

PUTNAM TOTAL RETURN FUND PORTFOLIO ANALYSIS

FUND OBJECTIVE

The Putnam Total Return Fund seeks provide positive total return, both relative and absolute, over a 12-month time horizon by investing in a diversified portfolio of global equities, fixed income securities, and alternative asset classes.

PERFORMANCE

	MONTH END	YEAR TO DATE	ONE YEAR	5 YEARS ANNUALISED	10 YEARS/LIFE ANNUALISED
Total Return Fund, Class A – NAV	5.63%	-2.34%	-25.13%	N/A	-3.81%
Libor 1 Month	0.04	0.16	2.01	N/A	4.06

**Class A inception 30/6/06*

PERFORMANCE

	MONTH END	YEAR TO DATE	ONE YEAR	5 YEARS ANNUALISED	10 YEARS/LIFE ANNUALISED
Total Return Fund, Class M – NAV (Euro)	6.00%	-2.75%	-25.67%	N/A	-4.94%
Euribor 1 Month (Euro)	0.08	0.50	3.35	N/A	3.70

Class M inception 30/6/06

MONTHLY PERFORMANCE COMMENTARY

The Putnam Total Return strategy posted strong absolute results in April, significantly outpacing cash but trailing the 100-year portfolio. The strategy benefited from the net effect of its alpha components, but this strength was more than offset by our dynamic allocation and continued drag from replication.

While the fixed income global alpha strategy continued to be the largest overall contributor, the remaining 8 out of 10 strategies also added value. The GTAA and currency overlays and international equity security selection strategy helped most. These strengths offset small losses from the US large-cap equity and US small-cap growth strategies.

Double digit gains in REITs, global equities, and high-yield bonds drove results in the 100-year portfolio. In turn, our underlevered positioning (1.4 to 1 versus 1.5 to 1) hurt as the static 100-year portfolio outpaced cash. Our underweight to REITs and overweights to TIPs and international bonds also hampered relative performance.

OUTLOOK & STRATEGY

Signs of stabilisation emerged on several fronts in April, and equity markets responded with robust gains. The earnings of many companies surpassed expectations, which were admittedly low. Economic data turned slightly less grim and yields rose on the bonds of many governments, notably US Treasuries. Falling yields suggest high risk aversion, a weakening economy, or both, so it is encouraging to see them rise.

The steep rally in global markets since their 9 March bottom is likely to moderate. But although bank stress tests, disease pandemic, or unemployment data may produce negative surprises, we continue to anticipate higher stock prices over the medium term. Buying equities during a recession historically has been a rewarding strategy, and it seems increasingly likely that this will be the case once again in 2009.

In our view, the relative strength of European stocks in April was a temporary phenomenon, reflecting the extent to which they had lagged previously. As liquidity conditions improve, substantial credit risk remains. Credit losses may be especially sizeable in Europe, where we continue to recommend an underweight exposure. Conversely, we maintain a preference for Asian equity markets. Mounting evidence alludes to the stimulus working in China, and we expect this market shift to lead Asia higher. In Europe, we continue to favor UK stocks over those of the Continent.

We also continue to recommend an overweight to emerging markets. Just as it was significant that emerging equities outperformed in the first quarter amid steep losses across most markets, it is likewise encouraging that they are holding up well even as fears of a flu strain that first surfaced in Mexico dominates headlines. Such resilience is a hallmark of market leadership. The news that a group of Southeastern Asian countries plan to establish a currency-reserve fund to help stabilise regional financial markets reinforces our conviction that emerging markets have the financial wherewithal to weather the slump. Generally we prefer Asian and Latin American equities to those of emerging Europe.

MONTHLY MARKET HIGHLIGHTS

Global equity markets enjoyed strong performance in April, as tentative signs of economic stabilisation buoyed international stocks. Investors were emboldened by some unexpected strength in quarterly earnings reports, as well. In April, the MSCI World Index rose 10.3% in local currency terms. The US dollar depreciated 0.3% against the Japanese yen and 3.2% against the British pound and appreciated 0.2% against the euro.

While the advance of US equity markets in April lacked the off-the-bottom drama of March's recovery, the results were even better. Investors were cautiously positive about an earnings season that featured many upside surprises and data that heralded either the beginning of economic stabilisation or at least the end of economic deterioration. A 0.1% decline in the March Consumer Price Index numbers confirmed that inflation was unlikely to be a problem, and the Fed ended the month by keeping interest rates at their historically low range of 0.0% to 0.25%. The Fed also reported that it saw signs that the recession might be easing, an observation that gained support from an unexpected rise in Q1 consumer spending. Investors were also concerned during the latter part of the month with an outbreak of swine flu in Mexico that spread rapidly to several other countries. Sector results in the S&P 500 Index showed a 23.4% rebound in the financial sector and a 20.4% jump in conglomerates. A majority of sectors reported double-digit gains, including the industrially important capital goods sector (16.9%) and the consumer cyclicals sector (16.1%). Only one sector, healthcare, booked a negative number, with a loss of 0.7%. The broad market S&P 500 Index gained 9.57% for the month, while the small cap Russell 2000 Value Index led all sector gains, closing up a resounding 15.87%.

