

# Putnam U.S. Small Cap Growth Equity SMA



Separately Managed Accounts | Fact Sheet as of December 31, 2025

## Investment overview

The Putnam U.S. Small Cap Growth Equity SMA seeks to combine the benefits of quality-growth and aggressive-growth companies while also managing risk at multiple levels.

## Investment objective

The strategy seeks to outperform the Russell 2000 Growth Index over a full market cycle.

## Investment philosophy and process

We believe that stock prices follow earnings and cash flow growth, and that fundamental research offers unique insights into the growth dynamics of small companies.

### Combines quality and aggressive growth

Seeks to offer exposure to high-quality and aggressive growth small-cap stocks

### Research-intensive process

Focuses on fundamental research to identify where the market has undervalued the duration or magnitude of a company's growth potential

### Long-term investment horizon

Pursues the power of compounding growth, and aims embed risk management at multiple levels

## Key differentiators

- Competitive long-term track record driven by stock selection
- Supported by a dedicated team of small-cap specialists as well as sector and industry experts from Putnam's collaborative research platform

## Management team

Putnam is a diversified equity-only asset manager serving investors worldwide. The firm has roots dating back to 1937, decades of experience in changing markets, and a tenured portfolio management team. Putnam offers a range of stock-driven portfolios that seeks to pursue consistent outperformance while managing downside risk.

## Investment management team

**Bill Monroe, CFA**  
**Portfolio Manager**  
Industry since 1996

**Tania Harsono, CFA**  
**Portfolio Manager**  
Industry since 2011

No assurance can be given that the investment objective will be achieved or that an investor will receive a return of all or part of their initial investment. Actual results could be materially different from the stated goals. As with any investment, there is a potential for profit as well as the possibility of loss. Use of models and analytical, quantitative and risk management tools and techniques is no guarantee of investment success or positive performance.

## Investment process

### STEP 1

#### Idea generation

- Take a broad view of initial universe, looking for stocks within and beyond the Russell 2000 Growth Index that fit the strategy mandate of small-cap and growth
- Focus on outliers on metrics most relevant to their sectors and industries to identify compelling opportunities
- Generate additional ideas through analysts, company meetings, conferences, channel checks, and competitors

### STEP 2

#### Fundamental research

- Conduct in-depth fundamental analysis
- Meet with company management teams and/or visit companies in person
- Complete deep fundamental analysis of a company's competitive advantages, market position, competitors, suppliers, and customers

### STEP 3

#### Risk management and portfolio construction

- Focus on constructing a portfolio driven by fundamental research and stock selection
- Aim for 60%–80% of portfolio in high-quality growth (larger initial weights)
- Aim for 20%–40% aggressive growth (smaller initial weights)
- Employ sector weight guardrails
- Seek to take advantage of compounding growth over the long-term
- Ensure individual position sizes do not exceed 5%

The investment process may change over time. The characteristics set forth above are intended as a general illustration of some of the criteria the strategy team considers in selecting securities for client portfolios. There is no guarantee that investment objectives will be achieved.

## Portfolio Information†

As of December 31, 2025

### Top Ten Holdings (%)

	Portfolio
Comfort Systems USA	2.63
Nova	2.62
Carpenter Technology	2.50
Huron Consulting Group	2.45
RBC Bearings	2.32
Advanced Energy Industries	2.27
Ensign Group	2.10
Encompass Health	2.00
SPX Technologies	1.82
Stepstone Group	1.81
<b>Total</b>	<b>22.52</b>

### Sector Weightings (%)

	Portfolio	BM
Industrials	30.69	21.74
Health Care	23.18	25.82
Information Technology	21.59	21.17
Consumer Discretionary	10.57	8.03
Financials	8.83	9.84
Energy	2.42	2.83
Real Estate	1.52	2.16
Utilities	0.51	0.51
Materials	0.44	3.50
Communication Services	0.00	2.35
Consumer Staples	0.00	2.05
Cash & Other Net Assets	0.27	0.00

### Market Capitalization (%)

	Portfolio
Less than \$1B	0.00
\$1B - \$3B	7.00
\$3B - \$6.3B	28.05
Over \$6.3B	64.69
Cash and other assets	0.27

### Characteristics

	Portfolio	BM
Estimated 3-5 Year EPS Growth	15.62%	14.70%
Price to Earnings (12-Month Forward)	29.98x	36.66x
Price to Book	6.56x	5.00x
Dividend Yield*	0.21%	0.49%
Median Market Cap (Millions USD)	\$7,036	\$1,317
Weighted Average Market Capitalization (Millions USD)	\$9,812	\$5,541
Price to Sales	3.84x	2.21x
Portfolio Turnover	59.50%	0.00%
Cash Weight	0.27%	0.00%
Total strategy assets (Millions USD)	\$4,372	-

**Dividend Yield is calculated without the deduction of fees and expenses.**

Source: Putnam Investments. Portfolio characteristics are for a representative account and are shown for illustrative purposes only. Each account is managed individually. Accordingly, characteristics may vary.

