4Q 2023 | Product Commentary

PUTNAM LARGE CAP GROWTH FUND

Richard E. Brodzy and Gregory D. McCullough, CFA
Portfolio Managers

Class A	3-mo	1-yr	5-yr	10-yr	Expenses Gross	Expenses Net
Excluding sales charges	14.94	44.23	18.37	14.28	0.90	0.90
Including effects of maximum sales charges	8.33	35.93	16.98	13.61	0.90	0.90
Russell 1000 Growth Index	14.16	42.68	19.50	14.86	-	-

Maximum initial sales charge -- Class A: 5.75%
Performance data quoted represents past performance, which does not guarantee future results. Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Returns for periods of less than one year are not annualized. All classes of shares may not be available to all investors or through all distribution channels. For current month-end performance, please call Franklin Templeton at (800) DIAL BEN/(800) 342-5236 or visit www.franklintempleton.com.

Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. Source: FTSE. Important data provider notices and terms available at www.franklintempletondatasources.com. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Putnam Large Cap Growth Performance Update

U.S. equities posted a significant gain in the fourth quarter, delivering the strongest November in the S&P 500 since 1980 — despite ongoing uncertainty about Federal Reserve policy and the direction of interest rates. Large-cap issues outperformed small, and with respect to style, the Russell 1000 Growth Index outperformed the Russell 1000 Value Index by about 4% in Q4 and by a whopping 31% for the year. Finally, we would note that very narrow market leadership, led by the Magnificent 7, broadened in the later part of 2023 – a healthy sign for the market and active managers. In this environment, the fund outperformed its benchmark, the Russell 1000 Growth Index.

For the quarter, outperformance was led by strong stock selection within consumer discretionary, industrials, and consumer staples. Our avoidance of the energy sector and underweights to consumer staples and industrials also proved favorable. Top contributors to relative outperformance included Broadcom (communication services), Advanced Micro Devices (information technology), Lululemon (consumer discretionary), American Tower (real estate), and Uber (industrials). Our out-of-benchmark position in AstraZeneca (health care) and Canadian Pacific Kansas (industrials) as well as an overweight to Oracle (information technology) were among our top detractors.

Outlook

The aim of the mandate is to minimize the impact of economic fluctuations by investing in secular growers with defensible moats and high, sustainable returns. We will continue to focus our investments in companies with 1.) high- and long-duration growth, 2.) high and/or improving capital returns, and 3.) an ownership culture. The growth profiles for many of the companies held in the strategy are supported by long-tailed themes, and we explicitly take prior-cycle downside capture into account within our risk framework. Our desire to own high-quality businesses with a narrow range of outcomes has benefited relative returns. This framework has served the strategy well in the past, and we would expect it to continue to do so into the future.

We anticipate a reasonably slow-growth economy as we head into 2024, but we think our approach to investing in the growth space — seeking durable growth companies that can outperform in a variety of market conditions — holds up well when growth becomes scarcer in the economy in general because that's when you really see the benefit of businesses with strong competitive positions, high barriers to entry, healthy balance sheets, and a high margin structure.

Our thematic approach remains a critical part of our investment process and a distinct feature of the strategy. We continue to see exciting trends, particularly within artificial intelligence, the experience economy, and cloud computing, that we believe can drive sustained growth for many businesses we own. For the 'experience economy,' we will lean on Taylor Swift and The Eras Tour to illustrate. We identified the experience economy as a key theme through analysis of personal consumption and expenditure data over a multi-decade period. Live Nation not only has strong relationships with major venues across the globe, but its Ticketmaster business is at the forefront of the transformation toward digital tickets. These technological capabilities not only allow tickets to be shared and resold, but they also ensure ticket authenticity for the paying consumer. Artists trust the company to organize the complex logistics necessary for a global tour, and this complexity can only be addressed through technological leadership.

Positioning

Changes in the relative positioning of the strategy are primarily a result of our fundamental, bottom-up process of evaluating the opportunity and risk of individual stocks. As always, sector active weights remain reasonably tight in order to reduce unintended factor risks and accentuate stock-specific risk. Currently, we remain within +/-3% of all sectors. Our largest overweight is to information technology (+1%). Industrials and consumer staples are our largest underweights at this time. We have no exposure to the energy sector. The strategy's geographic exposure, +95%, remains in U.S.-listed securities.

Top new positions during the quarter included Trane Technologies (information technology) and Fair Isaac (information technology). Inuit (information technology), Johnson Controls (industrials), and Accenture (information technology) were eliminated.

Top 10 holdings (%)	
Microsoft	12.9
Apple	10.6
Amazon	7.1
NVIDIA	5.9
Alphabet	5.6
Broadcom	3.4
Mastercard	2.7
Meta Platforms	2.7
UnitedHealth	2.6
Eli Lily	2.4

Sector allocation (%)	
Information Technology	44.7
Consumer Discretionary	16.3
Communication Services	10.6
Health Care	10.4
Financials	5.9
Industrials	4.9
Real Estate	2.0
Consumer Staples	1.9
Materials	1.0
Utilities	0.0
Cash/Other	2.2

Percentages are based on total portfolio as of quarter end and are subject to change at any time. For informational purposes only and not to be considered a recommendation to purchase or sell any security.

Definitions and additional terms:

Please note that an investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

The **Federal Reserve Board ("Fed")** is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.

franklintempleton.com

At Franklin Templeton, everything we do has a single focus: to deliver better client outcomes.

- We have deep expertise across equity, fixed income, alternatives, multi-asset solutions and cash strategies.
- We offer an unmatched range of specialist investment managers, consisting of more than 1,300 investment professionals.
- We have over 75 years of experience in identifying opportunities and delivering investment solutions to clients.

What should I know 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.

TL116 336756 3/24