

Alternating market leadership is a challenge for investors

Leaders in one year could be losers the next year.

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
AGG 10.25%	SCG 48.54%	SCV 22.25%	IE 13.54%	IE 26.34%	LCG 11.81%	AGG 5.24%	Converts 49.13%	SCG 29.09%	AGG 7.84%	SCV 18.05%	SCG 43.30%	LCC 13.69%	LCG 5.67%	SCV 31.74%	LCG 30.21%	Cash 1.87%	LCG 36.39%	Converts 46.22%	LCC 28.71%
Cash 1.78%	SCV 46.03%	IE 20.25%	MCC 12.65%	SCV 23.48%	IE 11.17%	Cash 2.06%	MCC 40.48%	MCC 25.48%	LCG 2.64%	LCV 17.51%	MCC 34.76%	LCV 13.45%	LCC 1.38%	LCV 17.34%	IE 25.03%	Converts 0.15%	LCC 31.49%	LCG 38.49%	SCV 28.27%
Converts -8.58%	MCC 40.06%	MCC 20.22%	LCV 7.05%	LCV 22.25%	SCG 7.05%	SCV -28.92%	LCG 37.21%	SCV 24.50%	LCC 2.11%	IE 17.32%	SCV 34.52%	MCC 13.22%	AGG 0.55%	MCC 13.80%	SCG 22.17%	AGG 0.01%	MCC 30.54%	SCG 34.63%	LCG 27.60%
SCV -11.43%	IE 38.59%	LCV 16.49%	LCG 5.26%	LCC 15.79%	AGG 6.97%	Converts -35.73%	SCG 34.47%	Converts 16.77%	LCV 0.39%	MCC 17.28%	LCG 33.48%	LCG 13.05%	Cash 0.05%	LCC 11.96%	LCC 21.83%	LCG -1.51%	SCG 28.48%	LCC 18.40%	LCV 25.16%
LCV -15.52%	LCV 30.03%	SCG 14.31%	LCC 4.91%	MCC 15.26%	MCC 5.60%	LCV -36.85%	IE 31.78%	LCG 16.71%	Cash 0.10%	LCC 16.00%	LCV 32.53%	Converts 9.44%	IE -0.81%	SCG 11.32%	MCC 18.52%	LCC -4.38%	LCV 26.54%	MCC 17.10%	MCC 22.58%
IE -15.94%	LCG 29.75%	LCC 10.88%	SCV 4.71%	SCG 13.35%	LCC 5.49%	LCC -37.00%	LCC 26.46%	LCV 15.51%	MCC -1.55%	LCG 15.26%	LCC 32.39%	AGG 5.97%	SCG -1.38%	Converts 10.43%	Converts 13.70%	LCV -8.27%	Converts 23.15%	IE 7.82%	IE 11.26%
MCC -16.19%	LCC 28.68%	Converts 9.61%	SCG 4.15%	Converts 12.83%	Cash 5.00%	LCG -38.44%	SCV 20.58%	LCC 15.06%	SCG -2.91%	Converts 14.96%	Converts 24.92%	SCG 5.60%	MCC -2.44%	LCG 7.08%	LCV 13.66%	MCC -9.06%	SCV 22.39%	AGG 7.51%	Converts 6.34%
LCC -22.10%	Converts 27.15%	LCG 6.30%	Cash 3.07%	LCG 9.07%	Converts 4.53%	SCG -38.54%	LCV 19.69%	IE 7.75%	Converts -5.18%	SCG 14.59%	IE 22.78%	SCV 4.22%	Converts -2.99%	AGG 2.65%	SCV 7.84%	SCG -9.31%	IE 22.01%	SCV 4.63%	SCG 2.83%
LCG -27.88%	AGG 4.10%	AGG 4.34%	AGG 2.43%	Cash 4.85%	LCV -0.17%	MCC -41.46%	AGG 5.93%	AGG 6.54%	SCV -5.50%	AGG 4.22%	Cash 0.07%	Cash 0.03%	LCV -3.83%	IE 1.00%	AGG 3.54%	SCV -12.86%	AGG 8.72%	LCV 2.80%	Cash 0.05%
SCG -30.26%	Cash 1.15%	Cash 1.33%	Converts 1.01%	AGG 4.33%	SCV -9.78%	IE -43.38%	Cash 0.21%	Cash 0.13%	IE -12.14%	Cash 0.11%	AGG -2.02%	IE -4.90%	SCV -7.47%	Cash 0.33%	Cash 0.86%	IE -13.79%	Cash 2.28%	Cash 0.67%	AGG -1.54%

- **Large-Cap Growth Equities (LCG)** are represented by the Russell 1000® Growth Index, which is an unmanaged index of those companies in the large-cap Russell 1000® Index chosen for their growth orientation.
- **Small-Cap Growth Equities (SCG)** are represented by the Russell 2000® Growth Index, which is an unmanaged index of those companies in the small-cap Russell 2000® Index chosen for their growth orientation.
- **Large-Cap Value Equities (LCV)** are represented by the Russell 1000® Value Index, which is an unmanaged index of those companies in the large-cap Russell 1000® Index chosen for their value orientation.
- **Small-Cap Value Equities (SCV)** are represented by the Russell 2000® Value Index, which is an unmanaged index of those companies in the small-cap Russell 2000® Index chosen for their value orientation.
- **Large-Cap Core Equities (LCC)** are represented by the S&P 500® Index, which is an unmanaged index of common stock performance.
- **Mid-Cap Core Equities (MCC)** are represented by the Russell Midcap® Index, which is an unmanaged index that measures the performance of the 800 smallest companies in the Russell 1000® Index.
- **Convertible securities (Converts)** are represented by the ICE BofA U.S. Convertible Index, which tracks the performance of publicly issued U.S. dollar-denominated convertible securities of U.S. companies.
- **International equities (IE)** are represented by the MSCI EAFE Index (ND), which is an unmanaged index of equity securities from developed countries in Western Europe, the Far East, and Australasia.
- **U.S. bonds (AGG)** are represented by the Bloomberg U.S. Aggregate Bond Index, which is an unmanaged index of U.S. investment-grade fixed income securities.
- **Cash** is represented by the ICE BofA U.S. 3-month T-Bill Index, which is an unmanaged index used as a general measure for money market or cash instruments.

