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Putnam INVESTMENTS

Real returns of certificates of deposit versus stocks

Due to the adverse effects of inflation, many investors have turned to the growth potential of stocks, which historically have outpaced CDs.

CD rates compared with stock market returns (1989–2018)

Year	CD rate	S&P 500	Inflation	Real return of CDs	Real return of S&P 500
1989	9.46%	31.69%	4.64%	4.61%	25.85%
1990	8.49	–3.10	6.25	2.11	–8.80
1991	6.06	30.47	2.98	2.99	26.69
1992	3.82	7.62	2.97	0.83	4.52
1993	3.34	10.08	2.81	0.52	7.07
1994	5.05	1.32	2.60	2.39	–1.25
1995	6.16	37.58	2.53	3.54	34.19
1996	5.61	22.96	3.38	2.16	18.94
1997	5.87	33.36	1.70	4.10	31.13
1998	5.58	28.58	1.61	3.91	26.54
1999	5.59	21.04	2.68	2.83	17.88
2000	6.79	–9.10	3.44	3.24	–12.12
2001	3.69	–11.89	1.60	2.06	–13.28
2002	1.81	–22.10	2.48	–0.65	–23.99
2003	1.23	28.68	2.04	–0.79	26.11
2004	1.75	10.88	3.34	–1.54	7.30
2005	3.79	4.91	3.34	0.44	1.52
2006	5.33	15.79	2.52	2.74	12.94
2007	5.35	5.49	4.11	1.19	1.33
2008	3.18	–37.00	–0.02	3.20	–36.99
2009	0.88	26.46	2.81	–1.88	23.00
2010	0.44	15.06	1.44	–0.99	13.43
2011	0.42	2.11	3.06	–2.56	–0.92
2012	0.44	16.00	1.76	–1.30	13.99
2013	0.27	32.39	1.51	–1.22	30.42
2014	0.43	13.69	0.66	–0.23	12.94
2015	0.89	1.38	0.66	0.23	0.72
2016	1.27	11.96	2.08	–0.79	9.68
2017	1.82	21.83	2.11	–0.28	19.31
2018	2.82	–4.38	1.95	0.85	–6.21
Average as of 12/31/18	**3.56%**	**9.97%**	**2.49%**	**1.04%**	**7.29%**

"Real return" is the gross return of CDs or the S&P 500 adjusted for inflation.

While stocks incur more risk, certificates of deposit (CDs) offer a fixed rate of return, and the interest and principal on CDs will generally be insured by the FDIC up to $250,000.

Source: CD performance is based on average historical interest rates from Bloomberg. Data prior to 2013 is from Lipper. The Consumer Price Index (CPI) measures inflation. The S&P 500 Index is unmanaged and a common measurement of market performance. It is not possible to invest directly in an index. Past performance is not a guarantee of future results. Investments in mutual funds will fluctuate with market conditions, and you may have more or less than the original amount invested when you sell your shares.

The right investment mix can make all the difference

Experienced investors know that while you cannot predict future market performance, you can prepare for its inevitable ups and downs. That is why one of the most important elements of successful investing is maintaining a well-diversified portfolio. Owning securities across a broad array of investment categories can complement your overall strategy by balancing the risk and return potential inherent in different asset classes.

Diversification can be an effective way to minimize exposure to investments that are temporarily out of favor. That is because underperformance in one investment can be offset by stronger performance in another. Mutual funds offer investors a simple way to diversify by utilizing a variety of strategies, disciplines, and investments that broaden investment opportunities and minimize risk. Diversification does not guarantee a profit or ensure against loss. It is possible to lose money in a diversified portfolio.

Long-term investment success requires careful planning. Therefore, it is important to seek the advice of your financial advisor, who can evaluate your goals and help you build an investment strategy that is right for you.

For informational purposes only. Not an investment recommendation.

All funds involve risk, including loss of principal.

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

Putnam Retail Management

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