

# Different sectors lead the bond market from year to year

Annual returns for key indexes (2000–2019) ranked in order of performance (highest to lowest)

|                | 2000                | 2001               | 2002               | 2003               | 2004              | 2005              | 2006               | 2007              | 2008                | 2009               | 2010               | 2011               | 2012               | 2013               | 2014              | 2015               | 2016               | 2017               | 2018              | 2019               |
|----------------|---------------------|--------------------|--------------------|--------------------|-------------------|-------------------|--------------------|-------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|--------------------|--------------------|--------------------|-------------------|--------------------|
| HIGHEST RETURN | LTT<br>20.27%       | EMD<br>9.70%       | IB<br>22.37%       | HY<br>27.47%       | IB<br>12.55%      | EMD<br>10.25%     | Converts<br>12.83% | IB<br>11.03%      | LTT<br>24.03%       | HY<br>58.76%       | Converts<br>16.77% | LTT<br>29.93%      | EMD<br>17.44%      | Converts<br>24.92% | LTT<br>25.07%     | Munis<br>3.30%     | HY<br>18.22%       | Converts<br>13.70% | Cash<br>1.87%     | Converts<br>23.15% |
|                | EMD<br>12.68%       | AGG<br>8.44%       | LTT<br>16.79%      | Converts<br>27.15% | EMD<br>11.62%     | LTT<br>6.50%      | HY<br>11.58%       | LTT<br>9.81%      | MBS<br>8.34%        | Loans<br>51.61%    | HY<br>14.86%       | Munis<br>10.70%    | HY<br>15.67%       | HY<br>8.42%        | Converts<br>9.44% | MBS<br>1.51%       | Converts<br>10.43% | IB<br>10.51%       | STT<br>1.56%      | EMD<br>15.04%      |
|                | Munis<br>11.68%     | STT<br>8.39%       | EMD<br>13.65%      | EMD<br>22.21%      | HY<br>11.25%      | Loans<br>5.08%    | EMD<br>9.86%       | STT<br>7.31%      | STT<br>6.67%        | Converts<br>49.13% | EMD<br>12.24%      | AGG<br>7.84%       | Converts<br>14.96% | Loans<br>5.29%     | Munis<br>9.05%    | EMD<br>1.18%       | EMD<br>10.15%      | EMD<br>10.26%      | Munis<br>1.28%    | LTT<br>14.83%      |
|                | AGG<br>11.63%       | MBS<br>8.22%       | AGG<br>10.25%      | IB<br>19.36%       | Converts<br>9.61% | Munis<br>3.51%    | IB<br>8.16%        | AGG<br>6.97%      | AGG<br>5.24%        | EMD<br>29.82%      | Loans<br>10.17%    | EMD<br>7.35%       | Loans<br>9.66%     | STT<br>0.36%       | EMD<br>7.43%      | STT<br>0.56%       | Loans<br>10.14%    | LTT<br>8.53%       | MBS<br>0.99%      | HY<br>14.60%       |
|                | MBS<br>11.16%       | HY<br>5.70%        | Munis<br>9.60%     | Loans<br>9.97%     | LTT<br>7.70%      | Cash<br>3.07%     | Loans<br>6.77%     | MBS<br>6.90%      | IB<br>4.40%         | Munis<br>12.91%    | LTT<br>9.38%       | HY<br>6.59%        | Munis<br>6.78%     | Cash<br>0.07%      | MBS<br>6.08%      | AGG<br>0.55%       | AGG<br>2.65%       | HY<br>7.80%        | Loans<br>0.47%    | AGG<br>8.72%       |
|                | STT<br>8.05%        | Munis<br>5.13%     | MBS<br>8.75%       | Munis<br>5.31%     | Loans<br>5.17%    | HY<br>2.62%       | MBS<br>5.22%       | EMD<br>6.16%      | Cash<br>2.06%       | IB<br>7.53%        | AGG<br>6.54%       | MBS<br>6.23%       | AGG<br>4.22%       | MBS<br>-1.41%      | AGG<br>5.97%      | Cash<br>0.05%      | MBS<br>1.67%       | Munis<br>5.45%     | Converts<br>0.15% | Loans<br>8.64%     |
|                | Cash<br>6.18%       | Cash<br>4.42%      | STT<br>5.87%       | AGG<br>4.10%       | MBS<br>4.70%      | MBS<br>2.61%      | Cash<br>4.85%      | Cash<br>5.00%     | Munis<br>-2.47%     | AGG<br>5.93%       | MBS<br>5.37%       | IB<br>4.36%        | IB<br>4.09%        | AGG<br>-2.02%      | HY<br>2.15%       | Loans<br>-0.69%    | IB<br>1.49%        | Loans<br>4.11%     | AGG<br>0.01%      | Munis<br>7.54%     |
|                | Loans<br>4.99%      | LTT<br>4.21%       | HY<br>1.98%        | MBS<br>3.07%       | Munis<br>4.48%    | AGG<br>2.43%      | Munis<br>4.84%     | Converts<br>4.53% | EMD<br>-12.03%      | MBS<br>5.89%       | IB<br>4.94%        | STT<br>1.55%       | LTT<br>3.56%       | Munis<br>-2.55%    | Loans<br>1.60%    | LTT<br>-1.21%      | LTT<br>1.33%       | AGG<br>3.54%       | LTT<br>-1.84%     | MBS<br>6.35%       |
|                | IB<br>-3.91%        | Loans<br>4.18%     | Loans<br>1.91%     | LTT<br>2.48%       | AGG<br>4.34%      | STT<br>1.62%      | AGG<br>4.33%       | Munis<br>3.36%    | HY<br>-26.80%       | STT<br>0.80%       | STT<br>2.40%       | Loans<br>1.52%     | MBS<br>2.59%       | IB<br>-3.08%       | STT<br>0.63%      | Converts<br>-2.99% | STT<br>0.86%       | MBS<br>2.47%       | IB<br>-2.15%      | IB<br>5.09%        |
|                | HY<br>-6.33%        | IB<br>-3.75%       | Cash<br>1.78%      | STT<br>1.92%       | Cash<br>1.33%     | Converts<br>1.01% | STT<br>3.92%       | HY<br>2.69%       | Loans<br>-29.11%    | Cash<br>0.21%      | Munis<br>2.38%     | Cash<br>0.10%      | STT<br>0.43%       | EMD<br>-5.25%      | Cash<br>0.03%     | HY<br>-4.53%       | Cash<br>0.33%      | Cash<br>0.86%      | HY<br>-2.36%      | STT<br>3.59%       |
| LOWEST RETURN  | Converts<br>-10.00% | Converts<br>-4.44% | Converts<br>-8.58% | Cash<br>1.15%      | STT<br>0.91%      | IB<br>-8.65%      | LTT<br>1.85%       | Loans<br>2.02%    | Converts<br>-35.73% | LTT<br>-12.92%     | Cash<br>0.13%      | Converts<br>-5.18% | Cash<br>0.11%      | LTT<br>-12.66%     | IB<br>-3.08%      | IB<br>-6.02%       | Munis<br>0.25%     | STT<br>0.43%       | EMD<br>-4.26%     | Cash<br>2.28%      |

