

Navigating the changing terrain of US large cap equities

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Economy

- Our 2023 U.S. real GDP forecast calls for economic growth in the range of 0% to 1%. We expect a mild recession in 2023 or early 2024 although the chances of a "soft" landing have increased.
- We expect the federal funds rate to reach the range of 5.00%–5.25%. We believe the Fed is at or near the end of its hiking cycle. Historically, the Fed cuts rates 6 months after its final rate hike.
- We expect the U-3 Unemployment rate to move toward 4% throughout the year.
- We anticipate the U.S. dollar to weaken modestly throughout 2023.

Markets — Equities

- Our price target for the S&P 500 is 4,500 by year end. We expect core inflation to moderate, economic growth to moderate, and earnings estimates to degrade slightly.
- We believe that growth will generate alpha relative to value.
- We believe that large-capitalization stocks will outperform small-capitalization stocks.
- At the factor level, we favor quality, positive earnings estimate revision, growth at a reasonable price, and strong balance sheets.
- We favor these industries: Financials, health care, energy, technology, and consumer discretionary.
- Our primary concerns are centered on earnings degradation and the pace of inflation moderation.
- The consensus earnings estimate for 2023 is \$220.39. We expect earnings estimates to be reduced going forward.

S&P 500 Index – Consensus estimates

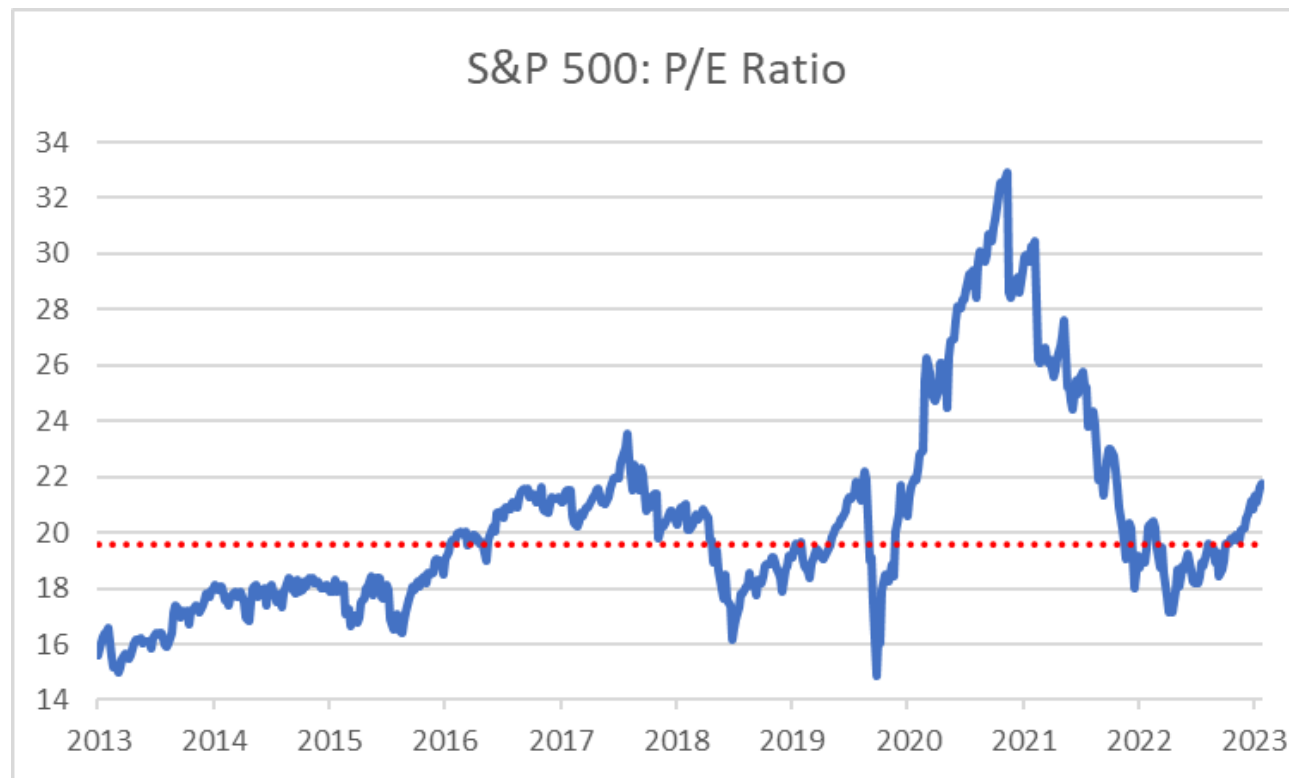
S&P 500 INDEX							
Periodicity A		Flavor Y		View Growth		Currency USD	
Measure	Actual	Y Est	Growth	Y+1 Est	Growth	Y+2 Est	Growth
1) Earnings Per Share	223.42	220.39	-1.36%	241.37	9.52%	264.49	9.58%
2) EPS Positive	195.11	203.86	4.48%	225.27	10.50%	247.27	9.77%
3) Cash Flow Per Share	294.89	297.24	0.80%	337.09	13.41%	599.31	77.79%
4) Dividends Per Share	69.16	69.92	1.10%	74.03	5.88%	79.70	7.67%
5) Book Value Per Share	1035.20	1110.74	7.30%	1215.50	9.43%	1367.95	12.54%
6) Sales Per Share	1780.54	1784.75	0.24%	1869.15	4.73%	1981.89	6.03%
7) EBITDA Per Share	342.02	361.92	5.82%	394.04	8.87%	427.86	8.58%
8) Long Term Growth	0.00	11.60	0.00%	0.00	0.00%	0.00	0.00%
9) Net Debt Per Share	498.98	505.44	1.30%	460.15	-8.96%	405.86	-11.80%
10) Enterprise Value Per Share	4946.27	4952.26	0.12%	4906.97	-0.91%	4852.68	-1.11%
Valuation Measure	Actual	Y Est	Y+1 Est	Y+2 Est			
11) Price/EPS	19.90	20.18	18.42	16.81			

