

# Putnam Growth Opportunities Fund



## INVESTMENT OBJECTIVE

The fund seeks capital appreciation.

## INVESTMENT APPROACH

- Employs a thematic approach to identify secular winners with large addressable markets
- Combines investment themes with bottom-up, fundamental analysis of stocks — looking for businesses that can compound revenues and cash flows across a cycle at a multiple of GDP
- Focuses on businesses that exhibit both a high level of growth and an above-average duration of growth

## PERFORMANCE (%)

	Y share	Index	Lipper	Lipper Rank	Morningstar	Morningstar rank
Q2	28.50	27.84	-	-	-	-
YTD	14.46	9.81	-	-	-	-
1 year	25.64	23.28	15	93/627	15	193/1343
3 years	22.05	18.99	9	50/592	11	119/1237
5 years	17.37	15.89	6	30/527	9	85/1084
10 years	17.84	17.23	10	40/413	12	78/809

Periods less than one year are not annualized.

Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. Share price, principal value, and return will vary, and you may have a gain or a loss when you sell your shares. Performance assumes reinvestment of distributions and does not account for taxes. For the most recent month-end performance, please visit [putnam.com](http://putnam.com). For a portion of the periods, this fund may have had expense limitations, without which returns would have been lower. Class Y shares are generally only available for corporate and institutional clients and have no initial sales charge.

Indexes are unmanaged and used as a broad measure of market performance. It is not possible to invest directly in an index.

Lipper and Morningstar rankings for class Y shares are based on total return without sales charge relative to all share classes of funds with similar objectives as determined by Lipper and Morningstar. Morningstar rankings may differ slightly from Morningstar's risk-adjusted star rankings.

Expense Ratio	Net	Gross
Y Share (PGOYX)	0.78	0.78
R6 Share (PGOEX)	0.66	0.66
Fiscal year end	Jul-19	

## PORTFOLIO CHARACTERISTICS

	Portfolio	Index
<b>Capitalization</b>		
Median capitalization	\$81.1B	\$13.2B
Weighted average capitalization	\$567.7B	\$574.9B
<b>Financial</b>		
Projected 12-month P/E	35.5x	29.9x
Projected 5-year EPS growth rate	14.4%	13.0%
Projected PEG ratio	2.7	2.5
Price/cash flow	28.3x	26.9x
<b>Risk</b>		
Standard deviation	16.69%	17.40%
Beta	0.95	-
Tracking error	2.80%	-
Up capture ratio	102.73%	-
Down capture ratio	89.97%	-
<b>Other</b>		
Total portfolio assets	\$7.1B	-
Number of holdings	56	435
Cash position	1.5%	-
Portfolio turnover <sup>†</sup>	40%	-

All data as of June 30, 2020.

\*Index: Russell 1000 Growth Index. Based on a simple regression of monthly net of fee returns for the past five years versus the benchmark. The Russell 1000 Growth Index is an unmanaged index of those companies in the large-cap Russell 1000 Index chosen for their growth orientation. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company. †Represents the portfolio's annual dollar turnover rate as of the most recent fiscal year-end. The expense ratio is taken from the current prospectus and can change. Class R6 Shares are available to qualified employee-benefit plans only.

Mutual funds offered and distributed by Putnam Retail Management.

## INCEPTION DATE:

October 2, 1995

## INDEX:

Russell 1000 Growth Index

## LIPPER CATEGORY:

Lipper Large-Cap Growth

## MORNINGSTAR CATEGORY:

Morningstar Large Growth

## PORTFOLIO MANAGERS

Richard E. Bodzy  
Industry since 2008

Gregory D. McCullough, CFA  
Industry since 2008

## PERFORMANCE COMMENTARY

- It was a historic quarter for equities as central banks and governments provided enormous amounts of stimulus. As economies have started to reopen, economic data has shown signs of a sharp rebound and the markets responded. In this environment, the fund posted strong absolute performance and outperformed its benchmark. Strong stock selection was the leading contributor to outperformance. By sector, positions within healthcare, information technology and consumer discretionary added most to relative outperformance. Selections within communication services detracted modestly.
- The growth profiles for many of the companies held in the fund are supported by long-tailed themes and we explicitly take prior cycle downside capture into account within our risk framework. Our desire to own high quality businesses with a narrow range of outcomes has benefitted relative returns. This framework has served the strategy well in the past and we would expect it to continue to do so into the future. As mentioned in our last update, we have been spending a considerable amount of time distinguishing between businesses that we believe will see demand deferral vs. those who will see demand destruction. While we are taking a patient and methodical approach to repositioning the portfolio as prices change and have been taking advantage of dislocations when they occur
- Changes in the relative positioning of the strategy are primarily a result of our fundamental, bottom-up process of evaluating the opportunity and risk of individual stocks. Currently, our largest overweight is to industrials, followed by real estate, materials and health care. The information technology sector is the largest absolute exposure in the portfolio but we are modestly underweight here. Consumer staples and communication services are the largest underweights in the portfolio.

## TOP TEN PORTFOLIO HOLDINGS (%)

Company	%	Industry
Microsoft	10.5	Software
Apple	8.6	Technology hardware, storage and peripherals
Amazon	8.1	Internet and direct marketing retail
Alphabet	4.5	Interactive media and services
PayPal	3.6	IT services
Visa	3.3	IT services
UnitedHealth	2.6	Health care providers and services
Adobe	2.6	Software
Mastercard	2.4	IT services
Facebook	2.4	Interactive media and services
<b>Total</b>	<b>48.6%</b>	

The top 10 holdings included herein are for illustrative purposes only and should not be considered a recommendation to purchase or sell any particular security. Holdings will vary over time.

