

Q1 | 2022

# Putnam Multi-Asset Model Portfolios Summary

## Market commentary

Most global equities posted a loss for the first quarter. The majority of stocks gained in March, following two consecutive months of losses. The Russia-Ukraine War, rising inflation, and uncertainty about economic recovery weighed on stocks. The quarter began with rising market volatility driven by a new surge of Covid-19 cases, supply chain disruptions, and geopolitical concerns. The majority of European stocks recorded their worst month since October 2020, as reports showed eurozone GDP growth slowed to 0.3% in the fourth quarter. Germany's GDP also contracted. Throughout the quarter, growing concerns about rising inflation and the potential for recession stoked a global bond rout. Government bond yields soared.

As the war intensified, oil prices surged and approached \$125 a barrel, a decade high. Euro area inflation hit a new record in February. In the U.K., inflation reached a nearly 30-year high. In response to the war, the U.S., Canada, and Australia stepped up economic sanctions on Russia, including banning the purchase of Russian oil. Volatility continued to dominate equity markets. The Federal Reserve raised the federal funds rate in the first of several rate hikes telegraphed for 2022. The policy action lifted stocks briefly. The Bank of England also raised rates. In the final weeks of trading, stocks rose on optimism around peace talks in Ukraine.

## Total returns of Putnam Multi-Asset Model Portfolios

Composite Performance as of 3/31/22 (net)	Inception Date	QTD	YTD	1 Year	Since Inception
Putnam Aggressive Growth Model	11/30/19	-5.61%	-5.61%	7.30%	14.70%
Putnam Aggressive Growth Model Index		-5.57	-5.57	7.83	15.27
Putnam Growth Model	4/30/19	-5.46	-5.46	5.10	11.87
Putnam Growth Model Index		-5.53	-5.53	5.96	12.30
Putnam Balanced Growth Model	4/30/19	-5.18	-5.18	3.53	10.06
Putnam Balanced Growth Model Index		-5.57	-5.57	4.22	10.40
Putnam Conservative Growth Model	4/30/19	-5.10	-5.10	0.70	7.42
Putnam Conservative Growth Model Index		-5.65	-5.65	1.61	7.76
Putnam Balanced Income Model	4/30/19	-5.02	-5.02	-2.09	4.87
Putnam Balanced Income Model Index		-5.68	-5.68	-0.94	5.08
Putnam Income Model	11/30/19	-4.45	-4.45	-5.20	-0.38
Putnam Income Model Index		-5.54	-5.54	-3.33	0.76

Past performance is not a guarantee of future results. An investment in these strategies can lose value. Returns are stated in U.S. dollars and include the reinvestment of dividends and interest. Returns less than one year are not annualized. Net-of-fees returns do not reflect the deduction of a management fee but are net of all fees and expenses applicable to the underlying funds within the model portfolio. Composites include all fully discretionary, actual accounts managed to represent the model portfolio strategy. Putnam does not have investment discretion over or place trade orders for any portfolios or accounts derived from the Putnam Multi-Asset Model Portfolios. Performance of accounts managed in accordance with the model by a third-party firm may differ from the performance shown. Please see the end disclosures for custom index components, weights, and rebalancing process.

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## Portfolio changes

The Investment Committee has added the Putnam Small Cap Value and Small Cap Growth funds to the Aggressive Growth and Growth portfolios. In addition to consistent strength in our quantitative rankings, the team has conviction in the corresponding portfolio managers and their investment philosophy, performance drivers, and potential returns in various market environments. The other model portfolios will maintain passive ETF exposure within small-cap stocks because of limited position size.

## Model portfolio performance commentary

### Putnam Aggressive Growth Model

Aggressive Growth Model  
quarterly performance

-5.61% (net)

Key driver(s)

Weakness in the stock market drove negative portfolio returns for the quarter. Active equity strategies added return relative to their benchmarks, however, they were offset by poor performance for passive strategies relative to benchmarks.

### Putnam Growth Model

Growth Model  
quarterly performance

-5.46% (net)

Key driver(s)

Weakness in the stock market drove negative portfolio returns for the quarter. Active equity strategies added return relative to their benchmarks, however, they were offset by poor performance for passive strategies relative to benchmarks.

### Putnam Balanced Growth Model

Balanced Growth Model  
quarterly performance

-5.18% (net)

Key driver(s)

Weakness in stock and bond markets drove negative portfolio returns for the quarter. Strong benchmark relative performance from active strategies helped marginally offset negative returns.

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## Model portfolio performance commentary

### Putnam Conservative Growth Model

Conservative Growth Model  
quarterly performance -5.10% (net)

Key driver(s)

Weakness in bond and stock markets drove negative portfolio returns for the quarter. Strong benchmark relative performance from active strategies helped marginally offset negative returns.

### Putnam Balanced Income Model

Balanced Income Model  
quarterly performance -5.02% (net)

Key driver(s)

Weakness in bond and stock markets drove negative portfolio returns for the quarter. The portfolio benefited from strong benchmark relative outperformance within fixed income strategies.

