

Q4 2023 | Putnam Large Cap Growth Fund



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Investing in durable growth themes

Seeking durable growth stocks that can outperform in a variety of economic environments

Putnam Large Cap Growth Fund* invests in companies with durable long-term growth prospects, high and/or improving capital returns, and a strong ownership culture. The managers seek businesses with the ability to grow at above-market rates and to sustain that growth.

Blending investment themes with deep fundamental research

A thematic approach is a distinctive feature of the fund. The team analyzes global trends, as well as problems and potential solutions, to identify which themes could drive sustained growth for businesses over a multiyear time horizon.

	A healthier tomorrow		Cloud infrastructure and software		Personalized medicine
	Artificial intelligence		Controlled distribution		Increased screen time
	Digital marketing		5G connectivity and the Internet of things		Humanization of pets
	The experience economy		E-commerce and payment processing		Autonomous and electric vehicles

Themes will change over time.

“ We seek businesses that could become disruptors in their industries with innovative products and services, and significant growth potential. ”

* Effective March 31, 2023, the fund's name changed from Putnam Growth Opportunities Fund.

Growth themes and companies that benefit from them



THEME | STOCK

A healthier tomorrow

Across the globe, people are embracing a comprehensive approach to health and wellness. Individuals are prioritizing exercise, diet, and environmental health, and they are seeking greater access to and control over their personal health data. While the theme is focused on individuals, large growth companies can serve as the enablers of change. As demographic trends drive increased awareness of this theme, we expect public policy to support further growth in these markets.

This theme encompasses a wide range of sectors and companies, such as hospital operators, HVAC equipment manufacturers, medical device makers, and workout apparel and skincare brands.

Lululemon Athletica (LULU)

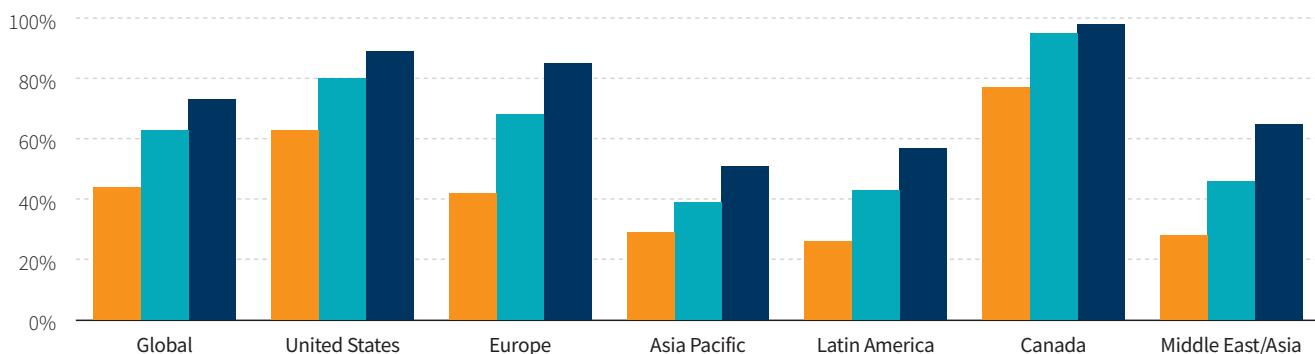
Retailer Lululemon provides products and experiences for consumers seeking a healthy lifestyle.

- According to the CDC, the percentage of time spent on exercise expanded from 14% to 24% between 1998 and 2018. Lululemon, a leader in athletic apparel, should continue to benefit from this trend.
- The company is expanding its offerings, including footwear and men's apparel, and new categories such as hiking, golf, and tennis.

Credit card use is expanding globally

■ 2018 ■ 2023E ■ 2028E

Card penetration of consumer-to-business payments as a percentage of personal consumption expenditure



Historical volumes are adjusted for European payments regulation, and card penetration data are adjusted for domestic schemes and U.S. private-label card penetration. Sources: Nilson Report, World Bank, IMF, and Bernstein estimates and analysis.

As of 12/31/23, Lululemon represented 1.52% and Mastercard represented 2.71% of Putnam Large Cap Growth Fund assets.



