

## Putnam Investments

One Post Office Square  
Boston, Massachusetts 02109

## PRODUCT OVERVIEW

Putnam Investments' international core equity portfolio invests in foreign securities in the form of American Depository Receipts (ADRs), exchange-traded funds (ETFs) and closed-end country funds traded in U.S. markets and U.S. equities. Putnam's international core equity investment strategy is a blended top-down (country and sector) decision-making and bottom-up stock selection process. Emphasis is placed on identifying stocks selling for less than their real or relative value regardless of the type of company (i.e., growth, cyclical or mature). Putnam's investment process is not limited to one style, but rather focuses on a combination of growth- and value-style attributes. There is a centralized team of portfolio managers, supported by research analysts worldwide, who share the same investment philosophy and process. Putnam's investment process may, at times, result in portfolios that will be over/underweighted in particular sectors/countries/regions versus the MSCI EAFE Index.

**The portfolio characteristics, portfolio statistics, portfolio weightings, allocation history and top five holdings are based on a representative account managed by the investment manager in the same or a substantially similar investment discipline and/or on information that the manager has provided to Morgan Stanley Smith Barney. The performance data and related analyses are based on the performance of the investment manager's composite described on page 3.**

## TARGET PORTFOLIO CHARACTERISTICS

Number of stock holdings:	40 to 60
Average dividend yield:	Above the S&P 500 Index
Cash level over market cycle:	0 to 5%
Risk (standard deviation):	Similar to/Above the MSCI EAFE NET Index
Average turnover rate:	—
Capitalization:	Mega, Large and Medium companies
Emerging markets exposure:	0 to 20%

## MANAGER'S INVESTMENT PROCESS

- Putnam seeks to maximize return while managing risk, utilizing a core valuation philosophy with no predetermined style bias while investing internationally
- Based on Putnam's valuation approach securities purchased are believed to be quality companies that are undervalued and securities have a minimum market capitalization of \$3 billion
- Putnam's integrated three-dimensional investment process combines country, sector, and stock selection decisions
- Diversification guidelines are utilized to help minimize the risk associated with more concentrated country and sector selections
- Putnam will sell a security based on valuation targets, deterioration of fundamentals, or for the purpose of portfolio construction

## RISK CONSIDERATIONS

Investing in securities entails risks, including: International investing should be considered one component of a complete and diversified investment program. Investing in foreign markets entails greater risks than those normally associated with domestic markets such as foreign political, currency, economic and market risks. In addition, the securities markets of many emerging markets are substantially smaller, less developed, less liquid and more volatile than the securities of the U.S. and other more developed countries.

## MANAGER'S INVESTMENT STRATEGY

- ☒ Top-down / portfolio structures based on economic trends
- ☒ Bottom-up / portfolio structure based on individual securities

## % PROCESS BASED ON

- 25 Country Weightings
- 0 Currency Decision
- 0 Currency Hedge
- 25 Industry/Sector Selection
- 0 Asset Allocation
- 50 Issue Selection

Style: International Core Equity  
Sub-Style: International Core  
Firm Assets Under Management: \$166.4 billion<sup>^</sup>  
Firm Strategy Assets Under Management: \$46.8 million<sup>^^</sup>  
Year Founded: 1937  
Professional Staff: 2691<sup>^</sup>  
Firm Ownership: Great West-Lifeco, Inc.  
CG IAR Status: None Selected

## PORTFOLIO STATISTICS

	-----06/11-----			12/10
	Putnam	MSCI EAFE NET Index	S&P 500 Index	Putnam
Number of stock holdings	—	944	500	—
Weighted average dividend yield	2.6%	3.2%	2.0%	—
Weighted average portfolio beta	—	0.73	1.01	—
Mega capitalization <sup>+</sup>	0.0%	16.3%	33.8%	0.0%
Large capitalization <sup>+</sup>	0.0%	54.5%	51.8%	0.0%
Medium capitalization <sup>+</sup>	0.0%	25.9%	14.1%	0.0%
Small capitalization <sup>+</sup>	0.0%	3.3%	0.2%	0.0%
Micro capitalization <sup>+</sup>	0.0%	0.0%	0.0%	0.0%

