FRANKLIN TEMPLETON | Putnam INVESTMENTS

Putnam U.S. Large Cap Growth Equity Concentrated SMA

Commentary | as of June 30, 2026

Key Takeaways

- **Markets:** US equities advanced in a strong but volatile quarter, supported by resilient earnings, enthusiasm around artificial intelligence (AI), and solid economic data despite geopolitical and inflation concerns.
- **Contributors**: Stock selection in information technology, industrials and consumer discretionary.
- **Detractors:** Stock selection in communication services.
- **Outlook:** While volatility and macroeconomic uncertainty are likely to persist, earnings growth, AI-related investment, and broader market participation continue to provide support for US growth equities.

Performance Review

- The strategy outperformed its benchmark, the Russell 1000 Growth Index. Stock selection drove relative outperformance, while sector allocations had minimal impact. Holdings in information technology, industrials and consumer discretionary drove relative outperformance, while those in communication services offset some strength.
- Top contributors to relative performance included overweight positions in Lam Research (information technology), Advanced Micro Devices (information technology), Snowflake (information technology) and Caterpillar (industrials).
- Individual detractors included lack of exposure to KLA (information technology), Palo Alto Networks (information technology), and Applied Materials (information technology).

Outlook

- This year's highly significant Russell 1000 Growth Index reconstitution included additions and deletions as company fundamentals, market capitalizations, and style characteristics shifted. To us, these changes reinforced the broadening we have been observing, rather than signaling a return to greater concentration within the Magnificent Seven.
- We are also seeing more companies benefit from AI buildouts and monetization, expanding opportunities beyond the most visible AI beneficiaries.
- A newer area of focus for the portfolio is "Embedded Intelligence," which reflects the integration of AI and advanced analytics into products, workflows, infrastructure, and mission-critical business processes. We believe this theme may create opportunities for companies with differentiated data, durable customer relationships, and the ability to embed intelligence in ways that improve productivity, automation, or decision-making, including industrial automation, health care, transportation/logistics, and heavy equipment.
- Potential headwinds include worsening consumer sentiment, rising inflation, elevated valuations, and ongoing geopolitical tensions. Strong equity returns are rarely realized in a straight line and are often accompanied by high volatility. While heightened volatility can bring ongoing risks, it can also provide attractive opportunities for long-term, fundamental investors.
- Our goal, as always, is to anchor our process to the fundamentals of each business and build a portfolio driven by the bottom-up work of our analyst team, rather than taking meaningful bets on factor or macroeconomic exposure.
- As of quarter-end, information technology was the portfolio's largest absolute sector exposure, but also the largest underweight relative to the benchmark, followed by industrials. The portfolio was most overweight health care and materials and had no exposure to energy, real estate or utilities.

Top Equity Issuers (% of Total)

Holding	Portfolio
NVIDIA Corporation	11.73
Alphabet Inc.	10.47
Broadcom Inc.	5.54
Apple Inc.	5.30
Lam Research Corporation	4.76
Eli Lilly and Company	4.39
Micron Technology, Inc.	4.23
Meta Platforms, Inc.	4.13
Microsoft Corporation	3.42
Advanced Micro Devices, Inc.	3.19

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	18.48	7.69	7.69	17.68	23.12	13.15	—	—	—	—	19.33	3/31/2017
Net of Fees	17.66	6.12	6.12	14.28	19.58	9.88	—	—	—	—	15.89	3/31/2017
Benchmark	16.74	5.33	5.33	17.71	22.58	13.71	—	—	—	—	18.42	—

*Cumulative total returns

Benchmark(s)

Benchmark =Russell 1000 Growth Index

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

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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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What are the Risks?

All investments involve risks, including possible loss of principal. 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 portfolio is **non-diversified** and may invest in a relatively small number of issuers, which may negatively impact the performance and result in greater fluctuation in value. 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.

Glossary

The **Magnificent Seven** stocks are Apple, Amazon, Alphabet, Meta Platforms, Microsoft, Nvidia, and Tesla.

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The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe.

Source: FTSE.

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