

STEVEN SYRE

BOSTON CAPITAL

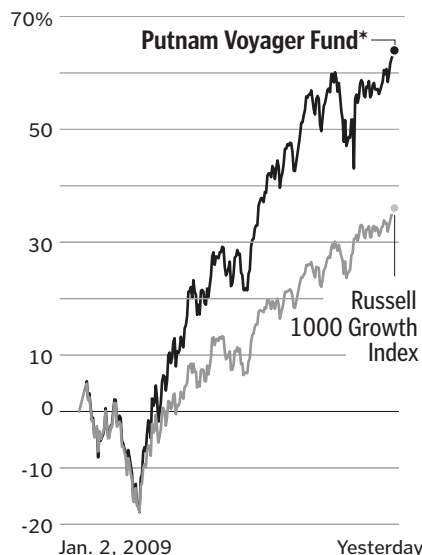
Down-and-out stocks paid off for Putnam manager

A long list of Boston mutual fund managers are going to remember 2009 as their best year in a terrible decade.

Fund managers who lost staggering amounts of money in 2008 have much better stories to tell now. Stocks funds of nearly every flavor have earned meaty double-digit returns and bond funds, too, produced mostly excellent results. While nothing seemed to work last year, nearly every investment style made money in 2009, and many mutual fund managers produced exceptional returns.

So who was Boston's best this year? Among many worthy candidates, Nick Thakore of the Putnam Voyager fund is my choice for the ninth annual Boston Capital Fund Manager of the Year award. He is the first Putnam Investments manager to achieve this flagrantly subjective distinction, joining a roster that includes Fidelity Investments colleagues Will Danoff, Joel Tillinghast, and Bob Litterst; Dan Fuss of Loomis Sayles & Co.; two-time winner Ken Heebner of Capital Growth & Management; Dan Rice of BlackRock Advisors Inc.; and Maura Shaughnessy of MFS Investment Management.

ANNUAL RETURN



*Through Dec. 24

SOURCE: Bloomberg

GLOBE STAFF

Thakore's fund earned blockbuster returns, ran circles around the competition, and did it all without making huge bets on a few stocks or industry sectors. Voyager clocked a 65.6 percent gain this year, through the end of last week, placing it among the top 2 percent of funds that invest in large company growth stocks. The Russell 1000 Growth Index, a leading investment benchmark for those funds, advanced 39.3 percent over the same period.

Voyager — and Putnam — are sorely in need of a good-news story. Long Putnam's flagship stock fund, Voyager went from industry star to also-ran as steep investment losses and shareholder defections took their toll over the past decade. Voyager managed a whopping \$46 billion at the beginning of the decade but now invests just \$3.5 billion.

Thakore joined Putnam late last year, one of many new money managers hired by Putnam president Bob Reynolds to reinvigorate the company's mutual fund performance. Besides lifting Voyager's 2009 profile, he also improved its longer term rankings. Once below average in the important three- and five-year return categories, Voyager is now among the top 10 percent.

Thakore credits the fund's results to the performance of many individual stocks, particularly shares of cyclical growth companies that should perform better as the economic cycle improves. He bought many of those shares at rock-bottom prices during the stock market's darkest months earlier this year.

"I thought it was the best stock-picking environment I ever saw," says Thakore. "People were hesitant to buy stocks like Aflac Inc. and CBS Corp. when they were way down and out. I think I took more advantage of that."

Thakore says he felt confident owning those stocks because he believed the government's stimulus plans, the ability of banks to raise capital, and other efforts would help the economy avert the disaster that had been priced into many shares.

He attributes 90 percent of Voyager's performance to individual stock selections and the balance to how he divided the portfolio among different industries. But it wasn't a few huge home runs that led the fund to beat the competition.



JONATHAN WIGGS/GLOBE STAFF

"I thought it was the best stock-picking environment I ever saw," said Putnam's Nick Thakore, Boston Capital's Fund Manager of the Year.

"It would be easy to look for a magic bullet, but it was very much broad-based stock-picking," he says. "I feel like I got the performance in a prudent way."

