

# Diversify to reduce the risk from changes in market leadership

An asset allocation fund invests in a diversified portfolio to perform with less volatility than individual asset classes

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
HIGHEST RETURN	Comm. 32.07%	SCG 48.54%	SCV 22.25%	Comm. 25.55%	IE 26.34%	Comm. 32.58%	AGG 5.24%	LCG 37.21%	SCG 29.09%	TIPS 13.56%	SCV 18.05%	SCG 43.30%	LCV 13.45%	LCG 5.67%	SCV 31.74%
	TIPS 16.57%	SCV 46.03%	IE 20.25%	IE 13.54%	SCV 23.48%	LCG 11.81%	Cash 2.06%	AAB 35.66%	SCV 24.50%	AGG 7.84%	LCV 17.51%	SCV 34.52%	LCG 13.05%	AAB 0.55%	LCV 17.34%
	AGG 10.25%	IE 38.59%	Comm. 17.28%	AAB 7.26%	LCV 22.25%	TIPS 11.63%	TIPS -2.35%	SCG 34.47%	LCG 16.71%	LCG 2.64%	IE 17.32%	LCG 33.48%	AAB 9.70%	AGG 0.55%	Comm. 11.37%
	Cash 1.78%	LCV 30.03%	LCV 16.49%	LCV 7.05%	SCG 13.35%	IE 11.17%	SCV -28.92%	IE 31.78%	LCV 15.51%	LCV 0.39%	LCG 15.26%	LCV 32.53%	AGG 5.97%	Cash 0.05%	SCG 11.32%
SCV -11.43%	LCG 29.75%	SCG 14.31%	LCG 5.26%	AAB 12.97%	SCG 7.05%	AAB -33.08%	SCV 20.58%	AAB 14.62%	Cash 0.10%	SCG 14.59%	IE 22.78%	SCG 5.60%	IE -0.81%	LCG 7.08%	
AAB -12.05%	AAB 21.64%	AAB 9.14%	SCV 4.71%	LCG 9.07%	AGG 6.97%	LCV -36.85%	LCV 19.69%	Comm. 9.02%	AAB -0.36%	AAB 14.49%	AAB 19.24%	SCV 4.22%	SCG -1.38%	AAB 6.99%	
LCV -15.52%	Comm. 20.72%	TIPS 8.46%	SCG 4.15%	Cash 4.85%	Cash 5.00%	LCG -38.44%	Comm. 13.49%	IE 7.75%	Comm. -1.18%	TIPS 6.98%	Cash 0.07%	TIPS 3.64%	TIPS -1.44%	TIPS 4.68%	
IE -15.94%	TIPS 8.40%	LCG 6.30%	Cash 3.07%	AGG 4.33%	AAB 2.06%	SCG -38.54%	TIPS 11.41%	AGG 6.54%	SCG -2.91%	AGG 4.22%	Comm. -1.22%	Cash 0.03%	LCV -3.83%	AGG 2.65%	
LCG -27.88%	AGG 4.10%	AGG 4.34%	TIPS 2.84%	TIPS 0.41%	LCV -0.17%	IE -43.38%	AGG 5.93%	TIPS 6.31%	SCV -5.50%	Cash 0.11%	AGG -2.02%	IE -4.90%	SCV -7.47%	IE 1.00%	
SCG -30.26%	Cash 1.15%	Cash 1.33%	AGG 2.43%	Comm. -15.04%	SCV -9.78%	Comm. -46.49%	Cash 0.21%	Cash 0.13%	IE -12.14%	Comm. 0.08%	TIPS -8.60%	Comm. -33.06%	Comm. -32.86%	Cash 0.33%	

**Putnam Dynamic Asset Allocation Balanced Fund (AAB)** has a strategic allocation of 60% equities (with a range of 45% to 75%) and 40% bonds (with a range of 25% to 55%). It invests in securities in U.S. and international markets, large-, mid-, and small-cap stocks, and growth and value styles.

**Large-cap growth equities (LCG)** are represented by the Russell 1000 Growth Index, which is an unmanaged index of those companies in the broad-market Russell 1000 Index chosen for their growth orientation.

**Small-cap growth equities (SCG)** are represented by the Russell 2000 Growth Index, which is an unmanaged index of those companies in the small-cap Russell 2000 Index chosen for their growth orientation.

**Large -cap value equities (LCV)** are represented by the Russell 1000 Value Index, which is an unmanaged index of those companies in the broad-market Russell 1000 Index chosen for their value orientation.

**Small-cap value equities (SCV)** are represented by the Russell 2000 Value Index, which is an unmanaged index of those companies in the small-cap Russell 2000 Index chosen for their value orientation.

**International equities (IE)** are represented by the MSCI EAFE Index, which is an unmanaged index of equity securities from developed countries in Western Europe, the Far East, and Australasia.

**U.S. bonds (AGG)** are represented by the Bloomberg Barclays U.S. Aggregate Bond Index, which is an unmanaged index of U.S. investment-grade fixed-income securities.