THEME | STOCK

E-commerce and payment processing

The U.S. e-commerce market has grown 16% annually since 2001, and peer-to-peer electronic money transfers have rapidly become more common. Credit card usage for consumer-to-business payments has increased at a steady pace globally. This should continue as regions with less card usage close the gap with North America and Europe.

The digitization of other large payment markets has yet to catch up with the penetration of credit cards in the consumer-to-business market.

Mastercard (MA)

Mastercard's near-universal merchant acceptance and large consumer base sustains a two-sided network with scale advantages. Mastercard also continues to invest in emerging growth markets within payments.

- Mastercard is accelerating digitization of cash through cards and e-commerce.
- It is expanding value-added services such as fraud monitoring, authentication, and analytics.
- New flows from large payment markets can expand the total addressable market of Mastercard's traditional business.

**THEME | STOCK****Artificial intelligence**

Generative AI is advancing at a remarkable pace and leverages massive computing power. Immediate AI beneficiaries include semiconductor and cloud service companies, but there is meaningful potential for future applications across many other sectors.

AI is exciting because many of the potential winners (and losers) fit squarely in the large-cap growth investable universe.

NVIDIA (NVDA)

We believe NVIDIA is set to benefit from the huge compute capacity required to enable generative AI workloads. As of today, it is the only supplier of the graphic processing units (GPUs) that are needed to run generative AI.

- NVIDIA was already generating \$15 billion — about 50% of its total revenues — from AI demand, and we believe generative AI will act as an additional leg of the growth stool.
- One key advantage is the strength of NVIDIA's parallel processors, which will be used for both model training and inference.
- NVIDIA also has a best-in-class reputation in the gaming community and is the seller for 8 of every 10 discrete gaming GPU purchases globally.

**THEME | STOCK****Autonomous and electric vehicles**

Electric vehicle penetration is less than 3% of new car sales today, and self-driving vehicles are only in the testing phase. Still, the revenue opportunity for semiconductor companies that supply these end markets is already meaningful and growing at above-market rates.

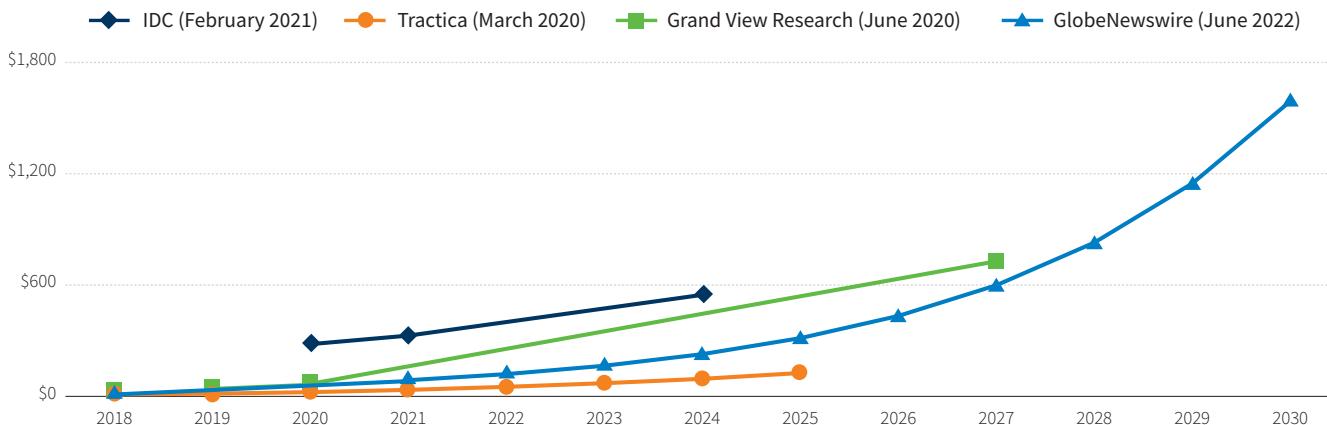
Beyond autonomous driving, semiconductors are used for a range of features in cars, such as cameras, sensors, and internet connections. The rollout of 5G wireless will increase semiconductor demand for automobiles.