### Putnam Income Model

Income Model  
quarterly performance -4.45% (net)

Key driver(s)

While the fixed income market broadly saw substantially negative returns, strong benchmark-relative performance from active managers mitigated some negative performance in the portfolio.

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## Model portfolio performance attribution

Contribution to total performance for Q1 2022

FUND NAME	PUTNAM AGGRESSIVE GROWTH MODEL	PUTNAM GROWTH MODEL	PUTNAM BALANCED GROWTH MODEL	PUTNAM CONSERVATIVE GROWTH MODEL	PUTNAM BALANCED INCOME MODEL	PUTNAM INCOME MODEL
Putnam Growth Opportunities Fund Y	-2.29%	-1.96%	-1.60%	-1.08%	-0.54%	—
Putnam Large Cap Value Fund Y	0.12	0.10	0.08	0.06	0.03	—
Schwab US Large-Cap ETF™	-0.84	-0.67	-0.55	-0.37	-0.18	—
Schwab US Small-Cap ETF™	-0.53	-0.27	-0.22	-0.15	-0.07	—
iShares Core MSCI EAFE ETF	-1.37	-1.09	-0.73	-0.51	-0.26	—
WisdomTree EM ex-SOE ETF	-0.68	-0.54	-0.11	—	—	—
Putnam Income Fund Y	—	-0.45	-1.07	-1.81	-2.41	-1.69%
iShares Core US Aggregate Bond ETF	—	-0.35	-0.79	-1.03	-1.08	-0.81
Xtrackers USD High Yield Corp Bd ETF	—	-0.22	-0.22	-0.27	-0.58	-0.89
Putnam Mortgage Securities Fund Y	—	—	—	—	—	-0.68
iShares 7-10 Year Treasury Bond ETF	—	—	—	—	—	-0.43
Putnam Ultra Short Duration Income Fund Y	—	—	—	—	—	-0.01

Portfolio performance attribution represents the underlying holdings for a fully discretionary, actual invested account managed to represent the model portfolio strategy. Investors may not invest directly in a model portfolio except through certain platforms that may offer our models or through implementation by certain third-party firms, both which may require a certain allocation to cash which is not reflected in the model portfolios. Putnam does not have investment discretion over or place trade orders for any portfolios or accounts derived from the Putnam Multi-Asset Model Portfolios. Performance attribution of accounts managed in accordance with the model by a third-party firm may differ from the performance attribution shown. Past performance is not a guarantee of future results. An investment in these strategies can lose value.

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## Performance commentary for underlying Putnam Funds for Q1 2022

**Putnam Large Cap Value Fund** returned 0.44% (net) for the quarter, while its benchmark, the Russell 1000® Value Index, returned -0.74%. Stock selection contributed most to relative outperformance. Positions within health care and industrials were most additive. Our exposure within financials and materials detracted during the period.

**Putnam Growth Opportunities Fund** returned -9.06% (net) for the quarter, while its benchmark, the Russell 1000® Growth Index, returned -9.04%. Selections within communication services, consumer discretionary, and health care proved favorable. Our positions within information technology, materials, and staples detracted.

**Putnam Income Fund** returned -4.84% for the quarter, while its benchmark, the Bloomberg U.S. Aggregate Bond Index, returned -5.93%. Mortgage credit strategies were the largest contributor to returns during the quarter, driven primarily by our exposure to CMBS mezzanine cash bonds and CMBX securities. Our term structure strategies and prepayment strategies were also notable contributors during the quarter. Our corporate credit allocation was a modest detractor from relative returns during the quarter.

**Putnam Mortgage Securities Fund** returned -3.13%, while its benchmark, the Bloomberg U.S. MBS Index, returned -4.97%. Our allocation to CMBX as well as CMBS cash bonds contributed for the period. Term structure strategies were another relative contributor for the quarter as the portfolio benefited from an increase in real interest rates. Exposure to residential mortgage credit detracted marginally from relative performance led by credit risk transfer (CRT) securities. Prepayment strategies detracted from relative performance during the period, driven by exposure to interest-only [IO], inverse IO, and reverse mortgage IO securities.

**Putnam Ultra Short Duration Income Fund** returned -0.30%, while its benchmark, the ICE BofA U.S. Treasury Bill Index, returned -0.03%. Corporate credit was the largest detractor from the fund's relative performance, as 1-3 year investment-grade corporate spreads widened meaningfully from historically tight levels. Additionally, the fund's allocation to securitized sectors, including non-agency residential mortgage-backed securities [RMBS] and asset-backed securities [ABS], detracted, albeit marginally. On the other hand, our allocations to commercial paper contributed to returns. Avoidance of Treasuries contributed to relative returns as well, in an environment where Treasuries sold off and the curve flattened.

