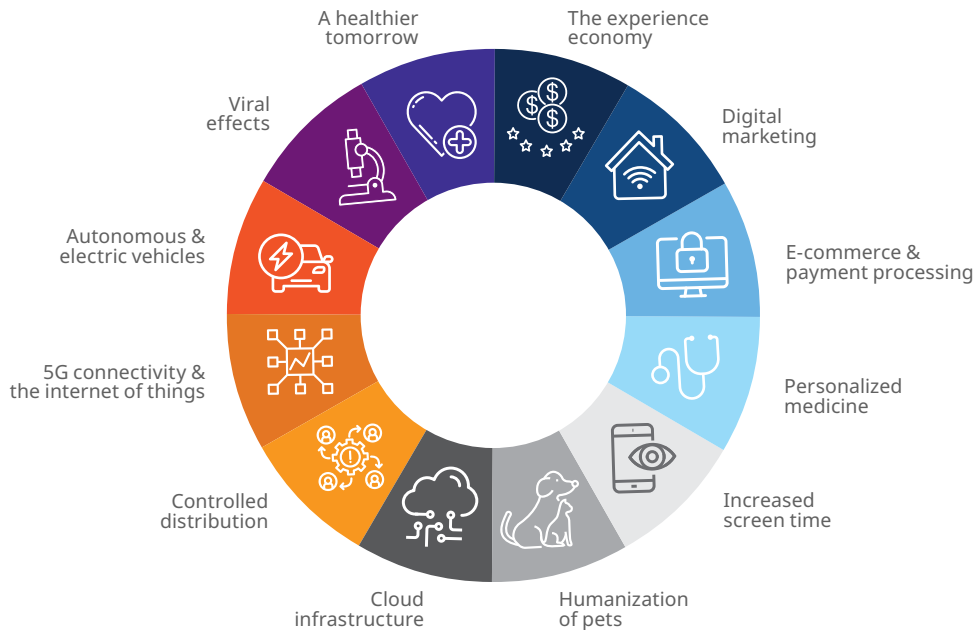


Investing for the new decade

Putnam, the portfolio manager of Mackenzie US All Cap Growth Fund, leverages a team of roughly 50 analysts and researchers who look for companies with what the team believes to be the ability to grow at above-market rates and sustain that growth in most macroeconomic environments. The team seeks businesses that could become disruptors in their industries, with innovative products and services, and significant growth potential.

One of the signature features of the fund is its thematic approach. The team analyzes global trends, as well as problems and potential solutions, to identify the themes that have the potential to drive sustained growth for businesses over a multi-year time horizon.

Top 12 investment themes in the portfolio



Digital marketing

Promoting products or services through electronic devices is imperative for business success, and business spending in this area has flourished. One key driver of this investment is the desire to capture and use customer data to drive better business outcomes, such as brand awareness and sales conversion. Many more businesses are making substantial investments to upgrade their digital infrastructure. Companies are recognizing the increasing importance of social media, mobile applications, email, search engines and websites for growing their businesses.

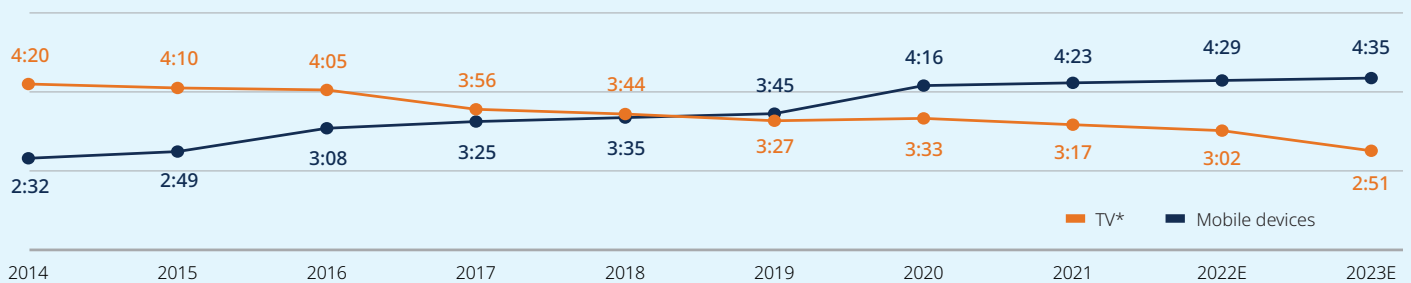
Example stock: Salesforce.com (CRM)

Salesforce.com is a developer and seller of customer relationship management software, with more than 150,000 users across a wide range of industries. The company has leveraged its core Customer Relationship Management (CRM) offering to become a leader in digital marketing solutions. Its broad platform and access to customer data via other cloud offerings puts it in a unique competitive position to deliver effective marketing campaigns to targeted audiences.