Cadence Design Systems (CDNS)

Cadence is the second-largest player in the electronic design automation (EDA) market. The company produces hardware, software, and silicon used to facilitate and enable chip design.

- We expect Cadence to benefit from secular growth trends such as the internet of things, machine learning, autonomous vehicles, and artificial intelligence.
- Cadence stock has been resilient in a variety of market conditions — notably in 2022 — as revenues grew ahead of consensus on strong demand for its software and chip designs.

We believe we are at the start of a multiyear, potentially a decade-long, shift in growth rates for EDA companies.

Artificial intelligence market size/revenue comparisons**Market size and revenue comparison for AI worldwide (actual and projected, 2018 to 2030, in \$B USD)**

Sources: IDC, Tractica, Grand View Research, Statista, GlobeNewswire.

As of 12/31/23, NVIDIA represented 5.85% and Cadence Design Systems represented 1.31% of Putnam Large Cap Growth Fund assets.

**THEME | STOCK**

Digital marketing

Digital marketing — promoting products or services through electronic devices — is imperative for success in many industries. It enables companies to capture and use customer data to achieve goals such as sales conversions and building brand awareness. Spending on digital marketing has risen as attention has shifted from traditional media to digital platforms.

Companies know the increasing importance of social media, mobile applications, email, search engines, and websites for driving the growth of their businesses.

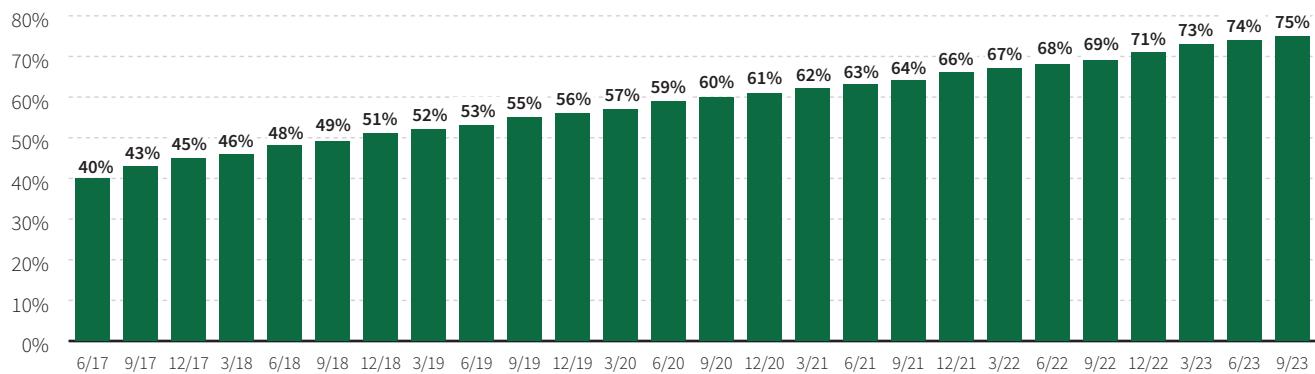
CoStar Group (CSGP)

CoStar, the dominant information provider for the commercial real estate industry, offers data, tools, listings, and online marketplaces.

- CoStar is used for 80% of all commercial real estate transactions.
- Its top-line growth has been in the mid- to high-teens (primarily organic), with projected earnings growth of 20% over the next two years.
- Its balance sheet has \$4.5 billion in net cash earmarked for M&A.
- We have conviction in the durability of growth and underlying fundamentals of the business.

Microsoft's revenue stream may become more predictable

Recurring revenue as a percentage of sales



Source: Microsoft, most recent data available.

As of 12/31/23, CoStar represented 0.51% and Microsoft represented 12.92% of Putnam Large Cap Growth Fund assets.

**THEME | STOCK**

Increased screen time

People are spending considerably more time consuming content on electronic devices. Mobile device usage is growing rapidly as streaming platforms, newly created apps, social media, gaming, and targeted advertising campaigns increasingly cater to consumers outside the home.

In 2019, for the first time, U.S. consumers spent more time with their mobile devices than they did watching TV, according to eMarketer. Smartphones account for 70% of that mobile time.

Microsoft (MSFT)

We believe its leadership in operating systems and productivity software creates a long-term structural advantage for Microsoft.

