

Putnam U.S. Core Equity Concentrated SMA

Commentary | as of June 30, 2025

Key Takeaways

- **Markets:** After a turbulent start, US equities had a remarkable rebound in the second quarter, with the S&P 500 Index and Nasdaq reaching record highs.
- **Contributors:** Stock selection in utilities and financials
- **Detractors:** Stock selection in industrials and consumer staples
- **Outlook:** Much uncertainty remains around the macroeconomic environment, but we believe investment opportunities are expanding.

Performance Review

- The portfolio posted a strong absolute return, but underperformed its benchmark, the Russell 3000 Index, for the second quarter.
- Stock selection provided modest outperformance, although sector allocation offset these gains.
- Stock selection proved most favorable in the utilities and financial sectors. Stock selection in industrials and consumer staples detracted.
- As of quarter-end, the portfolio was most overweight in the financial sector and most underweight in industrials and energy.
- Top individual contributors were overweight positions in NRG, Oracle, and Microsoft. Top detractors were UnitedHealth Group, PG&E, and Kenvue.

Outlook

- Despite a significant recovery for equities in the second quarter, the Trump administration's tariff policy remains fluid, which is creating hesitation for company managements and investors.
- Much uncertainty remains around the macroeconomic environment, but we believe investment opportunities are expanding.
- Artificial intelligence advances are creating adjacent demand in the energy complex. The software application business is likely to follow, with many new AI applications to improve efficiency.
- Through this year's whipsaw movements in the equity markets, we remain focused on our goal of building a diversified core portfolio that can outperform over the medium- and long term.

Top Equity Issuers (% of Total)

Holding	Portfolio
Microsoft	8.36
NVIDIA	6.69
Apple	5.62
Amazon	4.37
Alphabet	4.20
Meta	4.14
Bank of America	2.80
Goldman Sachs	2.20
Walmart	2.19
Berkshire Hathaway	2.12

Sector Allocation (% of Total)

Sector	Portfolio
Information Technology	29.84
Financials	17.83
Consumer Discretionary	10.07
Health Care	9.45
Communication Services	8.79
Industrials	6.72
Consumer Staples	5.98
Utilities	3.18
Other	6.19
Cash & Other Net Assets	1.93

Average annual total returns (%) - as of June 30, 2025

Product	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	10.59	5.50	5.50	13.81	22.27	18.82	—	—	—	—	14.71	8/31/2018
Net of Fees	9.80	3.96	3.96	10.52	18.75	15.39	—	—	—	—	11.39	8/31/2018
Benchmark	10.99	5.75	5.75	15.30	19.08	15.96	—	—	—	—	12.79	—

*Cumulative total returns

Benchmark(s)

Benchmark =Russell 3000 Index

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Glossary

The **S&P 500 Index** features 500 leading U.S. publicly traded companies, with a primary emphasis on market capitalization. Source: © S&P Dow Jones Indices LLC. All rights reserved. **Nasdaq** is a global electronic marketplace for buying and selling securities.

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

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