

# Putnam Focused Large Cap Value ETF

**PVAL**
**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 the financials, consumer discretionary, industrials, and materials sectors
- **Detractors:** Stock selection in information technology and underweight exposure to communication services
- **Outlook:** We expect investors will continue to focus on actions from a divided US Federal Reserve, and we are monitoring lofty equity valuations and potential headwinds in the consumer sector.

## Performance Review

- For the quarter, the portfolio generated a positive return and outperformed its benchmark, the Russell 1000 Value Index. Stock selection drove the positive relative performance while sector allocation decisions detracted modestly.
- Stock selection contributed most in the financials, consumer discretionary, industrials, and materials sectors. This was partially offset by relative weakness among stocks in the information technology sector. From a sector allocation perspective, underweight to real estate added to relative performance while underweight exposure to communication services detracted.
- Top individual contributors to performance included overweight positions in Southwest Airlines (industrials), General Motors (consumer discretionary), Freeport-McMoRan (materials), Citigroup (financials), and Regeneron Pharmaceuticals (health care).
- Detractors included avoidance of Micron Technology (information technology), an out-of-benchmark position in Microsoft (information technology), and relative overweight positions in PulteGroup (consumer discretionary), T-Mobile (communication services), and Northrop Grumman (industrials).

## Outlook

- The US economy and equity markets demonstrated resilience in 2025 despite concerns surrounding the impact of import tariffs. Looking ahead, we expect investors will continue to focus on actions from a divided US Federal Reserve. The Fed is challenged with a combination of inflation that is above target and a weakening employment outlook.
- Economic growth should be supported by an ongoing weak US dollar. Growth could accelerate due to the Trump administration's One Big Beautiful Bill, which supports increased capital spending and ongoing expansionary tactics.
- We are watching the consumer closely, given its significant impact on the overall economy. Data has pointed to a healthy consumer, with the credit picture particularly strong. However, we are mindful of potential headwinds, including the mid-2025 expiration of the student loan moratorium, expiring health care subsidies, increasing bifurcation between low-income and high-income consumers, and declining sentiment indicators.
- Equity valuations have been elevated by optimism over accelerating economic growth and the potential of AI to boost innovation, capital spending, and productivity. We have a cautious eye on lofty valuations that are so dependent on AI performance and investment. Markets could be vulnerable to results that don't meet the high expectations. However, high valuations could be supported by continued high earnings growth, fueled by AI spending and the One Big Beautiful Bill.
- With mid-term elections later in the year, we expect election-related headlines to cause market volatility. Given the delicate balance of power in both the House and Senate, we would anticipate significant efforts by the current administration to keep approval ratings high.

## Top Equity Issuers (% of Total)

Holding	Fund
Citigroup	4.51
Walmart	3.90
Cisco Systems	3.67
Alphabet	3.63
Exxon Mobil	3.33
Bank of America	2.97
American International Group	2.97
McKesson	2.96
Microsoft	2.81
Thermo Fisher Scientific	2.78

## Average annual total returns and fund expenses (%) - as of December 31, 2025

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	PVAL	NYSE Arca	7.19	14.22	24.15	24.15	20.59	—	—	15.19	0.56	0.55	5/25/2021
NAV Returns	—	—	7.45	14.27	24.22	24.22	20.60	—	—	15.16	0.56	0.55	5/25/2021
Benchmark	—	—	3.81	9.34	15.91	15.91	13.90	—	—	8.54	—	—	—

\*Cumulative total returns

## Benchmark(s)

Benchmark =Russell 1000 Value 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. Performance for the ETF and its benchmark index are as of the ETF's last trading day before the end of the period. Performance for the ETF and its benchmark index are as of the ETF's last trading day before the end of the period. Since shares of the Fund did not trade in the secondary market until after the Fund's inception, for the period from inception to the first day of secondary trading May 26, 2021, the NAV of the Fund is used as a proxy for the Market Price to calculate market returns.

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.

**This ETF is different from traditional ETFs.** Traditional ETFs tell the public what assets they hold each day. This ETF will not. **This may create additional risks for your investment.** For example:

- You may have to pay more money to trade the ETF's shares. This ETF will provide less information to traders, who tend to charge more for trades when they have less information.
- The price you pay to buy ETF shares on an exchange may not match the value of the ETF's portfolio. The same is true when you sell shares. These price differences may be greater for this ETF compared with other ETFs because it provides less information to traders.
- These additional risks may be even greater in bad or uncertain market conditions.
- The ETF will publish on its website each day a Tracking Basket designed to help trading in shares of the ETF. While the Tracking Basket includes some of the ETF's holdings, it is not the ETF's actual portfolio.

The differences between this ETF and other ETFs may also have advantages. By keeping certain information about the ETF secret, this ETF may face less risk that other traders can predict or copy its investment strategy. This may improve the ETF's performance. If other traders are able to copy or predict the ETF's investment strategy, however, this may hurt the ETF's performance.

## 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 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.

## 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 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe.

Source: FTSE.

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