Source: Bloomberg Finance L.P. Used with permission of Bloomberg Finance L.P.

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S&P 500 – Price/Earnings ratio



- Source: Bloomberg. Current P/E ratio: 21.7 ; 10 year median P/E ratio: 19.6. As of 7/21/2023

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S&P 500 – Sensitivity Analysis

	NTM EPS (Current estimate \$221)	Multiple (Currently 20x)	SPX Level (Currently 4523)	EPS Assumption
Bull (35%)	\$245	20x	5000	10% upside to consensus EPS
Base (50%)	\$221	20x	4400	Flat EPS from current level
Bear (15%)	\$200	16x	3200	10% cut to consensus EPS

• Source: Bloomberg, Putnam. As of 7/22/2023

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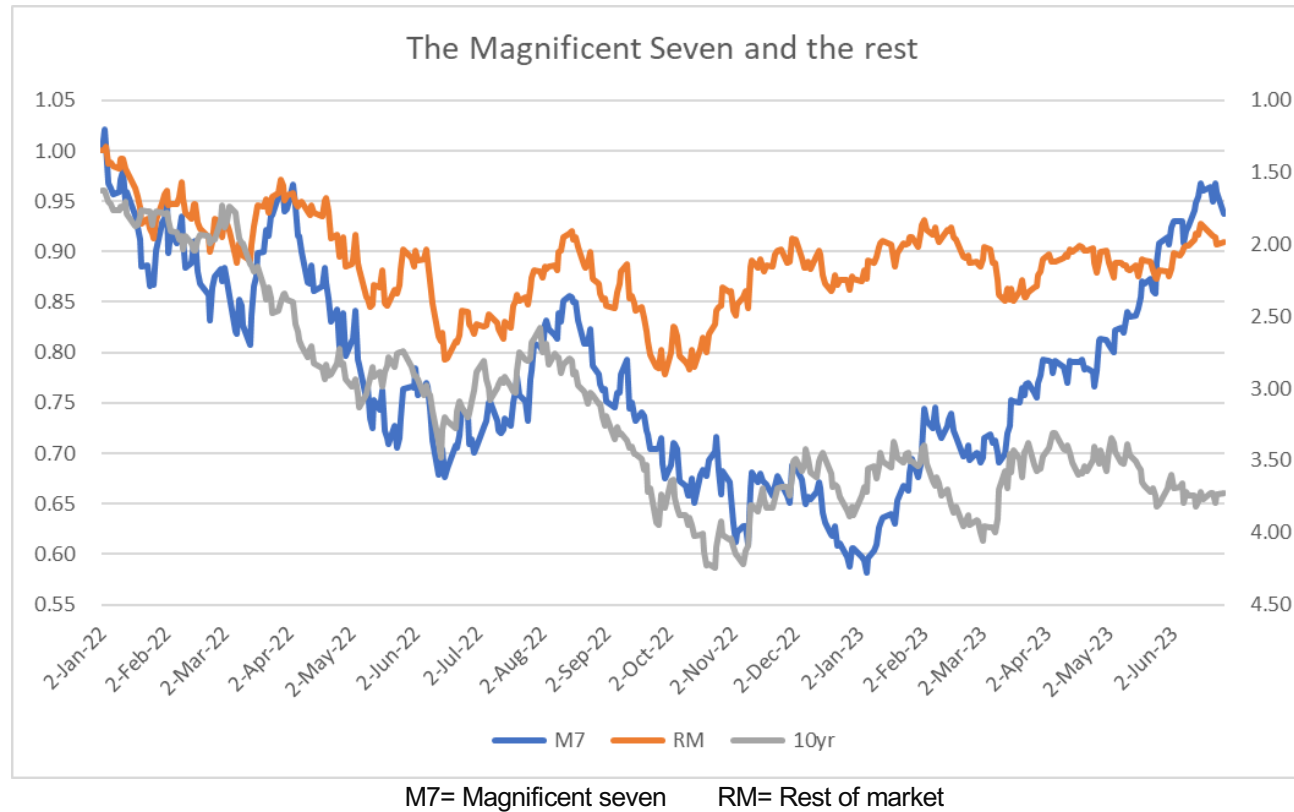
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Risks and opportunities

