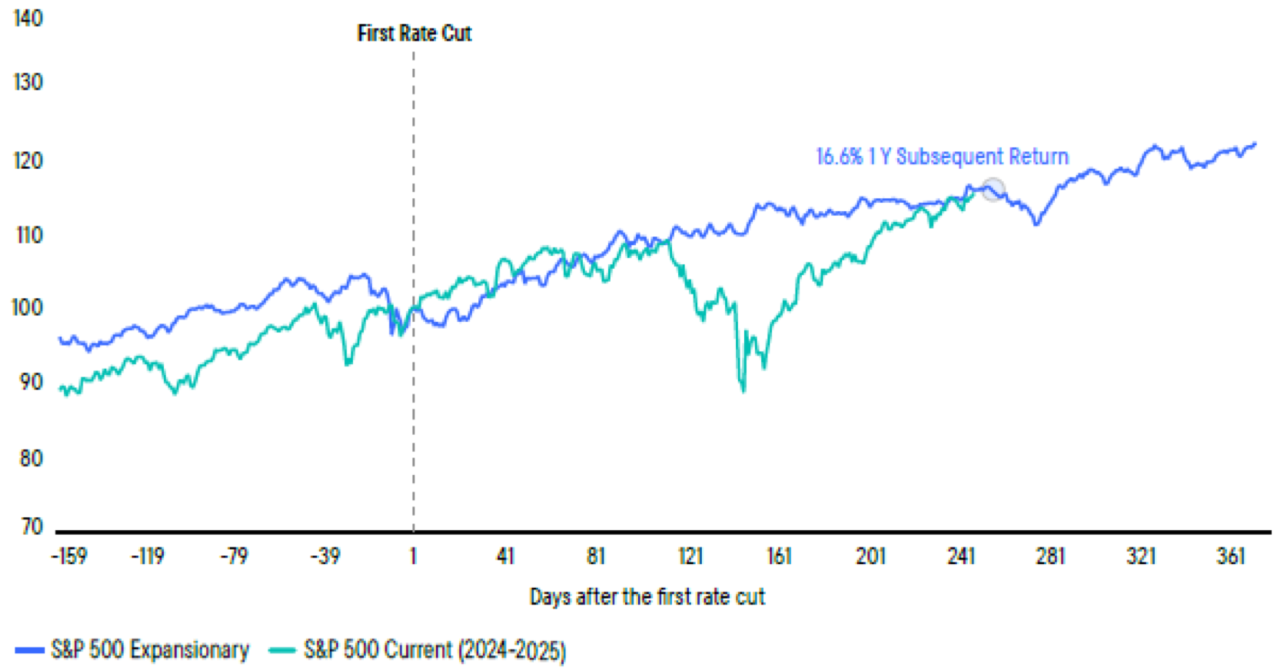
US Equities - 'Don't fight the Fed' and the case for active management

During expansionary easing phases – US equities have historically delivered strong returns

This year, S&P 500 performance matched the historical average for first rate cuts during expansions

Growth of US$100 invested at the first rate cut



Sources: S&P Global, Russell Investment Group, Nasdaq and Macrobond. Analysis by Franklin Templeton Institute. Data as of August 20, 2025, based on dates September 20, 1984, November 4, 1987, June 6, 1989, July 6, 1995, September 29, 1998. Indexes are unmanaged and one cannot directly invest in them. They do not include fees, expenses or sales charges. **Past performance is not an indicator or a guarantee of future results**. Important data provider notices and terms available at www franklintempletondatasources.com.

