

How income growers can provide opportunities in a variety of markets

The Putnam U.S. Large Cap Value Equity Concentrated portfolio is designed to be an all-weather value strategy. It is managed to be worthy of a long-term allocation in a diversified portfolio. With competitive risk-adjusted returns, the strategy has historically offered a solid track record when value is in favor, when value is out of favor, and in down markets. Portfolio Managers Lauren DeMore, CFA, and Darren Jaroch, CFA, believe investors want performance that is consistently good rather than occasionally great.

How does the strategy pursue this goal? One piece of the puzzle is the strategy favors companies that are income growers over companies that are high-dividend yielders.

Why favor income growers?

A richer stream. Since the 1990s, companies have increasingly rewarded shareholders more by repurchasing shares than paying larger dividends. Among large companies in the Russell 1000 Index, dividend yields have declined, but total yields — dividends and stock repurchases — have increased. A focus on income growers may benefit from this trend.

Share buybacks have helped lift total yield relative to dividends

Average yields for companies in the Russell 1000 Index

	Dividend yield	Share yield	Total yield
1990s	2.2%	-0.2%	2.0%
2000s	1.7%	0.8%	2.4%
2010s	1.8%	1.5%	3.3%

No assurance can be given that the investment objective return will be achieved or that an investor will receive a return of all or part of their investment. Actual results could be materially different from the stated goals. Investors should carefully consider the risks involved before deciding to invest. As with any investment, there is a potential for profit as well as the possibility of loss. Diversification does not assure a profit or protect against loss. It is possible to lose money in a diversified portfolio.

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U.S. Large Cap Value Equity Concentrated

Composite performance (annualized)
as of 9/30/23

	Gross	Net	Russell 1000 Value Index
Q3	-0.35%	-0.49%	-3.16%
1 year	23.56	22.88	14.44
3 years	19.13	18.54	11.05
5 years	11.46	11.00	6.23
Since inception 11/30/16	12.96	12.52	7.49

Past performance is not a guarantee of future results.

An investment in this strategy can lose value. Returns are stated in U.S. dollars and include the reinvestment of dividends and interest. Periods less than one year are not annualized. Gross performance includes the deduction of transaction costs but does not include the deduction of management fees and other expenses that may be incurred in managing an investment account. A portfolio's return will be reduced by advisory and other fees. Net performance reflects the deduction of a model fee applied on a monthly basis, equal to the actual management fee incurred by a portfolio in the composite or the highest management fee that would be charged to a prospect of the strategy, whichever is higher. The model fee may change over time. Actual advisory fees may vary among clients with the same investment strategy. The composite includes all actual, fully discretionary accounts with substantially similar investment policies and objectives managed to the composite's investment strategy. Please see the composite disclosures located at the end of the presentation for strategy-specific risk disclosures.

Dividend payments are not guaranteed and the amount, if any, can vary over time. Dividend-paying stocks are not guaranteed to outperform non-dividend-paying stocks in a declining, flat, or rising market. Growth characteristics may not be accurate predictors of future share performance. Securities prices fluctuate in value unpredictably, and returns cannot be predicted with certainty. As with any investment, there is a potential for profit as well as the possibility of loss.

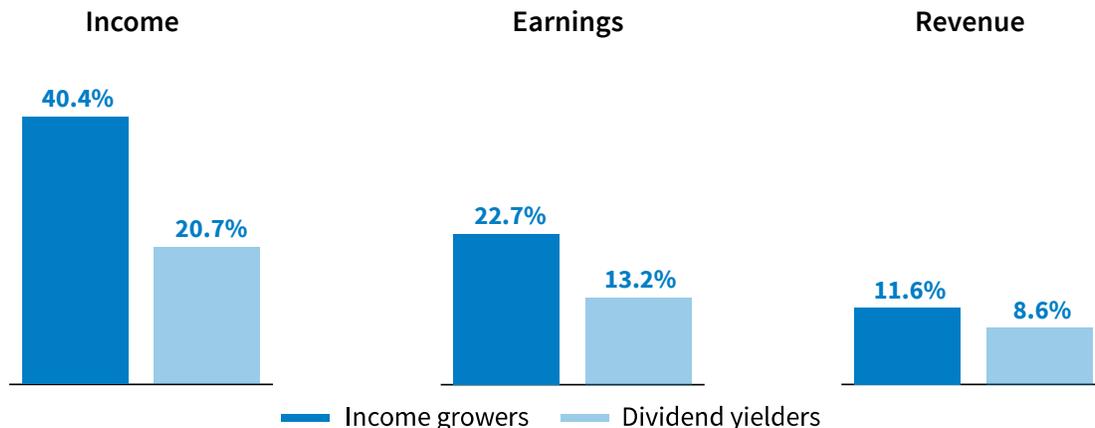
Source: Putnam. **Past performance is not a guarantee of future results.**