Putnam's investment division generally believes that:

- The biggest risks will be centered around **(1) the rate that inflation moderates, (2) the magnitude of earnings degradation, and (3) the pace of economic growth.**
- The best investment opportunities within Equities will be found in **U.S. Large-capitalization, high quality companies with a growth bias.**

2023 in perspective



The “magnificent seven” is shorthand for Apple, Microsoft, Alphabet, Amazon, NVIDIA, Tesla, and Meta Platforms, which collectively represent approximately 25% of the Russell 1000 Index. Past performance is not a guarantee of future results. References to specific securities should not be taken as a recommendation to buy or sell those securities but are included for the purposes of illustration and/or information only. It should not be assumed that investment in the securities mentioned was or will be profitable.

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Opportunities outside the Magnificent seven

	Forward PE (As of 12/31/22)	Forward PE (As of 6/30/23)	Performance YTD (As of 6/30/23)
Russell 1000 Value Index	14.3x	15.0x	5.1%
S&P 500 Index	17.0x	19.6x	16.9%
S&P 500 Index ex Magnificent seven		17.0x	5.8%
Russell 1000 Growth Index	21.6x	27.5x	29.0%
Russell 1000 Growth Index ex Magnificent seven		24.2x	13.0%

Forward PE: PE next 12 months

Magnificent seven: The “magnificent seven” is shorthand for Apple, Microsoft, Alphabet, Amazon, NVIDIA, Tesla, and Meta Platforms, which collectively represent approximately 28% of the S&P 500 Index and approximately 48% of the Russell Growth

Putnam Large Cap Growth - combines investment themes with deep fundamental research to pursue consistent performance across a variety of economic conditions

5G connectivity and internet of things	Humanization of pets	Ecommerce and payment processing	Cloud infrastructure and software
American Tower	IDEXX	Mastercard	Oracle
Controlled distribution	Artificial intelligence	Digital marketing	A healthier tomorrow
Sherwin-Williams	NVIDIA	CoStar	Lululemon
Autonomous and electric vehicles	Increased screen time	Personalized medicine	The experience economy
Cadence Design Systems	Microsoft	Lonza	Live Nation Entertainment

- We benefit from an ability to take a long-term view of the market as themes can have multi-year growth horizons
 - > 90% of portfolio tied 1 theme
 - > 60% of portfolio tied to 2 or more themes

No assurance can be given that the investment objective will be achieved or that an investor will receive a return of all or part of his or her investment. Actual results could be materially different from the stated goals. Investors should carefully consider the risk involved before deciding to invest. As with any investment, there is a potential for profit as well as the possibility of loss.

