FRANKLIN TEMPLETON

Putnam INVESTMENTS

Putnam U.S. Core 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, Fed interest-rate cuts, and optimism around artificial intelligence.
- **Contributors:** Stock selection in financials, communication services and consumer discretionary
- **Detractors:** Stock selection in health care, industrials and real estate
- **Outlook:** We are disciplined and pragmatic about valuation and risk, and we will consistently work to remain balanced in our positioning relative to the benchmark.

Performance Review

- The portfolio posted a solid absolute return and outperformed its benchmark (both gross and net of fees) for the fourth quarter.
- Stock selection was most positive in financials, communication services and consumer discretionary. Stock selection modestly lagged in health care, industrials and real estate.
- Top individual contributors for the quarter were Lam Research, Alphabet, and Eli Lilly. Top individual detractors were overweight positions in Oracle and United Rentals, and not owning Micron Technology.
- As of quarter-end, the largest sector overweights relative to the benchmark were financials and consumer discretionary. The largest absolute position was information technology. The industrials and information technology sectors were the most underweight relative to the benchmark.

Outlook

- We witnessed numerous market environments in the past year, including sharp selloffs and impressive rallies, and a strong finish for 2025 overall. This was the latest phase of a multiyear rally in US equities—with stocks posting three consecutive double-digit annual gains and stretching valuations above historical averages.
- The past year progressed from pure AI euphoria to what we believe is now an exercise in distinguishing AI winners from losers and determining which businesses might see their capex translate to improved earnings.
- We are disciplined and pragmatic about valuation and risk, and we believe recent market returns are the result of both strong corporate earnings and AI euphoria. While we are cognizant of the overall macroeconomic backdrop, we consistently work to remain balanced in our positioning relative to the benchmark, with the goal of consistently outperforming on an absolute and risk-adjusted basis.
- We continue to seek stocks that trade at a discount to our estimates of their intrinsic value. We look for businesses that have the ability to create future value over time through sales growth, margin expansion, and durable competitive moats..

Top Equity Issuers (% of Total)

Holding	Portfolio
NVIDIA	6.88
Microsoft	6.56
Apple	6.49
Alphabet	6.30
Amazon	4.26
Meta	3.22
Bank of America	2.63
Lam Research	2.42
Goldman Sachs	2.39
Eli Lilly	2.33

Average annual total returns (%) - as of December 31, 2025-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	4.41	14.69	21.00	21.00	26.23	16.94	—	—	—	—	15.78	8/31/2018
Net of Fees	3.65	13.04	17.53	17.53	22.61	13.57	—	—	—	—	12.44	8/31/2018
Benchmark	2.40	10.78	17.15	17.15	22.25	13.15	—	—	—	—	13.44	—

*Cumulative total returns

Benchmark(s)

Benchmark =Russell 3000 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.

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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 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

Moat is an advantage a company has which allows it to protect its market share and profitability.

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The **Russell 3000 Index** measures the performance of the 3,000 largest U.S. companies based on total market capitalization.

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Source: FTSE.

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