

About the Index

**Live date**  
June 24, 2020

**Rebalancing frequency**  
Daily

**Index ticker**  
PDLV5E

**Currency**  
U.S. dollar

**Volatility**  
Target: 5%

About Putnam Investments

Global asset manager helping individuals and institutions pursue financial success since 1937

\$169B in AUM (assets under management) as of 3/31/23

Headquarters in Boston, Mass.

# Putnam Dynamic Low Volatility Excess Return Index™ (PDLV5E)

Combines stocks, bonds, and cash to pursue consistent, attractive returns

Putnam Dynamic Low Volatility Excess Return Index (PDLV5E) dynamically pursues attractive returns with a focus on managing volatility and avoiding unwanted surprises. It combines three kinds of asset classes: U.S. stocks with better risk-adjusted return potential than the market average, U.S. Treasury bonds for stability and diversification, and cash to help mitigate downside risk. The Index has rules that seek to manage risk. On a daily basis, the Index can flex and rebalance, targeting volatility centered around 5%.

U.S. STOCKS	U.S. BONDS	CASH
<b>S&amp;P 500 Low Volatility Index</b> Stocks of large companies with lower average historic risk than the stock market and higher risk-adjusted return potential	<b>S&amp;P 10-Year U.S. Treasury Note Futures Index</b> U.S. government bonds that may perform well in periods when stocks struggle	<b>U.S. Treasury 13-Week Bill High Discount Rate</b> Less volatile than stocks and bonds, and a tool to help smooth Index performance

**Summary commentary**

**Performance:** PDLV5E underperformed most asset classes in Q1 2023, posting a return of 1.14%.

**Attribution:** Performance was primarily driven by positive returns from U.S. Treasury bonds (3.54%) during the quarter. However, low volatility stocks weighed on results (-1.74%) in Q1.

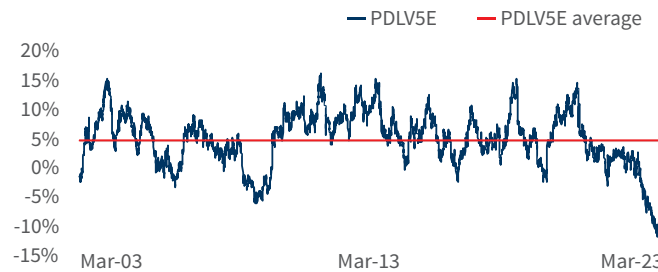
**Positioning:** The index entered the quarter with a defensive posture, allocated mostly to bonds and cash in similar weights. Over the quarter, the allocation to bonds was increased, and cash was reduced. By the end of the period, the index returned to bonds and cash in similar weights.

**PDLV5E annualized return performance as of 3/31/23\***

YTD	1 year	3 years	5 years	10 years	Since inception
1.14%	-5.61%	-1.40%	1.58%	3.37%	4.20%

**Positive returns in 90% of 1-year periods†**

PDLV5E rolling 1-year returns and average return



**Historically more consistent than S&P 500 Price Return Index over the last 20 years†**

	PDLV5E	S&P 500 Price Return Index
% of 1-year returns above 0%	86.6%	79.9%
Average 1-year return	5.2%	8.9%
Max 1-year return	16.8%	74.8%
Min 1-year return	-11.6%	-48.8%
Range (Max-Min)	28.4%	123.6%

\* PDLV5E Index levels are calculated by S&P Dow Jones Indices. PDLV5E performance is based on hypothetical back-tested data prior to the actual launch of the Index: The Index back-test inception is 12/29/89. The live date of the Index was 6/24/20. The Index levels represent performance in excess of the U.S. Treasury 13-Week Bill High Discount Rate. The Index levels reflect the daily deduction of a fee at a rate of 0.50% per annum. Past performance is not a guarantee or indicative of future results.

† Hypothetical returns shown are for the past 20 years as of 3/31/23, if the Putnam Dynamic Low Volatility Excess Return Index had existed. PDLV5E Index performance metrics are calculated by Putnam.