As of June 30, 2023, Putnam Large Cap Growth Fund had the following exposure to the above-mentioned companies: American Tower (1.32%), IDEXX (0.48%), Mastercard (2.60%), Oracle (1.53%), Sherwin-Williams (1.08%), NVIDIA (5.77%), CoStar (0.63%), Lululemon (1.38%), Cadence Design Systems (2.06%), Microsoft (12.09%), Lonza (0.39%), Live Nation Entertainment (0.77%). Current investment themes may be represented by multiple holdings. Themes are intended to illustrate the investment process and should not be considered a recommendation to purchase or sell any security. It should not be assumed that an investment in the securities mentioned was or will be profitable. The companies presented as investment examples represent exposure to relevant investment themes and concepts.

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Putnam Large Cap Growth Fund – Investing for consistency

Putnam Large Cap Growth Fund has consistently ranked in the top quartile versus its Morningstar peers. Based on Morningstar percentiles for rolling 5-year periods since 2020.



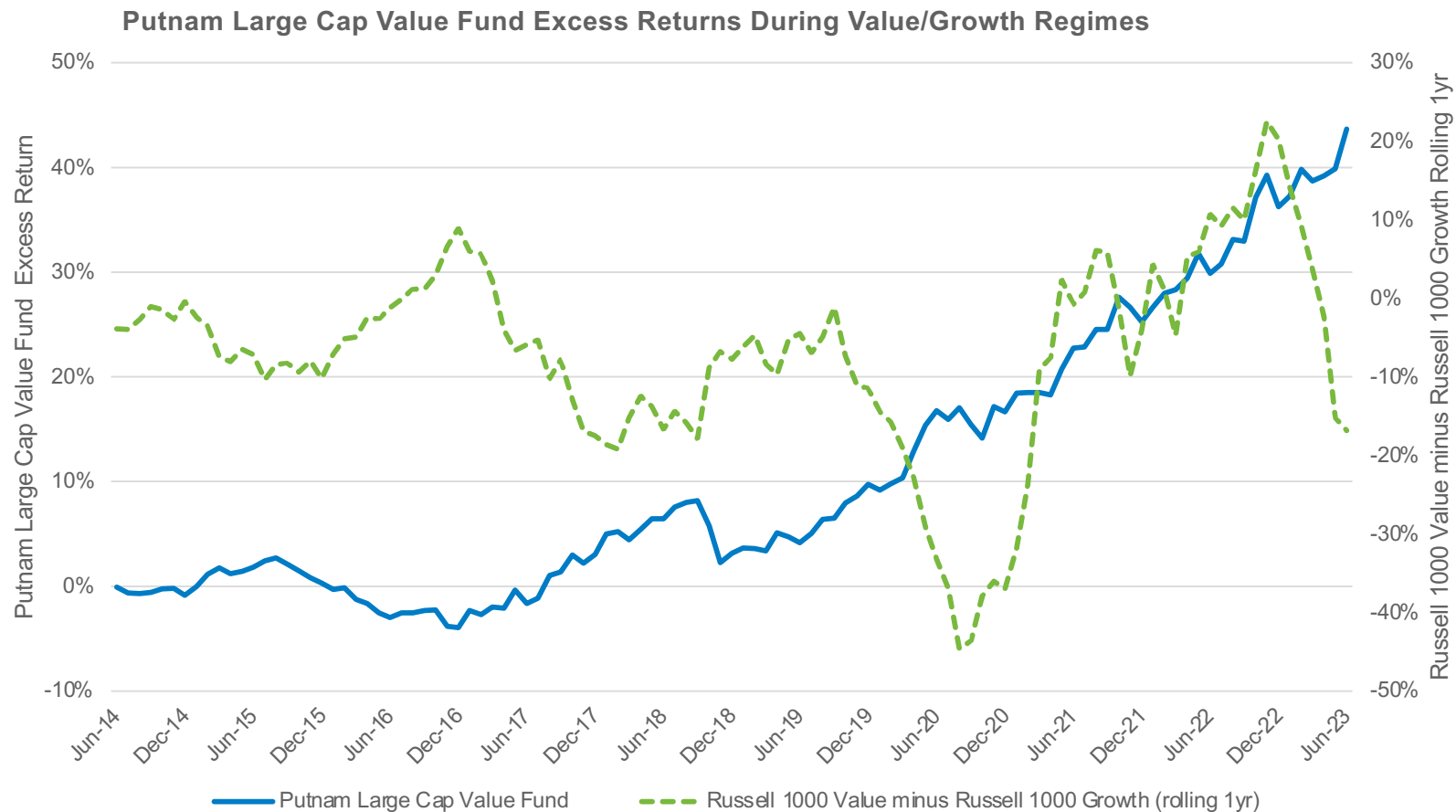
Source: Morningstar

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. 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. For full Morningstar rankings, please see slide 18.

