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Putnam INVESTMENTS

# Putnam Large Cap Value Trust

**Annual report**

**12 | 31 | 22**

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# **Manager's Report** 12/31/22

## Market Highlights

Equity markets had a very challenging 2022, with all three major U.S. indexes logging their biggest declines since 2008. Conditions were particularly difficult for growth stocks and the technology sector. And while stocks had a miserable year, bonds fared even worse. Inflation, massive rate hikes, and a super-strong dollar left bonds unattractive to investors. Value stocks significantly outperformed growth stocks. Energy (+65%) and utilities (+1.8%) were the only positive sectors for the year.

Throughout the year, financial markets were challenged by multiple, converging risks in the macroeconomy. High inflation, rising interest rates, and the Russia-Ukraine War contributed to a risk-averse investing environment. China's zero-Covid-19 policy also caused periodic lockdowns, worsening supply chain issues. New U.S. trade restrictions on China's technology sector also stoked global growth concerns. In the U.S., combating inflation remained a top priority of the Federal Reserve. As inflation reached 40-year highs, the Fed began raising interest rates for the first time since 2018. It was the start of its most rapid interval of rate increases since the early 1980s, according to *The Wall Street Journal.* This more hawkish Fed delivered four consecutive interest-rate hikes of 0.75%. Toward the close of 2022, stocks were lifted by some positive earnings reports as well as data that showed the pace of inflation was easing. However, concerns about a possible recession persisted.

## Performance

In this environment, Putnam Large Cap Value Trust (the "fund") returned –2.91% (net of fees) for Class I, outperforming its benchmark, the Russell 1000 Value Index, which returned –7.54%. Class IA returned –2.86% and class IB returned –2.52%. Stock selection was particularly strong during the period, led by positions in the health care, industrials, and real estate sectors. Holdings within materials and consumer staples lagged somewhat. The portfolio further benefited from underweights to the benchmark's weakest sectors, communication services, real estate, and information technology.

McKesson was the top individual contributor to the portfolio's relative outperformance. McKesson is a diversified health care services company specializing in pharmaceutical distribution. The company has posted ongoing strong results from its core distribution segment and has experienced a tailwind from its arrangement to distribute Covid vaccines for the U.S. government. Further, the company's strategic priorities in oncology and specialty pharmaceuticals continue to scale. Other notable contributors included overweight positions in Northrop Grumman (industrials) and energy stocks ConocoPhillips and Valero Energy. Out-of-benchmark holdings in Shell (energy) and health care companies AstraZeneca and AbbVie were also additive.

Overweight positions in Charter Communications (communication services) and General Motors (consumer discretionary) were among top detractors. Out-of-benchmark holdings in information technology companies Microsoft and Qualcomm also had a negative impact.

## Strategy and Outlook

The portfolio is a broadly diversified, large-cap equity strategy that seeks companies with underappreciated fundamentals and the income potential from growing dividends to pursue returns for investors. Our bottom-up relative value approach to investing has not changed. Leveraging both fundamental and quantitative tools allows us to differentiate between cheap and undervalued. To do this, we assess the equity universe daily — across both growth and value styles. We combine a six-factor quantitative model with classic fundamental research. Defining relative value in this way keeps us on top of the changing market and brings us to places beyond traditional value.

As the economy shows signs of slowing, we still see surprising strength and durability in the consumer sector. This, we believe, is the result of low unemployment and still-high levels of savings for consumers at all income levels. However, this may shift as Fed tightening continues. At the same time, we are watching for inflections in key indicators such as supply chains, inflation, labor markets, and consumer spending that may give the Fed a reason to pause.

We are paying close attention to corporate earnings estimates and the potential for downward revisions as the global economy slows in response to aggressive central bank policies. Strength in the U.S. dollar has been a headwind for U.S. exporters, but they could find relief as the Fed reaches the end of its hiking phase while other central banks continue tightening.

For the foreseeable future, we expect continued volatility and modest returns for equity markets. Labor markets remain tight, which will make inflation an ongoing threat, especially for services, a key component of the Consumer Price Index. While we do foresee an end to interest-rate hikes in 2023, we do not expect cuts any time soon. We believe the Fed is likely to hold rates at the peak level for longer than many investors expect. As always, we seek to manage the fund's sensitivity to macroeconomic factors through careful portfolio construction and stress testing.

By sector, we remain within +/–5% of benchmark weight. Currently, the largest overweights relative to the benchmark are to the materials, industrials, and health care sectors. Our largest absolute position is to health care. Financials is also a large absolute weight, but it is currently our most underweighted sector. Communication services and real estate sectors also remain below benchmark weight.

*The views expressed in this report are exclusively those of Putnam as of December 31, 2022, and are subject to change. This report is for informational purposes only, and should not be regarded as investment advice or as a recommendation to undertake or forego a course of action. Please note that all 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. Past performance does not guarantee future results. .*

## Report of Independent Auditors

To the Trustee of Putnam Large Cap Value Trust

### *Opinion*

We have audited the accompanying financial statements of Putnam Large Cap Value Trust (the “Fund”), which comprise the statement of assets and liabilities, including the fund’s portfolio, as of December 31, 2022 and the related statements of operations and of changes in net assets, including the related notes, and the financial highlights for the year then ended (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2022, and the results of its operations and changes in its net assets, and the financial highlights for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund’s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

### *Auditors’ Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises Manager's Report, but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PricewaterhouseCoopers LLP