**TOP ACTIVE WEIGHTS (%)**

Top five overweights	Portfolio	Index	Over/Under
PayPal	3.6	1.4	2.2
Danaher	2.1	0.0	2.1
Idexx	1.9	0.2	1.7
Fidelity National Information Services	1.6	0.0	1.6
Lonza	1.5	0.0	1.5

Top five underweights	Portfolio	Index	Over/Under
Apple	8.6	10.2	-1.6
Facebook	2.4	3.7	-1.3
AbbVie	0.0	1.1	-1.1
Netflix	0.3	1.3	-1.0
Amgen	0.0	1.0	-1.0

**SECTOR WEIGHTINGS (%)**

Sector	Underweight	Overweight	Portfolio	Index
Industrials		1.7	6.3	4.6
Real estate		1.0	3.1	2.1
Materials		1.0	1.8	0.8
Financials		0.7	2.8	2.1
Health care		0.6	15.6	15.0
Consumer discretionary		0.2	15.7	15.5
Energy	-0.1		0.0	0.1
Communication services	-1.8		9.3	11.1
Information technology	-1.9		42.0	43.9
Consumer staples	-2.8		2.0	4.8

**QUARTERLY CONTRIBUTORS AND DETRACTORS (%)**

Top five contributors	Average weight	Contribution	Relative weight
PayPal	3.32	0.93	OW
DocuSign	1.02	0.37	OW
Chipotle Mexican Grill	0.97	0.23	OW
Lululemon Athletica	1.03	0.22	OW
Coca-Cola	0.00	0.21	NH

Top five detractors	Average weight	Contribution	Relative weight
Live Nation Entertainment	0.65	-0.35	OW
Fidelity National Information Services	1.94	-0.27	OW
Northrop Grumman	1.26	-0.23	OW
Facebook	2.01	-0.18	UW
CooperCompanies	0.67	-0.18	OW

**CALENDAR YEAR PERFORMANCE (%)**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Y Share	36.74	2.55	31.28	6.62	1.29	13.89	36.89	18.04	-3.32	17.47
Index*	36.39	-1.51	30.21	7.08	5.67	13.05	33.48	15.26	2.64	16.71
Lipper category average	33.28	-0.97	29.57	2.27	5.80	10.90	34.20	16.23	-1.05	15.05
Lipper %	19	13	34	14	91	15	21	30	75	27
Lipper rank	116/630	79/610	190/574	73/555	470/520	71/502	99/485	133/457	327/436	110/410

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Local returns show how the sector performed overall. Weighted returns show how the sector performed within the fund's portfolio or the benchmark index. Weighted returns are calculated by multiplying the local return of the sector by its weight in the portfolio or index.

Holdings and sectors will vary over time. This is not an offer to sell or a recommendation to buy any individual security. Totals may not add due to rounding. Past performance does not guarantee future results. (OW) overweight, (OB) out of benchmark, (UW) underweight, (EW) equal weight, and (NH) not held refer to the securities' positions in the portfolio relative to the benchmark.

\*Index: Russell 1000 Growth Index. The Russell 1000 Growth Index is an unmanaged index of those companies in the large-cap Russell 1000 Index chosen for their growth orientation. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company.

**Consider the risks before investing:**

Growth stocks may be more susceptible to earnings disappointments, and the market may not favor growth-style investing. The value of investments in the fund's portfolio may fall or fail to rise over extended periods of time for a variety of reasons, including general economic, political, or financial market conditions; investor sentiment and market perceptions; government actions; geopolitical events or changes; and factors related to a specific issuer, geography, industry, or sector. These and other factors may lead to increased volatility and reduced liquidity in the fund's portfolio holdings. From time to time, the fund may invest a significant portion of its assets in companies in one or more related industries or sectors, which would make the fund more vulnerable to adverse developments affecting those industries or sectors. Our investment techniques, analyses, and judgments may not produce the outcome we intend. The investments we select for the fund may not perform as well as other securities that we do not select for the fund. We, or the fund's other service providers, may experience disruptions or operating errors that could have a negative effect on the fund. You can lose money by investing in the fund.

For informational purposes only. Not an investment recommendation.

**Price / Earnings (P/E):** Price to Earnings (P/E) ratio compares a stock's current share price to its earnings per share (EPS).

**PEG Ratio:** A stock's price-to-earnings ratio divided by the growth rate of its earnings for a specified time period. It is used to determine a stock's value while taking the company's earnings growth into account.

**Standard Deviation:** Standard deviation measures how widely a set of values varies from the mean. It is a historical measure of the variability of return earned by an investment portfolio over a 5-year period.

**Alpha:** Alpha is measured as the excess return of a fund relative to its expected performance given its market sensitivity, or beta. It is commonly used as a measure of active management's contribution to return.

**Beta:** Beta measures volatility in relation to the fund's benchmark. A beta of less than 1.0 indicates lower volatility; a beta of more than 1.0, higher volatility than the benchmark.

**R-Squared:** R-Squared is a measurement of how closely the portfolio's performance correlates with the performance of a benchmark index, such as the S&P 500. R<sup>2</sup> is a proportion which ranges between 0.00 and 1.00. An R<sup>2</sup> of 1.00 indicates perfect correlation to the benchmark index.

**Return on Equity (ROE):** Return on Equity is an amount expressed as a percentage, earned on a company's common stock investment for a given period.

**To request a prospectus, or a summary prospectus if available, visit [putnam.com](http://putnam.com) or call 1-888-4-PUTNAM (1-888-478-8626). The prospectus includes investment objectives, risks, charges, expenses and other information that you should read and consider carefully before investing.**