing employees opening a new account (including accounts being opened for Immediate Family members) must disclose them in the system in advance of the first personal securities transaction in the account.

All employees will be required to certify annually that all accounts requiring disclosure are accurately listed in the Code of Ethics PTA system.



**4.2. Separate Provisions for Brokerage/Securities Accounts That Are Professionally Managed (Discretionary) Accounts – Initial and Annual Requirements**

If you wish to establish a professionally managed or discretionary account (including professionally managed or discretionary accounts being opened for Immediate Family members), where you completely turn over decision-making authority to a professional money manager who is not subject to this Code, you must disclose the existence of the account and receive approval from the Code of Ethics staff in advance of the first personal securities transaction. You do not need to pre-clear or report securities transactions in these accounts. Please note a discretionary account may not purchase an IPO or hold Putnam open-end mutual funds.

The broker or advisor maintaining discretion over the account may not be a family member of the Putnam employee.

In order for the account to be considered discretionary, the employee must:

1. Complete an initial certification (as well as annual certifications each year) in which both the employee and the broker/advisor certify that the Putnam employee does not participate in investment decisions on the account; and
2. Ensure that copies of broker statements are delivered to Putnam Investments.

**4.3. Account Confirmations and Statements**

All employees are required to ensure that copies of all confirmations and statements are delivered to Putnam for all accounts described in Section 4.1 above, and to ensure that copies of all statements (but not confirmations) are delivered to Putnam for all discretionary accounts described in Section 4.2. When the employee discloses the account as required, the Code of Ethics staff will issue a 407 letter, or other communication to the entity where the employee' s account is held, requesting that confirmations and statements be sent to Putnam on the employee' s behalf. However, it is ultimately the employee' s responsibility to ensure his or her broker has complied with this request.

If it is discovered these reports are not being delivered to Putnam, the Code of Ethics staff will bring this issue to the employee' s attention and request he or she assist in rectifying the issue. If it is determined that a broker has failed to comply with requests to deliver these reports, Putnam reserves the right to require the employee to close the account within

30 days by transferring the account to another dealer willing to comply with this requirement (any trades as a result of a transfer must be pre-cleared).

## Section 5 – Additional Reporting, Certification, and Training Requirements

**5.1. Initial/Annual Holdings Report – Access Persons Only**

Access Persons must disclose their securities holdings, including all holdings for Immediate Family member accounts, within 10 days of hire (or within 10 days of becoming an Access Person) and then on an annual basis thereafter (within 45 days after the end of the year). The report of securities holdings must include all securities that require pre-clearance under Section 1.1, as well as holdings in non-U.S. sovereign government debt, ETFs, ETNs, ETCs, options, futures and other derivative securities, and holdings of Putnam open-end U.S. mutual funds not held through a Putnam account and U.S. registered mutual funds to which Putnam acts as advisor or sub-advisor (see Section 4).

**5.2. Quarterly Transaction Report – Access Persons Only**

Access Persons must disclose and certify all of their personal securities transactions, including transactions for Immediate Family member accounts, within 20 calendar days following the end of each quarter. In addition to the securities requiring pre-clearance under Section 1.1, Access Persons are also required to disclose and certify all personal transactions in non-U.S. sovereign government debt, as well as ETFs, ETNs, ETCs, options, futures, and other derivative securities, not just those requiring pre-clearance.



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**5.3. Annual Certification – All Employees**

Each calendar year, all employees will be required to certify that they have reviewed and understand the rules and requirements of the Code and that the list of brokerage accounts (for the employee and all Immediate Family members) disclosed in the Code of Ethics PTA system is accurate. An e-mail notification will be sent informing employees of their requirement and the due date.

**5.4. Training Requirements – All Employees**

As deemed necessary by the Code of Ethics staff, employees will be required to complete training on Putnam's Code of Ethics. E-mail notifications will be sent notifying employees of the requirements and the due date.

**5.5. Maintenance and Distribution of the Code of Ethics**

When revisions are made to the Code of Ethics, all employees will receive a revised version of the Code. The Code will be available to all employees on Putnam's intranet site. Hard copies may be requested by contacting the Code of Ethics staff.