April 13, 2023

## The fund's portfolio 12/31/22

| COMMON STOCKS (93.2%)* | Shares | Value |
|---|---|---|
| **Automotive (2.3%)** | | |
| General Motors Co. | 1,253,727 | $42,175,376 |
| United Rentals, Inc. | 122,452 | 43,521,890 |
| | | **85,697,266** |
| **Banking (7.8%)** | | |
| Bank of America Corp. | 3,051,699 | 101,072,271 |
| Citigroup, Inc. | 1,433,343 | 64,830,104 |
| JPMorgan Chase & Co. | 292,825 | 39,267,833 |
| KeyCorp | 429,729 | 7,485,879 |
| PNC Financial Services Group, Inc. (The) | 363,017 | 57,334,905 |
| State Street Corp. | 293,445 | 22,762,529 |
| | | **292,753,521** |
| **Basic materials (6.0%)** | | |
| Corteva, Inc. | 949,628 | 55,819,134 |
| CRH PLC (Ireland) | 855,818 | 33,905,229 |
| Eastman Chemical Co. | 347,039 | 28,262,856 |
| Freeport-McMoRan, Inc. (Indonesia) | 1,665,551 | 63,290,938 |
| PPG Industries, Inc. | 333,408 | 41,922,722 |
| | | **223,200,879** |
| **Biotechnology (2.3%)** | | |
| Regeneron Pharmaceuticals, Inc. | 120,355 | 86,834,929 |
| | | **86,834,929** |
| **Capital goods (8.7%)** | | |
| Ball Corp. | 490,492 | 25,083,761 |
| Honeywell International, Inc. | 245,424 | 52,594,363 |
| Ingersoll Rand, Inc. | 813,061 | 42,482,437 |
| Johnson Controls International PLC | 740,659 | 47,402,176 |
| Northrop Grumman Corp. | 157,023 | 85,673,319 |
| Raytheon Technologies Corp. | 701,782 | 70,823,839 |
| | | **324,059,895** |
| **Communication services (3.3%)** | | |
| American Tower Corp. [R] | 122,157 | 25,880,182 |
| Charter Communications, Inc. Class A | 109,266 | 37,052,101 |
| Comcast Corp. Class A | 872,806 | 30,522,026 |
| T-Mobile US, Inc. | 214,712 | 30,059,680 |
| | | **123,513,989** |
| **Consumer finance (0.8%)** | | |
| Capital One Financial Corp. | 328,677 | 30,553,814 |
| | | **30,553,814** |
| **Consumer staples (3.6%)** | | |
| Coca-Cola Co. (The) | 631,444 | 40,166,153 |
| Keurig Dr Pepper, Inc. | 1,157,136 | 41,263,470 |
| Procter & Gamble Co. (The) | 345,170 | 52,313,965 |
| | | **133,743,588** |
| **Energy (8.4%)** | | |
| ConocoPhillips | 648,041 | 76,468,838 |

| COMMON STOCKS (93.2%)* *cont.* | Shares | Value |
|---|---|---|
| **Energy** *cont.* | | |
| EOG Resources, Inc. | 144,065 | $18,659,299 |
| Exxon Mobil Corp. | 986,495 | 108,810,399 |
| Shell PLC (Euronext Amsterdam Exchange) (United Kingdom) | 2,096,950 | 59,439,102 |
| Valero Energy Corp. | 405,481 | 51,439,320 |
| | | **314,816,958** |
| **Financial (0.8%)** | | |
| Apollo Global Management, Inc. | 493,897 | 31,505,690 |
| | | **31,505,690** |
| **Health care services (5.4%)** | | |
| Cigna Corp. | 203,365 | 67,382,959 |
| Elevance Health, Inc. | 111,025 | 56,952,494 |
| McKesson Corp. | 208,532 | 78,224,524 |
| | | **202,559,977** |
| **Homebuilding (1.3%)** | | |
| PulteGroup, Inc. | 1,069,036 | 48,673,209 |
| | | **48,673,209** |
| **Insurance (3.4%)** | | |
| American International Group, Inc. | 725,109 | 45,855,893 |
| Assured Guaranty, Ltd. | 583,053 | 36,300,880 |
| AXA SA (France) | 1,678,175 | 46,805,243 |
| | | **128,962,016** |
| **Investment banking/Brokerage (4.2%)** | | |
| Charles Schwab Corp. (The) | 843,072 | 70,194,175 |
| Goldman Sachs Group, Inc. (The) | 249,753 | 85,760,185 |
| | | **155,954,360** |
| **Lodging/Tourism (1.0%)** | | |
| Hilton Worldwide Holdings, Inc. | 287,597 | 36,340,757 |
| | | **36,340,757** |
| **Medical technology (3.8%)** | | |
| Abbott Laboratories | 492,629 | 54,085,738 |
| Danaher Corp. | 117,119 | 31,085,725 |
| Thermo Fisher Scientific, Inc. | 106,824 | 58,826,909 |
| | | **143,998,372** |
| **Pharmaceuticals (5.9%)** | | |
| AbbVie, Inc. | 274,337 | 44,335,603 |
| AstraZeneca PLC ADR (United Kingdom) | 950,264 | 64,427,899 |
| Merck & Co., Inc. | 729,789 | 80,970,090 |
| Sanofi (France) | 326,186 | 31,369,041 |
| | | **221,102,633** |
| **Real estate (2.0%)** | | |
| Gaming and Leisure Properties, Inc. [R] | 942,229 | 49,080,709 |
| Vornado Realty Trust [R] | 1,208,118 | 25,140,936 |
| | | **74,221,645** |
| **Retail (6.1%)** | | |
| BJ's Wholesale Club Holdings, Inc. | 535,873 | 35,453,358 |
| O'Reilly Automotive, Inc. | 67,485 | 56,959,365 |
| Target Corp. | 233,338 | 34,776,696 |

| COMMON STOCKS (93.2%)* *cont.* | Shares | Value |
|---|---|---|
| **Retail** *cont.* | | |
| Walmart, Inc. | 722,545 | $102,449,656 |
| | | **229,639,075** |
| **Technology (8.8%)** | | |
| Meta Platforms, Inc. Class A | 575,868 | 69,299,955 |
| Microsoft Corp. | 498,731 | 119,605,668 |
| NXP Semiconductors NV | 122,539 | 19,364,838 |
| Oracle Corp. | 487,029 | 39,809,750 |
| Qualcomm, Inc. | 374,399 | 41,161,426 |
| Texas Instruments, Inc. | 139,189 | 22,996,807 |
| Vontier Corp. | 813,683 | 15,728,492 |
| | | **327,966,936** |
| **Transportation (2.3%)** | | |
| Southwest Airlines Co. | 1,122,616 | 37,798,481 |
| Union Pacific Corp. | 220,511 | 45,661,213 |
| | | **83,459,694** |
| **Utilities and power (5.0%)** | | |
| Ameren Corp. | 268,805 | 23,902,141 |
| American Electric Power Co., Inc. | 461,809 | 43,848,765 |
| Constellation Energy Corp. | 354,294 | 30,543,686 |
| Exelon Corp. | 1,088,379 | 47,050,624 |
| NRG Energy, Inc. | 1,354,692 | 43,106,292 |
| | | **188,451,508** |
| **Total common stocks (cost $3,121,311,382)** | | **$3,488,010,711** |