The past year has confirmed that pattern once again: Since the first rate cut of this cycle in August of 2024, the S&P 500 has risen by roughly 16%, broadly in line with historical performance during prior expansionary easing episodes

US equity performance after a post-pause cut

- *Looking back through history, we identified eight prior instances in which the Fed cut rates following a pause of at least 120 days.*

US equity index performance within 12 months after rate cuts following a pause

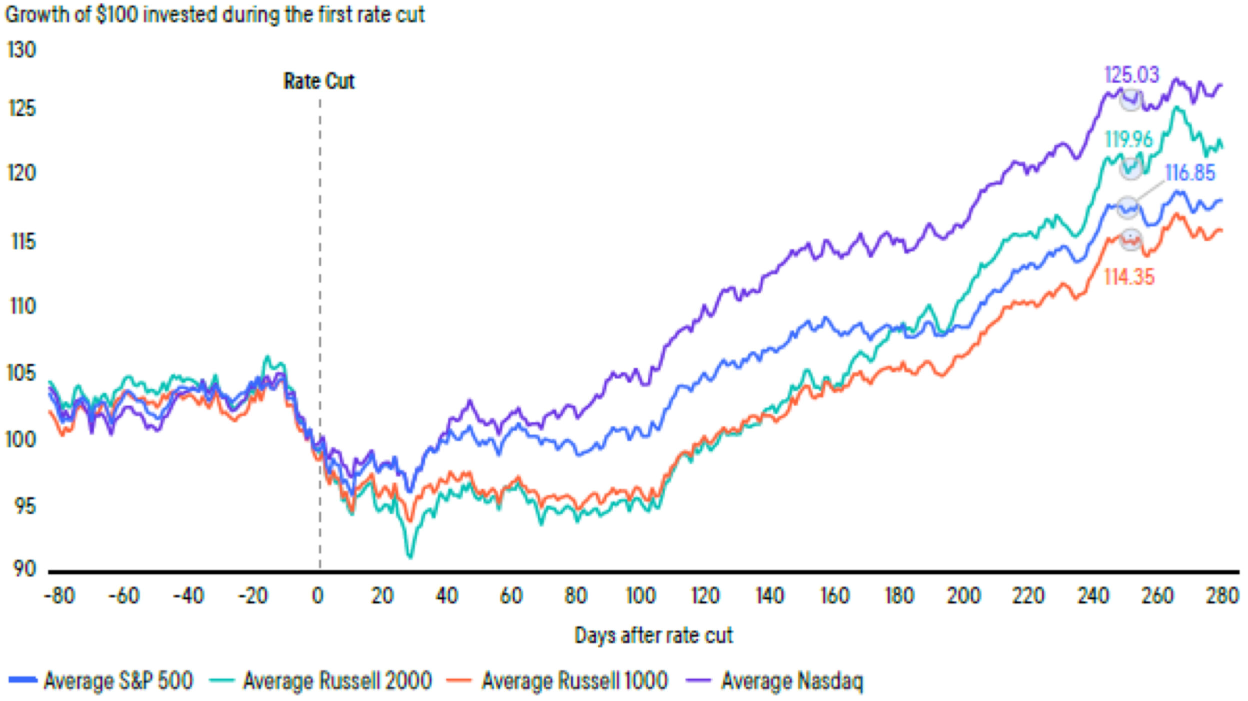
	Average	% Positive	Max Gain	Max Loss
S&P 500	16.8%	100%	47%	-31%
Nasdaq	25.0%	100%	56%	-30%
Russell 1000	14.3%	100%	29%	-31%
Russell 2000	20.0%	86%	50%	-37%

Sources: S&P Global, Russell Investment Group, Nasdaq and Macrobond. Analysis by Franklin Templeton Institute. Data as of August 18, 2025. Indexes are unmanaged and one cannot directly invest in them. They do not include fees, expenses or sales charges. **Past performance is not an indicator or a guarantee of future results**.

Equity indexes experienced volatility in early months after post-pause cuts

US Equity indexes averaged returns of 14%–25% one year after post-pause cuts

Growth of US$100 invested at the first rate cut



Sources: S&P Global, Russell Investment Group, Nasdaq and Macrobond. Analysis by Franklin Templeton Institute. Data as of August 2025. Russell 1000 and Russell 2000 data start from December 1978, and so the 1974 interest-rate cut is not reflected. Indexes are unmanaged and one cannot directty invest in them. They do not include fees, expenses or sales charges. **Past performance is not an indicator or a guarantee of future results**.