**5.6. Procedures and Timeliness**

The certifications and reports required by the Code are completed in the Code of Ethics PTA system. There are strict deadlines for these filings. Planned absences, vacations, and business trips are not valid excuses for failing to meet a deadline. Employees will receive instructions regarding these submissions and the due dates. Please contact the Code of Ethics staff for assistance.

## Section 6 – General Ethics Rules for All Employees

Putnam employees are expected to act ethically at all times in connection with their employment. In addition to complying with the specific provisions of this section, employees should contact the Code of Ethics staff or the Ombudsman if they are not sure how to proceed in any circumstances involving ethical issues or questions.

**6.1. Outside Business Activities**

No Putnam employee shall serve as employee, officer, director, trustee, or general partner of a corporation or entity other than Putnam, without prior written approval of the Code of Ethics Officer, who may also confirm that the employee's manager has approved such outside position. Requests for a role at a publicly traded company are especially disfavored and are closely reviewed. Permission will be granted only in extenuating circumstances.

All employees must provide a written request seeking approval from the Code of Ethics Officer by entering the details of the proposed position in the Code of Ethics PTA system. Employees may not engage in any outside employment activity until they receive an e-mail approving their request. Employees hired at Putnam with an outside position must disclose the position upon hire in the system and may be required to resign such position if the position presents conflicts of interest or other issues.

FINRA-licensed employees under PRM also have an obligation to disclose outside positions to, and receive approval from the PRM Compliance Department. Employees must also keep this information accurate by updating their profile in the Code of Ethics system and updating the PRM Compliance Department if they change or terminate a position previously approved.



**6.2. Charitable or Non-profit Roles/Role as Trustee or Fiduciary Outside Putnam Investments**

**6.2(a)** An employee may serve as a volunteer, officer, director, or trustee of a charitable or not-for-profit institution, provided that the employee abides by the Code of Ethics with respect to any investment activity for which she has any discretion or input as a volunteer, officer, director, or trustee. The pre-clearance and reporting requirements of the Code of Ethics do not apply to the trading activities of such charitable or not-for-profit institutions for which an employee serves as a volunteer, officer, director, or trustee unless the employee has discretion for the account. You must contact the Code of Ethics staff if you are asked to serve in a role in which you may have discretion, investment, or financial authority for a charitable or not-for-profit institution to discuss whether such position is permissible and whether you must perform any additional actions prior to serving in such role.

**6.2(b)** Except as stated below, no Putnam employee shall serve as a trustee, an executor, a custodian, or any other fiduciary, or as an investment advisor or a counselor for any account outside Putnam.

Putnam employees may serve as a fiduciary with respect to a religious or charitable trust or foundation, provided that the employee abides by the Code of Ethics with respect to any investment activity for which she has any discretion or input. The pre-clearance and reporting requirements of the Code of Ethics apply to the trading activities of such a religious or charitable trust or foundation if the employee has discretion for the account.

**6.2(c)** *Family Trust or Estate Exception*. Putnam employees may serve as a fiduciary with respect to a family trust or estate, as long as the employee abides by all of the Rules of the Code of Ethics with respect to any investment activity over which he has any discretion.

**6.3. Family Members' Conflict Policy**

No employee or member of an employee's Immediate Family shall have any direct or indirect personal financial interests in companies that do business with Putnam, unless such interest is disclosed and approved by the Code of Ethics Officer.

**6.3(a)** Corporate Purchase of Goods and Services – Putnam will not acquire goods and services from any firm in which a member of an employee's Immediate Family serves as a sales representative or in a senior management capacity, or has an ownership interest (excluding normal investment holdings in public companies), unless permission is obtained from the Assistant Treasurer and the Code of Ethics Officer. Any employee who is aware of a proposal to purchase goods and services from a firm with which a member of the employee's Immediate Family has one of these associations must notify the Assistant Treasurer and the Code of Ethics Officer.

**6.3(b)** Portfolio Trading - Putnam will not allocate any client trades to any firm that employs a member of an employee's Immediate Family as a sales representative to Putnam (in a primary, secondary, or backup role). Any Putnam employee who is aware that an Immediate Family member serves as a broker-dealer's sales representative to Putnam should inform the Code of Ethics Officer.

