

Putnam Dynamic Low Volatility Excess Return Index™ (PDLV5E)

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

Exploits diversification
Employs low-volatility stocks for efficiency
Allocates dynamically to manage volatility

Not a bank or credit union deposit, obligation or guarantee | May lose value

Not FDIC or NCUA/NCUSIF insured | Not insured by any federal government agency

A diversified index to pursue consistent returns

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

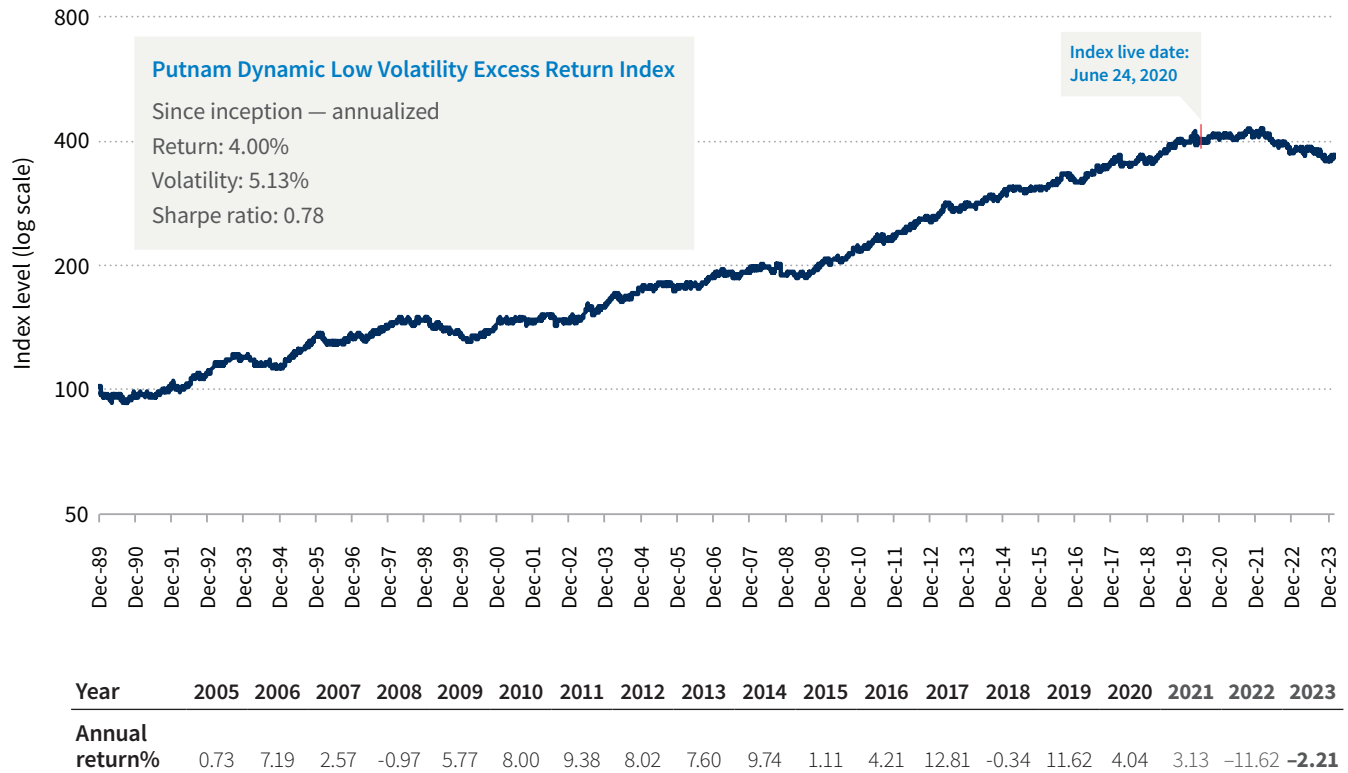


About Putnam Investments

Putnam Dynamic Low Volatility Excess Return Index was created by Putnam Investments, a Franklin Templeton company. Putnam Investments has been serving clients for over 85 years. Our portfolios are fueled by a variety of independent views and perspectives, enhanced by fundamental research and ongoing dialogue and debate. We combine this with portfolio construction that aims to reduce broader macro exposures and manage downside risk.