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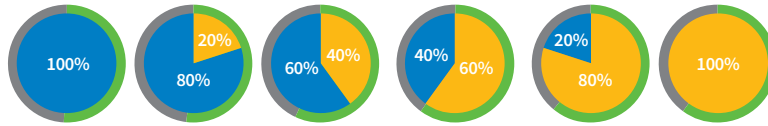
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All Bloomberg indices are provided by Bloomberg Index Services Limited.

## Target allocations as of Q1 2022

Stock and bond target allocations (right) are implemented with the funds and ETFs below.

● Stock ● Active  
● Bond ● Passive



FUND/ETF AS OF 3/31/22	AGGRESSIVE GROWTH	GROWTH	BALANCED GROWTH	CONSERVATIVE GROWTH	BALANCED INCOME	INCOME	EXPENSE RATIO*
<b>● Active Putnam Funds</b>	<b>56.5%</b>	<b>56.0%</b>	<b>56.7%</b>	<b>60.3%</b>	<b>60.8%</b>	<b>59.9%</b>	
● Putnam Large Cap Value Fund Y (PEIYX)	24.6	21.5	17.6	11.8	5.9	–	0.63
● Putnam Growth Opportunities Fund Y (PGOYX)	24.4	21.3	17.4	11.7	5.9	–	0.74
● Putnam Small Cap Growth Fund Y (PSYGX)	3.8	2.0	–	–	–	–	0.96
● Putnam Small Cap Value Fund Y (PYSVX)	3.8	2.0	–	–	–	–	1.38
● Putnam Income Fund Y (PNCYX)	–	9.2	21.7	36.8	49.0	34.4	0.48
● Putnam Mortgage Securities Fund Y (PUSYX)	–	–	–	–	–	22.5	0.64
● Putnam Ultra Short Duration Income Fund Y (PSDYX)	–	–	–	–	–	3.0	0.30
<b>● Passive ETFs</b>	<b>43.5%</b>	<b>44.0%</b>	<b>43.3%</b>	<b>39.7%</b>	<b>39.2%</b>	<b>40.1%</b>	
● Schwab U.S. Large-Cap ETF	18.5	13.2	10.8	7.3	3.6	–	0.03
● Schwab U.S. Small-Cap ETF	–	–	3.3	2.2	1.1	–	0.04
● iShares Core MSCI EAFE ETF	18.8	15.0	10.0	7.0	3.5	–	0.07
● WisdomTree Emerging Markets ex-State-Owned Enterprises ETF	6.3	5.0	1.0	–	–	–	0.32
● iShares Core U.S. Aggregate Bond ETF	–	5.8	13.3	17.2	18.0	13.6	0.04
● iShares 7-10 Year Treasury Bond ETF	–	–	–	–	–	6.5	0.15
● Xtrackers USD High Yield Corp Bond ETF	–	5.0	5.0	6.0	13.0	20.0	0.15
<b>Weighted average expense ratio†</b>	<b>0.46%</b>	<b>0.42%</b>	<b>0.37%</b>	<b>0.36%</b>	<b>0.35%</b>	<b>0.36%</b>	
Overlay fees	–	–	–	–	–	–	

\* Stated prospectus expense ratio, most recent prospectus available.

† Expense ratio for each model is the weighted average of prospectus expense ratios of each fund and ETF based on current model portfolio allocations.

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Aggressive Growth Model Index represents 67.5% the Russell 1000® Index, 18.75% the MSCI EAFE Index (ND), 7.5% the Russell 2000® Index, and 6.25% the MSCI Emerging Markets Index (ND). Growth Model Index represents 60% the Russell 3000® Index, 15% the MSCI EAFE Index (ND), 15% the Bloomberg U.S. Aggregate Bond Index, 5% the Bloomberg U.S. Corporate High Yield Index, and 5% the MSCI Emerging Markets Index (ND). Balanced Growth Model Index represents 49% the Russell 3000 Index, 35% the Bloomberg U.S. Aggregate Bond Index, 10% the MSCI EAFE Index (ND), 5% the Bloomberg U.S. Corporate High Yield Index, and 1% the MSCI Emerging Markets Index (ND). Conservative Growth Model Index represents 54% the Bloomberg U.S. Aggregate Bond Index, 33% the Russell 3000 Index, 7% the MSCI EAFE Index (ND), and 6% the Bloomberg U.S. Corporate High Yield Index. Balanced Income Model Index represents 67% the Bloomberg U.S. Aggregate Bond Index, 16.5% the Russell 3000 Index, 13% the Bloomberg U.S. Corporate High Yield Index, and 3.5% the MSCI EAFE Index (ND). Income Model Index represents 77% the Bloomberg U.S. Aggregate Bond Index, 20% the Bloomberg U.S. Corporate High Yield Index, and 3% the ICE BofA U.S. 3-Month Treasury Bill Index. Custom indexes are rebalanced on a quarterly basis. Indexes are unmanaged and do not incur expenses. You cannot invest directly in an index.

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