**6.3(c)** Definition of Immediate Family (specific to this rule) - "Immediate Family" of an employee means (1) spouse, fiancé(e), or domestic partner of the employee, (2) any child, sibling, or parent of an employee and any person married to a child, sibling or parent of an employee, and (3) any other person who lives in the same household as the employee.

**6.4. CFA Institute Code of Ethics and Standards of Professional Conduct**

All members of the Investment Division and any other CFA Institute Members or Candidates must follow and abide by the spirit of the Code of Ethics and the Standards of Professional Conduct of the CFA Institute. The text of the CFA Institute Code of Ethics and Standards of Professional Conduct can be found on the Putnam Compliance Department intranet home page, which is accessible from the Putnam intranet home page. The terms of Putnam's Code of Ethics shall govern in any case where there is a conflict between the terms of this Code and the CFA Institute Code of Ethics and Standards of Professional Conduct. Please contact the Code of Ethics Officer with any questions.

**6.5. Business Ethics, Ombudsman, and Hotlines**

**6.5(a)** If a Putnam employee suspects that fraudulent, illegal, or other irregular activity (including violations of the Code of Ethics) might be occurring at Putnam, the activity should be reported immediately to Putnam's Controller, Chief Compliance Officer or Code of Ethics Officer, through the Ombudsman or hotlines described below or through Putnam's Human Resources department.

**6.5(b)** Putnam has established the office of the corporate ombudsman as a resource to help employees address legal or ethical issues in the workplace and to allow employees to voice concerns or seek clarity on issues. The Ombudsman provides a confidential, independent, and impartial source to employees to discuss potential violations of law or of company standards without fear of retribution, and serves as a neutral party with no vested interest in a particular outcome.

**6.5(c)** An employee who does not feel comfortable reporting activity in the manner described in 6.5(a) above may instead contact any of the following on an anonymous basis:

The Putnam Ethics hotline at 1-888-475-4210,

The Putnam Funds Trustees' hotline at 1-866-858-4155, or

Putnam's Ombudsman at 1-866-ombuds7 (866-662-8377).

# Section 7 – Material, Non-Public Information and Insider Trading

**7.1. Material, Public Information and Insider Trading**

Antifraud provisions of the U.S. securities laws as well as the laws of other countries generally prohibit persons who possess material, non-public information from trading on or communicating that information to others. Putnam's policy calls for strict compliance with such laws. Unlawful trading while in possession of material, non-public information is a very serious matter and can be a crime punishable by imprisionment. There is also significant monetary liability for an inside trader, which can include liability to private plaintiffs and/or the Securities and Exchange Commission, which can seek a court order requiring a violator to pay back profits, as well as penalties substantially greater than those profits. In certain cases, controlling persons of inside traders, including supervisors of inside traders or Putnam itself, can be liable for penalties.

Employees found to have conducted this activity will be immediately referred to the Code of Ethics Oversight Committee or Putnam's Chief Executive Officer to determine the appropriate sanction, up to and including termination.

While employees in the Investment Division are most likely to come into contact with material, non-public information, the rules (and sanctions) in this area apply to all Putnam employees (see Section 7.2 for information on what to do if you believe you may have material, non-public information).

**7.2. Reporting and Restrictions**

Any employee who believes he or she is (or may be) in possession of material, non-public information must immediately contact Putnam's Code of Ethics Officer or an attorney in Putnam's Legal Department, and provide details on the information received and the source. The employee must also take precautions to maintain the confidentiality of the information in question.

After reviewing the facts and circumstances, Putnam's Code of Ethics Officer or Putnam's Legal Department will make a determination as to whether possession of the information warrants restricting trading activity in the issuer's securities for client accounts as well as personal securities transactions for employees.



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**7.3. Special Provisions Applicable to Putnam Affiliates**

Any employee wishing to place a trade in the securities of Great-West Lifeco Inc., Power Financial Corporation, Power Corporation of Canada, or IGM Financial Inc. must contact the Code of Ethics Officer or the Deputy Code of Ethics Officer to request manual approval of the pre-clearance request. An employee requesting such approval must certify that he or she is not in possession of any material, non-public information regarding the company in which he or she is seeking to place a trade. The decision whether or not to grant the pre-clearance request is in the sole discretion of the Code of Ethics Officer and the Deputy Code of Ethics Officer. The Code of Ethics Officer and Deputy Code of Ethics Officer will reject any such request for pre-clearance made by members of Putnam's Operating Committee and certain members of the Chief Financial Officer's staff from the end of each calendar quarter to the date of announcement of Great-West Lifeco Inc.'s earnings for such quarter.