Holding example: Assured Guaranty. This debt insurer has a modest dividend yield of 1.85%, a level where it has stayed for most of the past 10 years. However, the company has rewarded investors in part by increasing its annual dividend per share from \$0.40 to \$1.09. An ambitious share repurchase effort has had even greater impact, contributing to total return over the past 10 years — a low-volatility source of return. As a result, the firm’s share count has gone down from 200 million to 60 million while the stock price has gone up from \$12 to \$60. As of September 30, 2023, Assured Guaranty represented 2.16% of the U.S. Large Cap Value Equity Concentrated portfolio.

More overachievers. Casting a net for income growers brings companies with more robust growth profiles into the strategy’s investment universe as potential portfolio holdings. Companies with the ability to grow income, in many cases, also successfully grow earnings and revenue. We believe stocks with these qualities are more resilient when value is out of favor and growth leads markets.

Income growers had better growth characteristics than dividend yielders

Average income, earnings, and revenue growth, 1990–2022



Source: Putnam. Income growers are stocks in the Russell 1000 Index that rank in the top 50% for five-year total income growth and profitability and that pay annual dividends above a rate of 0.25%. The high-dividend yielders are stocks in the Russell 1000 Index that rank in the top 25% for dividend yield. Income growth includes both dividends and stock buybacks. Growth characteristics such as income, earnings, and revenue growth do not necessarily translate into positive returns. Securities prices fluctuate in value unpredictably, and returns cannot be predicted with certainty. As with any investment, there is a potential for profit as well as the possibility of loss. Past performance is no guarantee of future results. Indexes are unmanaged and used as a broad measure of market performance. It is not possible to invest directly in an index.

Holding example: Northrop Grumman. This diversified defense contractor maintains a large share of the highest-priority defense platforms, which offer both earnings stability and visibility over decades. Northrop is the lead contractor for two key programs that have become a strategic priority for the U.S. Department of Defense as it looks to modernize outdated capabilities. Northrop has historically delivered consistent growth in earnings, which has driven consistent growth in shareholder returns — via both dividend growth and aggressive share buybacks. Also, through its acquisition of Orbital ATK, Northrop maintains a significant growth opportunity in its space systems business as defense priorities evolve and demand for satellite technology grows. As of September 30, 2023, Northrop Grumman represented 1.65% of the U.S. Large Cap Value Equity Concentrated portfolio.

Holdings examples: Mention of individual securities are intended to help illustrate the investment process and highlight potential market trends and opportunities. Current opportunities and individual companies were selected without regard

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A record of performance during down and up markets

A focus on income growers, combined with deep fundamental research and rigorous risk management, has produced a competitive track record.

Attractive market upside and downside capture ratios over five years*

Up capture ratio	109.58%
Down capture ratio	91.74%

* As of 9/30/23. Ratios are based on a simple regression of monthly composite returns (gross) for the past five years versus the index. Past performance is not a guarantee of future results.

Dividend growth rate above benchmark*

Putnam U.S. Large Cap Value Equity Concentrated	8.05%
Russell 1000 Value Index	7.35%

* As of 9/30/23. Portfolio characteristics are for a representative account within the U.S. Large Cap Value Equity Concentrated Composite. Each account is managed individually. Accordingly, account characteristics may vary.