- **U.S. investment grade (AGG)** is represented by the Bloomberg Barclays U.S. Aggregate Bond Index, an unmanaged index of U.S. investment-grade fixed-income securities.
- **International bonds (IB)** are represented by the Bloomberg Barclays Global Aggregate Ex U.S. Index, an unmanaged index of global investment-grade fixed-income securities, excluding those from the United States.
- **Municipal bonds (Munis)** are represented by the Bloomberg Barclays Municipal Bond Index, an unmanaged index of long-term fixed-rate investment-grade tax-exempt bonds.
- **Converts** is represented by the ICE BofA U.S. Convertible Index, which is an unmanaged index of high-yield U.S. convertible securities.

- **High yield (HY)** is represented by the JPMorgan Developed High Yield Index, an unmanaged index of high-yield fixed-income securities issued in developed countries.
- **Bank loans (Loans)** are represented by the S&P/LSTA Leveraged Loan Index, an unmanaged index of U.S. leveraged loans.
- **Long-term Treasuries (LTT)** are represented by the Bloomberg Barclays U.S. Long Treasury Index, an unmanaged index of U.S. Treasury securities with maturities of 10 years or greater.
- **Short-term Treasuries (STT)** are represented by the Bloomberg Barclays 1–3 Year Treasury Index, an unmanaged index of U.S. government (any agency thereof) or quasi-federal corporate debt with maturities of 1 to 3 years.