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Putnam Large Cap Value has historically outperformed regardless of style regime



Past performance is not a guarantee of future results. An investment in this strategy can lose value.

As of June 30, 2023. Periods are not annualized.. Performance is stated in U.S. Dollars and includes the reinvestment of dividends and interest.

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. 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.

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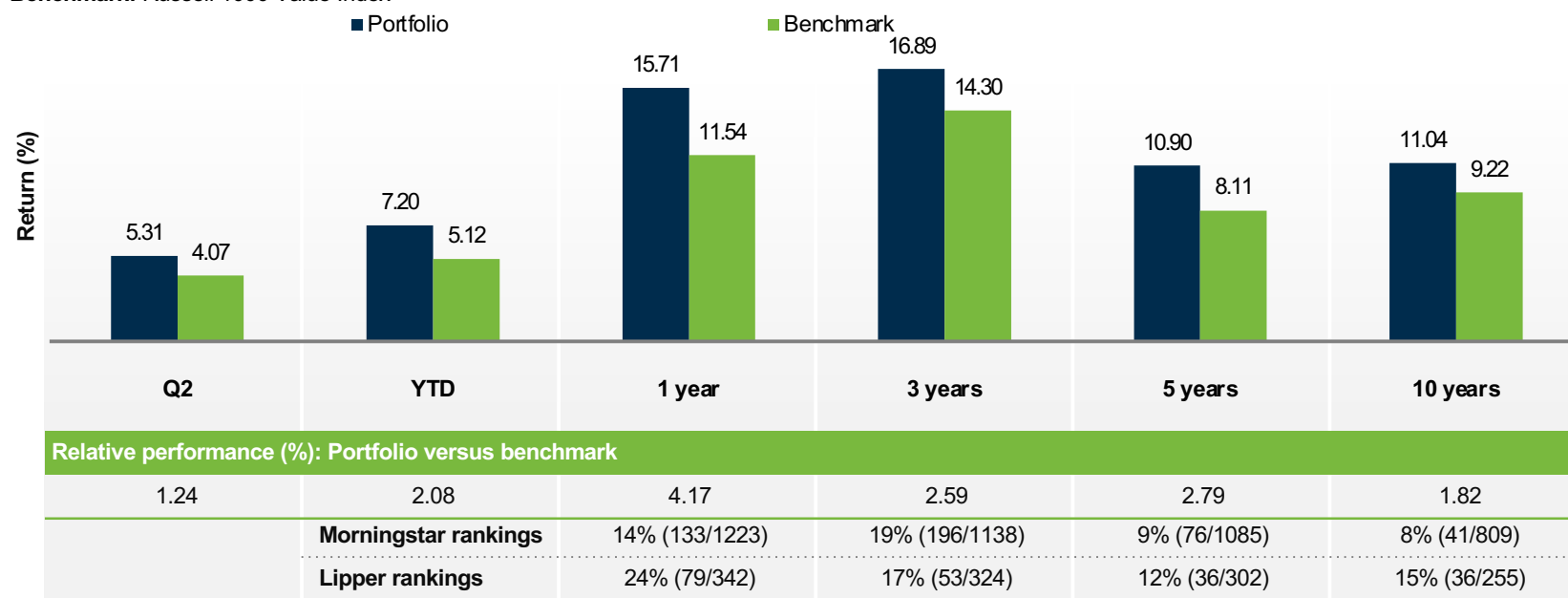
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Annualized performance (Y shares) as of June 30, 2023

Portfolio: Putnam Large Cap Value Fund

Benchmark: Russell 1000 Value Index

Expense ratio
0.64%



Past performance is not a guarantee of future results. An investment in this fund can lose value.

Periods less than one year are not annualized.

Rankings are not displayed for periods less than one year.

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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.

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

Source: Putnam Investments.