Disciplined focus on relative value helped the composite strategy perform competitively in a variety of market conditions

2020 Sell-off/Recovery	Q1 20	Recovery Q2 20–Q4 21*
Putnam U.S. Large Cap Value Equity Concentrated (net)	-27.75%	93.00%
Russell 1000 Value Index	-26.73	75.60

- Outperformance of its benchmark Russell 1000 Value Index over 1-year, 3-year, 5-year, and since inception (11/30/16) time periods, as of September 30, 2023
- Attractive up-market and down-market capture ratios versus the benchmark
- Competitive performance during market sell-offs and market recoveries like the early Covid-19 pandemic

* Returns for this time period are cumulative.

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Putnam Investments U.S. Large Cap Value Equity Concentrated Composite

Year	Gross of Fees Return (%)	Net of Fees Return (%)	Annual Benchmark Return (%)	Standard Deviation of Composite (%) ¹	Standard Deviation of Benchmark (%) ¹	Deviation of Account Returns (%) ²	Composite Assets (millions)	Total Firm Assets (millions)	Number of Accounts
2022	-2.20	-2.74	-7.54	22.41	21.25	N/A	1,169	133,064	≤5
2021	35.25	34.63	25.16	19.83	19.05	N/A	102	159,122	≤5
2020	3.88	3.57	2.80	20.61	19.62	N/A	70	153,327	≤5
2019	32.52	32.13	26.54	12.08	11.85	N/A	29	138,486	≤5
2018	-5.52	-5.81	-8.27	N/A	N/A	N/A	22	117,149	≤5
2017	20.14	19.78	13.66	N/A	N/A	N/A	0	117,916	≤5
2016	2.43*	2.40*	2.50*	N/A	N/A	N/A	0	109,728	≤5

* The period from inception, November 30, 2016, to December 31, 2016, is not annualized.

1 The three-year, annualized ex-post standard deviation of monthly gross composite and benchmark returns represents a measure of total investment risk (volatility) and calculates the variance of a distribution of returns. Data is not presented for periods with less than 36 months of composite returns.

2 Composite dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year. Standard deviation is N/A for composites with five or fewer accounts for the full year.

Firm overview: Putnam Investments claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Putnam Investments has been independently verified from January 1, 2000, through December 31, 2022. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. Putnam Investments (the "Firm") is defined as a broad-based investment management organization that provides financial services to institutions and individuals through segregated accounts and pooled investment vehicles, such as mutual funds, active exchange-traded funds, collective investment trusts and private funds. Except for a minority stake owned by employees, the Firm is a wholly owned subsidiary of Great-West Lifeco Inc. Investment management is provided by four wholly owned subsidiaries of the Firm: The Putnam Advisory Company, LLC; Putnam Investment Management, LLC; Putnam Fiduciary Trust Company, LLC; and Putnam Investments Limited. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. A list of the Firm's composite descriptions and pooled fund descriptions for limited distribution pooled funds, and a list of broad distribution pooled funds are available upon request.

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Calculation of composite: Returns are presented in U.S. dollars ("USD"). Benchmark, Putnam account and Putnam mutual fund valuation sources and timing may sometimes differ, causing dispersion within the composite and between the composite and the benchmark. The results of the Composite for all periods shown include the reinvestment of dividends and other earnings. The Firm values securities using market quotations, fair value prices from pricing services and/or broker quotations. In limited circumstances, the Firm will value securities based solely on its own analysis, this may include using model prices based on third-party data or, for private equity securities, a fair valuation process whereby a special Valuation committee will review the nature of each deal, the model currently used to value each deal, and any critical underlying assumptions in order to determine fair value. Fair valuations based on internal resources are made in accordance with the Putnam Funds Pricing Procedures and are subject to the oversight of the Firm's Valuation Committee. Please note that, in limited cases, the inputs used to value the security are unobservable and reflect the source's own assumptions. Policies for valuing investments, calculating performance, and preparing composite reports are available upon request.

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