Patience rewarded investors, despite some short-term volatility

	+3M	+6M	+9M	+1Y
S&P 500	0.0%	4.9%	8.1%	16.8%
Nasdaq	1.2%	10.2%	15.2%	25.0%
Russell 1000	-4.0%	-0.2%	5.1%	14.3%
Russell 2000	-4.6%	-0.5%	9.0%	20.0%

Sources: S&P Global, Russell Investment Group, Nasdaq and Macrobond. Analysis by Franklin Templeton Institute. Data as of August 2025. Russell 1000 and Russell 2000 data start from December 1978, and so the 1974 interest-rate cut is not reflected

Taken together, these results show that both large- and small-cap stocks, as well as growth-oriented sectors, have historically benefited meaningfully from post-pause cutting environments.

Though the path was rarely smooth, investors were historically rewarded one year after

- While volatility often increases in the months immediately after a pause-cut, investors who remain patient are typically rewarded.
- History also shows that the S&P 500 Index, Russell 1000 Index, and Nasdaq Composite Index were consistently higher one year after a cut following a pause, **with returns ranging from +14% to +25%.**
- The old adage "Don't fight the Fed" continues to hold true—despite short-term pullbacks within the first six months, large-cap equities (represented by the S&P 500) were higher in nearly every single case one year later, with an average gain of 17%.

In addition, and importantly for active managers like Putnam, earnings outcomes have been highly variable during these periods. With increased volatility and a wider range of outcomes among stocks, sector expertise can add value and drive alpha.

Putnam U.S. Research

U.S. Research is a high-conviction portfolio with disciplined risk management that seeks to outperform in a variety of market environments

Best ideas approach	Differentiated research	Disciplined risk management
Invest in stocks that represent the highest-conviction ideas from Putnam's Equity Research team	Research by industry experts to develop non-consensus views about companies' earnings power and value	Portfolio is naturally diversified, with active management to minimize factor exposures

Key attributes

- A sector-neutral portfolio, relative to the S&P 500 Index, that is constructed of individually managed sleeves, including a risk management sleeve
- 21 years of average investment experience
- Provides a naturally diversified portfolio as a direct result of a focused approach; minimal correlation of alpha among individual sleeves
- Continuous focus on portfolio construction and risk management
- Positive stock selection across all sectors over the trailing 5-year period
- History of consistent high stock-specific alpha over 3- and 5-year periods, with an attractive risk profile

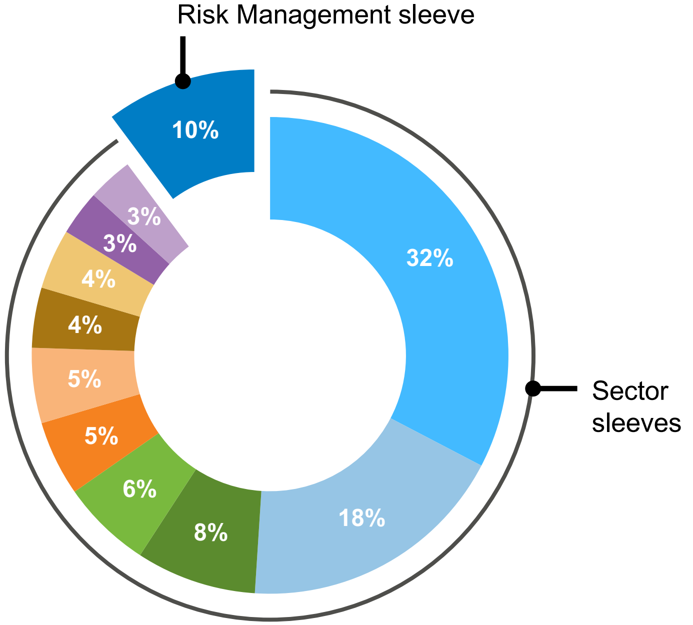
Vehicles: Separate account, U.S. mutual funds, UCITS

Actual results could be materially different from the stated goals. As with any investment, there is a potential for profit as well as the possibility of loss.

