

Putnam U.S. Small Cap Growth Equity SMA

Commentary | as of March 31, 2026

Key Takeaways

- **Markets:** US equities declined in a quarter marked by turbulence and uncertainty related to the Iran conflict.
- **Contributors:** Stock selection in information technology and industrials
- **Detractors:** Stock selection in health care and financials
- **Outlook:** Against a market backdrop that is likely to remain volatile for the foreseeable future, we are focused on constructing a portfolio driven by stock selection.

Performance Review

- For the quarter, the strategy outperformed its benchmark, the Russell 2000 Growth Index. Stock selection primarily drove strength, while sector allocations were modestly additive to relative performance.
- Selections in information technology and industrials proved notably beneficial, while holdings in health care and financials offset some of this strength.
- Individual contributors to performance included out-of-benchmark positions in Comfort Systems and Nova, and an overweight position in Advanced Energy Industries. Top individual detractors included overweight positions in Huron Consulting, ADMA Biologics, and GeneDx.
- As of quarter-end, the portfolio is most overweight in industrials and information technology. The portfolio is most underweight in health care and materials.

Outlook

- Against a market backdrop that is likely to remain volatile for the foreseeable future, we seek to remain well-diversified and focused on constructing a bottom-up portfolio driven by stock selection.
- As always, we are interested in companies that can deliver accelerating demand growth, highly visible order flows, and idiosyncratic earnings growth.

Top Equity Issuers (% of Total)

Holding	Portfolio
Advanced Energy Industries	3.40
Comfort Systems USA	3.21
Nova	3.13
Carpenter Technology	2.90
RBC Bearings	2.87
Ensign Group	2.44
Bloom Energy	2.40
Fabrinet	2.15
Huron Consulting Group	1.90
Aritzia	1.78

Average annual total returns (%) - as of March 31, 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	0.20	-1.81	0.20	22.73	16.76	6.79	15.42	12.84	11.35	12.05	10.54	1/31/2000
Net of Fees	-0.54	-3.26	-0.54	19.20	13.39	3.68	12.09	9.57	8.12	8.80	7.33	1/31/2000
Benchmark	-2.81	-1.63	-2.81	23.58	12.27	1.62	9.79	9.09	7.88	8.02	5.98	—

*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).

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.

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

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Source: FTSE.

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