| CONVERTIBLE PREFERRED STOCKS (1.3%)* | Shares | Value |
|---|---|---|
| Danaher Corp. 5.00% cv. pfd. | 15,219 | $20,657,142 |
| T-Mobile US, Inc. 144A 5.25% cv. pfd. | 24,302 | 27,801,974 |
| **Total convertible preferred stocks (cost $45,219,289)** | | **$48,459,116** |

| U.S. TREASURY OBLIGATIONS (—%)* | Principal amount | Value |
|---|---|---|
| U.S. Treasury Inflation Index Notes 0.125%, 10/15/24 [i] | $169,519 | $189,950 |
| U.S. Treasury Notes | | |
| 2.875%, 8/15/28 [i] | 382,000 | 364,550 |
| 2.875%, 6/15/25 [i] | 273,000 | 264,332 |
| 1.75%, 3/15/25 [i] | 139,000 | 132,100 |
| **Total U.S. treasury obligations (cost $950,932)** | | **$950,932** |

| SHORT-TERM INVESTMENTS (5.4%)* | Principal amount/shares | | Value |
|---|---|---|---|
| Putnam Money Market Portfolio 4.59% [L] | Shares | 193,104,158 | $193,104,158 |
| State Street Institutional U.S. Government Money Market Fund, Premier Class 4.12% [P] | Shares | 170,000 | 170,000 |
| U.S. Treasury Bills 3.988%, 1/10/23 [Δ] | | $1,000,000 | 999,022 |
| U.S. Treasury Bills 3.891%, 1/17/23 [# Δ] | | 2,500,000 | 2,495,754 |
| U.S. Treasury Bills 3.826%, 1/3/23 | | 4,100,000 | 4,099,143 |
| U.S. Treasury Bills 3.758%, 1/24/23 [# Δ] | | 2,300,000 | 2,294,574 |
| U.S. Treasury Bills 3.652%, 1/12/23 | | 200,000 | 199,781 |
| **Total short-term investments (cost $203,362,432)** | | | **$203,362,432** |

| TOTAL INVESTMENTS | |
|---|---|
| **Total investments (cost $3,370,844,035)** | **$3,740,783,191** |

### 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 January 1, 2022 through December 31, 2022 (the reporting period). Within the following notes to the portfolio, references to "ASC 820" represent Accounting Standards Codification 820 *Fair Value Measurements and Disclosures*.

* Percentages indicated are based on net assets of $3,743,821,727.

# This security, in part or in entirety, was pledged and segregated with the broker to cover margin requirements for futures contracts at the close of the reporting period. Collateral at period end totaled $3,664,205 and is included in Investments in securities on the Statement of assets and liabilities (Notes 1 and 7).

Δ This security, in part or in entirety, was pledged and segregated with the custodian for collateral on certain derivative contracts at the close of the reporting period. Collateral at period end totaled $682,672 and is included in Investments in securities on the Statement of assets and liabilities (Notes 1 and 7).

i This security was pledged, or purchased with cash that was pledged, to the fund for collateral on certain derivative contracts (Note 1).

L Affiliated company (Note 4). The rate quoted in the security description is the annualized 7-day yield of the Putnam Money Market Portfolio at the close of the reporting period.

P This security was pledged, or purchased with cash that was pledged, to the fund for collateral on certain derivative contracts. The rate quoted in the security description is the annualized 7-day yield of the fund at the close of the reporting period.

R Real Estate Investment Trust.

Unless otherwise noted, the rates quoted in Short-term investments security descriptions represent the weighted average yield to maturity.

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

The dates shown on debt obligations are the original maturity dates.

**FORWARD CURRENCY CONTRACTS at 12/31/22 (aggregate face value $224,623,148)**

| Counterparty | Currency | Contract type* | Delivery date | Value | Aggregate face value | Unrealized appreciation/ (depreciation) |
|---|---|---|---|---|---|---|
| **Bank of America N.A.** | | | | | | |
| | British Pound | Sell | 3/15/23 | $13,884,842 | $14,016,249 | $131,407 |
| | Euro | Sell | 3/15/23 | 8,485,066 | 8,333,900 | (151,166) |
| **Barclays Bank PLC** | | | | | | |
| | British Pound | Sell | 3/15/23 | 25,473,286 | 25,724,266 | 250,980 |
| | Euro | Sell | 3/15/23 | 1,990,152 | 1,956,539 | (33,613) |
| **Citibank, N.A.** | | | | | | |
| | Euro | Sell | 3/15/23 | 1,571,858 | 1,544,887 | (26,971) |
| **Goldman Sachs International** | | | | | | |
| | British Pound | Sell | 3/15/23 | 11,407,512 | 11,515,056 | 107,544 |
| **HSBC Bank USA, National Association** | | | | | | |
| | British Pound | Sell | 3/15/23 | 8,296,318 | 8,373,270 | 76,952 |
| | Euro | Sell | 3/15/23 | 9,671,218 | 9,504,481 | (166,737) |
| **JPMorgan Chase Bank N.A.** | | | | | | |
| | British Pound | Sell | 3/15/23 | 4,664,491 | 4,708,111 | 43,620 |
| | Euro | Sell | 3/15/23 | 10,520,177 | 10,336,279 | (183,898) |
| **Morgan Stanley & Co. International PLC** | | | | | | |
| | British Pound | Sell | 3/15/23 | 3,894,867 | 3,931,232 | 36,365 |
| | Euro | Sell | 3/15/23 | 39,788,101 | 39,195,067 | (593,034) |
| **NatWest Markets PLC** | | | | | | |
| | British Pound | Sell | 3/15/23 | 19,428,800 | 19,620,467 | 191,667 |
| **Toronto-Dominion Bank** | | | | | | |
| | Euro | Sell | 3/15/23 | 7,011,407 | 6,885,318 | (126,089) |