### 7.4. PIL Employees

For PIL employees, these topics are covered by the FSA' s Market Abuse rules. PIL employees receive information on this topic in their annual instructor-led code of ethics and compliance training.

## Section 8 – Sanctions

The Code of Ethics Oversight Committee has adopted the following minimum monetary sanctions for violations of the Code. These sanctions apply even if the exception results from inadvertence rather than intentional misbehavior. The Code of Ethics Oversight Committee will review and approve sanctions on employees. However, the sanctions noted below are only minimums, and the Committee reserves the right to impose sanctions it believes fit the circumstances, such as higher monetary sanctions, trading bans, suspension, or termination of employment. The Committee' s belief that an employee has violated the Code of Ethics intentionally may result in more severe sanctions than outlined in the guidelines.

### 8.1. Sanctions for Violations of Sections 1–3

The minimum sanction per violation of the Rules in Sections 1, 2, or 3 is disgorgement of any profits or payment of avoided losses and the following payments:

| Officer level | SMD/MD/SVP | VP/AVP/Non-officer |
|---|---|---|
| 1st violation | $250 | $50 |
| 2nd violation | $500 | $100 |
| 3rd violation | Minimum monetary sanction as above with ban on all new personal securities transactions | |

### 8.2. Sanctions for Violations of Sections 4–6

The minimum sanction for violations of the rules in Sections 4–6 is as follows:

| **Officer level** | **SMD/MD/SVP** | **VP/AVP/Non-officer** |
|---|---|---|
| 1st violation | Warning | Warning |
| 2nd violation | $50 | $25 |
| Subsequent violation | $100 | $50 |

### 8.3. Sanctions for Violations of Section 7

All violations concerning the use of material, non-public information, failure to report inside information, or insider trading will be presented to the Code of Ethics Oversight Committee to determine the appropriate sanction, up to and including termination. Severe criminal penalties may also be imposed.

The reference period for determining generally whether a violation is initial or subsequent will be three years.

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## Section 9 – Procedures for Determinations and Exemptions

No perceived ambiguity in the Code of Ethics shall excuse any violation. Any employee who has a question concerning the applicability of the Code or believes the Code to be ambiguous in a particular situation should request a determination from the Code of Ethics Officer in advance of the conduct. Employees may also request an exemption from the Code of Ethics if they do so in advance of the conduct or transaction sought to be exempted.

Any employee seeking a determination or exemption shall provide the Code of Ethics Officer with such information as the Code of Ethics Officer deems necessary to render the determination or make a decision on the exemption.

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## Appendix A – Contra-Trading Rule Clearance Form

To: Code of Ethics Officer

From: Date:

Re: Sale of Personal Security

This serves as prior written approval to sell the following personal security:

Name of portfolio manager contemplating personal sale:

Security to be sold:

Number of shares to be sold:

Fund(s) holding security:

Number of shares held by fund:

Reason for the personal sale:

Specify the reason why the sale is inappropriate for fund: (Please attach additional sheets if necessary.)

CIO approval: Date:

Code of Ethics Officer:

Deputy Code of Ethics Officer approval: Date:



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**THE PUTNAM FUNDS**
Code of Ethics

Each of The Putnam Funds (the "Funds") has determined to adopt this Code of Ethics with respect to certain activities by officers and Trustees of the Funds which might be deemed to create possible conflicts of interest and to establish reporting requirements and enforcement procedures with respect to such activities.

I. Rules Applicable to Officers and Trustees Affiliated with Putnam Investments Trust or Its Subsidiaries

A. Incorporation of Adviser's Code of Ethics. The provisions of the Code of Ethics for employees of Putnam Investments Trust and its subsidiaries (the "Putnam Investments Code of Ethics"), which is attached as Appendix A hereto, are hereby incorporated herein as the Funds' Code of Ethics applicable to officers and Trustees of the Funds who are employees of the Funds or officers, directors or employees of Putnam Investments Trust or its subsidiaries. A violation of the Putnam Investments' Code of Ethics shall constitute a violation of the Funds' Code.