Increased screen time

People are spending considerably more time consuming content on electronic devices. In 2019, for the first time, US consumers spent more time with their mobile devices than they did watching TV, according to eMarketer.¹ Smartphones account for 70% of that mobile time. 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. American adults spent about three and a half hours per day using the mobile Internet in 2019, an increase of about 20 minutes from a year earlier.²

Consumers now spend more time with mobile devices than TV - Average hours/minutes per day in the United States



*Excludes digital. Source: eMarketer, June 2022.

Example stock: Adobe (ADBE)

Adobe enables digital content creation by providing software tools for creative professionals and marketers. Adobe's revenue visibility is very high, with the majority of its revenues under subscription. The team believes the company has some of the highest free cash flow margins in software. The team believes that these factors could allow Adobe to grow earnings per share substantially over the next three-plus years.

5G connectivity and the Internet of things

5G stands for fifth-generation wireless technology, which will increase speed and responsiveness and allow 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.

Example stock: American Tower (AMT)

This company rents space on towers and rooftop antennas to wireless carriers and broadcasters. The team believes American Tower offers strong growth potential as companies make the transition to 5G, and as 5G grows beyond cell phones into areas such as health care, which will require even more equipment and tower space.

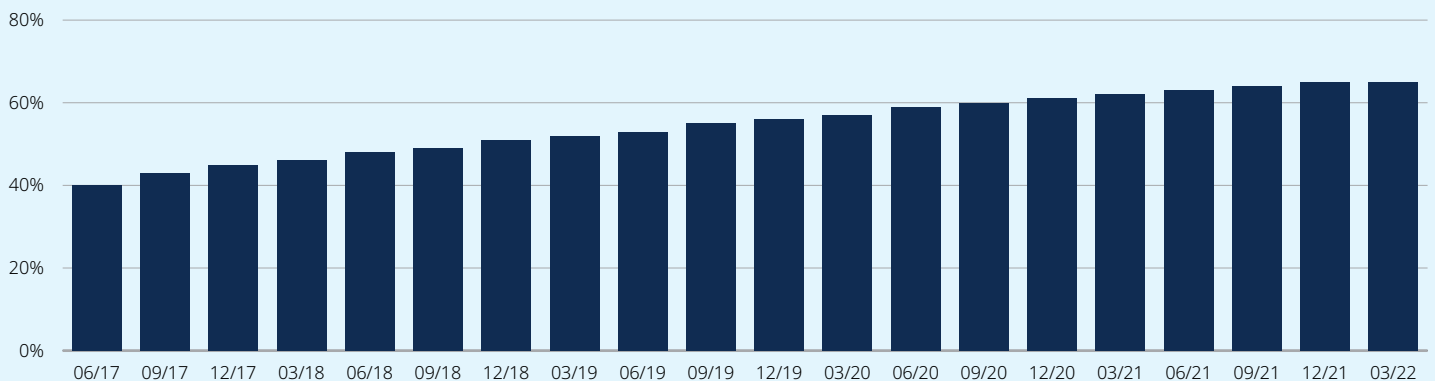
Cloud infrastructure and software

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.

Example stock: Microsoft (MSFT)

While Amazon was a clear first mover in the cloud space, Microsoft is proving to be a fast follower with Azure. Microsoft is transitioning existing customers to Azure to help close the market-share gap. The team believes Azure can achieve a significant growth rate through 2023, which can be well ahead of expectations and not yet priced into the stock.

Microsoft's revenue stream may become more predictable - recurring revenue as a percentage of sales



Source: Microsoft, most recent data available. As of June 30, 2022, American Tower represented 1.31% and Microsoft represented 9.57% of Putnam Growth Opportunities Fund assets

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.

Example stock: 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. We believe 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.