Unique combination of individual and risk management sleeves drives natural portfolio diversification

Veteran team with an average 21-year industry experience and 13-year tenure at Putnam contribute to stock ideas

Sleeves	Sleeve Manager	% of Portfolio*
Technology	O'Brien	32
Communications Business Services and Internet	Gray	18
Industrials and Materials	Krajewski	8
Financials	Cavanaugh	6
Health Care	Maguire	5
Health Care Equipment and Utilities	Rives	5
Consumer Staples and Packaging	O'Connor	4
Insurance and REITs	Sledge	4
Energy	Kauppila	3
Consumer Retail	Craigen	3
Risk Management	LaPlant	10

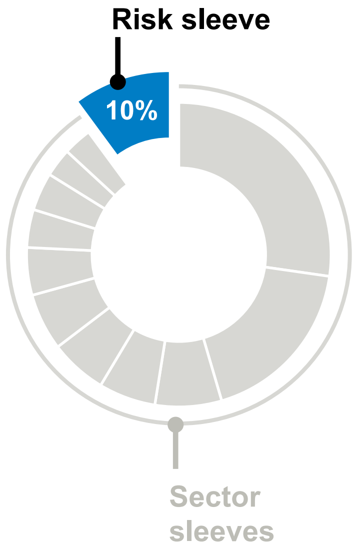


*As of September 30, 2025.
Totals may not equal 100% due to rounding. Data is for underlying sleeves of a representative account and is shown for illustrative purposes only.

Risk management sleeve allows for control over the portfolio's risk profile

Putnam INVESTMENTS

- Aims to minimize structural biases versus the benchmark and reduces unintended factor tilts
- Employs "what if" analysis to focus on high-conviction holdings and avoid forced risk positions within individual sector sleeves



Source

- Start with the 5–6 highest-conviction stocks held within each sector sleeve.

Optimize

- Run the portfolio through our optimization tool to understand its risk profile
- Focus on lowering factor exposures
- Max 40bps in any given idea

Implement

- 10% of AUM allocated to existing positions
- Increase stock-specific risk
- Strive for style consistency and a smoother investment experience

Portfolio

Improved risk profile

For illustrative purposes only. No assurance can be given that the investment objective will be achieved or that an investor will receive a return of all or part of their initial investment. Actual results could be materially different from the stated goals. As with any investment, there is a potential for profit as well as the possibility of loss.

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Portfolio construction emphasizes stock-specific risk and contribution to return with low tracking error

Portfolio

Broad portfolio construction

- Sector-neutral relative to S&P 500
- Rebalanced quarterly
- Ongoing risk monitoring

Portfolio construction guidelines	
Benchmark	S&P 500 Index
Tracking error	100–300 bps
Excess return correlation (between sleeves)*	<0.10
Sector active weight	+/-2%
Position active weight	+/-3%
Holdings range	90–150
Turnover	30%–50%
Cash	<3%

*Average pairwise correlations of daily excess returns across sector sleeves, excluding the risk management sleeve.

Portfolio targets subject to change. Putnam's specific approach and positioning may change. Tracking error and excess return correlation represent estimates and are presented for the purpose of communicating the strategy's portfolio construction and risk management approach and are not intended to be predictions of performance. Performance-related targets and expectations are aspirational in nature and there were no criteria and assumptions used in the development of such targets or expectations. In no circumstances should the performance-related targets or expectations be regarded as a representation, warranty or prediction that the strategy will reflect any particular performance or that it will achieve or is likely to achieve any particular result or that investors will be able to avoid investment loss.

Appendix

Composite performance as of Sept 30, 2025

Composite: Putnam U.S. Research
Benchmark: S&P 500 Index

Calendar-year performance (%)

Inception date: Oct 31, 1995	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Gross	27.46	30.17	-16.58	25.43	21.33	34.53	-4.01	24.44	11.39	-0.56
Net	26.75	29.46	-17.04	24.74	20.66	33.79	-4.53	23.75	10.75	-1.26
Benchmark	25.02	26.29	-18.11	28.71	18.40	31.49	-4.38	21.83	11.96	1.38
Relative performance (gross)	2.44	3.88	1.53	-3.28	2.93	3.04	0.37	2.61	-0.57	-1.94
Relative performance (net)	1.73	3.17	1.07	-3.97	2.26	2.30	-0.15	1.92	-1.21	-2.64

