

SECURITIES AND EXCHANGE COMMISSION

FORM 497

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FILER

PUTNAM HIGH YIELD ADVANTAGE FUND

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PUTNAM HIGH YIELD ADVANTAGE FUND

Prospectus Supplement dated January 10, 1994 to
Prospectus dated April 1, 1993, as revised
October 1, 1993

On January 7, 1994, the Trustees approved a proposal to increase the fees payable to Putnam Management under the Fund's Management Contract. The proposed increase is subject to shareholder approval and will be submitted to shareholders at a meeting scheduled for May 5, 1994. If approved at that meeting, management fees would thereafter be paid at the annual rate of 0.70% of the first \$500 million of average net assets, 0.60% of the next \$500 million, 0.55% of the next \$500 million and 0.50% of any amount over \$1.5 billion. If the proposed increase is not approved at the meeting, this Supplement will be revised.

As a result of the proposed increase, the table and Example on page 3 of the Prospectus, as well as the paragraph following the Example, are replaced by the following:

SHAREHOLDER TRANSACTION EXPENSES

Maximum Sales Charge Imposed on
Purchases (as a percentage of
offering price) 4.75%

Deferred Sales Charge
(as a percentage of the lower of
original purchase price or
redemption proceeds) NONE*

ANNUAL FUND OPERATING EXPENSES

(as a percentage of average net assets)

Management Fees	0.68 %		
12b-1 Fees	0.25 %		
Other Expenses	0.17 %		
Total Fund Operating Expenses		1.10 %	

EXAMPLE

Your investment of \$1,000 would incur the following expenses, assuming 5% annual return and redemption at the end of each period:

1 year	3 years	5 years	10 years
\$58	\$81	\$105	\$175

* A deferred sales charge of up to 1.00% is assessed on certain redemptions of shares that were purchased without an initial sales charge as part of an investment of \$1 million or more. See "How to sell shares."

The table is provided to help you understand the expenses of investing in the Fund and your share of the operating expenses which the Fund incurs. The annual management fees shown in the table have been restated to reflect a proposed increase in the management fees payable to Putnam Management. Actual management fees and total Fund operating expenses for the Fund's 1993 fiscal year were 0.54% and 0.96%, respectively. The Example does not represent past or future expense levels and actual expenses may be greater or less than those shown. Federal regulations require the Example to assume a 5% annual return, but actual annual return has varied.