- **MBS** are represented by the Bloomberg Barclays U.S. MBS Index, an unmanaged index of agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae, Fannie Mae, and Freddie Mac.
- **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.
- **Emerging markets (EMD)** are represented by the JPMorgan EMBI Global Diversified, an unmanaged index of external debt instruments (including Brady bonds, loans, Eurobonds, and local market instruments) in the emerging markets.

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.

# Putnam income funds pursue opportunities across sectors

We pursue income by structuring our fixed-income team to analyze risks and opportunities in all bond market sectors.

|  | U.S. government securities | Investment-grade corporate bonds | International bonds | High-yield bonds | Floating rate loans | Mortgage-backed securities |
|--|----------------------------|----------------------------------|---------------------|------------------|---------------------|----------------------------|
| Putnam Diversified Income Trust (PDVYX)          | ●                          | ●                                | ●                   | ●                | ●                   | ●                          |
| Putnam Fixed Income Absolute Return Fund (PYTRX) | ●                          | ●                                | ●                   | ●                | ●                   | ●                          |
| Putnam Floating Rate Income Fund (PFRYX)         |                            |                                  | ●                   | ●                | ●                   |                            |
| Putnam Global Income Trust (PGGYX)               | ●                          | ●                                | ●                   | ●                | ●                   | ●                          |
| Putnam High Yield Fund (PHAYX)                   |                            | ●                                | ●                   | ●                | ●                   |                            |
| Putnam Income Fund (PNCYX)                       | ●                          | ●                                | ●                   |                  |                     | ●                          |
| Putnam Mortgage Opportunities Fund (PMOYX)       | ●                          |                                  |                     |                  |                     | ●                          |
| Putnam Mortgage Securities Fund (PUSYX)          | ●                          |                                  |                     |                  |                     | ●                          |
| Putnam Short Duration Bond Fund (PARYX)          |                            | ●                                | ●                   | ●                | ●                   | ●                          |
| Putnam Ultra Short Duration Income Fund (PSDYX)  | ●                          | ●                                |                     |                  |                     | ●                          |

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**Consider these risks before investing:** Mutual funds that invest in government securities are not guaranteed. Mortgage-backed securities are subject to prepayment risk and the risk that they may increase in value less when interest rates decline. Bond prices may fall or fail to rise over extended periods of time for a variety of reasons, including general financial market conditions, changing market perceptions of the risk (including perceptions about default and expectations about monetary policy or interest rates), changes in government intervention in the financial markets, and factors related to a specific issuer or industry. These and other factors may lead to increased volatility and reduced liquidity in the fund’s portfolio holdings. Bond investments are subject to interest-rate risk (the risk of bond prices falling if interest rates rise) and credit risk (the risk of an issuer defaulting on interest or principal payments). Interest-rate risk is generally greater for longer-term bonds, and credit risk is greater for below-investment-grade bonds. Unlike bonds, funds that invest in bonds have fees and expenses. Funds that invest in government securities are not guaranteed. Mortgage-backed securities are subject to prepayment risk and the risk that they may increase in value less when interest rates decline and decline in value more when interest rates rise. International investing involves currency, economic, and political risks. Risks associated with derivatives include increased investment exposure (which may be considered leverage) and, in the case of over-the-counter instruments, the potential inability to terminate or sell derivatives positions and the potential failure of the other party to the instrument to meet its obligations. International investing involves currency, economic, and political risks. Emerging-market securities carry illiquidity and volatility risks. Lower-rated bonds may offer higher yields in return for more risk. You can lose money by investing in the funds. **For the Floating Rate Income Fund, these risks also apply:** Floating-rate loans may reduce, but not eliminate, interest-rate risk. These loans are typically secured by specific collateral or assets of the issuer (holders of the loan, such as the fund, have a priority claim on those assets in the event of the issuer’s default or bankruptcy). Value of collateral may be insufficient to meet the issuer’s obligations, and the fund’s access to collateral may be limited by bankruptcy or other insolvency laws.

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**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 or call Putnam at 1-800-225-1581. Please read the prospectus carefully before investing.**