| FORWARD CURRENCY CONTRACTS at 12/31/22 (aggregate face value $224,623,148) *cont.* | | | | | | |
|---|---|---|---|---|---|---|
| **Counterparty** | **Currency** | **Contract type*** | **Delivery date** | **Value** | **Aggregate face value** | **Unrealized appreciation/ (depreciation)** |
| **UBS AG** | | | | | | |
| | British Pound | Sell | 3/15/23 | $9,436,403 | $9,526,050 | $89,647 |
| | Euro | Sell | 3/15/23 | 29,513,372 | 29,014,970 | (498,402) |
| **WestPac Banking Corp.** | | | | | | |
| | British Pound | Sell | 3/15/23 | 18,266,553 | 18,449,815 | 183,262 |
| | Euro | Sell | 3/15/23 | 2,021,344 | 1,987,191 | (34,153) |
| **Unrealized appreciation** | | | | | | **1,111,444** |
| **Unrealized (depreciation)** | | | | | | **(1,814,063)** |
| **Total** | | | | | | **$(702,619)** |

* The exchange currency for all contracts listed is the United States Dollar.

| FUTURES CONTRACTS OUTSTANDING at 12/31/22 | | | | | |
|---|---|---|---|---|---|
| | **Number of contracts** | **Notional amount** | **Value** | **Expiration date** | **Unrealized appreciation/ (depreciation)** |
| S&P 500 Index E-Mini (Long) | 290 | $55,672,750 | $55,984,500 | Mar-23 | $61,142 |
| **Unrealized appreciation** | | | | | **61,142** |
| **Unrealized (depreciation)** | | | | | **—** |
| **Total** | | | | | **$61,142** |

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*: | | | |
| Basic materials | $223,200,879 | $— | $— |
| Capital goods | 324,059,895 | — | — |
| Communication services | 123,513,989 | — | — |
| Consumer cyclicals | 400,350,307 | — | — |
| Consumer staples | 133,743,588 | — | — |
| Energy | 314,816,958 | — | — |
| Financials | 713,951,046 | — | — |
| Health care | 654,495,911 | — | — |
| Technology | 327,966,936 | — | — |
| Transportation | 83,459,694 | — | — |
| Utilities and power | 188,451,508 | — | — |
| **Total common stocks** | **3,488,010,711** | **—** | **—** |
| Convertible preferred stocks | — | 48,459,116 | — |
| U.S. treasury obligations | — | 950,932 | — |
| Short-term investments | 170,000 | 203,192,432 | — |
| **Totals by level** | **$3,488,180,711** | **$252,602,480** | **$—** |

| | Valuation inputs | | |
|---|---|---|---|
| **Other financial instruments:** | **Level 1** | **Level 2** | **Level 3** |
| Forward currency contracts | $— | $(702,619) | $— |
| Futures contracts | 61,142 | — | — |
| **Totals by level** | **$61,142** | **$(702,619)** | **$—** |

* Common stock classifications are presented at the sector level, which may differ from the fund's portfolio presentation.

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

## Statement of assets and liabilities 12/31/22

| | |
|---|---|
| **ASSETS** | |
| Investment in securities, at value (Note 1): | |
| Unaffiliated issuers (identified cost $3,177,739,877) | $3,547,679,033 |
| Affiliated issuers (identified cost $193,104,158) (Note 4) | 193,104,158 |
| Foreign currency (cost $131) (Note 1) | 132 |
| Dividends, interest and other receivables | 2,801,435 |
| Foreign tax reclaim | 787,916 |
| Receivable for units of the fund sold | 7,066,256 |
| Receivable for investments sold | 396,557 |
| Receivable from Trustee (Note 2) | 26,469 |
| Unrealized appreciation on forward currency contracts (Note 1) | 1,111,444 |
| **Total assets** | **3,752,973,400** |
| **LIABILITIES** | |
| Payable for units of the fund repurchased | 4,811,748 |
| Payable for custodian fees (Note 2) | 18,935 |
| Payable for administrative services (Note 2) | 8,466 |
| Payable for Trustee fees (Note 2) | 1,194,911 |
| Payable for variation margin on futures contracts (Note 1) | 155,850 |
| Unrealized depreciation on forward currency contracts (Note 1) | 1,814,063 |
| Collateral on certain derivative contracts, at value (Notes 1 and 7) | 1,120,932 |
| Other accrued expenses | 26,768 |
| **Total liabilities** | **9,151,673** |
| **Net assets** | **$3,743,821,727** |
| **COMPUTATION OF NET ASSET VALUE** | |
| Net assets per class I | $442,457,273 |
| Units outstanding | 28,206,825 |
| Net asset value per class I unit | $15.69 |
| | |
| Net assets per class IA | $1,132,439,687 |
| Units outstanding | 74,188,680 |
| Net asset value per class IA unit | $15.26 |
| | |
| Net assets per class IB | $2,168,924,767 |
| Units outstanding | 140,126,364 |
| Net asset value per class IB unit | $15.48 |

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

## **Statement of operations** Year ended 12/31/22

| | |
|---|---|
| **INVESTMENT INCOME** | |
| Dividends (net of foreign tax of $549,935) | $64,917,623 |
| Interest (including interest income of $2,605,226 from investments in affiliated issuers) (Note 4) | 2,671,857 |
| **Total investment income** | **67,589,480** |
| | |
| **EXPENSES** | |
| Custodian fees (Note 2) | 48,018 |
| Trustee fees (Note 2) | 3,906,881 |
| Administrative services (Note 2) | 23,110 |
| Other | 60,853 |
| Fees waived and reimbursed by Trustee (Note 2) | (83,514) |
| **Total expenses** | **3,955,348** |
| Expense reduction (Note 2) | (962) |
| **Net expenses** | **3,954,386** |
| **Net investment income** | **63,635,094** |
| | |
| **REALIZED AND UNREALIZED GAIN (LOSS)** | |
| **Net realized gain (loss) on:** | |
| Securities from unaffiliated issuers (Note 1) | 54,610,926 |
| Foreign currency transactions (Note 1) | (32,367) |
| Forward currency contracts (Note 1) | 14,465,488 |
| Futures contracts (Note 1) | (8,108,239) |
| **Total net realized gain** | **60,935,808** |
| **Change in net unrealized appreciation (depreciation) on:** | |
| Securities from unaffiliated issuers | (190,986,729) |
| Assets and liabilities in foreign currencies | (27,874) |
| Forward currency contracts | 428,605 |
| Futures contracts | 61,142 |
| **Total change in net unrealized depreciation** | **(190,524,856)** |
| **Net loss on investments** | **(129,589,048)** |
| **Net decrease in net assets resulting from operations** | **$(65,953,954)** |

