

Markets recover from crises

A major crisis that causes the stock market to drop in value can be unsettling, but does not spell the end for markets or investment strategies. History has shown that markets bounce back, and that staying invested through volatile episodes lets you benefit from a rebound.

Crisis and recovery: How the S&P 500 Index performed during and after historic events

Event	Event reaction dates	Percent of gain/loss during event	S&P 500 percentage of gain/loss after last reaction date			
			1 month later	1 year later	5 years later	10 years later
Fall of France	5/9/40–6/22/40	-18.2	3.1	5.2	15.9	13.2
Attack on Pearl Harbor	12/6/41–12/10/41	-6.9	4.5	16.0	18.1	17.1
Outbreak of Korean War	6/23/50–07/13/50	-11.1	9.5	42.0	27.6	18.4
Eisenhower heart attack	9/23/55–9/26/55	-6.6	0.1	11.8	8.5	11.6
Cuban Missile Crisis	08/23/62–10/23/62	-9.9	15.5	41.1	15.8	11.0
Kennedy assassination	11/21/63–11/22/63	-2.8	7.0	27.8	12.4	7.0
U.S. attacks Cambodia	4/29/70–5/26/70	-15.0	6.4	49.0	9.3	9.3
Nixon resigns	8/9/74–8/29/74	-13.4	-6.8	30.6	14.6	14.6
1987 stock market crash	10/02/87–10/19/87	-31.5	7.1	27.9	17.0	18.9
Gulf War ultimatum	12/17/90–1/16/91	-2.8	17.2	36.6	17.3	18.0
Gorbachev coup	8/16/91–8/19/91	-2.3	3.2	14.5	15.2	14.3
Collapse of Long-Term Capital Management	8/28/98–9/9/98	-2.0	-2.0	35.8	1.8	3.7
September 11 terrorist attacks	9/10/01–9/21/01	-11.6	11.3	-11.1	8.3	3.9
U.S. invades Iraq	3/18/03–3/31/03	-2.1	8.2	35.1	11.3	8.5
Collapse of Lehman Brothers	9/05/08–11/20/08	-39.1	18.3	48.8	21.5	—
U.S. debt downgrade by S&P	8/05/11–10/03/11	-8.0	14.9	35.0	17.0	—
2016 Brexit	6/23/16–6/27/16	-5.3	8.5	23.5	—	—

Historical references do not assume that any prior market behavior will be duplicated. Past performance does not indicate future results.

There are risks associated with mutual fund investing including the possibility that share prices will decline. Since investment return and principal value will fluctuate, shares when redeemed may be worth more or less than their original cost. Performance of Putnam funds will differ.

The S&P 500 Index is an unmanaged index of common stock performance. You cannot invest directly in an index. Indexes are unmanaged and used as a broad measure of market performance.

The pattern of crisis and recovery

All too often, a crisis can lead to fear as public perceptions become overly pessimistic. Financial markets that are usually rational can behave irrationally. But the U.S. stock market has proven remarkably resilient; it routinely has recovered from short-term crisis events to move higher over longer time periods.

The graph below shows a hypothetical investment in the S&P 500 Index, which represents some of the largest companies in the U.S. stock market from across all sectors of the economy. In spite of recessions, wars, and other crises, the annualized return over the past 77 years was 11.37%.