- Over 95% of Fortune 500 companies are Microsoft customers across its PC, productivity, and cloud businesses.
- Its Windows operating system is the largest in the world, currently active on over 1.4 billion enterprise and consumer devices globally. MSFT is estimated to have over 350 million active and paying users of Microsoft and Office 365.
- Its industry-leading user base gives it a tangible advantage as it rolls out generative AI-enabled M365 Copilot and Viva productivity tools.

**THEME | STOCK****Humanization of pets**

Pets have become an increasingly important part of the typical household, receiving the same level of attention, care, and health maintenance as human family members do. Preventative-care treatments and testing for companion animals are growing, along with overall pet ownership levels. Consumer demand for these services is unwavering, and the diagnostic market outside the United States provides another long-term opportunity for growth.

With this theme, we seek to capitalize on the strong and rapidly growing demand for quality pet care.

IDEXX Laboratories (IDXX)

IDEXX is an animal health care company specializing in diagnostic testing, including in-office testing kits for veterinarians.

- The company has a 70% share of point-of-care veterinary facilities, and has been growing its earnings at double-digit rates.
- IDEXX's testing kits, components, and supplies — many of which are disposable items — generate a healthy level of recurring revenue.
- IDEXX operates in a three-player oligopoly market, and the company has spent more on R&D over the past five years than its competitors combined.

**THEME | STOCK****Personalized medicine**

We are in the very early innings of a shift toward a broader application of personalized medicine, where therapies will be targeted to a particular patient based on that individual's DNA, RNA, and genetic composition. Many companies are making great strides in cell and gene therapy to help in the diagnosis and treatment of cancers and genetic diseases.

A patient's genetic makeup will become increasingly more important in the therapy and treatment they receive.

Danaher (DHR)

Danaher manufactures and sells equipment, consumables, and services as part of its extensive health-care offerings. Next-generation therapeutics are becoming an increasingly larger part of its business and growth.

- Danaher is one of the few global life science tools companies able to offer differentiated end-to-end solutions for its customers.
- The company's offerings are especially beneficial as the biopharma industry evolves and the next generation of therapeutics come to market. These include cell/gene therapies, biosimilars, and mRNA vaccines/therapies.
- Many other qualities differentiate Danaher from its peers, such as its efficient operating system and its highly recurring revenue profile (more than 75% of revenue is recurring).

The cell and gene therapy market is expected to reach \$37 billion by 2027, growing at a compound annual growth rate of 40%.

Source for gene therapy market data: ReportLinker.

As of 12/31/23, IDEXX represented 0.48% and Danaher represented 0.93% of Putnam Large Cap Growth Fund assets.

**THEME | STOCK****Controlled distribution**

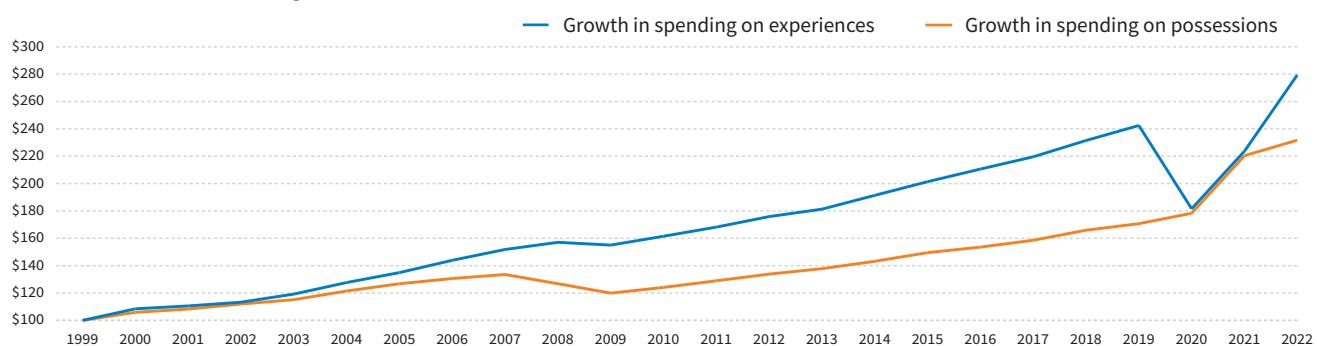
An increasing number of retail brand owners are favoring direct distribution — selling their products solely through their own stores or websites. These companies have few, if any, third-party distributors or indirect sales. They rarely have markdowns or outlet stores, and their products won't be found at online retailers like Amazon. The advantage of this business model is that it allows businesses to better control inventory, pricing, promotion, and brand presentation. It also leads to a better, more comprehensive relationship with end customers. As a result, direct sales typically yield higher margins than wholesale, with higher conversion rates.