## Performance

### Annualized Rates of Return – Gross and Net of Fees (%) as of December 31, 2025 – (Inception date: 1/31/2000)

	1 Mth	3 Mths	YTD	1 Year	3 Year	5 Year	10 Year
U.S. Small Cap Growth Equity–Gross of Fees—(USD)	-2.27	-2.01	10.04	10.04	19.45	7.46	14.67
U.S. Small Cap Growth Equity–Net of Fees—(USD)	-2.52	-2.74	6.85	6.85	16.01	4.34	11.35
Russell 2000 Growth Index —(USD)	-1.28	1.22	13.01	13.01	15.59	3.18	9.57

### Calendar-Year Total Returns – Gross and Net of Fees (%) ending December 31

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
U.S. Small Cap Growth Equity–Gross of Fees—(USD)	10.04	24.49	24.41	-27.20	15.51	49.51	39.35	-1.27	21.70	9.54
U.S. Small Cap Growth Equity–Net of Fees—(USD)	6.85	20.91	20.83	-29.39	12.17	45.27	35.38	-4.17	18.20	6.36
Russell 2000 Growth Index —(USD)	13.01	15.15	18.66	-26.36	2.83	34.63	28.48	-9.31	22.17	11.32

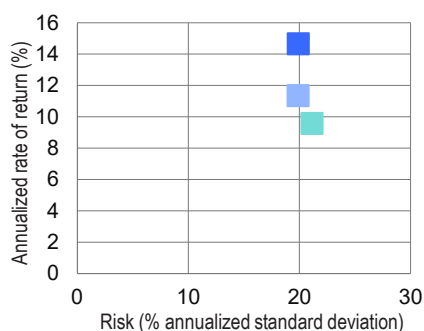
Please visit [www.franklintempleton.com](http://www.franklintempleton.com) for the latest performance figures.

Periods less than one year are not annualized. Performance results are for the composite which includes all actual, fully discretionary accounts with substantially similar investment policies and objectives managed to the composite's investment strategy. Composite returns are stated in U.S. dollars and assume reinvestment of any dividends, interest income, capital gains, or other earnings. The composite may include account(s) that are gross of fees and pure gross of fees. "Pure" gross-of-fee returns do not reflect the deduction of any expenses, including transaction costs. A traditional (or "true") gross-of-fee return reflects performance after the reduction of transaction costs but before the reduction of the investment advisory fee. The gross-of-fee return may include a blend of "true" gross-of-fee returns for non-wrap accounts and "pure" gross-of-fee returns for wrap accounts. Net-of-fee returns is reduced by a model "wrap fee" (3.0% is the maximum anticipated wrap fee for equity and balanced portfolios) which includes trading expenses as well as investment management, administrative and custodial fees. The model wrap fee used represents the highest anticipated wrap fee applicable to the strategy. Actual fees and account minimums may vary.

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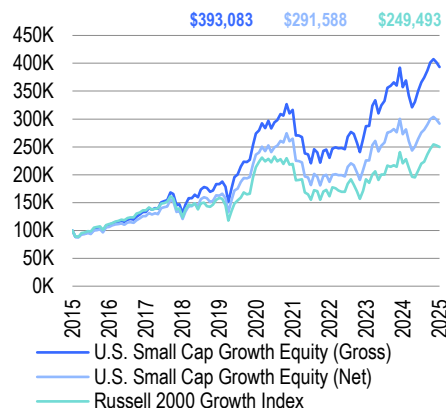
## Composite Performance Statistics<sup>1</sup> (based on 10-year period ending December 31, 2025)

### Risk/Return profile (%)

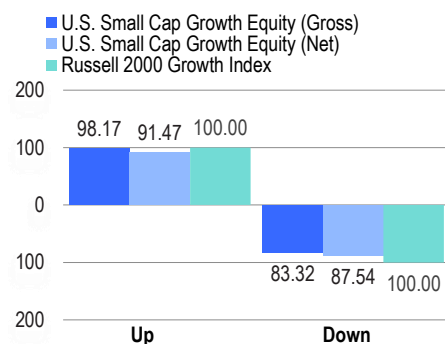


■ U.S. Small Cap Growth Equity (Gross)	
Annualized Return (%)	14.67
Annualized Standard Deviation (%)	19.89
■ U.S. Small Cap Growth Equity (Net)	
Annualized Return (%)	11.35
Annualized Standard Deviation (%)	19.89
■ Russell 2000 Growth Index	
Annualized Return (%)	9.57
Annualized Standard Deviation (%)	21.13

### Growth of \$100,000\*



### Up/Down market capture ratios (%)



### Modern portfolio statistics

	Portfolio (Gross)	Portfolio (Net)	BM
Sharpe Ratio	0.68	0.53	0.44
Beta	0.90	0.90	N/A
Alpha (%)	5.38	2.31	N/A
R-Squared	0.91	0.91	N/A

	(+) Months	(-) Months
Gross:	73	47
Net:	73	47

<sup>1</sup> Source: Putnam Investments.