Competitive returns with few declines and volatility near the 5% target* during the measurement period

PDLV5E hypothetical performance (inception to 12/31/23)†



* 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.

† 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 December 29, 1989. The live date of the Index was June 24, 2020. The Index levels represent performance in excess of the U.S. Treasury 13-Week Bill High Discount Rate. S&P is the source of PDLV5E calculations and constituent weights. Past performance is not a guarantee of future results. The Sharpe ratio is calculated by dividing the historical PDLV5E return by the volatility (standard deviation) of the return. Standard deviation measures how widely a set of values varies from the mean. It is a historical measure of the variability of return earned by an investment portfolio.

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 Index levels reflect 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.

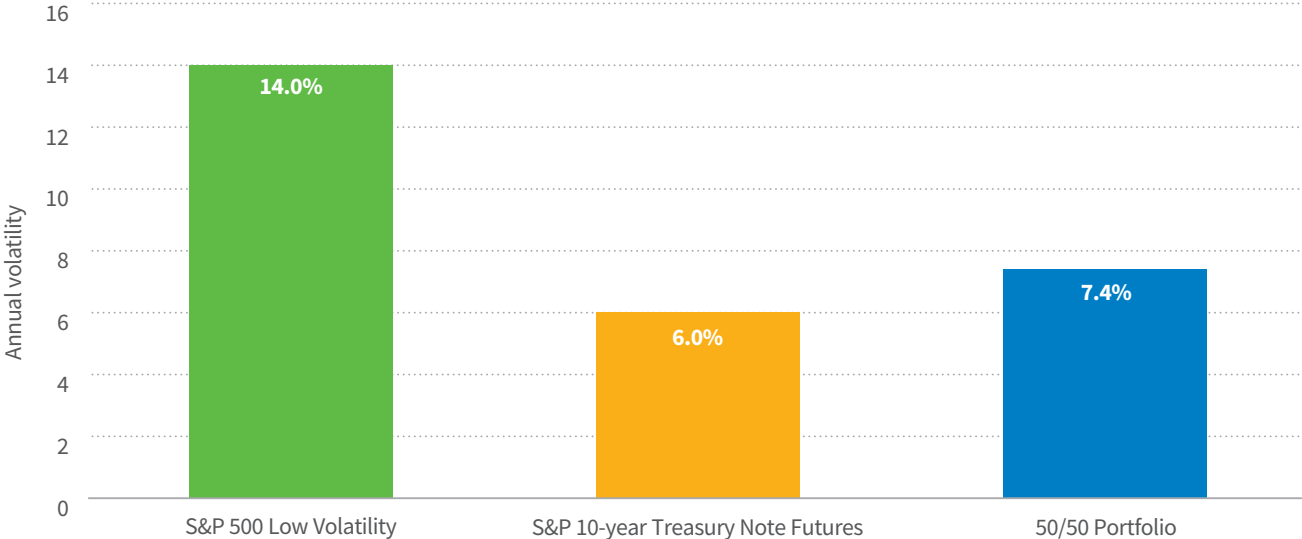
Employs low-volatility stocks combined with bonds to pursue strong diversification

Combining assets with low (or negative) correlation in a portfolio or an index results in a diversification effect. This is designed to help reduce volatility — the ups and downs in performance. Correlation measures whether two investments frequently move in the same direction. Low or negative correlation means two investments, like stocks and bonds, move in somewhat different directions. When combined, they can have smoother performance than they have separately.

A strong diversification effect comes from mixing stocks and bonds

Combining stocks and bond futures into one portfolio has achieved greater diversification and a lower volatility of 7.4%, more than one percentage point over Treasury Futures and six points less than stocks.

Volatility of stocks, bonds, and a combined portfolio of both, 12/29/89–12/31/23



Sources: S&P Global, Bloomberg Finance L.P.