PORTFOLIO'S EQUITY SECTOR WEIGHTINGS <sup>+</sup>

	-----06/11-----	12/10	
Sector	Putnam	S&P 500 Index	Putnam
Energy	3.47	12.67	—
Materials	11.69	3.66	—
Industrials	9.01	11.25	—
Consumer Discretionary	21.46	10.65	—
Consumer Staples	4.78	10.64	—
Health Care	11.83	11.71	—
Financials	0.68	15.15	—
Information Technology	21.12	17.79	—
Telecomm Services	4.35	3.09	—
Utilities	0.60	3.38	—
Miscellaneous	5.50	0.00	—
Cash/Cash Equivalents	5.64	0.00	—

PORTFOLIO'S ALLOCATION HISTORY (%)<sup>+</sup>

	06/11	03/11	12/10	09/10
U.S. Stocks	99	99	0	0
Cash/Cash Equivalents	0	0	0	0

## PORTFOLIO'S TOP FIVE EQUITY HOLDINGS %

Sanofi	3.1
Rio Tinto PLC	3.0
Total SA	2.5
Porsche Automobil Hldg-Pfd	2.3
Orix Corp	2.2

PORTFOLIOS COUNTRY WEIGHTINGS %<sup>+</sup>

	-----06/11-----	12/10	
Country	Putnam	MSCI EAFE NET Index	Putnam
Germany	23.93	9.00	—
Japan	22.01	20.03	—
United Kingdom	15.65	21.22	—
France	10.78	10.01	—
China	7.67	0.05	—
Canada	4.62	0.00	—
Ireland	2.75	0.25	—
Australia	2.53	8.59	—
Italy	2.49	2.67	—
United States	2.06	0.00	—

<sup>^</sup>As of 06/30/2008. Information as of 06/30/2011 is not yet available.

<sup>^^</sup>As of 09/30/2007. Information as of 06/30/2011 is not yet available.

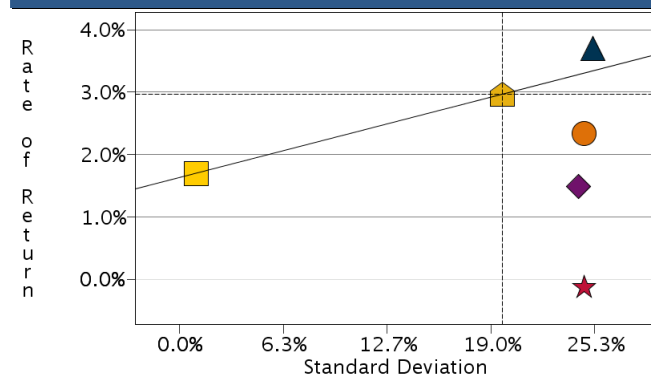
<sup>+</sup>Total may not equal 100% due to rounding.