Please see the GIPS Composite Report in the Appendix.
Performance results are for the Putnam U.S. Research composite. Gross performance includes the deduction of transaction costs but does not include the deduction of management fees and other expenses that may be incurred in managing an investment account. A portfolio's return will be reduced by advisory and other fees. Net performance reflects the deduction of a model fee applied on a monthly basis, equal to the actual management fee incurred by a portfolio in the composite or the highest management fee that would be charged to a prospect of the strategy, whichever is higher. The model fee may change over time. Actual advisory fees may vary among clients with the same investment strategy. The composite includes all actual, fully discretionary accounts with substantially similar investment policies and objectives managed to the composite's investment strategy.
When performance for either the portfolio or its benchmark has been converted, different foreign exchange closing rates may be used between the portfolio and its benchmark.
Performance data is shown rounded to the nearest hundredth.
Relative performance may not sum to exact values due to rounding.
Past performance is not an indicator or a guarantee of future performance.
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Top contributors and detractors as of September 30, 2025

Portfolio: Putnam U.S. Research
Benchmark: S&P 500 Index

Three year (%)

Top ten contributors	Average weight	Contribution	Relative weight
Oracle	2.15%	2.07%	OW
Seagate Technology	0.90	1.60	OW
NRG Energy	1.00	1.14	OW
Apollo Global Management	0.79	0.83	OW
Broadcom	1.72	0.82	OW
Pulte Homes	0.73	0.82	OW
Meta	2.48	0.76	OW
NVIDIA	4.21	0.66	UW
Pfizer	0.08	0.62	UW
KKR	0.44	0.61	OW

Top ten detractors	Average weight	Contribution	Relative weight
JPMorgan Chase	0.22%	-0.74%	UW
UnitedHealth	1.66	-0.64	OW
Marvell Technology	0.31	-0.54	OB
PepsiCo	1.12	-0.49	OW
Cigna	0.66	-0.47	OW
Hertz	0.09	-0.46	OB
General Electric	0.10	-0.46	UW
Silvergate Capital	0.02	-0.44	OB
Palantir Technologies	0.11	-0.43	UW
Bio-Rad Laboratories	0.32	-0.41	OW

See Annualized Composite performance for net and gross total returns.

Portfolio characteristics are for a representative account and are shown for illustrative purposes only. Each account is managed individually. Accordingly, account characteristics may vary. The attribution analysis contained herein is intended to provide an estimate as to which elements of the strategy contributed (positively or negatively) to performance. Attribution analysis is not a precise measure and should not be relied upon for investment decisions. Past performance is not a guarantee of future results. Contributors and detractors represent relative returns measured vs the strategy's benchmark and factors in opportunity cost (the positive or negative effect of allocation outside the benchmark's weight for a specific security). (OW) overweight, (OB) out of benchmark, (UW) underweight, (EW) equal weight, and (NH) not held refer to the securities positions in the portfolio relative to the benchmark. The securities identified do not represent all the securities purchased, sold or recommended for client accounts. It should not be assumed that any investment in these securities was, or will prove to be, profitable, or that the investment decisions we make in the future will be profitable or equal to the investment performance of securities referenced herein.

Source: Putnam Investments.

Holdings as of September 30, 2025

Portfolio: Putnam U.S. Research
Benchmark: S&P 500 Index

Top 10 holdings	Portfolio %	Benchmark %	Industry
Microsoft	7.84	6.75	Software
NVIDIA	7.11	7.98	Semiconductors & Semiconductor Equipment
Apple	5.23	6.62	Technology Hardware, Storage & Peripherals
Amazon	4.30	3.74	Broadline Retail
Alphabet	3.91	4.47	Interactive Media & Services
Broadcom	3.65	2.72	Semiconductors & Semiconductor Equipment
Meta	3.04	2.79	Interactive Media & Services
Tesla	2.62	2.19	Automobiles
Cisco Systems	1.94	0.47	Communications Equipment
Mastercard	1.52	0.82	Financial Services
Total	**41.15**	**38.56**	