B. Reports. Officers and Trustees of each of the Funds who are made subject to the Putnam Investments' Code of Ethics pursuant to the preceding paragraph shall file the reports required by the Putnam Investments' Code of Ethics with the Code of Ethics Officer designated therein. A report filed with the Code of Ethics Officer shall be deemed to be filed with each of the Funds of which the reporting individual is an officer or Trustee.

C. Review and Reporting.

(1) The Code of Ethics Officer shall cause the reported personal securities transactions to be compared with completed and contemplated portfolio transactions of each of the Funds to determine whether a violation of this Code may have occurred. Before making any determination that a violation has been committed by any person, the Code of Ethics Officer shall give such person an opportunity to supply additional explanatory material.

(2) If the Code of Ethics Officer determines that a violation of any provision of this Code has or may have occurred, he shall submit his written determination, together with any additional explanatory material, to the Audit and Compliance Committee of the Funds at its next meeting when Code of Ethics matters are discussed.

D. Sanctions. In addition to reporting violations of this Code to the Audit and Compliance Committee of the Funds as provided in Section I-C(2), the Code of Ethics Officer shall also report to such Committee any sanctions imposed with

respect to such violations. The Committee reserves the right to impose such additional sanctions as it deems appropriate.

II. Rules Applicable to Unaffiliated Trustees

A. Definitions.

(1) "Beneficial ownership" shall be interpreted in the same manner as it would be in determining whether a person is subject to the provisions of Section 16 of the Securities Exchange Act of 1934 and the rules and regulations thereunder.

(2) "Control" means the power to exercise a controlling influence over the management or policies of a company, unless such power is solely the result of an official position with such company.

(3) "Covered Person" means an affiliated person of the Fund, who is not made subject to the Putnam Investments Code of Ethics pursuant to Part I hereof.

(4) "Interested Trustee" means a Trustee of a Fund who is an "interested person" of the Fund within the meaning of the Investment Company Act of 1940, as amended (the "Investment Company Act").

(5) "Purchase or sale of a security" includes, among other things, the writing of an option to purchase or sell a security.

(6) "Security" shall have the same meaning as that set forth in Section 2(a)(36) of the Investment Company Act (in effect, all securities) except that it shall not include securities issued by the Government of the United States or an agency thereof, bankers' acceptances, bank certificates of deposit, commercial paper and high-quality short-term debt investments, including repurchase agreements, and shares of registered open-end investment companies, but shall include any security convertible into or exchangeable for a security.

(7) "Security Held or to be Acquired by a Fund" means: (i) any security, as defined herein, which, within the most recent 15 days: (A) is or has been held by the Fund, or (B) is being or has been considered by the Fund or Putnam Investments for purchase by the Fund, and (ii) any option to purchase or sell, and any security convertible into or exchangeable for, a security described in (i) above.
(8) "Unaffiliated Trustee" means a Trustee who is not made subject to the Putnam Investments Code of Ethics pursuant to Part I hereof.



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B. Prohibited Actions. No Covered Person, in connection with the purchase or sale, directly or indirectly, by such Covered Person of a security held or to be acquired by the Fund, shall:
(1) Employ any device, scheme or artifice to defraud the Fund;
(2) Make any untrue statement of a material fact to the Fund or omit to state a material fact necessary in order to make the statements made to the Fund, in light of the circumstances under which they are made, not misleading;
(3) Engage in any act, practice or course of business that operates or would operate as a fraud or deceit on the Fund; or
(4) Engage in any manipulative practice with respect to the Fund.
C. Reporting.
(1) Every Unaffiliated Trustee of a Fund shall file with the Funds' Compliance Liaison a report containing the information described in Section II-C(2) of this Code with respect to purchases or sales of any security in which such Unaffiliated Trustee has, or by reason of such transaction acquires, any direct or indirect beneficial ownership, if such Trustee, at the time of that transaction, knew or, in the ordinary course of fulfilling his official duties as a Trustee of the Fund, should have known that, during the 15-day period immediately preceding or after the date of the transaction by the Trustee:
(a) such security was or is to be purchased or sold by the Fund or
(b) such security was or is being considered for purchase or sale by the Fund;
provided, however, that an Unaffiliated Trustee shall not be required to make a report with respect to transactions effected for any account over which such person does not have any direct or indirect influence or control.
(2) Every report shall be made not later than 10 days after the end of the calendar quarter in which the transaction to which the report relates was effected, and shall contain the following information:



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(a) The date of the transaction, the title, the number of shares, the interest rate and maturity date (if applicable) and the principal amount of each security involved;
(b) The nature of the transaction (i.e., purchase, sale or any other type of acquisition or disposition);
(c) The price at which the transaction was effected;
(d) The name of the broker, dealer or bank with or through whom the transaction was effected; and
(e) the date that the report is submitted by each Unaffiliated Trustee.
(3) Any such report may contain a statement that the report shall not be construed as an admission by the person making such report that he has any direct or indirect beneficial ownership in the security to which the report relates.
(4) Notwithstanding anything to the contrary contained herein, an Unaffiliated Trustee who is an "interested person" of the Funds shall file the reports required by Rule 17j-1(d)(1) under the Investment Company Act with the Code of Ethics Officer of Putnam Investments. Such reports shall be reviewed by such Officer as provided in Section I-D(1) and any related violations shall be reported by him to the Audit and Compliance Committee as provided in Section I-C(2). The Committee may impose such additional sanctions as it deems appropriate.
D. Review and Reporting.
(1) The Compliance Liaison of the Funds, in consultation with the Code of Ethics Officer of Putnam Investments, shall cause the reported personal securities transactions that he receives pursuant to Section II-C(1) to be

compared with completed and contemplated portfolio transactions of the Funds to determine whether any prohibited action listed in Section II-B may have occurred.
(2) Before making any determination that a violation of this Code has occurred, the Compliance Liaison shall give the person involved an opportunity to supply additional information regarding the transaction in question.
E. Sanctions. If the Compliance Liaison determines that a violation of this Code has occurred, he shall so advise the Funds' Audit and Compliance Committee, and provide the Committee with a report of the matter, including any additional information supplied by such person. The Committee may impose such sanctions as it deems appropriate.



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III. Miscellaneous
A. Amendments to the Putnam Investments' Code of Ethics. Any amendment to the Putnam Investments' Code of Ethics shall be deemed an amendment to Section 1-A of this Code effective 30 days after written notice of such amendment shall have been received by the Chairman of the Funds, unless the Trustees of the Funds expressly determine that such amendment shall become effective at an earlier or later date or shall not be adopted.
B. Records. The Funds shall maintain records in the manner and to the extent set forth below, which records may be maintained on microfilm under the conditions described in Rule 31a-2(f)(1) under the Investment Company Act and shall be available for examination by representatives of the Securities and Exchange Commission.
(1) A copy of this Code and any other code which is, or at any time within the past five years has been, in effect shall be preserved in an easily accessible place;
(2) A record of any violation of this Code and of any action taken as a result of such violation shall be preserved in an easily accessible place for a period of not less than five years following the end of the fiscal year in which the violation occurs;
(3) A copy of each report made by an officer or Trustee pursuant to this Code shall be preserved for a period of not less than five years from the end of the fiscal year in which it is made, the first two years in an easily accessible place;
(4) A list of all persons who are, or within the past five years have been, required to make reports pursuant to this Code shall be maintained in an easily accessible place; and
(5) To the extent any record required to be kept by this section is also required to be kept by Putnam Investments pursuant to the Putnam Investments' Code of Ethics, Putnam Investments shall maintain such record on behalf of the Funds as well.
C. Confidentiality. All reports of securities transactions and any other information filed with any Fund pursuant to this Code shall be treated as confidential, but are subject to review as provided herein and by personnel of the Securities and Exchange Commission.
D. Interpretation of Provisions. The Trustees may from time to time adopt such interpretations of this Code as they deem appropriate.



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E. Delegation by Chairman. The Chairman of the Funds may from time to time delegate any or all of his responsibilities under this Code, either generally or as to specific instances, to such officer or Trustee of the Funds as he may designate.
As revised
September 11, 2009



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