## Putnam Investments

Style: International Core Equity

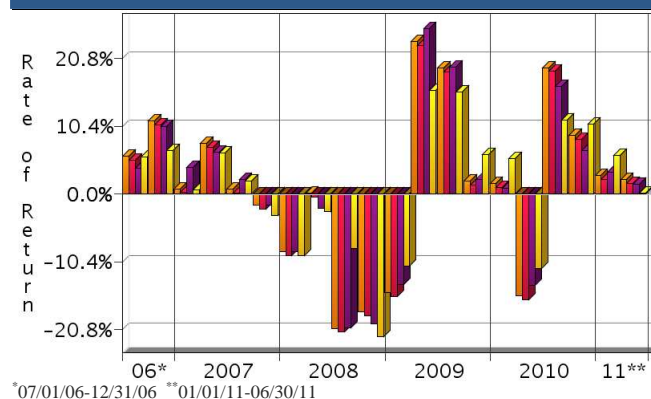
Sub-Style: International Core

## RISK/RETURN ANALYSIS – 5 YEARS ENDING 06/30/11



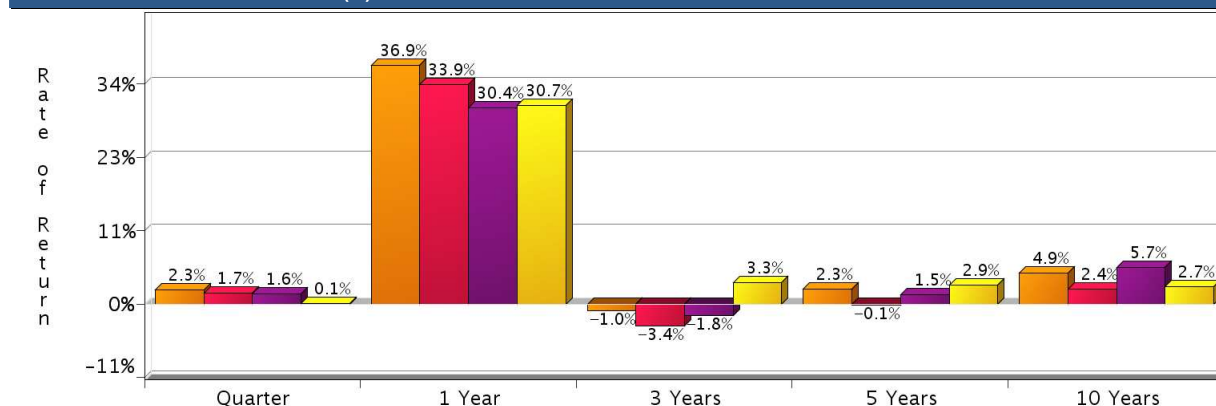
	STD	ROR
Putnam (Gross)	24.69	2.33
Putnam (Net)	24.69	-0.13
MSCI EAFE NET Index	24.36	1.48
MSCI AC World Ex-US NET Index	25.23	3.67
S&P 500 Index	19.70	2.94
90-Day Treasury Bills	1.01	1.69

## RISK VOLATILITY



	Number Of	Up Qtrs.	Down Qtrs.
Putnam (Gross)		14	6
Putnam (Net)		13	7
MSCI EAFE NET Index		13	7
S&P 500 Index		13	7

## AVERAGE ANNUAL TOTAL RETURN (%) – PERIODS ENDING 06/30/11



INVESTMENT RESULTS	2001	2002	2003	Annual Rates of Return (%)							10 Year - Ending 06/30/11	
				2004	2005	2006	2007	2008	2009	2010	Annualized	Std. Dev.
Putnam (Gross)	-17.98	-18.51	28.42	17.06	15.81	26.06	7.61	-40.71	27.36	11.59	4.86	21.79
Putnam (Net)	-20.06	-20.58	25.51	14.36	13.13	23.21	5.08	-42.33	24.45	8.97	2.36	21.79
MSCI EAFE NET Index	-21.44	-15.94	38.59	20.25	13.54	26.34	11.17	-43.38	31.78	7.75	5.66	21.80
S&P 500 Index	-11.88	-22.10	28.68	10.88	4.91	15.80	5.49	-37.00	26.46	15.06	2.72	18.24

## PORTFOLIO'S QUARTERLY RETURNS (%)

	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
2001	-13.91	-14.52	1.07	0.47	-13.49	-14.09	8.96	8.36
2002	1.04	0.43	-6.93	-7.54	-19.40	-20.00	7.51	6.90
2003	-9.38	-9.99	16.37	15.76	6.25	5.64	14.61	14.00
2004	1.42	0.82	0.61	0.00	0.38	-0.22	14.29	13.68
2005	-1.51	-2.12	-0.23	-0.84	12.91	12.30	4.38	3.78
2006	8.65	8.04	-1.36	-1.96	5.76	5.16	11.22	10.62
2007	0.81	0.21	7.80	7.20	0.79	0.19	-1.75	-2.36
2008	-8.87	-9.47	0.13	-0.48	-20.62	-21.22	-18.14	-18.74
2009	-15.14	-15.75	23.40	22.79	19.31	18.70	1.94	1.34
2010	1.64	1.03	-15.67	-16.28	19.42	18.82	9.02	8.42
2011	2.85	2.24	2.25	1.67				

