

# Alternating Market Leadership

Annual returns for key indexes (1988–2008) ranked in order of performance (highest to lowest).

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
HIGHEST RETURN	Small Cap Value 29.47%	Large Cap Growth 35.92%	U.S. Bonds 8.96%	Small Cap Growth 51.19%	Small Cap Value 29.14%	Intl Stocks 32.56%	Intl Stocks 7.78%	Large Cap Value 38.36%	Large Cap Growth 23.12%	Large Cap Value 35.18%	Large Cap Growth 38.71%	Small Cap Growth 43.09%	Small Cap Value 22.83%	Small Cap Value 14.02%	U.S. Bonds 10.25%	Small Cap Growth 48.54%	Small Cap Value 22.25%	Intl Stocks 13.54%	Intl Stocks 26.34%	Large Cap Growth 11.81%	U.S. Bonds 5.24%
	Intl Stocks 28.27%	Large Cap Stocks 31.69%	Cash 8.42%	Small Cap Value 41.70%	Mid Cap Stocks 16.34%	Small Cap Value 23.77%	Cash 4.19%	Large Cap Stocks 37.58%	Large Cap Stocks 22.96%	Large Cap Stocks 33.36%	Large Cap Stocks 28.58%	Large Cap Stocks 33.16%	U.S. Bonds 11.63%	U.S. Bonds 8.44%	Cash 1.78%	Small Cap Value 46.03%	Intl Stocks 20.25%	Mid Cap Stocks 12.65%	Small Cap Value 23.48%	Intl Stocks 11.17%	Cash 2.06%
	Large Cap Value 23.16%	Mid Cap Stocks 26.27%	Large Cap Growth -0.26%	Mid Cap Stocks 41.51%	Large Cap Value 13.58%	Large Cap Value 18.07%	Large Cap Growth 2.62%	Large Cap Growth 37.18%	Large Cap Value 21.64%	Small Cap Value 31.78%	Intl Stocks 20.00%	Intl Stocks 26.96%	Mid Cap Stocks 8.25%	Cash 4.42%	Small Cap Value -11.43%	Mid Cap Stocks 40.06%	Mid Cap Stocks 20.22%	Large Cap Value 7.05%	Large Cap Value 22.25%	Small Cap Growth 7.05%	Small Cap Value -28.92%
	Small Cap Growth 20.37%	Large Cap Value 25.19%	Large Cap Stocks -3.10%	Large Cap Growth 41.27%	Small Cap Growth 7.77%	Mid Cap Stocks 14.30%	Large Cap Stocks 1.32%	Mid Cap Stocks 34.45%	Small Cap Value 21.37%	Large Cap Growth 30.49%	Large Cap Value 15.63%	Large Cap Stocks 21.04%	Large Cap Value 7.01%	Large Cap Value -5.59%	Large Cap Value -15.52%	Intl Stocks 38.59%	Large Cap Value 16.49%	Large Cap Growth 5.26%	Large Cap Stocks 15.79%	U.S. Bonds 6.97%	Large Cap Value -36.85%
	Mid Cap Stocks 19.80%	Small Cap Growth 20.17%	Large Cap Value -8.08%	Large Cap Stocks 30.47%	Large Cap Stocks 7.62%	Small Cap Growth 13.37%	Small Cap Value -1.54%	Small Cap Growth 31.04%	Mid Cap Stocks 19.00%	Mid Cap Stocks 29.01%	Mid Cap Stocks 10.09%	Mid Cap Stocks 18.23%	Cash 6.18%	Mid Cap Stocks -5.62%	Intl Stocks -15.94%	Large Cap Value 30.03%	Small Cap Growth 14.31%	Large Cap Stocks 4.91%	Mid Cap Stocks 15.26%	Mid Cap Stocks 5.60%	Large Cap Stocks -37.00%
	Large Cap Stocks 16.61%	U.S. Bonds 14.53%	Mid Cap Stocks -11.50%	Large Cap Value 24.55%	U.S. Bonds 7.40%	Large Cap Stocks 10.08%	Large Cap Value -1.98%	Small Cap Value 25.75%	Small Cap Growth 11.26%	Small Cap Growth 12.95%	U.S. Bonds 8.69%	Large Cap Value 7.35%	Large Cap Stocks -9.10%	Small Cap Growth -9.23%	Mid Cap Stocks -16.19%	Large Cap Growth 29.75%	Large Cap Stocks 10.88%	Small Cap Value 4.71%	Small Cap Growth 13.35%	Large Cap Stocks 5.49%	Large Cap Growth -38.44%
	Large Cap Growth 11.27%	Small Cap Value 12.43%	Small Cap Growth -17.41%	U.S. Bonds 16.00%	Large Cap Growth 4.99%	U.S. Bonds 9.75%	Mid Cap Stocks -2.09%	U.S. Bonds 18.47%	Intl Stocks 6.05%	U.S. Bonds 9.65%	Cash 5.23%	Cash 4.85%	Intl Stocks -14.17%	Large Cap Stocks -11.89%	Large Cap Stocks -22.10%	Large Cap Stocks 28.68%	Large Cap Growth 6.30%	Small Cap Growth 4.15%	Large Cap Growth 9.07%	Cash 5.00%	Small Cap Growth -38.54%
LOWEST RETURN	U.S. Bonds 7.89%	Intl Stocks 10.54%	Small Cap Value -21.77%	Intl Stocks 12.13%	Cash 3.93%	Cash 3.19%	Small Cap Growth -2.43%	Intl Stocks 11.21%	Cash 5.31%	Cash 5.33%	Small Cap Growth 1.23%	U.S. Bonds -0.82%	Large Cap Growth -22.42%	Large Cap Growth -20.42%	Large Cap Growth -27.88%	U.S. Bonds 4.10%	U.S. Bonds 4.34%	Cash 3.07%	Cash 4.85%	Large Cap Value -0.17%	Mid Cap Stocks -41.46%
	Cash 6.93%	Cash 8.99%	Intl Stocks -23.45%	Cash 6.38%	Intl Stocks -12.17%	Large Cap Growth 2.87%	U.S. Bonds -2.92%	Cash 6.03%	U.S. Bonds 3.63%	Intl Stocks 1.78%	Small Cap Value -6.45%	Small Cap Value -1.49%	Small Cap Growth -22.43%	Intl Stocks -21.44%	Small Cap Growth -30.26%	Cash 1.15%	Cash 1.33%	U.S. Bonds 2.43%	U.S. Bonds 4.33%	Small Cap Value -9.78%	Intl Stocks -43.38%