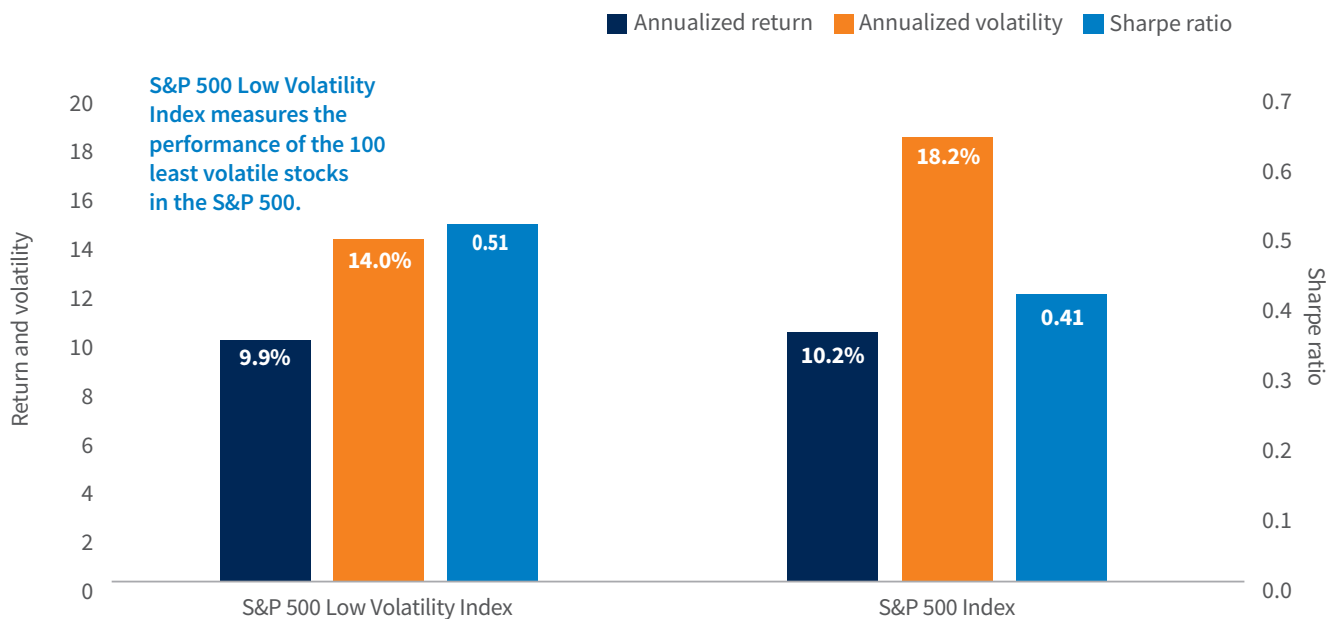
Volatility values are based on daily returns from 12/29/89 to 12/31/23. Stocks represent the S&P 500 Low Volatility Index, and bonds represent the 10-year U.S. Treasury Note Futures Index. 50/50 Portfolio is the actual volatility of a blended 50% stocks/50% bonds portfolio. Daily rebalancing is assumed. Past performance is not a guarantee of future results. Indexes are unmanaged and do not incur expenses. You cannot invest directly in an index. Diversification does not assure a profit or protect against loss. It is possible to lose money in a diversified portfolio. The S&P 500 Low Volatility Index measures the performance of the 100 least volatile stocks in the S&P 500 Index and was launched on April 4, 2011. The S&P 10-year U.S. Treasury Note Futures Index holds the nearest maturity 10-year U.S. Treasury Note futures contract and was launched on March 28, 2011. All information prior to each index's launch date is back-tested, based on the methodology that was in effect on the respective launch date. Back-tested performance, which is hypothetical and not actual performance, is subject to inherent limitations because it reflects application of index methodology and selection of index constituents in hindsight.

Low-volatility stocks have historically better risk-adjusted returns than the S&P 500 during the measurement period

For its stock market exposure, the PDLV5E Index uses low-volatility stocks to take advantage of an anomaly in financial markets, where low-volatility stocks have historically better risk-adjusted returns. Putnam believes in the power of low-volatility strategies and has managed other types of low-volatility portfolios since 2010 seeking smoother performance and fewer surprises.

PDLV5E uses the S&P 500 Low Volatility Index, which has historically better risk-adjusted performance than the S&P 500 Index during the measurement period.

Performance history, 12/29/89–12/31/23



Sources: S&P Global. Bloomberg Finance L.P.