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

## Statement of changes in net assets

| INCREASE IN NET ASSETS | Year ended 12/31/22 |
|---|---|
| **Operations:** | |
| Net investment income | $63,635,094 |
| Net realized gain on investments and foreign currency transactions | 60,935,808 |
| Change in net unrealized depreciation of investments and assets and liabilities in foreign currencies | (190,524,856) |
| **Net decrease in net assets resulting from operations** | **(65,953,954)** |
| Increase in principal transactions (Note 3) | 1,061,035,251 |
| **Total increase in net assets** | **995,081,297** |

| NET ASSETS | |
|---|---|
| Beginning of year | 2,748,740,430 |
| **End of year** | **$3,743,821,727** |

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

## Financial highlights
(For a unit outstanding throughout the year)

| | Year ended 12/31/22 | | |
|---|---|---|---|
| **PER-UNIT OPERATING PERFORMANCE** | **Class I** | **Class IA** | **Class IB** |
| **Net asset value, beginning of year** | **$16.16** | **$15.71** | **$15.88** |
| *Investment operations:* | | | |
| Net investment income (a) | 0.28 | 0.27 | 0.33 |
| Net realized and unrealized gain (loss) on investments | (0.75) | (0.72) | (0.73) |
| **Total from investment operations** | **(0.47)** | **(0.45)** | **(0.40)** |
| **Net asset value, end of year** | **$15.69** | **$15.26** | **$15.48** |
| **Total return at net asset value (%)** | **(2.91)** | **(2.86)** | **(2.52)** |

| **RATIOS AND SUPPLEMENTAL DATA** | | | |
|---|---|---|---|
| **Net assets, end of year (in thousands)** | **$442,457** | **$1,132,440** | **$2,168,925** |
| Ratio of expenses to average net assets (%) (c) | 0.38 | 0.33 | 0.00*(b) |
| Ratio of net investment income to average net assets (%) | 1.82 | 1.80 | 2.13(b) |

* Ratio represents less than 0.01%.

(a) Per unit net investment income has been determined on the basis of the average number of units outstanding during the year.

(b) Reflects an expense limitation in effect during the year. As a result of such limitation, the expenses of this class reflect a reduction of less than 0.01% of average net assets (Note 2).

(c) Includes amounts paid through expense offset and/or brokerage/service arrangements, if any (Note 2). Also excludes acquired fund fees and expenses, if any.

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

# Notes to financial statements 12/31/22

Within the following Notes to financial statements, references to “State Street”, if any, represent State Street Bank and Trust Company and references to “OTC”, if any, represent over-the-counter. Unless otherwise noted, the “reporting period” represents the period from January 1, 2022 through December 31, 2022.

Putnam Large Cap Value Trust (the “fund”) is a fund established and maintained by Putnam Fiduciary Trust Company, LLC (“PFTC”) as Trustee (the “Trustee” and “Manager”) pursuant to the Declaration of Trust for the Putnam Fiduciary Trust Company Investment Funds for Pension and Profit Sharing Trusts (the “Trust”), dated March 31, 2008, as amended. PFTC has hired its affiliate, The Putnam Advisory Company, LLC (“PAC”), to provide certain non-discretionary investment advisory and administrative services to Putnam in connection with the fund. The fund seeks capital growth and current income by investing mainly in common stocks of midsize and large U.S. companies with a focus on value stocks that offer the potential for capital growth, current income or both. The fund may use derivatives such as futures, options, warrants and swap contracts, although they do not represent a primary focus of the fund.

The fund offers three classes of units. Class I, Class IA and Class IB. Class IA units are available to qualifying plans who, at the time of their investment in the fund are clients of Founding Partner financial intermediaries approved by PFTC. Founding Partner intermediaries are intermediaries with plan clients that invest in the fund on the first day of its investment operations. PFTC may also, in its reasonable discretion, make Class IA units available to other plans, including based on factors such as the amount of assets invested on behalf of the plan and the characteristics of the plan or its financial intermediary. Class IB units are available only to certain approved feeder fund investors and to other investors approved by PFTC in its reasonable discretion.

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: Summary of 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 (December 31, 2022), through the date the financial statements were issued (April 13, 2023), have been evaluated in the preparation of the financial statements. The fund is an investment company and follows accounting and reporting guidance under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 946, *Financial Services – Investment Companies*.

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 compensation received by the Trustee applicable to such classes, if any. Accrued compensation of the Trustee shall be deducted from the assets allocable in respect of the class and paid to the Trustee, and such deducted amount shall be allocated equally among the Class units. If the fund were liquidated, units of each class would receive their pro-rata unit of the net assets of the fund.

### 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 under Accounting Standards Codification 820 *Fair Value Measurements and Disclosures* (ASC 820). If no sales are reported, as in the case of some securities that are traded OTC, 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 valued based on their net asset value. The net asset value of such investment companies equals the total value of their assets less their liabilities and divided by the number of their outstanding shares.

Market quotations are not considered to be readily available for certain debt obligations (including short-term investments with remaining maturities of 60 days or less) and other investments; such investments are valued on the basis of valuations furnished by an independent pricing service approved by the Trustee or dealers selected by the Trustee. Such services or dealers determine valuations for normal institutional-size trading units of such securities using methods based on market transactions for comparable securities and various relationships, generally recognized by institutional traders, between securities (which consider such factors as security prices, yields, maturities and ratings). These securities will generally be categorized as Level 2.

