Q4 | 2018

Rising rates and their impact on Putnam Diversified Income Trust

Period of rising rates	Change in yield on 10-year Treasury bond	Bloomberg Barclays U.S.Aggregate Bond Index return	U.S. 10-year Treasury 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
2/27/12 to 3/19/12	46 bps (1.92 to 2.38)	-1.23	-3.84	1.98
7/24/12 to 8/16/12	43 bps (1.41 to 1.84)	-1.19	-3.40	2.27
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

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.

Putnam's fixed-income management team takes a 360-degree view of the bond markets.

Successful investing in today's markets requires a broad-based approach, the flexibility to exploit a range of sectors and investment opportunities, and a keen understanding of the complex global interrelationships that drive the markets.

That's why Putnam has more than 90 fixed-income professionals focusing on key areas from global rates and credit to portfolio construction. Together, our team offers comprehensive coverage of every aspect of the fixed-income world, based not only on sector, but also on the broad sources of risks — and opportunities — most likely to drive returns.

Our commitment to fundamental research and active management leads our portfolio managers to areas of the market that are outside the index, are often overlooked by other investors, or may be too inefficient for larger funds to invest in effectively.

Annualized total return

Putnam Diversified Income Trust (PDVYX)*

Class Y shares Inception 7/1/96	**At NAV**	**ICE BofAML U.S. Treasury Bill Index**
1 year	-1.01%	1.88%
3 years	3.63	1.02
5 years	1.85	0.64
10 years	8.80	0.40
Life of fund	6.10	—

Total expense ratio: 0.75%

* Putnam Diversified Income Trust class A shares inception date is 10/3/88.

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. Class Y shares before their inception are derived from the historical performance of class A shares, which have not been adjusted for the lower expenses; had they, returns would have been higher. 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 investing: International investing involves currency, economic, and political risks. 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 securities are subject to prepayment risk and the risk that they may increase in value when interest rates decline and decline in value 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 greater for longer-term bonds, and credit risk is 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. Bond prices may fall or fail to rise over time for several reasons, including general financial market conditions, changing market perceptions (including perceptions about the risk of default and expectations about monetary policy or interest rates), changes in government intervention in the financial markets, and factors related to a specific issuer or industry. These and other factors may lead to increased volatility and reduced liquidity in the fund's portfolio holdings. You can lose money by investing in the fund.

Your clients 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 the Putnam Client Engagement Center at 1-800-354-4000. Your clients should read the prospectus carefully before investing.