FRANKLIN TEMPLETON | Putnam INVESTMENTS

# Putnam Large Cap Value Fund

**Class Y: PEIYX Class A: PEYAX** **Commentary | as of September 30, 2026**

## Key Takeaways

- **Markets:** US equities posted a modest gain in a choppy quarter. A July rotation away from the largest technology companies and a September pullback bookended record highs in August on strong earnings and renewed artificial intelligence (AI) enthusiasm. Higher Treasury yields and the first rate hike since 2023 from the US Federal Reserve (Fed) drove the pullback.
- **Contributors:** Stock selection in energy, information technology and consumer staples.
- **Detractors**: Stock selection in industrials, financials and utilities.
- **Outlook**: We remain constructive on the earnings outlook, supported by resilient growth and continued business investment. However, elevated valuations, persistent inflation and rising unemployment warrant caution. If the Fed holds rates higher for longer, tighter financial conditions could weigh on sentiment and equity valuations.

## Performance Review

- For the quarter, Putnam Large Cap Value Fund underperformed its benchmark, the Russell 1000 Value Index. Stock selection detracted from relative performance, while sector allocation contributed to relative returns.
- Stock selection in energy, information technology and consumer staples contributed to relative performance, while stock selection in industrials, financials and utilities detracted from relative returns.
- Sector allocation benefited from an overweight in information technology and underweights in real estate and consumer discretionary. An underweight in communication services and overweights in consumer staples and materials detracted.
- Top contributors to relative performance included overweight positions in Microsoft (information technology), Valero Energy (energy) and Thermo Fisher Scientific (health care).
- Individual detractors included an off-benchmark position in NRG Energy (utilities), along with overweight positions in Southwest Airlines (industrials) and PulteGroup (consumer discretionary).
- As of quarter-end, the fund's largest sector overweights were health care, information technology and energy, while its largest sector underweights were communication services, real estate and consumer discretionary. Information technology, financials and health care were the sectors with the largest absolute weights.

## Outlook

- Markets delivered modest gains despite volatility from rising Treasury yields, the Fed's rate hike, geopolitical uncertainty, midterm elections and persistent inflation. Market concentration in AI-related beneficiaries created valuation disparities. Elevated valuations leave limited margin for error if these headwinds persist.
- Financials and health care offer strong fundamentals and attractive valuations. Banks could benefit if higher rates persist. Health care valuations appear compelling given solid demand and potential clarity around drug pricing.
- Corporate earnings growth should remain supported by resilient economic activity and continued business investment. Industrials, utilities and energy appear undervalued relative to their earnings power, even as AI-related capital spending dominates market attention.
- The September pullback demonstrated market sensitivity to interest rates and geopolitical uncertainty. As markets digest higher rates and tighter financial conditions, risk appetite may wane, leaving equity multiples under pressure. Midterm elections and Middle East developments could add further volatility.
- We continue to assess how the market environment affects our individual holdings. Our focus is on stock selection, and we aim to keep the portfolio as resilient as possible to macroeconomic challenges. This includes stress testing the portfolio against a number of different scenarios, such as rising interest rates, recessionary pressures and style rotations.

## Morningstar Rating™

Overall Rating as of September 30, 2026

★★★★★ **(5-Star)** Class Y

★★★★★ **(5-Star)** Class A

As of 09/30/2026 the fund's Class A and Class Y shares received a 5 star overall Morningstar rating™, measuring risk-adjusted returns against 1055, 994 and 842 Large Value funds over the 3-, 5- and 10- year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics. The number of funds in the category for the Overall Rating are listed under the 3-year period.

## Top Equity Issuers (% of Total)

| Holding | Fund |
|---|---|
| Microsoft Corporation | 7.46 |
| Apple Inc. | 6.96 |
| Amazon.com, Inc. | 3.83 |
| Citigroup Inc. | 3.27 |
| ExxonMobil Holdings Corporation | 2.87 |
| AbbVie Inc. | 2.59 |
| Cisco Systems, Inc. | 2.47 |
| Philip Morris International Inc. | 2.35 |
| Coca-Cola Company | 2.35 |
| Advanced Micro Devices, Inc. | 2.18 |



Not FDIC Insured | No Bank Guarantee | May Lose Value

## Average annual total returns and fund expenses (%) - as of September 30, 2026

| | | | Without Sales Charge | | | | | | | With Maximum Sales Charge | | | | | | | Expenses | | Sales Charges | | Inception |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Class | CUSIP | Ticker | 3-Mo | YTD | 1-Yr | 3-Yr | 5-Yr | 10-Yr | Inception | 3-Mo | YTD | 1-Yr | 3-Yr | 5-Yr | 10-Yr | Inception | Gross | Net | Initial Charge | CDSC | Date |
| Class Y | 746745405 | PEIYX | 2.39 | 13.12 | 19.93 | 21.16 | 14.39 | 13.99 | 10.97 | 2.39 | 13.12 | 19.93 | 21.16 | 14.39 | 13.99 | 10.97 | 0.60 | 0.60 | — | — | 6/15/1977 |
| Class A | 746745108 | PEYAX | 2.33 | 12.91 | 19.64 | 20.85 | 14.11 | 13.70 | 10.81 | -3.55 | 6.42 | 12.76 | 18.49 | 12.77 | 13.03 | 10.68 | 0.85 | 0.85 | 5.75 | — | 6/15/1977 |
| Benchmark | — | — | 2.61 | 19.27 | 23.81 | 20.07 | 11.92 | 11.43 | — | 2.61 | 19.27 | 23.81 | 20.07 | 11.92 | 11.43 | — | — | — | — | — | — |

## Benchmark(s)

Benchmark =Russell 1000 Value Index

***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 with sales charge reflect a deduction of the stated maximum sales charge. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. 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 visit franklintempleton.com.*
The fund began offering Class Y shares on 10/1/1998. Performance quotations have been calculated as follows: (a) Class Y periods prior to 10/1/1998 are based on the fund's Class A performance, which has not been adjusted for the lower operating expenses; had it been adjusted, performance would be higher; (b) For periods after the share class offering, performance for the specific share class is used, reflecting the expenses and maximum sales charges applicable to that class.
The total annual operating expenses are as of the fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns.

## What are the Risks?

**All investments involve risks, including possible loss of principal.** The **investment style** may become out of favor, which may have a negative impact on performance. **Dividends** may fluctuate and are not guaranteed, and a company may reduce or eliminate its dividend at any time. **Active management** does not ensure gains or protect against market declines. The manager may consider **environmental, social and governance (ESG) criteria** in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. These and other risks are discussed in the fund's prospectus.

## Important Information

The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or fund. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of the date of this material and may change without notice. A portfolio manager's assessment of a particular security, investment or strategy is not intended as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy; it is intended only to provide insight into the fund's portfolio selection process. Holdings are subject to change.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe.

Source: FTSE.

Important data provider notices and terms available at www.franklintempletondatasources.com. All data is subject to change.

Holdings are provided for informational purposes only and should not be construed as a recommendation to purchase or sell any security.

**Morningstar Rating™**: Source: Morningstar®, 09/30/2026. For each mutual fund and ETF with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance, and does not take into account the effects of sales charges and loads, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each 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 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. The fund's Class A shares received a Morningstar Rating of 4, 5 and 5 and fund's Class Y shares received a Morningstar Rating of 5, 5 and 5 star(s) for the 3-, 5- and 10-year periods, respectively. Franklin Templeton provides this fund's Morningstar Rating™ for Class A and Class Y shares only. Other share classes may have different Morningstar ratings. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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***Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, or summary prospectus, if available, at www.franklintempleton.com. Please read it carefully.***



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