Top 5 overweights	Portfolio %	Benchmark %	Over/Under %
Cisco Systems	1.94	0.47	1.46
Analog Devices	1.51	0.21	1.30
Marvell Technology	1.27	0.00	1.27
Microsoft	7.84	6.75	1.09
Broadcom	3.65	2.72	0.93

Top 5 underweights	Portfolio %	Benchmark %	Over/Under %
Apple	5.23	6.62	-1.39
NVIDIA	7.11	7.98	-0.87
Bank of America	0.00	0.62	-0.62
Alphabet	3.91	4.47	-0.57
General Electric	0.00	0.56	-0.56

Based on a representative account in the Putnam U.S. Research composite. Individual accounts within the composite may vary due to a variety of factors, such as account size, the specific investment guidelines and restrictions applicable to an account, and the inception date of the account.
All data is subject to change.
The information provided is not a recommendation to purchase, sell or hold any particular security. The securities or issuers listed do not represent the entire holdings and in the aggregate may represent only a small percentage of such holdings. There is no assurance that securities purchased will remain in the portfolio, or that securities sold will not be repurchased. In addition, it should not be assumed that any securities or issuers listed were or will prove to be profitable.
Holdings of the same issuers have been combined.
Top ten holdings may differ for individual accounts within the composite.
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Team structure encourages collaboration and information flow

Putnam INVESTMENTS

A veteran team of 30+ analysts with an average 15-year industry experience and 8-year tenure at Putnam

- Best-of-both, hybrid approach — analyst team is roughly 2/3 sector focused and 1/3 product focused
- Active commitment to diversity — we have built a diverse team in order to invest more effectively, collaborate in innovative ways, and better meet our clients' needs

Kate Lakin
Director of Research

Sector Research

Consumer	Financials	Health care	Industrials	Nat resources/Utilities	Tech/Media/Telecom
Chelsea Agyiri	Tim Sledge, CFA	Will Rives, CFA	Molly O'Connor	Will Rives, CFA	Robert Gray
Megan Craigen	Jackie Cavanaugh	Polly Sung, CFA	Adam Krajewski, CFA	Ryan Kauppila	Andy O'Brien, CFA
Molly O'Connor	Alice Timperley, CFA	Noelle Tune, MD	Andrew Yoon, CFA	Adam Krajewski, CFA	Chris Orski
Sarah Marshall		Mike Maguire, CFA			Carly Schulz
Alvin Ng					Di Yao

Product Research

Converts	Emerging Markets	Core	U.S. Small Cap Growth	U.S. Small Cap Value	Non-U.S. Small Cap and Focused Intl	Sustainable
Kasia Ifill	Joseph Chua	Will Downing	Jarrod Burton, CFA	Jordan Coan	Yan Li, CFA	Devin Ahearn
	Garima Malpani	David Morgan	Joseph Santos	Slava Teslya, CFA	Darren Yeo, CFA	Sam Alpert
	Jovan Yeow, CFA					

U.S.   Global   Non-U.S.

As of June 30, 2025.

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GIPS Composite Report

Putnam Investments U.S. Research Composite

Year	Gross of Fees Return (%)	Net of Fees Return (%)	Annual Benchmark Return (%)	Three year Standard Deviation of Composite (%)[1]	Three year Standard Deviation of Benchmark (%)[1]	Standard Deviation of Account Returns (%)[2]	Composite Assets (millions)	Total Firm Assets (millions)	Number of Accounts
2023	30.17	29.46	26.29	17.08	17.29	N/A	700	145,979	≤5
2022	-16.58	-17.04	-18.11	20.72	20.87	N/A	604	133,064	≤5
2021	25.43	24.74	28.71	17.2	17.17	N/A	781	159,122	≤5
2020	21.33	20.66	18.4	18.39	18.53	N/A	660	153,327	≤5
2019	34.53	33.79	31.49	11.94	11.93	N/A	611	138,486	≤5
2018	-4.01	-4.53	-4.38	10.65	10.8	N/A	471	117,149	≤5
2017	24.44	23.75	21.83	10.41	9.92	N/A	392	117,916	≤5
2016	11.39	10.75	11.96	11.05	10.59	N/A	347	109,728	≤5
2015	-0.56	-1.26	1.38	11.02	10.48	N/A	370	110,621	≤5
2014	15.91	15.1	13.69	9.35	8.98	N/A	391	120,093	≤5