☒ Related
 ☐ Select UMA
PORTFOLIO'S RISK STATISTICS – PERIODS ENDING 06/30/11<sup>1 2</sup>

	3 Year	5 Year
Standard Deviation	30.86%	24.69%
Standard Deviation of Primary Benchmark	30.55%	24.36%
Sharpe Ratio	-0.04	0.03
Sharpe Ratio of Primary Benchmark	-0.07	-0.01
Alpha	0.90%	0.91%
Beta	1.01	1.01
Downside Risk	1.79%	2.12%
R-Squared	0.99	0.98
Tracking Error	3.13%	3.27%
Information Ratio	0.26	0.26

PORTFOLIO DIVERSIFICATION - R<sup>2</sup> (10 YEARS ENDING 06/11)\*

	R <sup>2</sup>
Putnam vs. S&P 500 Index	0.87
Putnam vs. MSCI EAFE NET Index	0.97

\*Statistics are calculated using gross of fee performance only.

1. Statistics are calculated using gross of fee performance only.

2. MSCI EAFE NET Index was used as the primary benchmark and the 90-Day U.S. T-Bill Index as the risk-free benchmark.

See page 3 for a discussion of the sources of the performance data used to calculate the performance results and related analyses on page 2.

Past performance is no guarantee of future results. This profile is not complete without pages 3 and 4, which contain important notes, including disclosures about the composite, index descriptions and a glossary of terms. Information shown is as of June 30, 2011, unless otherwise noted. All data are subject to change.

## IMPORTANT NOTES AND DISCLOSURES

### COMPOSITE DISCLOSURES

**Past performance is no guarantee of future results. Actual individual account results may differ from the performance shown in this profile. There is no guarantee that this investment strategy will work under all market conditions. Do not use this profile as the sole basis for your investment decisions.**

Performance results in this profile are calculated assuming reinvestment of dividends and income. Returns for more than one year are annualized and based on quarterly data. Returns for periods of less than a calendar year show the total return for the period and are not annualized. All results are dollar denominated.

**Sources of Performance Results and Other Data:** The performance data and certain other information for this strategy (including the data on page 1 of this profile) reflect the investment manager's results in managing Morgan Stanley Smith Barney Fiduciary Services program accounts in the Morgan Stanley channel or the Smith Barney channel, or the investment manager's results in managing accounts and investment products, in the same or a substantially similar investment discipline. This information for the investment manager is presented solely to provide information about accounts that were managed according to investment objectives and strategies the same or substantially similar to the corresponding investment discipline in the Select UMA program. Although the Fiduciary Services and Select UMA programs are both Morgan Stanley managed account programs, the performance results and other features of similar investment disciplines in the two programs may differ due to investment and operational differences. For example, the individual investment disciplines in the Select UMA accounts may contain fewer securities, which would lead to a more concentrated portfolio. The automatic rebalancing, wash sale loss and tax-harvesting features of the Select UMA program, which are not available in Fiduciary Services, also could cause differences in performance. Accordingly, the performance of the accounts in the Fiduciary Services program is not, and may differ significantly from, the performance of the accounts in the Select UMA program and should not be considered indicative of or a substitute for Select UMA performance. Similarly, performance results of the investment manager's composites may differ from those of Select UMA accounts managed in the same or a substantially similar investment discipline.

### Related Performance:

Putnam Investments' international core equity performance results prior to 1/1/2002 represents a composite of Putnam's International Core Equity Composite (institutional composite) which is comprised of all U.S. institutional tax-exempt institutional accounts managed by Putnam. The composite was size-weighted and consisted of 24 accounts with a market value of approximately \$11.0 billion as of 12/31/2001. From 1/1/2002 to 9/30/2003, the performance represents that of Putnam's International Core Equity ADR institutional composite which is size-weighted and included 997 accounts with a market value of \$248.3 million as of 9/30/2003.