Many securities markets and exchanges outside the U.S. close prior to the scheduled 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 scheduled close of the New York Stock Exchange. Accordingly, on certain days, the fund will fair value certain 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. The foreign equity 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 the Trustee does not believe accurately reflects the security's fair value, the security will be valued at fair value by the Trustee in accordance with policies and procedures approved by the Trustee. Certain investments, including certain restricted and illiquid securities and derivatives, are also valued at fair value following procedures approved by the Trustee. 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, recovery rates, sales and other multiples and resale restrictions. 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 Trustee. 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, if any, and including amortization and accretion of premiums and discounts on debt securities, 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 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.

Distributions received from other investment funds, if any, are recorded on the ex-dividend date and retain the character of income as earned by the other investment funds.

All income earned by the fund is retained by the fund and included in the calculation of net asset value.

**Foreign Currency Translation**

The accounting records of the fund are maintained in U.S. dollars. The fair 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 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 assets and liabilities other than investments at the period end, resulting from changes in the exchange rate.

**Futures Contracts**

The fund uses futures contracts to equitize cash.

The potential risk to the fund is that the change in value of futures contracts may not correspond to the change in value of the hedged instruments. In addition, losses may arise from changes in the value of the underlying instruments, if there is an illiquid secondary market for the contracts, if interest or exchange rates move unexpectedly or if the counterparty to the contract is unable to perform. With futures, there is minimal counterparty credit risk to the fund since futures are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default. Risks may exceed amounts recognized on the Statement of assets and liabilities. When the contract is closed, the fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

Futures contracts are valued at the quoted daily settlement prices established by the exchange on which they trade. The fund and the broker agree to exchange an amount of cash equal to the daily fluctuation in the value of the futures contract. Such receipts or payments are known as "variation margin."

Futures contracts outstanding at period end, if any, are listed after the fund's portfolio.

**Forward Currency Contracts**

The fund buys and sells forward currency contracts, which are agreements between two parties to buy and sell currencies at a set price on a future date. These contracts are used to hedge foreign exchange risk.

The U.S. dollar value of forward currency contracts is determined using current forward currency exchange rates supplied by a quotation service. The fair value of the contract will fluctuate with changes in currency exchange rates. The contract is marked to market daily and the change in fair value is recorded as an unrealized gain or loss. The fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed when the contract matures or by delivery of the currency. The fund could be exposed to risk if the value of the currency changes unfavorably, if the counterparties to the contracts are unable to meet the terms of their contracts or if the fund is unable to enter into a closing position. Risks may exceed amounts recognized on the Statement of assets and liabilities.

Forward currency contracts outstanding at period end, if any, are listed after the fund's portfolio.

**Master Agreements**

The fund is a party to ISDA (International Swaps and Derivatives Association, Inc.) Master Agreements (Master Agreements) with certain counterparties that govern OTC derivative and foreign exchange contracts entered into from time to time. The Master Agreements may contain provisions regarding, among other things, the parties' general obligations, representations, agreements, collateral requirements, events of default and early termination. With respect to certain counterparties, in accordance with the terms of the Master Agreements, collateral pledged to the fund is held in a segregated account by the fund's custodian and, with respect to those amounts which can be sold or repledged, is presented in the fund's portfolio.

Collateral pledged by the fund is delivered to the counterparty and identified in the fund's portfolio. Collateral can be in the form of cash or debt securities issued by the U.S. Government or related agencies or other securities as agreed to by the fund and the applicable counterparty. Collateral requirements are determined based on the fund's net position with each counterparty.

Termination events applicable to the fund may occur upon a decline in the fund's net assets below a specified threshold over a certain period of time. Termination events applicable to counterparties may occur upon a decline in the counterparty's long-term and short-term credit ratings below a specified level. In each case, upon occurrence, the other party may elect to terminate early and cause settlement of all derivative and foreign exchange contracts outstanding, including the payment of any losses and costs resulting from such early termination, as reasonably determined by the terminating party. Any decision by one or more of the fund's counterparties to elect early termination could impact the fund's future derivative activity.

At the close of the reporting period, the fund had a net liability position of $1,368,306 on open derivative contracts subject to the Master Agreements. Collateral pledged by the fund at period end for these agreements totaled $682,672 and may include amounts related to unsettled agreements.

**Federal Income Taxes**

It is the fund's policy to comply with the requirements of Section 501(a) of the Internal Revenue Code relating to collective investment of employee benefit funds. Accordingly, the fund is exempt from federal income taxes and no federal income tax provision is required.

The fund is subject to the provisions of Accounting Standards Codification 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, if any. The fund's prior three fiscal years remain 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.

**Sales and Redemptions of Units of Participation**

The net asset value of the fund is currently determined as of the close of trading on the New York Stock Exchange each day the exchange is open for trading. Pursuant to the Declaration of Trust, the Trustee may also determine the net asset value on any other business day ("Valuation Date"). The net asset value must be determined upon date of sale or redemption. Sales and redemptions of participant units are made on such days at such units' net asset values. At the close of the reporting period, two unitholders of record owned 51.35% and 5.68%, respectively, of the outstanding units of the fund. In addition, an affiliate of the Trustee owned 2.10% of the outstanding units of the fund.

## Note 2: Expenses Incurred by the fund

The fund pays management fees to the Trustee for Class I and Class IA. The fund does not pay management fees to the Trustee with respect to Class IB units. Three classes of units have currently been established for the fund, Class I, Class IA and Class IB.

The management fee varies by unit class. Plans are eligible to purchase a class of units as determined by the Trustee in its reasonable discretion. Management fees are accrued daily and collected monthly.

The following management fees apply to each Class of units.

| Class | Management fee | |
|---|---|---|
| I | 0.38% | $866,022 |
| IA | 0.33% | $3,040,859 |
| IB | —%* | $— |

* Class IB investing plan or other investors, will pay a management fee directly to PFTC as agreed separately in writing. Management fees for class IB units may vary among investors.