Voyager did have dazzling winners from a few glitzy stocks, such as Apple Inc., which remains the fund's largest individual investment. But it won bets on beaten down media stocks such as CBS and Time Warner Cable Inc. that had become extremely cheap. It also bought Pfizer Inc. and Macy's Inc., neither of which had jack-rabbit growth prospects but turned out to be exceptional bargains.

Thakore says Voyager's more recent investments have shifted from cyclical growth stocks to what he calls stable growth shares, like Raytheon Co. and Qualcomm Inc.

He remains upbeat about the stock market overall, believing the economic recovery will gain strength in 2010. The kind of improving economy Thakore expects would still make stock prices attractive. "If the market was a 10 in March, I still think it's a 7 or 8 today," says Thakore. "People have been so burned they're hesitant to embrace this recovery and want to see more evidence. I think there's still a lot of potential fuel."

Stock fund managers are notoriously optimistic about the prospects for stocks. Nick Thakore may be right or wrong about next year. But he made the right call time after time in 2009, and that's how he became Boston's mutual fund manager of the year.

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The views expressed in this article are exclusively those of Steven Syre of *The Boston Globe* and are not meant as investment advice. The article was published December 29, 2009, and all data contained in the article is as of December 24, 2009. The opinions expressed by Nick Thakore, Portfolio Manager of Putnam Voyager Fund, should not be construed as investment advice and are subject to change with market conditions. Opinions are not meant as a forecast of market events.

Putnam Voyager Fund Annualized total return performance for class A shares as of 11/30/09	Before sales charge	After sales charge	Russell 1000 Growth Index
1 year	63.59%	54.15%	35.50%
3 years	1.19%	-0.80%	-2.77%
5 years	3.47%	2.25%	1.80%
10 years	-1.67%	-2.25%	-3.33%

Putnam Voyager Fund Annualized total return performance for class A shares as of 9/30/09	Before sales charge	After sales charge	Russell 1000 Growth Index
1 year	24.21%	17.05%	-1.85%
3 years	3.42%	1.40%	-2.50%
5 years	4.48%	3.26%	1.86%
10 years	-0.06%	-0.65%	-2.56%

Fund's total expense ratio: 1.20%

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 A shares before sales charge assumes reinvestment of distributions and does not account for taxes. After-sales-charge returns reflect a maximum 5.75% load. The fund's expense ratio is taken from the most recent prospectus and is subject to change. A 1% short-term trading fee may apply. To obtain the most recent month-end performance, visit putnam.com. Recent performance benefited from receipt of an Enron class action settlement pertaining to investments made prior to 2002. The Russell 1000 Growth Index is an unmanaged index of those companies in the large-cap Russell 1000 Index chosen for their growth orientation. You cannot invest directly in an index.

Lipper ranked Putnam Voyager Fund 5/820, 50/582, and 121/302 for the 1-, 5-, and 10-year periods, respectively, as of 11/30/09 in the Large-Cap Growth category. Lipper rankings for class A shares are based on total return without sales charge relative to all share classes of funds with similar objectives as determined by Lipper. Past performance is not indicative of future results.

As of 12/24/09, the Russell 1000 Growth Index had a year-to-date return of 38.4%, according to Putnam Investments. Performance in the annual return chart contained in the article does not reflect sales charges.

As of 11/30/09, the following stocks represent percentages of total holdings in Putnam Voyager Fund: Aflac (AFL), 3.14%; CBS Corp (CBS), 0.60%; Apple (AAPL), 3.82%; Time Warner Cable (TWC), 2.59%; Pfizer (PFE), 1.92%; Macy's Inc. (M), 0.88%; Raytheon (RTN), 1.35%; and Qualcomm (QCOM), 3.02%. Holdings and sector allocations will vary over time.

Consider these risks before investing: Putnam Voyager Fund invests some or all of its assets in small and/or midsize companies. Such investments increase the risk of greater price fluctuations. Stocks with above-average earnings may be more volatile, especially if earnings do not continue to grow.

Not FDIC Insured	May Lose Value	No Bank Guarantee
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Investors should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing. For a prospectus, or summary prospectus if available, containing this and other information for any Putnam fund or product, call your financial representative or call Putnam at 1-800-225-1581. Please read the prospectus carefully before investing.