FRANKLIN TEMPLETON | Putnam INVESTMENTS

Putnam U.S. Small Cap Growth Equity SMA

Commentary | as of June 30, 2026

Key Takeaways

- **Markets:** US equities advanced in the second quarter, supported by strong corporate earnings, resilient economic data and enthusiasm around artificial intelligence (AI) infrastructure and software.
- **Contributors**: Stock selection in industrials and information technology.
- **Detractors**: Stock selection in health care and consumer discretionary.
- **Outlook**: US equity markets continue to offer attractive opportunities for bottom-up stock selection, particularly as market leadership broadens beyond technology-driven themes.

Performance Review

- For the quarter, the strategy outperformed its benchmark, the Russell 2000 Growth Index, driven by both positive stock selection and sector allocation decisions.
- Selections in industrials and energy were the primary contributors to relative gains. Conversely, holdings in health care and consumer discretionary partially offset those gains.
- Individual contributors included overweight positions in DigitalOcean and Bloom Energy, as well as an out-of-benchmark position in Carpenter Technology. Top detractors included overweight positions in Huron Consulting, Ensign Group, and Insmed.
- As of quarter-end, the strategy held 103 securities. The portfolio's largest overweights relative to the benchmark were in industrials and information technology; its largest underweights were in health care and real estate.

Outlook

- In a market environment likely to remain volatile, we aim to maintain a well-diversified, bottom-up portfolio focused on individual stock selection.
- As always, we focus on companies with accelerating demand growth, strong order flow visibility, and the potential for earnings growth independent of broader market trends.

Top Equity Issuers (% of Total)

Holding	Portfolio
RBC Bearings Incorporated	2.66
DigitalOcean Holdings, Inc.	2.60
Nova Ltd.	2.56
Advanced Energy Industries, Inc.	2.20
BrightSpring Health Services, Inc.	2.02
Enova International, Inc.	1.99
Bel Fuse Inc.	1.77
IES Holdings, Inc.	1.73
Fabrinet	1.66
VSE Corporation	1.62

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns (%) - as of June 30, 2026-PRELIMINARY

Composite	3-Mo*	6-Mo*	YTD*	1-Yr	3-Yr	5-Yr	10-Yr	15-Yr	20-Yr	25-Yr	Inception	Inception Date
Gross of Fees	28.19	28.45	28.45	38.01	23.42	11.42	18.16	14.64	13.01	12.47	11.48	1/31/2000
Net of Fees	27.32	26.63	26.63	34.08	19.87	8.19	14.75	11.33	9.74	9.21	8.25	1/31/2000
Benchmark	25.71	22.18	22.18	38.74	18.44	5.57	11.97	10.81	9.53	8.29	6.84	–

*Cumulative total returns

Benchmark(s)

Benchmark =Russell 2000 Growth Index

The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward).

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Past performance is not a guarantee of future results. An investment in this strategy can lose value. Please visit www.franklintempleton.com for the latest performance figures. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Fees: 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.
For fee schedules, contact your financial professional, or if you enter into an agreement directly with Franklin Templeton Private Portfolio Group, LLC ("FTPPG"), refer to FTPPG's Form ADV Part 2A disclosure document. Management and performance of individual accounts may vary for reasons that include the existence of different implementation practices and model requirements in different investment programs.

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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The **Russell 2000 Growth Index** measures the performance of the small-cap growth 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.

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