1 The three-year, annualized ex-post standard deviation of monthly gross composite and benchmark returns represents a measure of total investment risk (volatility) and calculates the variance of a distribution of returns. Data is not presented for periods with less than 36 months of composite returns.

2 Composite dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year. Standard deviation is N/A for composites with five or fewer accounts for the full year.

Firm overview: Putnam Investments claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Putnam Investments has been independently verified from January 1, 2000, through December 31, 2022.The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. Putnam Investments (the "Firm") is defined as a broad-based investment management organization that provides financial services to institutions and individuals through segregated accounts and pooled investment vehicles, such as mutual funds, active exchange-traded funds, collective investment trusts and private funds. The Firm is a wholly owned indirect subsidiary of Franklin Resources, Inc.Investment management is provided by four wholly owned subsidiaries of the Firm: The Putnam Advisory Company, LLC; Putnam Investment Management, LLC; Putnam Fiduciary Trust Company, LLC; and Putnam Investments Limited. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. A list of the Firm's composite descriptions and pooled fund descriptions for limited distribution pooled funds, and a list of broad distribution pooled funds are available upon request.

Composition of composite: The Putnam Investments U.S. Research Composite (the "Composite") seeks capital appreciation by investing mainly in common stocks (growth or value stocks or both) of large U.S. companies that have favorable investment potential. The strategy invests in stocks that represent the highest conviction ideas from Putnam's Equity Research team. Accounts in the Composite are managed with a sector-neutral approach, with the flexibility to own both growth and value stocks. Security selection is a collaborative effort that emphasizes non-consensus critical thinking. The Composite's benchmark is the S&P 500 Index. Leverage is not utilized in any account in this Composite. However, derivatives (including futures, options, and swaps) may be used in some portfolios for hedging or non-hedging purposes. The Composite comprises all fully discretionary accounts managed by Putnam in this investment style. The Composite inception date was October 31, 1995. The Composite creation date was April 3, 2001.

Risk considerations: The prices of stocks in your portfolio may fall or fail to rise over extended periods of time for a variety of reasons, including both general financial market conditions and factors related to a specific issuer or industry. Industrial products, services, and equipment industries may be affected by economic trends, commodity prices, technological obsolescence, labor relations, legislation, worldwide competition, and liability for environmental damage. International investments traded in foreign currencies carry the risk of the adverse impact of exchange rates on values. International investments may carry risks associated with potentially less stable economies or governments, such as the risk of

Putnam Investments U.S. Research Composite

Putnam INVESTMENTS

seizure by a foreign government, the imposition of currency or other restrictions, or high levels of inflation or deflation. Emerging-market securities can be illiquid. This strategy invests some of its assets in small and/or midsize companies. Such investments increase the risk of greater price fluctuations. The strategy invests in fewer issuers or concentrates its investments by region or sector, and involves more risk than a strategy that invests more broadly. Our use of derivatives may increase these risks by, for example, increasing exposure or, in the case of many over-the-counter instruments, by being illiquid because of the potential inability to terminate or sell derivatives positions. Growth stocks may be more susceptible to earnings disappointments, and value stocks may fail to rebound. Our use of short selling may result in losses if the securities appreciate in value. This strategy may not be suitable for all investors. It is important to understand that you can lose money by investing in this strategy.

