

Putnam U.S. Large Cap Growth Equity Concentrated SMA

Commentary | as of March 31, 2026

Key Takeaways

- **Markets:** Large-cap growth stocks were weak during the first quarter, driven by underperforming technology stocks and geopolitical uncertainty.
- **Contributors:** Stock selection in industrials and information technology
- **Detractors:** Stock selection in health care and real estate
- **Outlook:** Over the balance of the year, we expect to see a number of stock-specific opportunities emerge and believe the portfolio is well-positioned for long-term growth.

Performance Review

- The strategy outperformed its benchmark, the Russell 1000 Growth Index. Stock selection drove relative outperformance, while sector allocations were modestly additive. Holdings in the industrials and information technology sectors drove relative outperformance, while those in the health care and real estate sectors offset some strength.
- Top contributors to relative performance included overweight positions in GE Vernova (industrials), Lam Research (information technology), and Caterpillar (industrials). Individual detractors included an overweight position in ServiceNow (information technology), an out-of-benchmark position in Capital One Financial (financials), and lack of exposure to KLA (information technology).
- Notable new positions added during the quarter include Costco (consumer staples), Caterpillar (industrials) and Hilton Worldwide (consumer discretionary). Notable eliminations included AppLovin (information technology) and Waste Connections (industrials).

Outlook

- There is ongoing discussion around broadening leadership in the growth universe, and we anticipate some degree of increased breadth going forward.
- Over the balance of the year, we expect to see a number of stock-specific opportunities emerge and believe the portfolio is well-positioned for long-term growth.
- Another area of focus in the market is expectations around several high-profile IPOs this year. We believe the initial weight in benchmarks like the Russell 1000 Growth will be quite small (under 10bps). While audited financials are not yet available, these companies have been closely followed and researched by our team. Any IPO participation decision will depend on fundamentals, industry analysis, and valuation-based risk-reward, as it would be for any other security under consideration.
- Potential headwinds for equities include worsening consumer sentiment, rising inflation, valuations, and ongoing geopolitical tensions. Strong equity returns are rarely realized in a straight line but rather are accompanied by high volatility. We expect no different in today's environment. It is important to remember that heightened volatility can bring ongoing risks but can also provide attractive opportunities for long-term, fundamental investors.
- While we remain vigilant on macroeconomic factors, our process is driven through a bottom-up stock selection process married with top-down growth themes. We continue to see structural tailwinds and exciting multiyear trends that we believe can drive sustained growth for many businesses.
- More broadly, we believe that innovation in the economy will come from traditional growth sectors in the next 5 years. These sectors include information technology, health care, consumer discretionary and industrials. These four sectors combined make up over 75% of the portfolio. Our goal, as always, is to anchor our process to the fundamentals of each business and to build a portfolio driven by the bottom-up work of our analyst team, rather than taking meaningful bets on factor or macroeconomic exposure.

Top Equity Issuers (% of Total)

Holding	Portfolio
NVIDIA	14.01
Apple	9.91
Microsoft	8.03
Broadcom	6.72
Alphabet	4.99
Meta	4.97
Amazon	4.52
Tesla	4.03
Eli Lilly	3.99
GE Vernova	3.79

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	-9.11	-8.41	-9.11	17.81	21.75	11.99	—	—	—	—	17.68	3/31/2017
Net of Fees	-9.80	-9.78	-9.80	14.42	18.25	8.74	—	—	—	—	14.28	3/31/2017
Benchmark	-9.78	-8.76	-9.78	18.81	21.18	12.76	—	—	—	—	16.95	—

*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).

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.

Putnam Investments claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

To obtain specific information on available products and services or a GIPS Report, contact your Franklin Templeton separately managed account sales team at (800) DIAL BEN/342-5236.

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.

Important Information

The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or portfolio. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of the date of this material and may change without notice. A portfolio manager's assessment of a particular security, investment or strategy is not intended as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy; it is intended only to provide insight into the portfolio's selection process. Holdings are subject to change.

These materials are being provided for illustrative and informational purposes only. The information contained herein is obtained from multiple sources that are believed to be reliable. However, such information has not been verified, and may be different from the information included in documents and materials created by the sponsor firm in whose investment program a client participates. Some sponsor firms may require that these materials be preceded or accompanied by investment profiles or other documents or materials prepared by such sponsor firms, which will be provided upon a client's request. For additional information, documents and/or materials, please speak to your Financial Professional or contact your sponsor firm.

Franklin Templeton (FT) is not undertaking to provide impartial advice. Nothing herein is intended to provide fiduciary advice. FT has a financial interest.

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

Important data provider notices and terms available at www.franklintempletondatasources.com. All data is subject to change.

Source: FTSE.

Holdings are provided for informational purposes only and should not be construed as a recommendation to purchase or sell any security.

Separately Managed Accounts (SMAs) are investment services provided by Franklin Templeton Private Portfolio Group, LLC (FTPPG), a federally registered investment advisor. Client portfolios are managed based on investment instructions or advice provided by one or more of the following Franklin Templeton affiliated sub-advisors: Putnam Investments. Management is implemented by FTPPG, the designated sub-advisor or, in the case of certain programs, the program sponsor or its designee.

Putnam Investments is a Franklin Templeton affiliated company.

© Franklin Templeton. All rights reserved.