Not FDIC insured | May lose value | No bank guarantee

Data is historical. Past performance is not a guarantee of future results. It is not possible to invest directly in an index.

Asset allocation performs well without guesswork

Over time, diversifying across asset classes can help manage risk and potentially boost returns. As shown in the asset allocation chart on the right, diversifying a portfolio has outperformed chasing the leading or the lagging asset classes over the past 14 years.

Performance results through 12/31/21

	1 year	5 years	10 years
Russell 1000 Growth Index	27.60%	25.32%	19.79%
Russell 1000 Value Index	25.16	11.16	12.97
Russell 2000 Growth Index	2.83	14.53	14.14
Russell 2000 Value Index	28.27	9.07	12.03
Russell Midcap Index	22.58	15.10	14.91
S&P 500 Index	28.71	18.47	16.55
MSCI EAFE Index (ND)	11.26	9.55	8.03
Bloomberg U.S. Aggregate Bond Index	-1.54	3.57	2.90
ICE BofA U.S. 3-Month Treasury Bill Index	0.05	1.14	0.63
ICE BofA U.S. Convertible Index	6.34	16.87	13.89

Source: Putnam Investments.

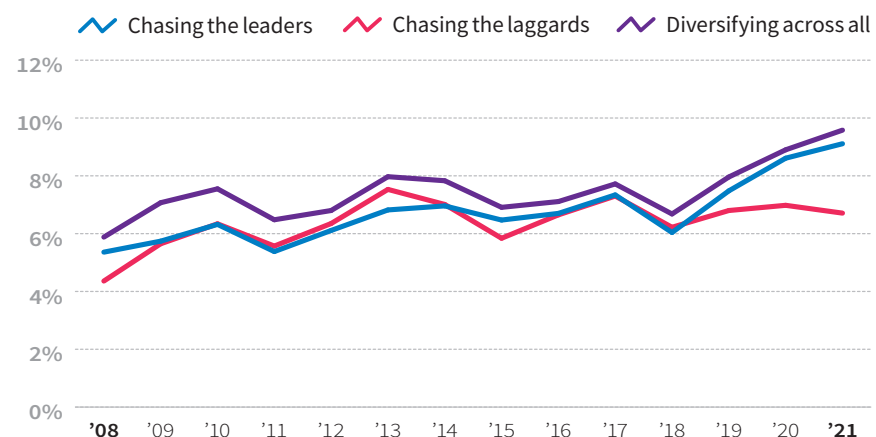
The indexes and corresponding alternating market leadership chart represent various investment styles referred to in the three hypothetical scenarios. The asset allocation scenario represents an investment allocated across the 10 indexes shown in the table at left. It is not possible to invest directly in an index. Returns for the three scenarios are based on 20-year total returns as of December 31 of each year shown, 2008–2021. All indexes are unmanaged and measure common sectors of the stock, growth, value, non-U.S., and bond indexes. Mutual fund performance may differ from the performance of the relevant index(es). Past performance does not indicate future results. This analysis has been figured on an annual basis. More recent returns may be lower or higher than those shown.

ICE Data Indices, LLC (ICE BofA), used with permission. ICE BofA permits use of the ICE BofA indices and related data on an “as is” basis; makes no warranties regarding same; does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the ICE BofA indices or any data included in, related to, or derived therefrom; assumes no liability in connection with the use of the foregoing; and does not sponsor, endorse, or recommend Putnam Investments, or any of its products or services.

Securities indexes assume reinvestment of distributions and interest payments and do not take into account brokerage fees and taxes. Securities in the indexes do not match those in Putnam funds, and performance will differ. It is not possible to invest directly in an index.

Consider these risks before investing: International investing involves certain risks, such as currency fluctuations, economic instability, and political developments. Investments in small companies involve higher risk of volatility. The use of derivatives in some funds involves special risks and may result in losses. Mutual funds fluctuate in value with market conditions. There is a risk that you may have more or less than the original amount invested when you sell your shares. Mutual funds that invest in bonds are subject to certain risks including interest-rate risk, credit risk, and inflation risk. As interest rates rise, the prices of bonds fall. Long-term bonds are more exposed to interest-rate risk than short-term bonds. Unlike bonds, bond funds have ongoing fees and expenses. Diversification does not assure a profit or protect against loss. It is possible to lose money in a diversified portfolio. You can lose money by investing in a fund.

Asset allocation outperforms chasing annual leaders and laggards



Source: Putnam Investments.

All Bloomberg indices are provided by Bloomberg Index Services Limited.

BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively “Bloomberg”). Bloomberg or Bloomberg’s licensors own all proprietary rights in the Bloomberg Indices. Neither Bloomberg nor Bloomberg’s licensors approve or endorse this material, or guarantee the accuracy or completeness of any information herein, or make any warranty, express or implied, as to the results to be obtained therefrom, and to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company.

Although a money market fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund’s sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

For informational purposes only. Not an investment recommendation.

Investors should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing. For a prospectus, or a summary prospectus if available, containing this and other information for any Putnam fund or product, call your financial representative. Please read the prospectus carefully before investing.