

Q4 | 2023

# The value of a smoother ride to investors

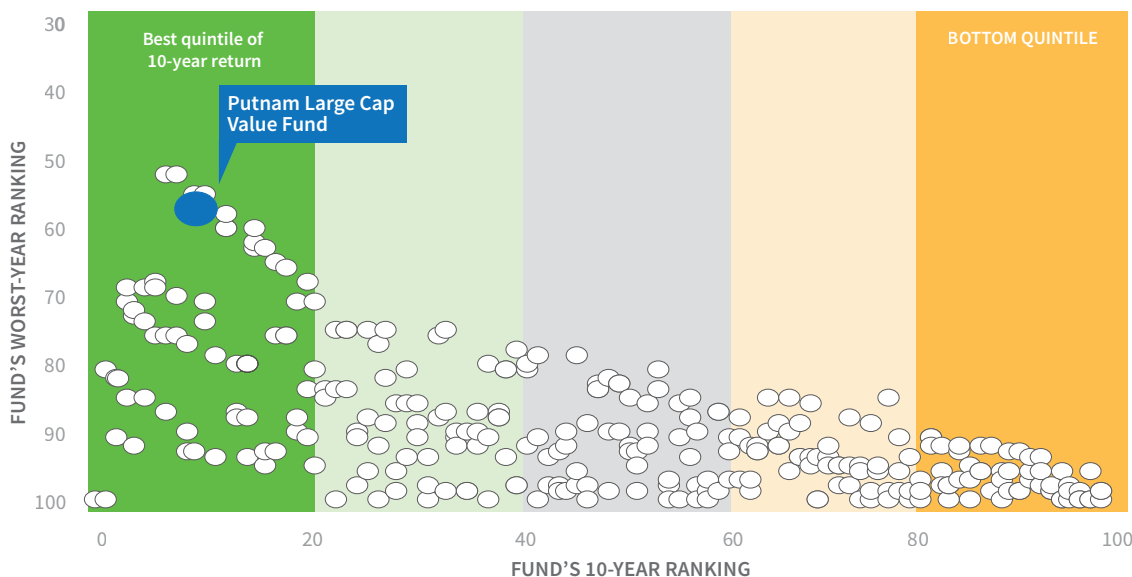
Putnam Large Cap Value Fund (PEIYX) built its 10-year ranking the right way — with consistency. It is the kind of smoother ride that can help investors stay invested and help returns compound into compelling longer-term results. To see this track record, compare the fund’s worst 1-year ranking to its peers. Figure 1 shows funds in the category by their worst 1-year calendar-year rankings on the vertical (y) axis.

- Most funds in the category had a lower 1-year ranking along the way than PEIYX.
- Even funds that ranked near PEIYX for 10 years — in the top quintile of the group (see the green section of Figure 1) — had a lower 1-year ranking at some point in the past decade.

**FIGURE 1**

## PEIYX ranks among the category’s best for 10 years thanks to short-term consistency

*Large-cap value category, 10-year rankings (x axis) and worst 1-year rankings in 2014–2023 period (y axis)*



Source: Putnam calculations using Lipper data.

Note on method: For this study, Putnam created a Large Cap Value Equity (LCVE) competitive group that includes all funds in the Lipper Large-Cap Value Funds category with a 10-year ranking as of December 31, 2023, adjusted for survivorship and fund reclassifications. This method removes funds that have a track record shorter than 10 years, as well as any funds that were reclassified to other categories. Some of the funds remaining in the set may have been in other categories earlier in the 10-year period. There are 322 funds meeting these requirements, and 96 distinct portfolios based on common fund name and family. All share classes that participate in the 10-year ranking through 2023 have all 10 contributing years in this set.

Past performance is no guarantee of future results.

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### Outperformance of the benchmark index

The fund outperformed its benchmark Russell 1000 Value Index in 8 of the past 10 years, including the past 7 years in a row.

FIGURE 2

### PEIYX outperformed the Russell 1000 Value Index 7 years in a row

	PEIYX	Russell 1000 Value Index	Relative return
2014	12.73	13.45	-0.72
2015	-2.93	-3.83	0.90
2016	13.84	17.34	-3.50
2017	18.95	13.66	5.29
2018	-8.06	-8.27	0.21
2019	30.24	26.54	3.70
2020	6.07	2.80	3.27
2021	27.18	25.16	2.02
2022	-2.84	-7.54	4.70
2023	15.64	11.46	4.18
<b>10 year</b>	<b>10.40</b>	<b>8.40</b>	<b>2.00</b>

Source: Putnam.

### Long-term leadership

Over the decade, PEIYX ranked in the 11th percentile — a higher ranking than in any of the annual periods.

**PEIYX ranked in the group's 11th percentile for 10-year performance as of 12/31/23.**

Source: Putnam calculations using Lipper data.

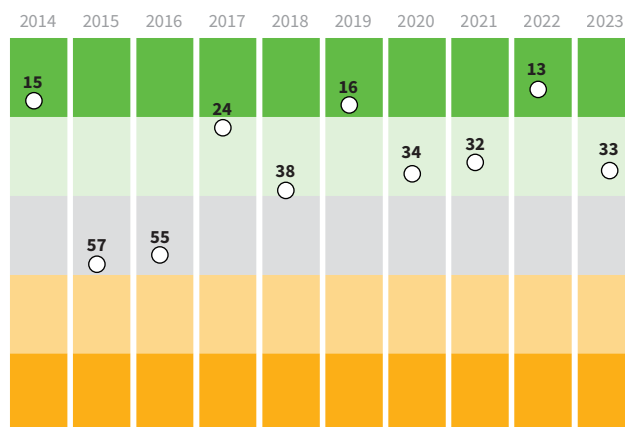
### Year-to-year consistency

In the 10 calendar years of the decade, PEIYX ranked in the top half of its peer group in eight years, and never below the 57th percentile.

