

Q1 | 2022

# Rising rates and their impact on Putnam Diversified Income Trust

Period of rising rates	10-year U.S. Treasury Bond change in yield	Bloomberg U.S. Aggregate Bond Index return	10-year U.S. Treasury Bond return	Putnam Diversified Income Trust Y shares return
11/30/09 to 12/28/09	64 bps (3.20 to 3.84)	-1.67%	-4.94%	1.82%
10/8/10 to 12/15/10	114 bps (2.38 to 3.52)	-3.09	-8.60	0.30
10/3/11 to 10/27/11	61 bps (1.79 to 2.40)	-1.25	-5.09	2.74
11/13/12 to 2/19/13	48 bps (1.55 to 2.03)	-0.90	-3.14	5.82
5/2/13 to 7/5/13	109 bps (1.63 to 2.72)	-4.45	-8.55	-1.05
7/22/13 to 9/5/13	49 bps (2.49 to 2.98)	-1.95	-3.98	1.28
10/23/13 to 12/31/13	52 bps (2.49 to 3.01)	-1.07	-3.70	2.31
1/30/15 to 3/6/15	60 bps (1.64 to 2.14)	-1.91	-4.71	4.22
4/3/15 to 6/10/15	65 bps (1.85 to 2.50)	-2.44	-4.65	1.46
7/5/16 to 12/20/16	120 bps (1.37 to 2.57)	-4.05	-9.74	8.19
9/7/17 to 11/8/18	119 bps (2.05 to 3.24)	-2.96	-7.16	4.88
8/4/20 to 3/31/21	122 bps (0.52 to 1.74)	-3.70	-9.99	7.24
8/3/21 to 10/21/21	49 bps (1.19 to 1.68)	-2.03	-4.07	-1.72
12/31/21 to 3/31/22	80 bps (1.52 to 2.32)	-5.93	-6.86	-0.50

Sources: Federal Reserve, Bloomberg, Putnam.

Indexes are unmanaged and used as a broad measure of market performance. It is not possible to invest directly in an index. Past performance is not indicative of future results.

The Bloomberg U.S. Aggregate Bond Index is an unmanaged index of U.S. investment-grade fixed-income securities. You cannot directly invest in an index.

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## Annualized total return

### Putnam Diversified Income Trust Y share (PDVYX) and A share (PDINX)

	Class Y shares Inception 7/1/96	Class A shares Inception 10/3/88 Before sales charge	Class A shares Inception 10/3/88 After sales charge	ICE BofA U.S. Treasury Bill Index
1 year	-7.69%	-7.79%	-11.48%	0.00%
3 years	-0.10	-0.36	-1.71	0.82
5 years	1.51	1.27	0.44	1.14
10 years	2.82	2.56	2.14	0.65
Life of fund	5.63	5.44	5.31	—

Class Y (PDVYX) total expense ratio: 0.72%

Class A (PDINX) total expense ratio: 0.97%

**Consider these risks before investing:** Emerging market securities carry illiquidity and volatility risks. Lower-rated bonds may offer higher yields in return for more risk. Funds that invest in government securities are not guaranteed. Mortgage-backed investments, unlike traditional debt investments, are 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). Interest-rate risk is generally greater for longer-term bonds, and credit risk is generally greater for below-investment-grade bonds. Risks associated with derivatives include increased investment exposure (which may be considered leverage) and, in the case of over-the-counter instruments, the potential inability to terminate or sell derivatives positions and the potential failure of the other party to the instrument to meet its obligations. Unlike bonds, funds that invest in bonds have fees and expenses. The value of investments in the fund's portfolio may fall or fail to rise over extended periods of time for a variety of reasons, including general economic, political, or financial market conditions; investor sentiment and market perceptions; government actions; geopolitical events or changes; and factors related to a specific issuer, geography, industry, or sector. International investing involves currency, economic, and political risks. These and other factors may lead to increased volatility and reduced liquidity in the fund's portfolio holdings.

Our investment techniques, analyses, and judgments may not produce the outcome we intend. The investments we select for the fund may not perform as well as other securities that we do not select for the fund. We, or the fund's other service providers, may experience disruptions or operating errors that could have a negative effect on the fund. You can lose money by investing in the fund.

Putnam Retail Management

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