The fund pays its operating expenses, such as accounting, custody, middle office charges, audit fees, and legal expenses. The Trustee has voluntarily agreed to waive the fund's operating expenses for Class I and Class IA (other than investment management fees, brokerage, interest, taxes, investment-related expenses, extraordinary expenses, and underlying fund fees and expenses, if any) to the extent they exceed 0.02% of the fund's NAV per annum, though the Trustee could modify or eliminate this waiver at any time. The Trustee voluntarily agreed to waive the fund's operating expenses for Class IB in full (other than investment management fees, brokerage, interest, taxes, investment-related expenses, extraordinary expenses, and underlying fund fees and expenses, if any) though the Trustee could modify or eliminate this waiver at any time. During the reporting period, $83,514 was reimbursed under this agreement.

The fund has entered into expense offset arrangements with the Trustee and State Street whereby the Trustee and State Street's fees are reduced by credits allowed on cash balances. For the reporting period, the fund's expenses were reduced by $962 under the expense offset arrangements.

## Note 3: Principal Transactions

At the close of the reporting period principal transactions were as follows:

| | Year ended 12/31/22 | |
|---|---|---|
| **Class I** | **Units** | **Amount** |
| Proceeds from sale of units | 26,005,874 | $401,380,327 |
| Value of units redeemed | (2,286,456) | (35,221,539) |
| **Net increase** | **23,719,418** | **$366,158,788** |

| | Year ended 12/31/22 | |
|---|---|---|
| **Class IA** | **Units** | **Amount** |
| Proceeds from sale of units | 34,968,440 | $531,169,974 |
| Value of units redeemed | (12,038,449) | (180,683,495) |
| **Net increase** | **22,929,991** | **$350,486,479** |

| | Year ended 12/31/22 | |
|---|---|---|
| **Class IB** | **Units** | **Amount** |
| Proceeds from sale of units | 38,381,200 | $593,078,206 |
| Value of units redeemed | (16,063,728) | (248,688,222) |
| **Net increase** | **22,317,472** | **$344,389,984** |

## Note 4: Affiliated Transactions

The fund invested in the Putnam Money Market Portfolio, a portfolio established and maintained by PFTC. Investments in the Putnam Money Market Portfolio are valued at its closing net asset value each business day. Transactions during the reporting period with the Putnam Money Market Portfolio were as follows:

| Name of affiliate | Fair value as of 12/31/21 | Purchase cost | Sale proceeds | Investment income | Shares outstanding and fair value as of 12/31/22 |
|---|---|---|---|---|---|
| **Short-term investments** | | | | | |
| Putnam Money Market Portfolio * | $61,109,513 | $1,069,869,117 | $937,874,472 | $2,605,226 | $193,104,158 |
| **Total Short-term investments** | **$61,109,513** | **$1,069,869,117** | **$937,874,472** | **$2,605,226** | **$193,104,158** |

* There were no realized or unrealized gains or losses during the period.

## Note 5: 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.

On July 27, 2017, the United Kingdom's Financial Conduct Authority ("FCA"), which regulates LIBOR, announced its intention to cease compelling banks to provide the quotations needed to sustain LIBOR after 2021. ICE Benchmark Administration, the administrator of LIBOR, ceased publication of most LIBOR settings on a representative basis at the end of 2021 and is expected to cease publication of a majority of U.S. dollar LIBOR settings on a representative basis after June 30, 2023. In addition, global regulators have announced that, with limited exceptions, no new LIBOR-based contracts should be entered into after 2021. LIBOR has historically been a common benchmark interest rate index used to make adjustments to variable-rate loans. It is used throughout global banking and financial industries to determine interest rates for a variety of financial instruments and borrowing arrangements. Actions by regulators have resulted in the establishment of alternative reference rates to LIBOR in most major currencies. Various financial industry groups have been planning for the transition away from LIBOR, but there are obstacles to converting certain longer-term securities and transactions to new reference rates. Markets are developing slowly and questions around liquidity in these rates and how to appropriately adjust these rates to mitigate any economic value transfer at the time of transition remain a significant concern. Neither the effect of the transition process nor its ultimate success can yet be known. The transition process might lead to increased volatility and illiquidity in markets that rely on LIBOR to determine interest rates. It could also lead to a reduction in the value of some LIBOR-based investments and reduce the effectiveness of related transactions, such as hedges. While some LIBOR-based instruments may contemplate a scenario where LIBOR is no longer available by providing for an alternative rate-setting methodology, not all may have such provisions and there may be significant uncertainty regarding the effectiveness of any such alternative methodologies. Since the usefulness of LIBOR as a benchmark could deteriorate during the transition period, these effects could occur at any time.

The Covid-19 pandemic and efforts to contain its spread have resulted in, among other effects, significant market volatility, exchange trading suspensions and closures, declines in global financial markets, higher default rates, significant changes in fiscal and monetary policies, and economic downturns and recessions. The effects of the Covid-19 pandemic have negatively affected, and may continue to negatively affect, the global economy, the economies of the United States and other individual countries, the financial performance of individual issuers, sectors, industries, asset classes, and markets, and the value, volatility, and liquidity of particular securities and other assets. The effects of the Covid-19 pandemic also are likely to exacerbate other risks that apply to the fund, which could negatively impact the fund's performance and lead to losses on your investment in the fund. The duration of the Covid-19 pandemic and its effects cannot be determined with certainty.

## Note 6: Summary of Derivative Activity

The volume of activity for the reporting period for any derivative type that was held during the period is listed below and was as follows based on an average of the holdings at the end of each fiscal quarter:

| | |
|---|---|
| Futures contracts (number of contracts) | 200 |
| Forward currency contracts (contract amount) | $177,600,000 |
| Warrants (number of warrants) | 3,000 |

The following is a summary of the fair value of derivative instruments as of the close of the reporting period:

**Fair value of derivative instruments as of the close of the reporting period**

| | Asset derivatives | | Liability derivatives | |
|---|---|---|---|---|
| **Derivatives not accounted for as hedging instruments under ASC 815** | **Statement of assets and liabilities location** | **Fair value** | **Statement of assets and liabilities location** | **Fair value** |
| Foreign exchange contracts | Receivables | $1,111,444 | Payables | $1,814,063 |
| Equity contracts | Receivables, Net assets – Unrealized appreciation | 61,142* | Payables | — |
| **Total** | | **$1,172,586** | | **$1,814,063** |

* Includes cumulative appreciation/depreciation of futures contracts as reported in the fund's portfolio. Only current day's variation margin is reported within the Statement of assets and liabilities.