■ **Large-Cap Growth Stocks** are represented by the Russell 1000 Growth Index, which is an unmanaged index of capitalization-weighted stocks chosen for their growth orientation.

■ **Small-Cap Growth Stocks** are represented by the Russell 2000 Growth Index, which is an unmanaged index of those companies in the Russell 2000 Index chosen for their growth orientation.

■ **Large-Cap Value Stocks** are represented by the Russell 1000 Value Index, which is an unmanaged index of capitalization-weighted stocks chosen for their value orientation.

■ **Small-Cap Value Stocks** are represented by the Russell 2000 Value Index, which is an unmanaged index of those companies in the Russell 2000 Index chosen for their value orientation.

■ **Large-Cap Stocks** are represented by the S&P 500 Index, which is an unmanaged index of common stock performance.

■ **Mid-Cap Stocks** are represented by the Russell Midcap Index, an unmanaged index that measures the performance of the 800 smallest companies in the Russell 1000 Index.

■ **International Stocks** are represented by the MSCI EAFE Index, which is an unmanaged index of international stocks from Europe, Australasia, and the Far East.

■ **U.S. Bonds** are represented by the Barclays Capital Aggregate Bond Index, which is an unmanaged index used as a general measure of fixed-income securities.

■ **Cash** is represented by the Merrill Lynch 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.

# Reduce risk by diversifying

Over time, diversifying across several asset classes can help manage risk and potentially boost returns. Consider the three scenarios below, illustrating different asset allocation strategies. In each situation, \$10,000 was invested annually from 1988 to 2008. The first scenario shows the results of investing in last year's winner (the best-performing asset class), while the second shows the returns generated by investing in last year's loser (the worst-performing asset class). The third scenario shows the results of an asset allocation plan that consistently invests across several asset classes in equal proportion each year.

## CHASING THE WINNERS

Investing in last year's best-performing asset class **\$363,415**  
average annual total return **5.40%**

## INVESTING WITH THE LOSERS

Investing in last year's worst-performing asset class **\$332,481**  
average annual total return **4.62%**

## ASSET ALLOCATION

Investing consistently across several asset classes **\$388,941**  
average annual total return **5.98%**

PERFORMANCE RESULTS THROUGH 12/31/08				
	Inception	1 year	5 years	10 years
Russell 1000 Growth Index	12/31/78	-38.44%	-3.42%	-4.27%
Russell 1000 Value Index	12/31/78	-36.85	-0.79	1.36
S&P 500 Index	12/31/69	-37.00	-2.19	-1.38
Barclays Capital Aggregate Bond Index	12/31/75	5.24	4.65	5.63
Russell 2000 Growth Index	12/31/78	-38.54	-2.35	-0.76
Russell 2000 Value Index	12/31/78	-28.92	0.27	6.11
Russell Midcap Index	12/31/78	-41.46	-0.71	3.18
MSCI EAFE Index	12/31/69	-43.38	1.66	0.80
Merrill Lynch U.S. 3-month T-Bill Index	12/31/77	2.06	3.25	3.45

Source: Putnam Investments.

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

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 all nine indexes shown in the chart at left. It is not possible to invest directly in an index. 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.

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.

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.

\* Money market funds are not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other governmental agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in this fund.

## Putnam funds in every investment style

### TAXABLE INCOME

American Government Income Fund  
Diversified Income Trust  
Floating Rate Income Fund  
Global Income Trust  
High Yield Advantage Fund  
High Yield Trust  
Income Fund  
Money Market Fund\*  
U.S. Government Income Trust

### VALUE

Convertible Income-Growth Trust  
Equity Income Fund  
The George Putnam Fund of Boston  
International Growth and Income Fund  
Mid Cap Value Fund  
The Putnam Fund for Growth and Income  
Small Cap Value Fund

### BLEND

Capital Opportunities Fund  
Emerging Markets Equity Fund  
Europe Equity Fund  
Global Equity Fund  
International Equity Fund  
International Capital Opportunities Fund  
Investors Fund  
Research Fund

### GROWTH

Growth Opportunities Fund  
International New Opportunities Fund  
New Opportunities Fund  
Small Cap Growth Fund  
Vista Fund  
Voyager Fund

### ABSOLUTE RETURN

Putnam Absolute Return 100 Fund  
Putnam Absolute Return 300 Fund  
Putnam Absolute Return 500 Fund  
Putnam Absolute Return 700 Fund

### GLOBAL SECTOR

Global Consumer Fund  
Global Energy Fund  
Global Financials Fund  
Global Health Care Fund†  
Global Industrials Fund  
Global Natural Resources Fund  
Global Technology Fund  
Global Telecommunications Fund  
Global Utilities Fund‡

† Effective January 2, 2009, the fund changed its name from Putnam Health Sciences Trust.

‡ Effective January 2, 2009, the fund changed its name from Putnam Utilities Growth and Income Fund.