FRANKLIN TEMPLETON | Putnam INVESTMENTS

Putnam Focused Large Cap Value ETF

PVAL **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 energy, information technology and consumer staples.
- **Detractors:** Stock selection in industrials, financials and utilities.
- **Outlook:** We remain constructive on the earnings outlook, supported by resilient growth and continued business investment. However, elevated valuations, persistent inflation and rising unemployment warrant caution. If the Fed holds rates higher for longer, tighter financial conditions could weigh on sentiment and equity valuations.

Performance Review

- For the quarter, Putnam Focused Large Cap Value ETF outperformed its benchmark, the Russell 1000 Value Index. Stock selection and sector allocation decisions contributed to relative performance.
- Stock selection in energy, information technology and consumer staples contributed to relative performance, while stock selection in industrials, financials and utilities detracted from relative returns.
- Sector allocation benefited from an underweight in industrials and overweights in information technology and energy. An underweight in communication services and overweights in utilities and consumer staples detracted.
- Top contributors to relative performance included overweight positions in Microsoft (information technology), Valero Energy (energy) and Thermo Fisher Scientific (health care).
- Individual detractors included an off-benchmark position in NRG Energy (utilities), along with overweight positions in Southwest Airlines (industrials) and Citigroup (financials).
- During the quarter, the fund initiated positions in American International Group (financials), Royal Caribbean Cruises (consumer discretionary), CRH (materials), Aon (financials) and TJX Companies (consumer discretionary). It exited its positions in Hilton Worldwide (consumer discretionary) and Corteva (materials).
- As of quarter-end, the fund's largest sector overweights were information technology, energy and utilities, while its largest sector underweights were industrials, financials and communication services. Information technology, financials and health care were the sectors with the largest absolute weights.

Outlook

- Markets delivered modest gains despite volatility from rising Treasury yields, the Fed's rate hike, geopolitical uncertainty, midterm elections and persistent inflation. Market concentration in AI-related beneficiaries created valuation disparities. Elevated valuations leave limited margin for error if these headwinds persist.
- Financials and health care offer strong fundamentals and attractive valuations. Banks could benefit if higher rates persist. Health care valuations appear compelling given solid demand and potential clarity around drug pricing.
- Corporate earnings growth should remain supported by resilient economic activity and continued business investment. Industrials, utilities and energy appear undervalued relative to their earnings power, even as AI-related capital spending dominates market attention.
- The September pullback demonstrated market sensitivity to interest rates and geopolitical uncertainty. As markets digest higher rates and tighter financial conditions, risk appetite may wane, leaving equity multiples under pressure. Midterm elections and Middle East developments could add further volatility.
- We continue to analyze the overall market environment in the context of how it affects our individual stock holdings. Our focus is on stock selection, and we aim to keep the portfolio as resilient as possible to macroeconomic challenges. This includes stress testing the portfolio against a number of different scenarios, such as rising interest rates, recessionary pressures and style rotations.

Top Equity Issuers (% of Total)

Holding	Fund
Microsoft Corporation	9.61
Apple Inc.	7.22
Amazon.com, Inc.	4.64
ExxonMobil Holdings Corporation	3.91
Citigroup Inc.	3.27
Charles Schwab Corporation	2.97
Coca-Cola Company	2.94
Cisco Systems, Inc.	2.88
Thermo Fisher Scientific Inc.	2.79
Philip Morris International Inc.	2.76

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	PVAL	NYSE Arca	3.53	14.02	16.10	24.45	23.17	16.83	—	16.13	0.56	0.55	5/25/2021
NAV Returns	—	—	3.49	13.94	16.11	24.77	23.33	16.84	—	16.11	0.56	0.55	5/25/2021
Benchmark	—	—	2.61	16.81	19.27	23.81	20.07	11.92	—	10.90	—	—	—

*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.

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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