Targets are presented for the purpose of communicating the intended risk profile and are not intended to be projections of performance. It is possible that the Putnam Dynamic Low Volatility Excess Return Index could realize volatility greater than its target. No assurance can be given that the index objective will be achieved. Actual results could be materially different from the stated goals. Excess return may be positive or negative and does not mean any additional return on the index performance. Diversification strategies do not guarantee positive performance or prevent negative performance. Total assets under management are unaudited and subject to change and do not reflect pending activity for client decisions communicated to Putnam as of 3/31/23.

**Hypothetical back-test for illustrative purposes only.** Performance represents hypothetical data determined by retroactive application of a back-tested model, itself designed with the benefit of hindsight. Hypothetical back-tested data is theoretical, subject to risk, and not predictive of future results. The level of the Index is calculated on an excess return basis and reflects the daily deduction of a fee at a rate of 0.50% per annum. The fee is not related to any life insurance product or annuity. The hypothetical performance information presented herein does not reflect fees and expenses that an investor would pay in a life insurance product or fixed index annuity.

It is not possible to invest directly in an index.

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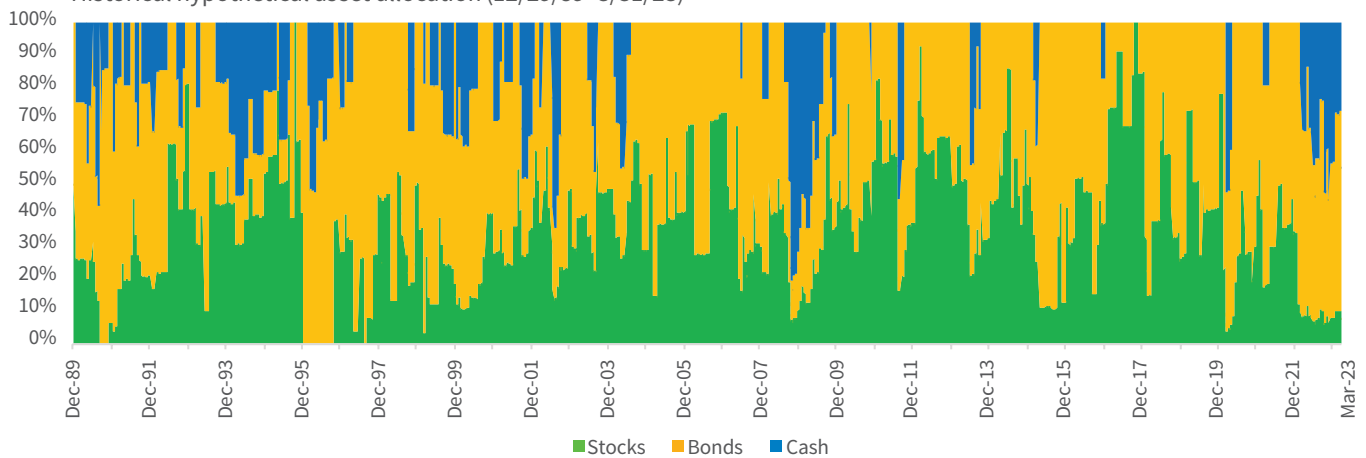
**Dynamic allocation process seeks to control volatility and maximize risk-adjusted returns**

**STEP 1:** Monitor risk daily to determine expected volatility.

**STEP 2:** If volatility >1% (+/-) from target 5%, dynamically shifts asset class weights.

If volatility <1% (+/-) from target 5%, maintains current asset class weights.

Historical hypothetical asset allocation (12/29/89–3/31/23)



**Historical asset class range**

	Stocks	Bonds	Cash
Mean	37.2%	51.4%	11.5%
Max	100.0%	100.0%	83.2%
Min	0.0%	0.0%	0.0%

Historical asset allocations are hypothetical and illustrate how the Putnam Dynamic Low Volatility Excess Return Index would have responded to market conditions from December 29, 1989–June 24, 2020, had it existed. The information does not represent the current allocations of the index. It is only provided as an example of how the allocations would have worked in certain market environments. No future asset allocations of the index can be predicted based on the simulated asset allocations described herein. The live date of the Index was June 24, 2020. Asset allocation strategies do not guarantee positive performance or prevent negative performance. Past performance is not a guarantee or a reliable indicator of future results.

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