In our research, one key question we ask is how companies sell and distribute their products and services. Controlled distribution can offer a distinct advantage and is our preferred go-to-market strategy.

Sherwin-Williams (SHW)

Sherwin-Williams's largest segment, The Americas Group, is the leading paint retailer serving U.S. professional paint contractors.

- It employs a direct distribution model, reaching consumers through its 4,000-store network and some large retail partners.
- The company is known for its ability to develop relationships with its customers and offering comprehensive tools and services for professional painters.

Consumers are spending more on experiences**Growth of \$100 in spending**

Sources: Baird Research, Bureau of Economic Analysis.

As of 12/31/23, Sherwin-Williams represented 1.00% and Live Nation represented 0.64% of Putnam Large Cap Growth Fund assets.

**THEME | STOCK****The experience economy**

This theme is based on a growing preference for experiences over material possessions. More consumers are seeking to spend money on live entertainment and events, luxury travel and destinations, or interactions within social communities.

We believe the appeal of experiences has become more widespread after the pandemic lockdowns in 2020.

This demand, combined with higher levels of personal savings, should help a number of businesses grow at above-market rates for an extended period of time.

Live Nation Entertainment (LYV)

Live Nation promotes, operates, and manages ticket sales for live entertainment.

- The company sits in an enviable spot as the global leader and toll-taker in a market that grows materially every year.
- It has over 20 of the top 25 global tours, a secondary-ticketing market, double-digit sponsorship and advertising growth, and on-site fan monetization opportunities.
- It was in the eye of the pandemic storm, but we expect it to emerge stronger, with a higher level of profitability and an even greater competitive moat.

**THEME | STOCK****5G connectivity and the Internet of things**

5G stands for fifth-generation wireless technology, which increases speed and responsiveness and allows users to connect to more devices at once. The transition to 5G will play out in waves globally over the next 15 years. The “Internet of things” is a term that describes the growing number of devices, from phones to wearable products to home security systems, that are connected to the internet and to one another.

The rapid growth in connected devices and systems will drive carriers to invest rapidly in 5G networks.

American Tower (AMT)

This company rents space on towers and rooftop antennas to wireless carriers and broadcasters.

- We believe American Tower offers strong growth potential as companies make the transition to 5G. Also, as demand for 5G accelerates in the health care, consumer, and industrials sectors, even more equipment and tower space will be required.

**THEME | STOCK****Cloud infrastructure and software**

Businesses are increasingly shifting their information technology systems from on-premise databases to cloud storage. The benefits are widely recognized and include reduced costs, enhanced data security, better collaboration, and greater flexibility for employees accessing company documents and data.

The demand for cloud computing is on the rise as more businesses find it essential to transition their on-site data systems.

Oracle (ORCL)

We believe Oracle is poised to benefit from accelerating growth, driven by its Oracle Cloud Infrastructure (OCI) business.

- We believe Oracle is a credible number-four player in cloud infrastructure, with the ability to take share at its current growth rate. Our view was supported by the recent promotion of OCI from “niche” to “visionary” in Gartner’s annual cloud report quadrant.
- Acceleration in OCI is expected to be a double-digit tailwind to organic cloud revenue growth over the next few years.
- The business is also seeing strong momentum from traditional Oracle workloads shifting from on-premise to OCI. This shift is currently less than 50% of new revenues, but the transition is still in the early innings.
- OCI’s network fabric architecture has proven itself in marquee contract wins with leading generative AI startups.