FIGURE 3

### PEIYX annual rankings have risen even higher over the past decade

*PEIYX in Lipper LCVE competitive group*



Source/method: Putnam calculations using Lipper data. The dots represent the percentile rankings of Putnam Large Cap Value Fund Y shares (PEIYX) in the Lipper LCVE competitive group each year. This group includes all Lipper LCVE-classed funds with a 10-year ranking as of December 31, 2023, adjusted for survivorship and fund reclassifications. This step removes funds that have a track record shorter than 10 years, as well as any funds that were reclassified to other categories. Some of the funds remaining in the set may have been in other categories earlier in the 10-year period. There are 322 funds meeting these requirements and 96 distinct portfolios based on common fund name and family. All share classes that participate in the 10-year ranking through 2023 have all 10 contributing years in this set. Then, each fund is ranked by annual returns for the prior 10 years and a percentile ranking is determined for all the funds by year.

### Multiyear consistency

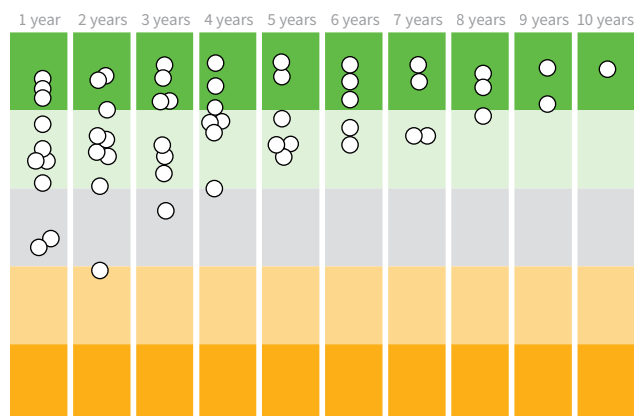
Expanding the analysis to multiyear periods, in Figure 4, we see how the fund rose over longer holding periods. The dots represent PEIYX rankings over periods of different lengths as labeled at the top of each column. Each period was within the past decade.

- Fund rankings generally rose with longer holding periods.
- In 5-, 6-, 7-, 8-, and 9-year periods, the fund consistently ranked above the 40th percentile.

FIGURE 4

## PEIYX rankings have improved over longer holding periods

PEIYX ranking in periods of lengths as labeled in chart columns, 2014–2023



Source and ranking method: Putnam calculations using Lipper data. The dots represent the percentile rankings of Putnam Large Cap Value Fund Y shares (PEIYX) in the Large Cap Value Equity competitive group with a 10-year ranking as of December 31, 2023, adjusted for survivorship and fund reclassifications. The group excludes funds that have a track record shorter than 10 years, as well as any funds that were reclassified to other categories. Some of the funds remaining in the set may have been in other categories earlier in the 10-year period. There are 322 funds meeting these requirements and 96 distinct portfolios based on common fund name and family. All share classes that participate in the 10-year ranking through 2023 have all 10 contributing years in this set. Each fund is ranked by annual returns for the prior 10 years, and a percentile ranking is determined for all the funds by year.

### We believe consistency wins over time

PEIYX has built this record through a series of consistently strong stock selection decisions and solid overall portfolio risk management by Portfolio Managers Lauren DeMore and Darren Jaroch.

“We believe investors want performance that is consistently good rather than occasionally great.”



**Lauren DeMore, CFA**  
Portfolio Manager



**Darren Jaroch, CFA**  
Portfolio Manager

## Putnam Large Cap Value Fund (PEIYX)

Annualized total return performance as of 12/31/23

	Class Y shares Inception 10/1/98	Russell 1000 Value Index
Q4	9.49%	9.50%
1 year	15.64	11.46
3 years	12.64	8.86
5 years	14.57	10.91
10 years	10.40	8.40

Total expense ratio: 0.64%

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 of class Y shares assumes reinvestment of distributions and does not account for taxes. Returns for class Y shares prior to their inception are derived from the historical performance of class A shares (inception 6/15/77), which have not been adjusted for their lower expenses; had they, returns would have been higher. Class Y shares, available to investors through an asset-based fee program or for institutional clients, are sold without an initial sales charge and have no CDSC. For the most recent month-end performance, please visit [putnam.com](http://putnam.com).

### Rankings in the Lipper Large-Cap Value Funds category as of 12/31/23

	Class Y shares Inception 10/1/98
1 year	35% (114/327)
3 years	10% (30/309)
5 years	11% (31/292)
10 years	12% (28/252)

Lipper 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. Past performance is not indicative of future results. Source: Lipper, an LSEG company.

### The fund's strategy and process

#### Relative value approach

Defines the value universe daily with fundamental and quantitative tools to identify unique value opportunities within each sector

#### Dividend growth focus

Focuses on future cash flows and puts distinct emphasis on companies that can grow their dividends and are able and willing to return cash to shareholders

#### Disciplined risk management

Utilizes proprietary tools to maximize stock-specific risk and limit unintended factor risks, seeking alpha in any market environment and over a full market cycle

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:** 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.

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.

Past performance is no guarantee of future results.



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