Performance and volatility values are based on daily returns from 12/29/89 to 12/31/23. Past performance is not a guarantee of future results. Indexes are unmanaged and do not incur expenses. You cannot invest directly in an index. Diversification does not assure a profit or protect against loss. It is possible to lose money in a diversified portfolio. The S&P 500 Low Volatility Index measures the performance of the 100 least volatile stocks in the S&P 500 Index and was launched on April 4, 2011. All information prior to the index's launch date is back-tested, based on the methodology that was in effect on the launch date. Back-tested performance, which is hypothetical and not actual performance, is subject to inherent limitations because it reflects application of index methodology and selection of index constituents in hindsight.

Dynamic daily rebalancing process allows the Index to consistently target volatility

Daily rebalancing allows the Index to be responsive to changing markets. The goal of the process is to have the right asset mix to pursue attractive risk-adjusted returns with a target volatility centered around 5%.*

1 ASSESS EQUITY MARKET RISK

Calculate and incorporate equity market volatility daily over multiple time horizons

PURPOSE: Multiple risk metrics allow the Index to be stable, but also responsive to changing markets

2 CALCULATE TARGET WEIGHTS

Determine the optimal weights to stocks and bonds that result in 5% Index volatility

PURPOSE: The Index always chooses an allocation to take the appropriate amount of risk, while raising cash to mitigate risk in volatile down markets

3 APPLY TRADING RULE

Rebalance the Index only if projected volatility falls outside of 4%–6%

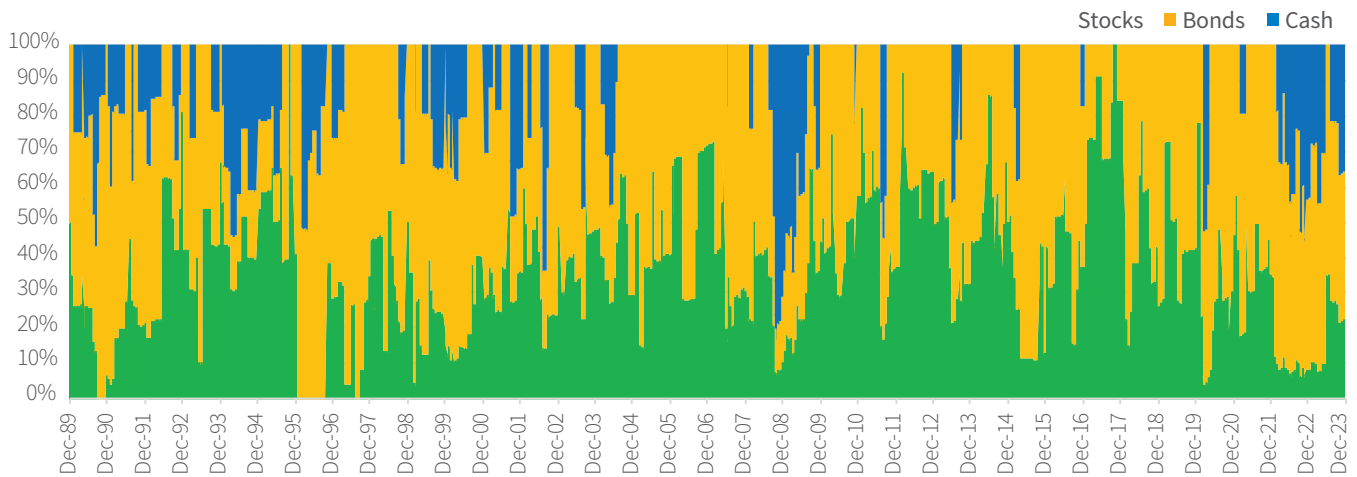
PURPOSE: This carefully crafted process seeks to improve risk-adjusted returns while also minimizing unnecessary turnover

* 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.

Rebalancing the Index has helped to keep volatility in a narrow range

The dynamic process has reallocated stocks, bonds, and cash (see first chart), keeping volatility near the 5% volatility target (see second chart), 12/29/89–12/31/23.

Historical hypothetical asset allocation



Historical hypothetical Index volatility

(1-year rolling volatility)



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, to 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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Total assets under management are unaudited and subject to change and do not reflect pending activity for client decisions communicated to Putnam as of December 31, 2023.

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