\*For illustrative purposes only. Assumes no withdrawals or contributions. These statistics are based on gross and net-of-fees quarterly composite returns, were calculated assuming reinvestment of dividends and income, and take into account both realized and unrealized capital gains and losses.

Periods less than one year are not annualized. Performance results are for the composite which includes all actual, fully discretionary accounts with substantially similar investment policies and objectives managed to the composite's investment strategy. Composite returns are stated in U.S. dollars and assume reinvestment of any dividends, interest income, capital gains, or other earnings. The composite may include account(s) that are gross of fees and pure gross of fees. "Pure" gross-of-fee returns do not reflect the deduction of any expenses, including transaction costs. A traditional (or "true") gross-of-fee return reflects performance after the reduction of transaction costs but before the reduction of the investment advisory fee. The gross-of-fee return may include a blend of "true" gross-of-fee returns for non-wrap accounts and "pure" gross-of-fee returns for wrap accounts. Net-of-fee returns are reduced by a model "wrap fee" (3.0% is the maximum anticipated wrap fee for equity and balanced portfolios) which includes trading expenses as well as investment management, administrative and custodial fees. The model wrap fee used represents the highest anticipated wrap fee applicable to the strategy. Actual fees and account minimums may vary.

## Terms and definitions:

**Dividend yield** is determined by dividing a stock's annual dividends per share by the current market price per share. Dividend yield is a financial ratio that shows how much a company pays out in dividends. **Dividend yield is calculated without the deduction of fees and expenses.**

**P/E (Year 1)** is the previous day's closing price of the stock divided by the consensus earnings per share (EPS) of fiscal year 1 (FY1) provided by I/B/E/S. Forecasts are inherently limited and should not be relied upon as indicators of future performance.

The **price-to-book ratio (P/B)** is a stock's price divided by the stock's per share book value. Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of a common stock.

**Weighted median market capitalization** represents the value at which half the portfolio's market capitalization weight falls above, and half falls below.

**Weighted average market capitalization** represents the average value of the companies held in the portfolio. When that figure is weighted, the impact of each company's capitalization on the overall average is proportional to the total market value of its shares.

**Market capitalization** measures the number of outstanding common shares of a given corporation multiplied by the latest price per share.

**Standard deviation** measures the risk or volatility of an investment's return over a particular time period; the greater the number, the greater the risk.

The **up-capture ratio** measures the manager's overall performance to the benchmark's overall performance, considering only quarters that are positive in the benchmark. An up-capture ratio of more than 100 indicates a manager who outperforms the relative benchmark in the benchmark's positive quarters.

The **down-capture ratio** is the ratio of the manager's overall performance to the benchmark's overall performance, considering only quarters that are negative in the benchmark. A down-capture ratio of less than 100 indicates a manager who outperforms the relative benchmark in the benchmark's negative quarters and protects more of a portfolio's value during down markets.

**Alpha** is a measure of performance vs. a benchmark on a risk-adjusted basis. A positive alpha of 1.0 means the portfolio has outperformed its benchmark index by 1%. Correspondingly, a similar negative alpha would indicate an underperformance of 1%. Alpha is a measure of the difference between actual returns and expected performance measuring sensitivity to index movements.

**Beta** measures the sensitivity of an investment to the movement of its benchmark. A beta higher than 1.0 indicates the investment has been more volatile than the benchmark and a beta of less than 1.0 indicates that the investment has been less volatile than the benchmark.

**Sharpe ratio** is a risk-adjusted measure, calculated using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe ratio, the better a portfolio's historical risk-adjusted performance.

**R-squared** measures the strength of the linear relationship between a portfolio and its benchmark. R-squared at 1.00 implies perfect linear relationship and zero implies no relationship exists.

The **Russell 2000 Growth Index** measures the performance of the small-cap growth segment of the U.S. equity universe. Source: FTSE.

## What are the risks?

**All investments involve risks, including possible loss of principal. Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. The **investment style** may become out of favor, which may have a negative impact on performance. To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. 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.

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