

Putnam Large Cap Value Fund

Class Y: PEIYX Class A: PEYAX
Commentary | as of December 31, 2025

Key Takeaways

- **Markets:** US equity markets delivered gains in the fourth quarter, driven by strong earnings, Fed interest-rate cuts, and optimism around artificial intelligence.
- **Contributors:** Stock selection contributed in the financials, consumer discretionary, materials, and industrials sectors
- **Detractors:** Stock selection in information technology. Underweight exposure to communication services and overweight exposure to consumer staples.
- **Outlook:** We expect investors will continue to focus on actions from a divided US Federal Reserve, and we are monitoring lofty equity valuations and potential headwinds in the consumer sector.

Performance Review

- For the quarter, the portfolio generated a positive return and outperformed its benchmark, the Russell 1000 Value Index. Stock selection was the main driver of relative outperformance, while sector allocation had a relatively neutral impact.
- Stock selection contributed most in the financials, consumer discretionary, materials, and industrials sectors. This was partially offset by relative weakness among stocks in the information technology sector. From a sector allocation perspective, relative performance was hurt by an underweight to communication services and an overweight to consumer staples.
- Top individual contributors to performance included overweight positions in General Motors (consumer discretionary), Regeneron Pharmaceuticals (health care), Citigroup (financials), and Southwest Airlines (industrials).
- Detractors included avoidance of Micron Technology (information technology) and overweight positions in PulteGroup (consumer discretionary) and T-Mobile (communication services). An out-of-benchmark position in Microsoft (information technology) also weighed on relative results.

Outlook

- The US economy and equity markets demonstrated resilience in 2025 despite concerns surrounding the impact of import tariffs. Looking ahead, we expect investors will continue to focus on actions from a divided US Federal Reserve. The Fed is challenged with a combination of inflation that is above target and a weakening employment outlook.
- Economic growth should be supported by an ongoing weak US dollar. Growth could accelerate due to the Trump administration's One Big Beautiful Bill, which supports increased capital spending and ongoing expansionary tactics.
- We are watching the consumer closely, given its significant impact on the overall economy. Data has pointed to a healthy consumer, with the credit picture particularly strong. However, we are mindful of potential headwinds, including the mid-2025 expiration of the student loan moratorium, expiring health care subsidies, increasing bifurcation between low-income and high-income consumers, and declining sentiment indicators.
- Equity valuations have been elevated by optimism over accelerating economic growth and the potential of AI to boost innovation, capital spending, and productivity. We have a cautious eye on lofty valuations that are so dependent on AI performance and investment. Markets could be vulnerable to results that don't meet the high expectations. However, high valuations could be supported by continued high earnings growth, fueled by AI spending and the One Big Beautiful Bill.
- With mid-term elections later in the year, we expect election-related headlines to cause market volatility. Given the delicate balance of power in both the House and Senate, we would anticipate significant efforts by the current administration to keep approval ratings high.

Morningstar Rating™

Overall Rating as of December 31, 2025


(5-Star) Class Y

(5-Star) Class A

As of 12/31/2025 the fund's Class A and Class Y shares received a 5 star overall Morningstar rating™, measuring risk-adjusted returns against 1059, 995 and 832 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.

Top Equity Issuers (% of Total)

Holding	Fund
Citigroup	4.05
Alphabet	3.86
Cisco Systems	2.79
Microsoft	2.52
General Motors	2.51
Exxon Mobil	2.44
Capital One Financial	2.41
Walmart	2.39
Bank of America	2.36
Amazon	2.36

Average annual total returns and fund expenses (%) - as of December 31, 2025

Class	CUSIP	Ticker	Without Sales Charge							With Maximum Sales Charge							Expenses		Sales Charges		Inception	
			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	6.02	20.34	20.34	18.42	15.46	13.44		10.86	6.02	20.34	20.34	18.42	15.46	13.44	10.86	0.63	0.63	—	—	6/15/1977
Class A	746745108	PEYAX	5.97	20.05	20.05	18.13	15.17	13.16		10.71	-0.13	13.15	13.15	15.83	13.82	12.49	10.57	0.88	0.88	5.75	—	6/15/1977
Benchmark	—	—	3.81	15.91	15.91	13.90	11.33	10.53		—	3.81	15.91	15.91	13.90	11.33	10.53	—	—	—	—	—	—

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 frankltempleton.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.

Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Net expenses are capped under a contractual agreement, which cannot be terminated prior to 02/28/2026 without Board consent. 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.

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

Source: FTSE.

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®, 12/31/2025. 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 5, 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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