E-commerce and payment processing

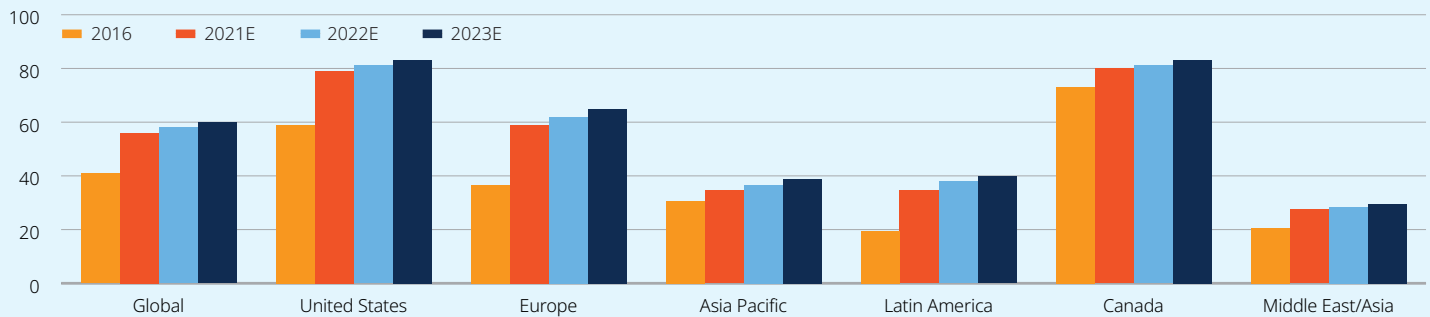
The U.S. e-commerce market has grown 16% annually since 2001, and peer-to-peer electronic money transfers have rapidly become more common. Credit card usage for consumer-to-business payments has increased at a steady pace globally. This should continue as regions with less card usage close the gap with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

Example stock: 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.

Credit card use is expanding globally

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



As of 6/30/22, Lululemon represented 1.19% and Mastercard represented 3.06% of Putnam U.S. Large Cap Growth Equity assets. Exposures are for a representative account within the U.S. Large Cap Growth Equity Composite. Each account is managed individually. Accordingly, account characteristics may vary. Please see the end disclosures for important information about the references to specific investment advice and inclusion of individual companies.

Controlled distribution

An increasing number of retail brand owners are favouring 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.

Example stock: 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.



MACKENZIE
Investments

Autonomous and electric vehicles

Electric vehicle penetration is less than 3% 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.

Example stock: NVIDIA (NVDA)

NVIDIA produces graphics processing units (GPUs) that are used for gaming and entertainment, as well as artificial intelligence. The company maintains dominant market share (over 60%) in GPUs, which are central to the artificial intelligence architecture that enables autonomous driving. While small today, we believe this end market should become material to NVIDIA as autonomous vehicle production ramps up over the coming decade.

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.

Example stock: 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.

Personalized medicine

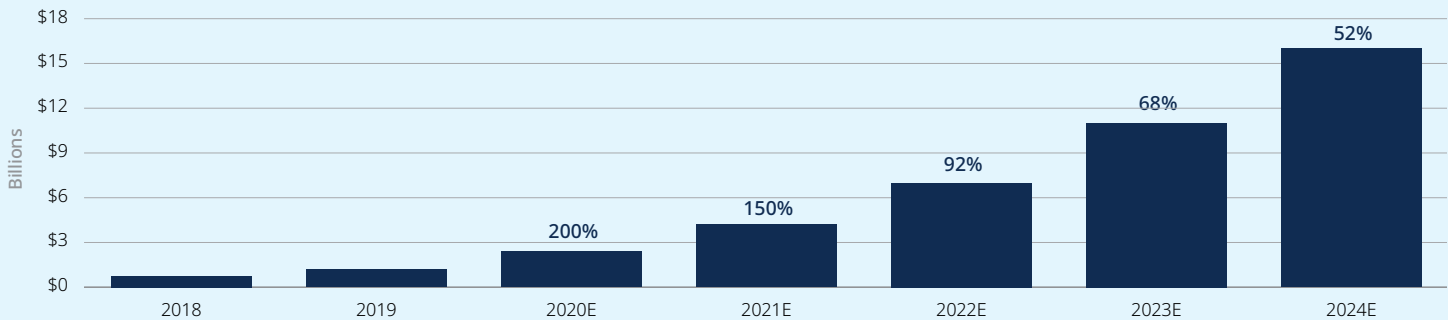
We are in the very early innings of a shift toward a broader application of personalized medicine, where therapies will be targeted to a particular patient based on that individual's DNA, RNA and genetic composition. Many companies are making great strides in cell and gene therapy to help in the diagnosis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