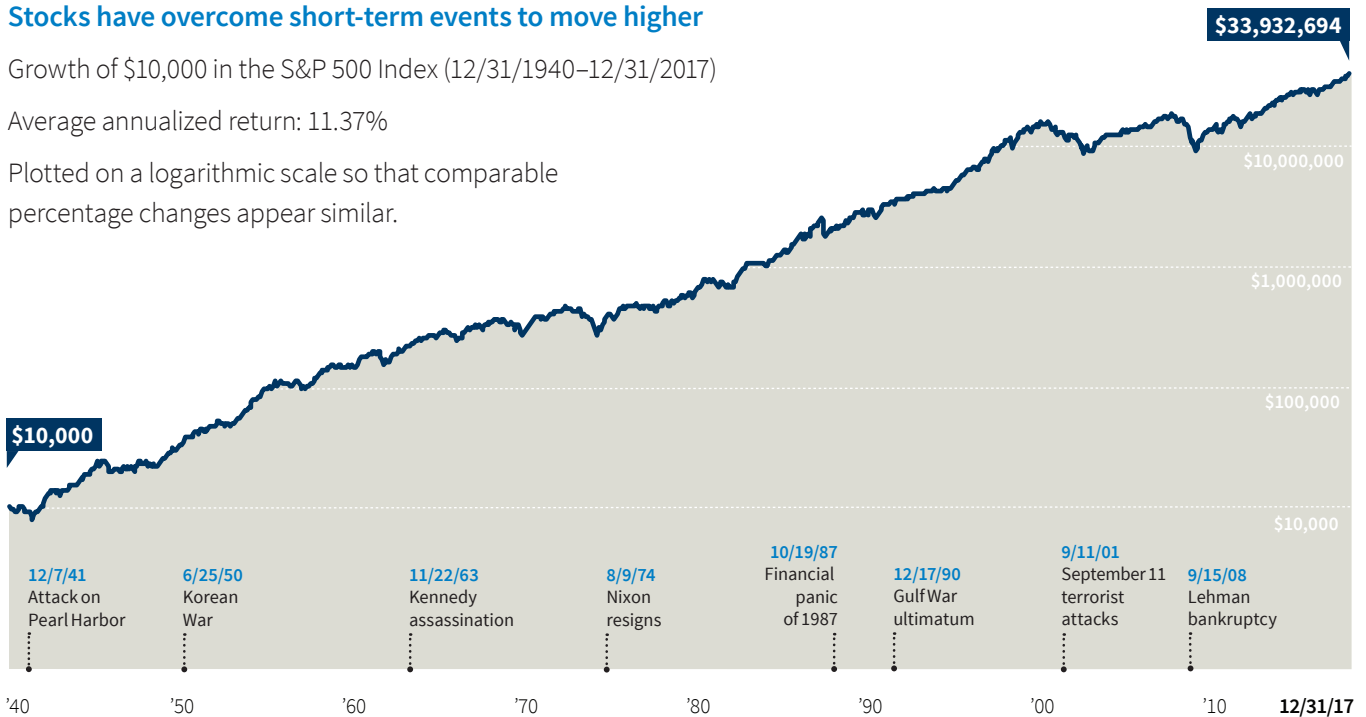
By staying invested during crises — or by investing during a crisis to take advantage of stock market valuations — investors can keep their portfolios on track in pursuit of their long-term goals.

Stocks have overcome short-term events to move higher

Growth of \$10,000 in the S&P 500 Index (12/31/1940–12/31/2017)

Average annualized return: 11.37%

Plotted on a logarithmic scale so that comparable percentage changes appear similar.



This graph represents a hypothetical \$10,000 investment in the S&P 500 Index, an unmanaged index of common stock performance. You cannot invest directly in an index. Indexes do not have sales charges and do not represent the performance of any Putnam fund or product. Past performance does not indicate future results, and prior markets may not be duplicated. Systematic or continued investing does not assure a profit or protect against loss. You should consider your ability to continue investing during periods of low price levels. The time horizon shown here is longer than that of most investors.

This material is for informational and educational purposes only. It is not a recommendation of any specific investment product, strategy, or decision, and is not intended to suggest taking or refraining from any course of action. It is not intended to address the needs, circumstances, and objectives of any specific investor. Putnam, which earns fees when clients select its products and services, is not offering impartial advice in a fiduciary capacity in providing this sales and marketing material. This information is not meant as tax or legal advice. Investors should consult a professional advisor before making investment and financial decisions and for more information on tax rules and other laws, which are complex and subject to change.

All funds involve risk, including the loss of principal.

Request a prospectus, or a summary prospectus if available, from your financial representative or by calling Putnam at 1-800-225-1581. The prospectus includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

Putnam Retail Management