

# Putnam U.S. Core Equity Concentrated SMA

Commentary | as of March 31, 2026

## Key Takeaways

- **Markets:** US equities declined in a quarter marked by turbulence and uncertainty related to the Iran conflict.
- **Contributors:** Stock selection in consumer discretionary and energy
- **Detractors:** Stock selection in real estate and industrials
- **Outlook:** Our approach remains patient, with a focus on long-term stock selection rather than short-term market swings.

## Performance Review

- For the quarter, the portfolio underperformed its benchmark, the Russell 3000 Index. Relative results were hurt by both sector allocation and stock selection, with underweight exposure to energy and industrials representing the largest sector headwinds.
- Stock selection in consumer discretionary and energy contributed to performance, while stock selection in real estate and industrials detracted. Performance benefited from underweight exposure to technology and overweight exposure to utilities.
- Top individual contributors for the quarter included overweight positions in Lam Research, ConocoPhillips, and Walmart. Top individual detractors included overweight positions in Apollo Global Management, TPG, and Microsoft.

## Outlook

- Artificial intelligence continues to drive significant market moves. What stood out to us in the quarter was how much the market continued to sort companies based on where investors believe they sit in the AI value chain. AI was not simply a broad tailwind for technology—it had a very different impact across sectors and industries.
- Companies tied more directly to the physical buildout of AI infrastructure, including semiconductors and related hardware, continued to be rewarded, while parts of software and software-exposed businesses came under pressure as investors questioned which business models would benefit from AI and which might be disrupted by it. US software and services stocks had significant drawdowns as investors worried fast-advancing AI tools could upend the sector. AI disruption fears spread beyond software into private credit and alternative asset managers.
- In our view, the first quarter was a good example of why we stay disciplined and fundamentally driven. We are not trying to trade every headline or chase whichever part of the market is moving the fastest. We are trying to identify durable businesses with strong competitive positions, solid management teams, and long-term earnings power, while remaining focused on valuation.
- Geopolitical volatility and sharp sector rotations can create short-term noise, but they do not usually change the long-term value of a good business overnight. Our approach remains patient and non-reactionary, with a focus on long-term stock selection rather than short-term market swings.

## Top Equity Issuers (% of Total)

Holding	Portfolio
NVIDIA	6.94
Apple	6.44
Alphabet	6.12
Microsoft	5.34
Amazon	4.08
Meta	2.97
Lam Research	2.59
Bank of America	2.47
Broadcom	2.32
Eli Lilly	2.12

## 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	-5.88	-1.73	-5.88	19.39	21.06	13.72	—	—	—	—	14.31	8/31/2018
Net of Fees	-6.59	-3.18	-6.59	15.96	17.58	10.43	—	—	—	—	11.00	8/31/2018
Benchmark	-3.96	-1.65	-3.96	18.09	17.86	10.87	—	—	—	—	12.37	—

\*Cumulative total returns

## Benchmark(s)

Benchmark = Russell 3000 Index

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

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Source: FTSE.

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