European markets made excellent strides in April, as investors responded to evidence that the global economy may be starting to improve. The month began when the Group of 20 pledged \$1.1 trillion to stimulate the global economy and the Bank of England kept interest rates on hold at 0.5%, its first hold on rates since October. Despite data showing exports still declining, the German ZEW survey of investor sentiment rose more than expected. Markets gained support from some unexpectedly positive earnings reports, including an upside surprise from BASF. A dramatic recovery in bank shares was a large part of the story in April, as the financial sector leapt a dramatic 30.5% on the Continent and 28.3% in the United Kingdom. Other outperforming sectors on the Continent included gains of more than 20% from the consumer cyclicals, capital goods, and transportation sectors. In the United Kingdom results were slightly more muted, with basic materials (15.6%) and capital goods (12.3%) reporting the next-strongest results. All countries recorded positive results for the month, with smaller markets like Finland, Greece, and Sweden booking the largest gains. Italy (19.2%) and Germany (16.9%) led results from the larger markets, with France returning 13.3% and the United Kingdom near the bottom of the region with a return of 8.9%. The MSCI Europe Index appreciated 12.8% in local currency terms in April.

MSCI EUROPE INDEX TOP AND BOTTOM RESULTS, APRIL 2009 (NET, LOCAL CURRENCY)						
MSCI Europe Index	Finland	Greece	Sweden	Norway	United Kingdom	Switzerland
12.8%	27.3%	24.9%	21.3%	9.7%	8.9%	7.4%

The equity markets of the Pacific region caught a strong updraft during April, with three markets enjoying double-digit gains, led by Hong Kong, which leapt nearly 17%. The actual news from Japan was less than reassuring, with that nation's current account surplus falling 55.6% in February from previous-year levels. The Japanese government set a new \$150 billion stimulus package as the country's Q4 recession reached a 12.1% annualised rate. The mood shifted later in the month as the global investing climate lightened. Sector results in Japan featured a 15.1% gain in technology issues, with a 10.8% gain in financials and a 10.0% rise in basic materials leading other results. Only the communications services (-3.0%) and energy (-0.1%) sectors booked losses for the month. Outside the Japanese market, the Pacific region was led by an 18.5% boost in the conglomerates sector, a gain of 18.0% in consumer cyclicals, and 16.6% in technology. All sectors booked gains for the month with the worst results, as in Japan, coming in the communications services sector (1.3%). The MSCI Pacific Index gained 9.1% for the month in local currency terms.

MSCI PACIFIC INDEX RESULTS, APRIL 2009 (NET, LOCAL CURRENCY)					
MSCI Pacific Index	Hong Kong	Singapore	New Zealand	Japan	Australia
9.1%	16.9%	14.2%	10.3%	9.2%	5.2%

Emerging markets equities were again strong in April, led by increasing investor optimism for an economic recovery and a continuing rebound in the stocks of emerging Europe. While the top-performing bourses were Turkey (23.3%) and Egypt (23.1%), the larger markets of Russia (19.3%), India (17.9%), and Brazil (13.3%) provided the lift. China (11.1%) lagged the MSCI Emerging Markets Index only slightly. Peru and South Africa, the only two countries to book negative performance for the month, each declined less than one percent. Sector results reflected elevated volatility, with the strongest performance coming from conglomerates (44.2%), financials (31.9%), and consumer cyclicals (25.3%) in emerging Europe. Results in emerging Asia were more restrained, with consumer cyclicals (18.0%), capital goods (17.8%), and basic materials (17.7%) in the lead. Emerging Latin America's strongest results came in consumer cyclicals and transportation, both over 16%. The MSCI EM Index gained 12.2% in April in local currency terms.

MSCI EM INDEX TOP AND BOTTOM RESULTS, APRIL 2009 (NET, LOCAL CURRENCY)							
MSCI Emerging Markets Index	EM Europe	EM Asia	EM Latin America	Turkey	Egypt	South Africa	Peru
12.2%	19.6%	13.4%	12.1%	23.3%	23.1%	-0.5%	-0.8%

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Returns shown for Class units for periods prior to inception are derived from the historical performance of Class A units, adjusted to reflect the different operating expenses applicable to such units, but is not adjusted to reflect the current maximum sales charge.

The fund is a subfund of Putnam World Trust (formerly Putnam World Trust II), an umbrella unit trust domiciled in Dublin, Ireland. Prior to 22 February 2000, the fund was domiciled in the Cayman Islands and was subject to lower fees and expenses.

The trust is established as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 as amended.

The S&P 500 index is an unmanaged index of common stock performance.

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