**Cash** is represented by the BofA Merrill Lynch U.S. 3-month Treasury Bill Index, which is an unmanaged index that seeks to measure the performance of U.S. Treasury bills available in the marketplace.

**Commodities (Comm.)** are represented by the S&P GSCI, which is a composite index of commodity sector returns that represents a broadly diversified, unleveraged, long-only position in commodity futures.

**U.S. TIPS (TIPS)** are represented by the Bloomberg Barclays U.S. Treasury Inflation-Linked Bond Index, which is an unmanaged market index made up of U.S. Treasury Inflation-Protected securities.

The chart shows unmanaged indexes used as a broad measure of market performance against Putnam Dynamic Asset Allocation Balanced Fund from 12/31/02 through 12/31/16. It is not possible to invest directly in an index. Data is historical. Past performance is not a guarantee of future results. See reverse side for Putnam Dynamic Asset Allocation Balanced Fund performance and other important information.

While diversification does not guarantee a profit or ensure against loss, and it is possible to lose money in a diversified portfolio, Putnam's returns are positive in more than 80% of the most recent seventy quarters.

# Putnam offers a choice of asset allocation funds to serve different investment goals

Each fund has a track record of more than 20 years and is professionally managed by Putnam's long-tenured Global Asset Allocation group.

## Dynamic Asset Allocation Conservative Fund (PACYX)

Seeking total return consistent with preservation of capital, this fund has a strategic combination of 70% bonds/30% stocks.

Class Y shares Inception 7/14/94	Net asset value	Bloomberg Barclays U.S. Agg Bond Index
1 year	6.88%	-0.31%
3 years	4.30	2.48
5 years	6.77	2.21
10 years	5.12	4.48
Life of fund	6.17	5.37

Expense ratio: 0.79%

## Dynamic Asset Allocation Balanced Fund (PABYX)

Seeking total return with a balance of 60% stocks/40% bonds.

Class Y shares Inception 7/5/94	Net asset value	Russell 3000 Index
1 year	12.63%	18.51%
3 years	5.89	9.10
5 years	9.98	14.58
10 years	5.68	7.26
Life of fund	7.35	9.40

Expense ratio: 0.75%

## Dynamic Asset Allocation Growth Fund (PAGYX)

Seeking capital appreciation with a strategic allocation of 80% stocks/20% bonds.

Class Y shares Inception 7/14/94	Net asset value	Russell 3000 Index
1 year	16.73%	18.51%
3 years	6.43	9.10
5 years	11.78	14.58
10 years	5.56	7.26
Life of fund	8.03	9.39

Expense ratio: 0.86%

Performance and expense information as of 6/30/17.

Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company. The Russell 3000 Index is an unmanaged index of the 3,000 largest U.S. companies. The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index of U.S. investment-grade fixed-income securities. You cannot invest directly in an index.

**For more information on how Putnam Global Asset Allocation Funds can fit into a diversified portfolio, talk to your financial advisor or log on to [putnam.com](http://putnam.com).**

*Returns are annualized. Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. Share price, principal value, and return will vary, and you may have a gain or a loss when you sell your shares. Performance assumes reinvestment of distributions and does not account for taxes. For the most recent month-end performance, please visit [putnam.com](http://putnam.com). Class Y shares before their inception are derived from the historical performance of class A shares (Conservative and Balanced inception date 2/7/94; Growth inception date 2/8/94), which have not been adjusted for the lower expenses; had they, returns would have been higher. For a portion of the periods, the fund may have had expense limitations, without which returns would have been lower. Class Y shares are generally only available for corporate and institutional clients and have no initial sales charge.*

For informational purposes only. Not an investment recommendation.

**Consider these risks before you invest:** Allocation of assets among asset classes may hurt performance. Stock and bond prices may fall or fail to rise over time for several reasons, including general financial market conditions, factors related to a specific issuer or industry and, with respect to bond prices, changing market perceptions of the risk of default and changes in government intervention. These factors may also lead to increased volatility and reduced liquidity in the bond markets. International investing involves currency, economic, and political risks. Emerging-market securities carry illiquidity and volatility risks. Investments in small and/or midsize companies increase the risk of greater price fluctuations. Growth stocks may be more susceptible to earnings disappointments, and value stocks may fail to rebound. Funds that invest in government securities are not guaranteed. Mortgage-backed investments, unlike traditional debt investments, are also subject to prepayment risk, which means that they may increase in value less than other bonds when interest rates decline and decline in value more than other bonds when interest rates rise. 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). Default risk is generally higher for non-qualified mortgages. Interest-rate risk is 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. The use of derivatives may increase these risks by increasing investment exposure (which may be considered leverage) or, in the case of over-the-counter instruments, because of the potential inability to terminate or sell derivatives positions and the potential failure of the other party to the instrument to meet its obligations. You can lose money by investing in the fund.

**Investors should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing. For a prospectus or summary prospectus 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.**

Putnam Retail Management