Example stock: Lonza (LONN SW)

Lonza manufactures small- and large-molecule therapies and opened the world's largest dedicated cell and gene therapy facility in 2018. There are hundreds of cell and gene therapy treatments in various phases of development. In order to ramp production and ultimately commercialize these therapies, biopharma companies need contract development manufacturing organizations (CDMOs). Rather than trying to forecast at this stage which individual businesses will be successful, the team is invested in Lonza, which has a solid CDMO businesses.

The cell and gene therapy market was valued at \$5 billion in 2021. It is expected to reach \$37 billion by 2027, growing at a compound annual growth rate of 40%.

The commercial gene therapy market is growing rapidly - compound annual growth rate



Source: EvalatePharma estimates, most recent data available. As of June 30, 2021, Idexx represented 1.46% and Lonza represented 1.11% of Putnam Growth Opportunities Fund assets.

Viral effects

The Covid-19 pandemic brought significant change in areas such as consumer-purchasing preferences, human communication, and workflows. We focus on identifying long-term beneficiaries in a post-pandemic world. Many businesses that were resilient and strong through the pandemic lockdowns have become even stronger, taking market share and further cementing their competitive moats.

Example stock: Danaher (DHR)

Danaher develops leading-edge diagnostic tools. Diagnostic testing for all types of viruses will become prevalent as open economies and free movement of people will need to be balanced with safeguards against infectious diseases. We expect to see a boost in secular demand for Cytiva, Danaher's bioprocessing business, as R&D spend and innovation in the biopharma space should run at structurally elevated levels. Combined, we expect normalized mid-to-high single-digit revenue growth for Danaher for several years.

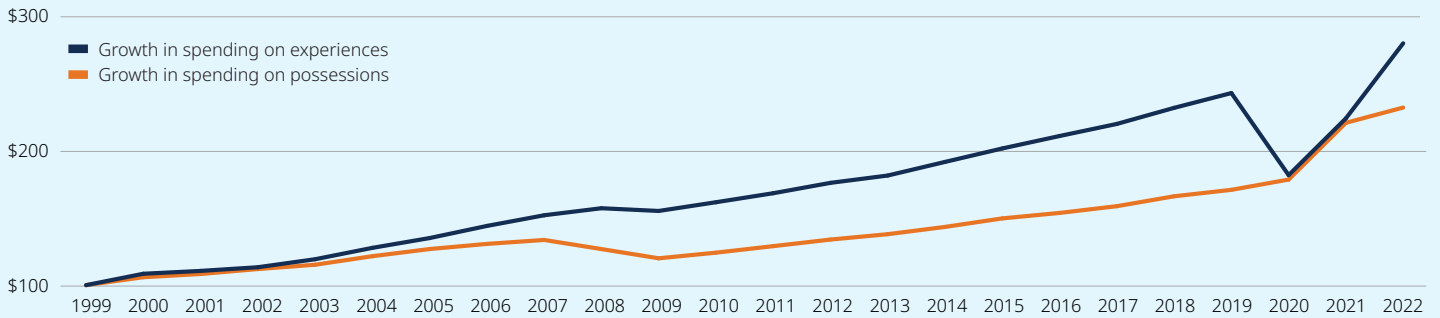
The experience economy

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.

Example stock: Live Nation (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.

Consumers are favoring experiences over durables with their spending



Sources: U.S. Bureau of Economic Analysis, Wells Fargo Securities, LLC. As of June 30, 2022, Danaher represented 1.48% and Airbnb represented 1.11% of Putnam Growth Opportunities Fund assets.

Conclusion

Mackenzie US All Cap Growth Fund seeks to invest in a concentrated portfolio of 60 to 90 companies with durable growth businesses that the team believes will be able to sustain that growth in most macroeconomic environments. As such, the fund may be suitable as part of an investor’s US equity holdings.

To learn more about the Mackenzie US All Cap Growth Fund, please contact your financial advisor.

1 eMarketer: “US Time Spent with Mobile 2019.”

2 Putnam Investments

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