

Putnam U.S. Large Cap Growth Equity Concentrated SMA

Commentary | as of December 31, 2025

Key Takeaways

- **Markets:** US equity markets delivered gains in the fourth quarter, driven by strong earnings and Fed interest-rate cuts. Gains were modest for large-cap growth stocks.
- **Contributors:** Stock selection in health care and consumer discretionary
- **Detractors:** Stock selection in information technology and communication services
- **Outlook:** We continue to see structural tailwinds and exciting multiyear trends that we believe can drive sustained growth for many businesses.

Performance Review

- The strategy posted a modest absolute return but trailed its benchmark for the quarter (both gross and net of fees). Stock selection in information technology and communication services weighed most on results. Offsetting some of the weakness were selections in health care and consumer discretionary.
- Top contributors to relative performance included an overweight position in Eli Lilly (health care) and an out-of-benchmark position in Capital One (financial services). Detractors included underweight exposure to Alphabet (communication services) and an overweight position in Advanced Micro Devices (information technology).
- Notable new positions added during the quarter included Lam Research (information technology), Advanced Micro Devices (information technology), and General Electric (industrials). Notable sales included TransDigm (industrials), Copart (industrials), and American Tower (real estate).

Outlook

- Whether momentum is taking a breather or we're seeing the start of a lasting fade is not a call we are trying to make. However, we continue to see structural tailwinds and exciting multiyear trends that we believe can drive sustained growth for many businesses.
- While we remain vigilant about macroeconomic factors, our process is driven through a bottom-up stock selection process married with top-down growth themes.
- Our efforts, with the help of the analyst team, have consistently focused on identifying companies that can succeed in a variety of economic environments and do not require an economic acceleration to do so. We continue to monitor all information and will assess the impact to the fundamentals on a stock-by-stock basis.
- Changes in the relative positioning of the strategy are primarily a result of our fundamental, bottom-up process of evaluating the opportunity and risk of individual stocks. As of quarter-end, the largest absolute position is information technology; however, the portfolio is underweight relative to the benchmark. The largest underweight is to consumer staples, where the portfolio has no exposure. The portfolio also has no exposure to energy.

Top Equity Issuers (% of Total)

Holding	Portfolio
NVIDIA	12.88
Microsoft	10.49
Apple	9.65
Broadcom	6.83
Meta	5.21
Alphabet	4.94
Amazon	4.55
Tesla	4.44
Eli Lilly	4.24
Mastercard	3.38

Average annual total returns (%) - as of December 31, 2025

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	0.77	9.28	16.09	16.09	31.62	14.29	—	—	—	—	19.53	3/31/2017
Net of Fees	0.03	7.69	12.74	12.74	27.86	10.99	—	—	—	—	16.08	3/31/2017
Benchmark	1.12	11.75	18.56	18.56	31.15	15.32	—	—	—	—	18.87	—

*Cumulative total returns

Benchmark(s)

Benchmark = Russell 1000 Growth Index

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

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Source: FTSE.

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