### Select UMA Performance:

In this profile, the performance from 10/1/2003 consists of accounts in either the Morgan Stanley or the Smith Barney form of the Fiduciary Services program. Performance composites calculated by Morgan Stanley Smith Barney include all fee-paying portfolios with no investment restrictions. New accounts are included upon the first full quarter of performance. Terminated accounts are removed in the quarter in which they terminate. Performance is calculated on a total return basis and by asset weighting the individual portfolio returns using the beginning of period values.

**Gross Performance:** Putnam's gross results do not reflect a deduction of any investment advisory fees or program fees, charged by Putnam or Morgan Stanley Smith Barney, but are net of commissions charged on securities transactions.

**Net Performance for all Periods:** Net performance results reflect a deduction of 0.605% quarterly. This consists of three components: 0.625% maximum quarterly MSSB Advisory Fee and 0.03% maximum quarterly Program Overlay Fee (which, together cover the services provided by Morgan Stanley Smith Barney), plus 0.0750% quarterly SMA Manager Fees (being the fee currently charged by Putnam to new clients for managing their assets in the Select UMA program). The SMA Manager Fees may differ from manager to manager, and managers may change their fee to new clients from time to time. If you select this manager for your account, check the SMA Manager Fees specified in the written client agreement, in case these have changed since you received this profile.

Morgan Stanley Smith Barney program fees are usually deducted quarterly, and have a compounding effect on performance. The Morgan Stanley Smith Barney program fee, which differs among programs and clients, is described in the applicable Morgan Stanley Smith Barney ADV brochure, which is available at [www.smithbarney.com/ADV](http://www.smithbarney.com/ADV) or on request from your Financial Advisor or Private Wealth Advisor.

### Focus List, Approved List, and Watch Status:

Consulting Group Investment Advisor Research ("CG IAR") uses two methods to evaluate investment products in applicable advisory programs. In general, strategies that have passed a more thorough evaluation may be placed on the "Focus List", while strategies that have passed through a different and less comprehensive evaluation process may be placed on the "Approved List". Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List.

Investment products may move from the Focus List to the Approved List, or vice versa. CG IAR may also determine that an investment product no longer meets the criteria under either evaluation process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

CG IAR has a "Watch" policy and may describe a Focus List or Approved List investment product as being on "Watch" if CG IAR identifies specific areas that (a) merit further evaluation by CG IAR and (b) may, but are not certain to, result in the investment product becoming "Not Approved". The Watch period depends on the length of time needed for CG IAR to conduct its evaluation and for the investment manager to address any concerns. CG IAR may, but is not obligated to, note the Watch status in this report with a "W" or "Watch" on the cover page.

For more information on the Focus List, Approved List, and Watch processes, please see the applicable Morgan Stanley Smith Barney ADV brochure. Your Financial Advisor or Private Wealth Advisor can provide on request a copy of a paper entitled "Manager Research and Selection: A Disciplined Process".

### ADDITIONAL DISCLOSURES

The information about a representative account is for illustrative purposes only. Actual account holdings, performance and other data will vary depending on the size of an account, cash flows within an account, and restrictions on an account. Holdings are subject to change daily. The information in this profile is not a recommendation to buy, hold or sell securities.

Actual portfolio statistics may vary from target portfolio characteristics.

The investment manager may use the same or substantially similar investment strategies, and may hold similar portfolios of investments, in other portfolios or products it manages (including mutual funds). These may be available at Morgan Stanley Smith Barney or elsewhere, and may cost an investor more or less than this strategy in Morgan Stanley Smith Barney's Select UMA program.

The portfolio may, at times, invest in exchange-traded funds (ETFs), which are a form of equity security in seeking to maintain continued full exposure to the broad equity market.