Putnam Large Cap Growth Fund PGOYX

The fund received a four-star Overall Morningstar Rating™ as of 12/31/23 among 1,118 funds in the Large Growth category (Y shares, based on risk-adjusted returns)

Morningstar rankings as of 12/31/23

1 year	3 years	5 years	7 years	10 years
24% (255/1200)	29% (271/1118)	15% (127/1031)	8% (73/950)	10% (63/810)

Morningstar category: Large Growth

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.

Performance* as of 12/31/23

Inception 7/1/99	Class Y shares	Russell 1000 Growth Index
Q4	15.00%	14.16%
1 year	44.58	42.68
3 years	7.44	8.86
5 years	18.67	19.50
7 years	17.91	17.68
10 years	14.57	14.86

Expense ratio: 0.65%

* Returns for periods of less than one year are not annualized.

Annual performance

	Class Y shares	Russell 1000 Growth Index	Morningstar ranking
2023	44.58%	42.68%	24% (255/1200)
2022	-30.17	-29.14	53% (566/1235)
2021	22.84	27.60	47% (537/1237)
2020	38.76	38.49	32% (420/1289)
2019	36.74	36.39	15% (208/1360)
2018	2.55	-1.51	11% (167/1405)
2017	31.28	30.21	26% (352/1363)

Top 10 holdings as of 12/31/23

Microsoft	12.92%
Apple	10.57
Amazon	7.12
NVIDIA	5.85
Alphabet	5.63
Broadcom	3.36
Mastercard	2.71
Meta Platforms	2.71
UnitedHealth	2.55
Eli Lilly	2.42

Holdings represent 55.85% of the portfolio and will vary over time.

Top active weights as of 12/31/23

Top 5 overweights	Portfolio	Benchmark	Over/under
Broadcom	3.4%	2.0%	1.4%
Amazon	7.1	5.8	1.3
Oracle	1.6	0.3	1.3
Lululemon	1.5	0.2	1.3
Mastercard	2.7	1.5	1.2

Top 5 underweights	Portfolio	Benchmark	Over/under
Apple	10.6%	12.0%	-1.4%
AbbVie	0.0	1.2	-1.2
Accenture	0.0	0.9	-0.9
Alphabet	5.6	6.5	-0.9
Intuit	0.0	0.7	-0.7

Active management in all markets

The managers prioritize businesses that are competitively advantaged and able to grow across a cycle, regardless of the economic backdrop. They are mindful of the vulnerabilities of the companies they own. A key component of their investment process is to analyze how businesses have performed through difficult times in the past.

Portfolio characteristics* as of 12/31/23

Beta	0.98
Tracking error	2.68%
Up capture ratio	97.58%
Down capture ratio	98.77%

* Based on a simple regression of monthly net returns for the past five years versus the index.

“ Our desire to own high-quality businesses with a narrow range of outcomes has benefited relative returns. ”

Richard and Gregory
Portfolio Managers

Quarterly returns as of 12/31/23

	4Q23	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22
Fund	15.00%	-4.20%	14.96%	14.15%	1.53%	-3.12%	-21.94%	-9.06%
Russell 1000 Growth Index	14.16	-3.13	12.81	14.37	2.20	-3.60	-20.92	-9.04
	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20
Fund	9.37%	0.55%	11.90%	-0.18%	7.92%	12.33%	28.50%	-10.92%
Russell 1000 Growth Index	11.64	1.16	11.93	0.94	11.39	13.22	27.84	-14.10

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. 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.

Learn more

Visit putnam.com for more information about Putnam Large Cap Growth Fund's philosophy and process, and for insights from Portfolio Managers Richard Bodzy and Gregory McCullough, CFA.

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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. As of 12/31/23, Putnam Large Cap Growth Fund received 3, 4, and 5 stars for the 3-, 5-, and 10-year periods among 1,118, 1,031, and 810 Large Growth funds, respectively.

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The views and opinions expressed are those of the large-cap growth portfolio management team and are subject to change with market conditions. The inclusion of holdings information in this brochure is for illustrative purposes only and should not be interpreted as a recommendation to buy, sell, or hold any security. It should not be assumed that an investment in the securities mentioned was or will be profitable. Holdings are subject to change.

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.



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Request a prospectus, or a summary prospectus if available, from your financial representative or by calling Putnam at 1-800-225-1581. The prospectus includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

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