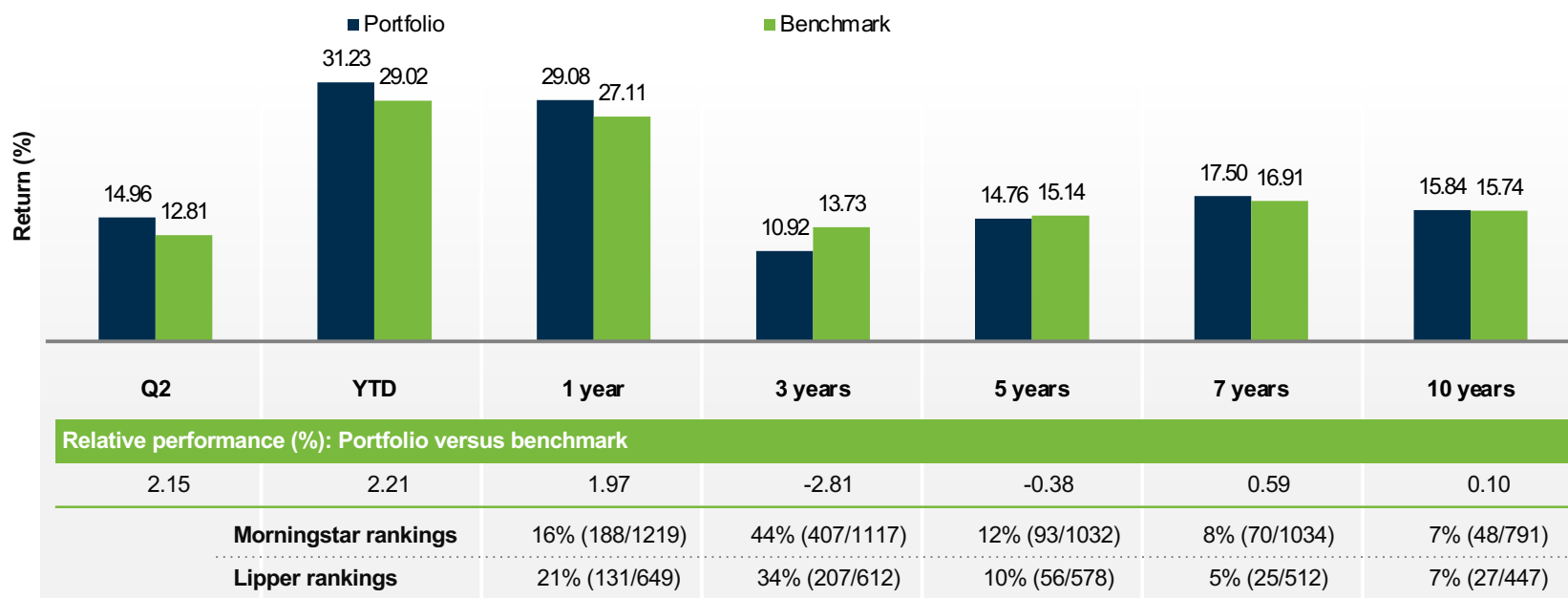
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Annualized performance (Y shares) as of June 30, 2023