Morgan Stanley Smith Barney investment advisory programs may require a minimum asset level and, depending on your specific investment objectives and financial position, may not be suitable for you. Investment advisory program accounts are opened pursuant to a written client agreement.

The investment manager acts independently of, and is not an affiliate of, Morgan Stanley Smith Barney.

Morgan Stanley Smith Barney LLC Member SIPC.

## INDEX DESCRIPTIONS

**90-Day Treasury Bills**

The 90-Day Treasury Bill is a short-term obligation issued by the United States government. T-bills are purchased at a discount to the full face value, and the investor receives the full value when they mature. The difference of 'discount' is the interest earned. T-bills are issued in denominations of \$10,000 (auction) and \$1,000 increments thereafter.

**MSCI AC World Ex-US NET Index**

The Morgan Stanley Capital International (MSCI) All Country World Ex-US Net Index is a broad market capitalization-weighted index covering all emerging and developed world equity markets, with the exception of the United States. Performance is shown net of withholding tax.

**MSCI EAFE NET Index**

The Morgan Stanley Capital International (MSCI) EAFE Index is a free float-adjusted market capitalization index. It is composed of companies representative of the market structure of developed market countries in Europe, Australia, Asia and the Far East. Performance is shown net of withholding tax.

**S&P 500 Index**

Widely regarded as the best single gauge of the U.S. equities market, this world-renowned index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. Although the S&P 500 focuses on the large-cap segment of the market, with over 80% coverage of U.S. equities, it is also an ideal proxy for the total market.

**Indices are unmanaged and have no expenses. You cannot invest directly in an index.**

## GLOSSARY OF TERMS

**Alpha** is a mathematical estimate of risk-adjusted return expected from a portfolio above and beyond the benchmark return at any point in time.

**American Depositary Receipts (ADRs)** are receipts for shares of a foreign-based corporation held in the vault of a U.S. bank.

**Average Portfolio Beta** is a measure of the sensitivity of a benchmark or portfolio's rates of return to changes against a market return. The market return is the S&P 500 Index. It is the coefficient measuring a stock or a portfolio's relative volatility.

**Capitalization** is defined as the following: Mega (\$50.0 billion and Above), Large (\$11.0 - \$50.0 billion), Medium (\$2 - \$11.0 billion), Small (\$500m - \$2 billion) and Micro (below \$500 million).

**Downside Risk** is a measure of the risk associated with achieving a specific target return. This statistic separates portfolio volatility into downside risk and upside uncertainty. The downside considers all returns below the target return, while the upside considers all returns equal to or above the target return.

**Duration** is a measure of price sensitivity expressed in years.

**Information Ratio** is a measure of the investment manager's skill to add active value against a given benchmark relative to how stable that active return has been. Essentially, the information ratio explains how significant a manager's alpha is. Therefore, the higher the information ratio, the more significant the alpha.

**Investment Grade Bonds** are those rated by Standard & Poor's AAA (highest rated), AA, A or BBB (or equivalent rating by other rating agencies or, in the case of securities not rated, by the investment manager).

**Price/Earnings Ratio (P/E Ratio)** shows the multiple of earnings at which a stock sells. Determined by dividing current stock price by current earnings per share (adjusted for stock splits). Earnings per share for the P/E ratio are determined by dividing earnings for past 12 months by the number of common shares outstanding. The P/E ratio shown here is calculated by the harmonic mean.

**R<sup>2</sup> (R-Squared)/Portfolio Diversification** indicates the proportion of a security's total variance that is benchmark-related or is explained by variations in the benchmark.

**Sharpe Ratio** measures the efficiency, or excess return per unit of volatility, of a manager's returns. It evaluates managers' performance on a volatility-adjusted basis.

**Standard Deviation** is a statistical measure of historical variability or spread of returns around a mathematical average return that was produced by the investment manager over a given measurement period. The higher the standard deviation, the greater the variability in the investment manager's returns relative to its average return.

**Tracking Error** represents the standard deviation of the difference between the performance of the investment strategy and the benchmark. This provides a historical measure of the variability of the investment strategy's returns relative to its benchmark.