The following is a summary of realized and change in unrealized gains or losses of derivative instruments on the Statement of operations for the reporting period (see Note 1):

**Amount of realized gain or (loss) on derivatives recognized in net gain or (loss) on investments**

| Derivatives not accounted for as hedging instruments under ASC 815 | Warrants | Futures | Forward currency contracts | Total |
|---|---|---|---|---|
| Foreign exchange contracts | $— | $— | $14,465,488 | $14,465,488 |
| Equity contracts | 184,093 | (8,108,239) | — | (7,924,146) |
| **Total** | **$184,093** | **$(8,108,239)** | **$14,465,488** | **$6,541,342** |

**Change in unrealized appreciation or (depreciation) on derivatives recognized in net gain or (loss) on investments**

| Derivatives not accounted for as hedging instruments under ASC 815 | Warrants | Futures | Forward currency contracts | Total |
|---|---|---|---|---|
| Foreign exchange contracts | $— | $— | $428,605 | $428,605 |
| Equity contracts | (40,243) | 61,142 | — | 20,899 |
| **Total** | **$(40,243)** | **$61,142** | **$428,605** | **$449,504** |

## Note 7: Offsetting of Financial and Derivative Assets and Liabilities

The following table summarizes any derivatives, repurchase agreements and reverse repurchase agreements, at the end of the reporting period, that are subject to an enforceable master netting agreement or similar agreement. For securities lending transactions or borrowing transactions associated with securities sold short, if any, see Note 1. For financial reporting purposes, the fund does not offset financial assets and financial liabilities that are subject to the master netting agreements in the Statement of assets and liabilities.

| | Bank of America N.A. | Barclays Bank PLC | BofA Securities, Inc. | Citibank, N.A. | Goldman Sachs International | HSBC Bank USA, National Association |
|---|---|---|---|---|---|---|
| **Assets:** | | | | | | |
| Futures contracts§ | $— | $— | $— | $— | $— | $— |
| Forward currency contracts# | 131,407 | 250,980 | — | — | 107,544 | 76,952 |
| **Total Assets** | **$131,407** | **$250,980** | **$—** | **$—** | **$107,544** | **$76,952** |
| **Liabilities:** | | | | | | |
| Futures contracts§ | $— | $— | $155,850 | $— | $— | $— |
| Forward currency contracts# | 151,166 | 33,613 | — | 26,971 | — | 166,737 |
| **Total Liabilities** | **$151,166** | **$33,613** | **$155,850** | **$26,971** | **$—** | **$166,737** |
| **Total Financial and Derivative Net Assets** | **$(19,759)** | **$217,367** | **$(155,850)** | **$(26,971)** | **$107,544** | **$(89,785)** |
| **Total collateral received (pledged)##†** | **$132,100** | **$217,367** | **$—** | **$—** | **$107,544** | **$—** |
| **Net amount** | **$(151,859)** | **$—** | **$(155,850)** | **$(26,971)** | **$—** | **$(89,785)** |
| *Controlled collateral received (including TBA commitments)*** | **$132,100** | **$364,550** | **$—** | **$—** | **$170,000** | **$—** |
| *Uncontrolled collateral received* | **$—** | **$—** | **$—** | **$—** | **$—** | **$—** |
| *Collateral (pledged) (including TBA commitments)*** | **$—** | **$—** | **$—** | **$—** | **$—** | **$—** |

(Continued on the next page)

# Note 7: Offsetting of Financial and Derivative Assets and Liabilities *cont.*

| JPMorgan Chase Bank N.A. | Morgan Stanley & Co. International PLC | NatWest Markets PLC | Toronto-Dominion Bank | UBS AG | WestPac Banking Corp. | Total |
|---|---|---|---|---|---|---|
| | | | | | | |
| $— | $— | $— | $— | $— | $— | $— |
| 43,620 | 36,365 | 191,667 | — | 89,647 | 183,262 | 1,111,444 |
| **$43,620** | **$36,365** | **$191,667** | **$—** | **$89,647** | **$183,262** | **$1,111,444** |
| | | | | | | |
| $— | $— | $— | $— | $— | $— | $155,850 |
| 183,898 | 593,034 | — | 126,089 | 498,402 | 34,153 | 1,814,063 |
| **$183,898** | **$593,034** | **$—** | **$126,089** | **$498,402** | **$34,153** | **$1,969,913** |
| **$(140,278)** | **$(556,669)** | **$191,667** | **$(126,089)** | **$(408,755)** | **$149,109** | **$(858,469)** |
| **$—** | **$(388,218)** | **$189,950** | **$(72,825)** | **$(221,629)** | **$149,109** | |
| **$(140,278)** | **$(168,451)** | **$1,717** | **$(53,264)** | **$(187,126)** | **$—** | |
| $— | $— | $189,950 | $— | $— | $264,332 | $1,120,932 |
| $— | $— | $— | $— | $— | $— | $— |
| $— | $(388,218) | $— | $(72,825) | $(221,629) | $— | $(682,672) |

** Included with Investments in securities on the Statement of assets and liabilities.
† Additional collateral may be required from certain brokers based on individual agreements.
# Covered by master netting agreement (Note 1).
## Any over-collateralization of total financial and derivative net assets is not shown. Collateral may include amounts related to unsettled agreements.
§ Includes current day's variation margin only as reported on the Statement of assets and liabilities, which is not collateralized. Cumulative appreciation/(depreciation) for futures contracts is represented in the tables listed after the fund's portfolio. Collateral pledged for initial margin on futures contracts, which is not included in the table above, amounted to $3,664,205.

# Note 8: New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-04, Reference Rate Reform (Topic 848) – *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The amendments in ASU 2020-04 provide optional temporary financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of LIBOR and other interbank-offered based reference rates as of the end of 2021. The discontinuation of LIBOR was subsequently extended to June 30, 2023. ASU 2020-04 is effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. The adoption of the guidance will not have a material impact on the fund's financial statements.

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