Calculation of composite: Returns are presented in U.S. dollars ("USD"). Benchmark, Putnam account and Putnam mutual fund valuation sources and timing may sometimes differ, causing dispersion within the composite and between the composite and the benchmark. The results of the Composite for all periods shown include the reinvestment of dividends and other earnings. The Firm values securities using market quotations, fair value prices from pricing services and/or broker quotations. In limited circumstances, the Firm will value securities based solely on its own analysis, this may include using model prices based on third-party data or, for private equity securities, a fair valuation process whereby a special Valuation committee will review the nature of each deal, the model currently used to value each deal, and any critical underlying assumptions in order to determine fair value. Fair valuations based on internal resources are made in accordance with the Putnam Funds Pricing Procedures and are subject to the oversight of the Firm's Valuation Committee. Please note that, in limited cases, the inputs used to value the security are unobservable and reflect the source's own assumptions. Policies for valuing investments, calculating performance, and preparing composite reports are available upon request.

Benchmark disclosure: The S&P 500 Index covers 500 industrial, utility, transportation, and financial companies of the U.S. markets. It is a capitalization-weighted index calculated with dividends reinvested. Benchmarks are generally taken from published sources and may have different calculation methodologies, pricing times, and foreign exchange sources from the Composite. The effect of those differences is deemed to be immaterial. The securities holdings of the Composite may differ materially from those of the index used for comparative purposes. Indexes are unmanaged and do not incur expenses. You cannot invest directly in an index.

Gross and Net of fees disclosure: Gross of Fee Returns includes the deduction of transaction costs but does not include the deduction of management fees and other expenses that may be incurred in managing an investment account. A portfolio's return will be reduced by management fees and other fees. The impact of management fees can be material. For instance, assume that $1 million is invested in a Putnam Investments account, and this account achieves a 10% compounded annual return, gross of fees, for 10 years. If a management fee of 0.50% was charged each year for the 10-year period, the annual return would be 9.5% and the ending dollar value would be $2,478,200, net of fees, as opposed to $2,593,700, gross of fees. The actual fee rates are stated in advisory contracts with clients. For composites that contain registered pooled vehicles (such as U.S. mutual funds, U.S. exchange-traded funds, collective investment trusts and UCITS funds), gross of fee performance is calculated by applying the pro-rated monthly percentage of the total net annual expense ratio (as published in the pooled vehicle's annual report) to the monthly return on net asset value per share. Annual expense ratios for the current year may be based on the prior year's financial statements. Returns may be adjusted based upon each year's audited annual report.

Net of Fee Returns reflect the deduction of a model fee applied on a monthly basis, equal to the actual management fee incurred by a portfolio in the Composite or the highest management fee that would be charged to a prospect of the strategy, whichever is higher during the applicable time period. The model fee may change over time. Actual advisory and management fees may vary among clients with the same investment strategy. For composites that include pooled vehicles that pay a performance fee and that calculate performance using the highest fee paid by an account in the Composite, performance-based fee adjustments are included in net of fee returns. For registered pooled vehicles, the fee is typically updated for the most recent fiscal year end after the pooled vehicle has been audited. Returns may be adjusted based upon each year's audited annual report. Please be advised that the Composite may include other investment products or share classes of pooled vehicles that are subject to management fees, including performance fees, that are inapplicable to you but that could have been in excess of the model fee. Therefore, the actual performance of all the portfolios in the composite on a net-of-fees basis will be different, and may be higher or lower, than the model fee performance. Composites that include certain pooled vehicles may also assess a performance fee to underlying investors which could result in the underlying investors paying a higher total management fee than the highest stated management fee below. However, model fee performance is intended to provide the most appropriate example of the impact management fees would have by applying management fees relevant to you to the gross performance of the Composite. Actual investment advisory fees incurred by clients are typically negotiated on an individual basis and may vary depending upon, among other things, the applicable fee schedule and portfolio size.

Fee schedule: The standard fee schedule is based on the market value of an account's assets under management and is stated on an annual basis. Separate account management fees are subject to change and are for investment management services only. Standard management fee is: 0.55% of assets on the first $50 million, 0.45% of assets on the next $50 million, 0.40% of assets on the next $150 million, and 0.30% for assets over $250 million.

Past performance is not a guarantee of future performance. No assurance can be given as to future performance.