FRANKLIN TEMPLETON | Putnam INVESTMENTS

Putnam Focused Large Cap Growth ETF

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

Key Takeaways

- **Markets:** US equities posted a modest gain in a choppy quarter. A July rotation away from the largest technology companies and a September pullback bookended record highs in August on strong earnings and renewed artificial intelligence (AI) enthusiasm. Higher Treasury yields and the first rate hike since 2023 from the US Federal Reserve (Fed) drove the pullback.
- **Contributors:** Stock selection in consumer discretionary, communication services and financials.
- **Detractors:** Stock selection in information technology, materials and health care.
- **Outlook:** We remain constructive on the earnings outlook, supported by resilient growth and continued business investment. After years of narrow market leadership and index concentration, broader participation across the large-cap growth universe and an expanding range of AI beneficiaries are creating a more diverse opportunity set.

Performance Review

- For the quarter, Putnam Focused Large Cap Growth ETF underperformed its benchmark, the Russell 1000 Growth Index. Stock selection detracted from relative performance, while sector allocation contributed to relative returns.
- Stock selection in consumer discretionary, communication services and financials contributed to relative performance, while stock selection in information technology, materials and health care detracted from relative returns.
- Sector allocation benefited from an underweight in industrials and overweights in communication services and materials. Underweights in information technology and energy, along with an overweight in consumer staples, detracted.
- Top contributors to relative performance included not owning Applied Materials and KLA, along with an overweight in Snowflake (all information technology).
- Individual detractors included overweights in Corning and Lam Research (both information technology) and GE Vernova (industrials).
- During the quarter, the fund initiated a position in Palo Alto Networks (information technology) and exited its position in Sherwin-Williams (materials).
- As of quarter-end, the fund's largest sector overweights were health care, financials and materials, while its largest sector underweights were information technology, industrials and energy. Information technology, communication services and consumer discretionary were the sectors with the largest absolute weights.

Outlook

- Strong corporate fundamentals continue to underpin our constructive outlook for US equities. Earnings growth, not multiple expansion, has driven market gains, and net profit margins are at record levels. The consumer has remained resilient and business activity has accelerated in recent months, but elevated inflation, rising unemployment and the Fed's return to rate hikes leave us slightly more cautious about how much of that strength will carry into 2027.
- We believe the continued evolution of AI from an aspirational investment theme toward tangible monetization and productivity benefits is one of the most important developments in the large-cap growth universe. Recent earnings reports have provided greater evidence that incremental AI capacity is translating into accelerating cloud growth and increasingly measurable revenue and productivity gains.
- At the same time, the conversation is beginning to shift toward the next phase of the buildout, including significant 2027 capital requirements, how those investments will be funded and potential constraints around power, memory and data-center capacity. As AI-related capital expenditures absorb a greater share of hyperscaler operating cash flows, we believe the ability to efficiently fund this investment while generating attractive returns on that capital will become increasingly important.
- Potential headwinds for equities include the possibility of a slowdown or extended pause in hyperscaler capital spending, which could weigh on the growth rates and valuations of a number of AI-related businesses. A material move higher in interest rates, elevated valuations and ongoing geopolitical tensions also remain important risks, particularly given their potential implications for inflation, financing costs and growth-stock multiples.
- Our work on "Embedded Intelligence," the integration of AI and advanced analytics into products, workflows and business processes, became more relevant during the quarter as investors shifted from AI demand to AI monetization. We believe companies with differentiated data, durable customer relationships and the ability to embed intelligence to improve productivity, automation or decision-making are best positioned to monetize AI, including in industrial automation, health care, transportation and logistics, and heavy equipment.

Top Equity Issuers (% of Total)

Holding	Fund
NVIDIA Corporation	14.00
Alphabet Inc.	9.59
Apple Inc.	6.47
Microsoft Corporation	5.09
Broadcom Inc.	4.88
Meta Platforms, Inc.	4.69
Eli Lilly and Company	3.95
Lam Research Corporation	3.56
Micron Technology, Inc.	3.43
Advanced Micro Devices, Inc.	3.36

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	PGRO	NYSE Arca	0.87	19.32	7.67	8.17	24.37	12.31	—	13.10	0.50	0.49	5/25/2021
NAV Returns	—	—	0.71	19.11	7.60	7.99	24.31	12.31	—	13.06	0.50	0.49	5/25/2021
Benchmark	—	—	0.92	17.82	6.30	7.50	24.26	13.66	—	14.27	—	—	—

*Cumulative total returns

Benchmark(s)

Benchmark =Russell 1000 Growth Index

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.
Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 12/31/2026 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice.

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. These and other risks are discussed in the fund's prospectus.

Glossary

Capital Expenditure (capex) are funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment.

Important Information

The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or fund. 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 fund's portfolio selection process. Holdings are subject to change.

ETFs and ETPs trade like stocks, fluctuate in market value and may trade at prices above or below the ETFs/ETPs net asset value. Brokerage commissions and ETF expenses will reduce returns. ETF/ETP shares may be bought or sold throughout the day at their market price, not their Net Asset Value (NAV), on the exchange on which they are listed. Shares of ETFs/ETPs are tradable on secondary markets and may trade either at a premium or a discount to their NAV on the secondary market. **Canada:** This content is intended only for Canadian institutional investors that qualify as "permitted clients" as defined in National Instrument 31-103 - Registration Requirements, Exemptions and Ongoing Registrant Obligations. U.S. securities laws generally limit a non-U.S. fund's purchase of a U.S. registered mutual fund or ETF/ETP (a "U.S. Fund") to no more than 3% of the U.S. Fund's voting stock. You should consult your legal counsel prior to investing in a U.S. Fund.

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

Source: FTSE.

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

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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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