Portfolio: Large Cap Growth Fund
Benchmark: Russell 1000 Growth Index

Expense ratio
0.67%



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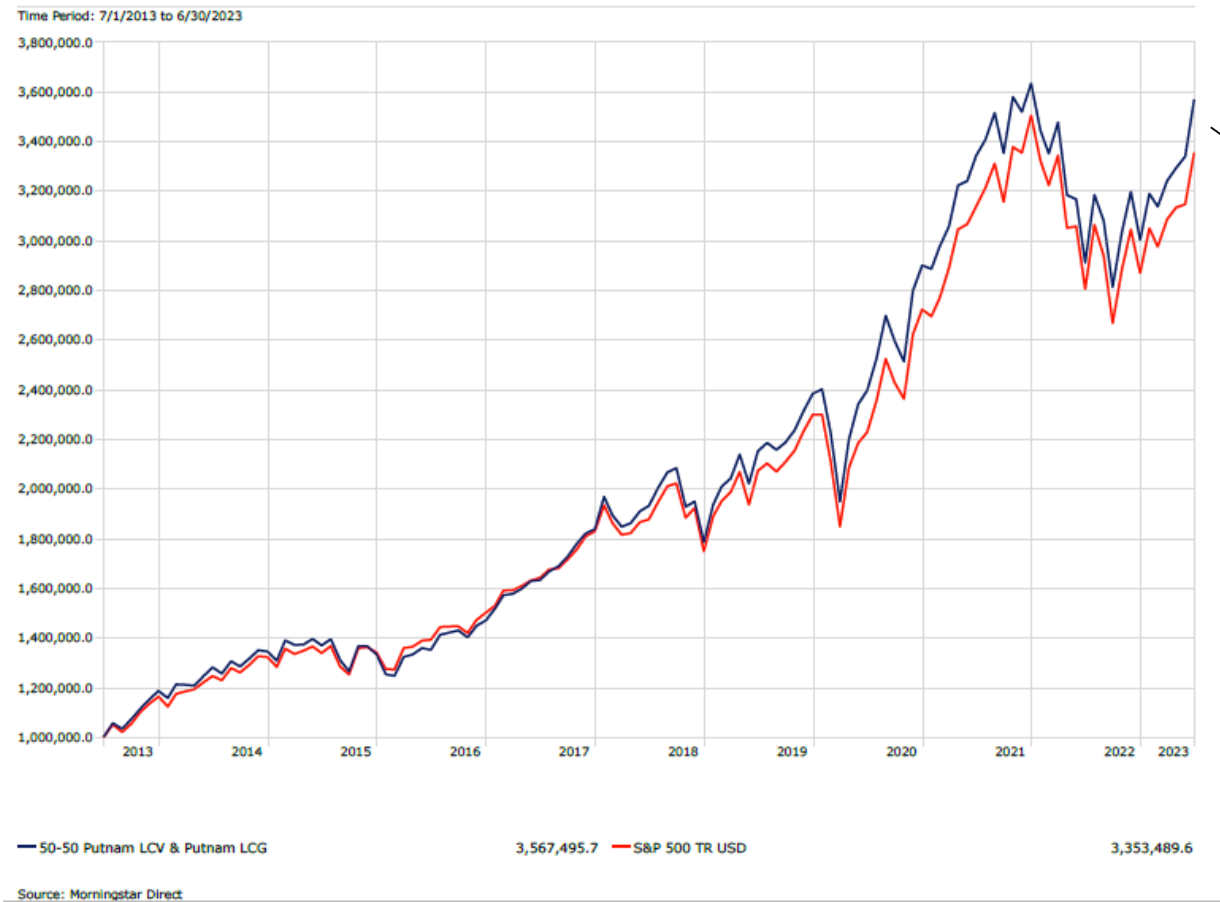
Source: Putnam Investments.

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A hypothetical 50/50 Putnam portfolio has outperformed over 10 yrs

Growth of a hypothetical \$1 million investment



Hypothetical 50/50 portfolio added \$214,006 above the S&P 500 Index over the trailing 10yr period

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Two active strategies highly rated for long-term, risk-adjusted performance

Putnam Large Cap Value



The fund received a 5-star Overall Morningstar Rating as of 6/30/23 among 1,138 funds in the Large Value category (Y shares, based on risk-adjusted returns)

Morningstar rankings

(Y shares, based on total return)

1 year	14% (133/1223)
3 years	19% (196/1138)
5 years	9% (76/1085)
10 years	8% (41/809)

Putnam Large Cap Growth



The fund received a 5-star Overall Morningstar Rating as of 6/30/23 among 1,117 funds in the Large Growth category (Y shares, based on risk-adjusted returns)

Morningstar rankings

(Y shares, based on total return)

1 year	16% (188/1219)
3 years	44% (407/1117)
5 years	12% (93/1032)
10 years	7% (48/791)

The Russell 1000® Growth Index is an unmanaged index of those companies in the large-cap Russell 1000 Index chosen for their growth orientation.

The Russell 1000® Value Index is an unmanaged index of those companies in the large-cap Russell 1000 Index chosen for their value orientation.

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Consider these 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.

The fund may invest a significant portion of its assets in companies in the information technology sector. The information technology sector may be significantly affected by technological obsolescence or innovation, short product cycles, falling prices and profits, competitive pressures, and general market conditions. The fund is considered non-diversified and can invest a greater portion of its assets in securities of individual issuers than can a diversified fund. As a result, changes in the market value of a single investment could cause greater fluctuations in share price than would occur in a more diversified fund.

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.

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 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 companies, industries, or sectors. International investing involves currency, economic, and political risks.

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The Morningstar Rating™ for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a 3-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% 3-year rating for 36–59 months of total returns, 60% 5-year rating/40% 3-year rating for 60–119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take into account the effects of sales charges and loads.

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 Morningstar. Morningstar rankings may differ significantly from Morningstar's risk-adjusted star ratings. Past performance is not indicative of future results.

