FRANKLIN TEMPLETON | Putnam INVESTMENTS

Putnam International Stock ETF

PGRI **Commentary | as of September 30, 2026**

Key Takeaways

- **Markets:** International equities advanced modestly during the quarter. Japan and Korea led on strength in artificial intelligence (AI) and semiconductors, while European banks and cyclicals also contributed. Gains were tempered in September as a global bond selloff lifted yields, China weakened on fading trade-deal hopes, and the US Federal Reserve and the Bank of Japan both raised rates.
- **Contributors**: Stock selection in industrials, consumer discretionary and communication services.
- **Detractors:** Stock selection in materials, health care and information technology.
- **Outlook**: Outside the US, we remain constructive but selective. In Europe, growth has surprised to the upside and higher rates may aid banks, though outlooks diverge across countries and energy sensitivity tempers enthusiasm. In Japan, wage-driven consumer spending and yen-aided export strength in AI-related manufacturers support the case, though fiscal constraints and the Bank of Japan's tightening bear watching. The extension of the US-China trade truce modestly improves the near-term backdrop.

Performance Review

- For the quarter, Putnam International Stock ETF underperformed its benchmark, the MSCI All Country World ex-US Growth Index. Stock selection detracted from relative performance, while sector allocation contributed to relative returns.
- Stock selection in industrials, consumer discretionary and communication services contributed to relative performance, while stock selection in materials, health care and information technology detracted from relative returns.
- Sector allocation benefited from underweight positioning in information technology, along with overweight positioning in materials and health care, whereas underweight positioning in financials, energy and consumer discretionary detracted.
- Top contributors to relative performance included overweight positions in Hitachi (industrials) and Alibaba Group (consumer discretionary), along with an underweight position in SK Hynix (information technology).
- Individual detractors included overweight positions in Infineon Technologies (information technology) and Taiwan Semiconductor Manufacturing (information technology), along with an off-benchmark position in CRH (materials).
- During the quarter, the fund initiated a position in Shell (energy) and exited its position in London Stock Exchange Group (financials).
- As of quarter-end, the fund's largest sector overweights were information technology, industrials and materials, while its largest sector underweights were financials, consumer staples and utilities. Industrials, information technology and financials were the sectors with the largest absolute weights. From a country perspective, the largest overweights were the United States, the Netherlands and South Korea, while the largest underweights were Germany, Switzerland and Australia.

Outlook

- International equities faced significant headwinds as rising policy rates and elevated energy prices challenged valuations globally. While the MSCI EAFE Index delivered modest gains, geopolitical tensions and divergent economic momentum across regions have created a bifurcated market. Higher rates are testing earnings multiples, particularly in markets where valuations had recovered sharply. We see compelling opportunities in markets where fundamentals remain disconnected from current valuations.
- Europe offers selective opportunities despite pronounced divergence across countries. Growth has surprised to the upside, yet rising energy prices and political tensions create uneven outcomes. While France and Germany face mounting labor market pressure and fiscal constraints, Spain demonstrates resilience and the United Kingdom appears to be stabilizing—creating asymmetric opportunities for disciplined investors.
- Japan presents compelling opportunities as wage gains support consumer spending and a weaker yen strengthens export-oriented companies, particularly those benefiting from AI infrastructure buildout. The Bank of Japan's gradual rate normalization, supported by fuel subsidies, provides a measured backdrop for durable earnings growth.
- Energy prices and Middle East developments remain acute risks, particularly given Europe's vulnerability to imported energy shocks. Labor market deterioration in France and Germany, coupled with exhausted fiscal support, may rapidly reset growth expectations. Should geopolitical tensions escalate or energy prices spike unexpectedly, international valuations may come under sharp pressure, erasing the quarter's gains.

Top Equity Issuers (% of Total)

Holding	Fund
ASML Holding NV	6.38
Safran SA	5.33
Hitachi, Ltd.	5.09
Shell plc	5.01
Keyence Corporation	4.66
HOYA Corporation	4.55
Schneider Electric SE	4.44
Airbus SE	4.39
ABB Ltd.	4.12
Banco Santander, S.A.	3.93

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns and fund expenses (%) - as of September 30, 2026

Product	Ticker	Listed Exchange	3-Mo*	6-Mo*	YTD*	1-Yr	3-Yr	5-Yr	10-Yr	Inception	Gross Expenses	Net Expenses	Inception Date
Market Price Return	PGRI	NYSE Arca	-4.85	8.24	6.06	—	—	—	—	4.88	0.55	0.55	10/21/2025
NAV Returns	—	—	-4.00	10.75	6.67	—	—	—	—	5.65	0.55	0.55	10/21/2025
Benchmark	—	—	-2.47	14.15	10.02	—	—	—	—	10.12	—	—	—

*Cumulative total returns

Benchmark(s)

Benchmark =MSCI All Country World ex-US Growth Index-NR

Performance data quoted represents past performance, which does not guarantee future results. *Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expense or sales charges. Returns for periods of less than one year are not annualized. For current month-end performance, please visit franklintempleton.com.* Net Asset Value (NAV) returns are based on the NAV of the ETF; Market Price returns are based upon the official closing price of the ETF's shares. Returns are average annualized total returns, except for those periods of less than one year, which are cumulative. Market Price returns are calculated using the closing price as of 4 p.m. Eastern time on each trading day (when NAV is normally determined for most funds), and do not represent the returns you would receive if you traded shares at other times. Performance for the ETF and its benchmark index are as of the ETF's last trading day before the end of the period.
The total annual operating expenses are as of the fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns.

What are the Risks?

All investments involve risks, including possible loss of principal. International investments are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets**. To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. **Large-capitalization companies** may fall out of favor with investors based on market and economic conditions. **Derivative instruments** can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance. The portfolio is, or could become, **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. When the **fund's size is small,** the fund may experience low trading volume and wide bid/ask spreads. 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. These and other risks are discussed in the fund's prospectus.

Glossary

The **MSCI EAFE Index** is a free float-adjusted market capitalization-weighted index designed to measure developed market equity performance, excluding the U.S. and Canada. Source: MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI.

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Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, or summary prospectus, if available, at www.franklintempleton.com. Please read it carefully.

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