

A world of investing.®



Putnam Global Natural Resources Fund

Annual report

8 | 31 | 18



This **global sector fund** invests in stocks of natural resources companies worldwide.

FUND SYMBOL
CLASS A
EBERX

Putnam Global Natural Resources Fund

Annual report

8 | 31 | 18

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Consider these risks before investing: International investing involves currency, economic, and political risks. Emerging-market securities carry illiquidity and volatility risks. Investments in small and/or midsize companies increase the risk of greater price fluctuations. The energy and other natural resources industries may be affected by changes in crude oil prices and changes in governmental regulatory policies. The fund concentrates on a limited group of industries and is non-diversified. Because the fund may invest in fewer issuers than a diversified fund, it is more vulnerable to adverse developments affecting a single industry or issuer, which may result in greater losses and volatility for the fund. Growth stocks may be more susceptible to earnings disappointments, and value stocks may fail to rebound. The use of short selling may result in losses if the securities appreciate in value. 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. Stock prices may fall or fail to rise over time for several reasons, including general financial market conditions, changing market perceptions, 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.

Message from the Trustees

October 10, 2018

Dear Fellow Shareholder:

During 2018, we have seen conditions for global financial markets begin to move in different directions. The S&P 500 Index rose to a record high during the summer after a choppy start in January and February. International stocks have lagged behind, however, due in part to uncertainty surrounding U.S. trade policy and interest rates. In addition, fixed-income markets have faced new headwinds as the Federal Reserve has continued its path of normalizing policy. Fortunately, navigating a change in market trends is nothing new to Putnam's experienced investment professionals, who continue to monitor risks and seek opportunities.

We would like to take this opportunity to extend our thanks to Jameson A. Baxter, who retired from her position as Chair of your Board of Trustees on June 30, 2018. It is hard to express in a few words the extent of Jamie's commitment to protecting the interests of Putnam shareholders like you. In addition to her professional and directorship experience, Jamie brought intelligence, insight, and compassion to a board she served for decades. Jamie began as a Trustee in 1994, served as Vice Chair for six years, and became Chair in 2011. We are also pleased to announce the appointment of Kenneth R. Leibler as your new Board of Trustees Chair. Ken became a Trustee in 2006, has served as Vice Chair since 2016, and now leads the Board in overseeing your fund and protecting your interests.

Thank you for investing with Putnam.

Respectfully yours,



A handwritten signature in black ink that reads "Robert L. Reynolds".

Robert L. Reynolds
President and Chief Executive Officer
Putnam Investments

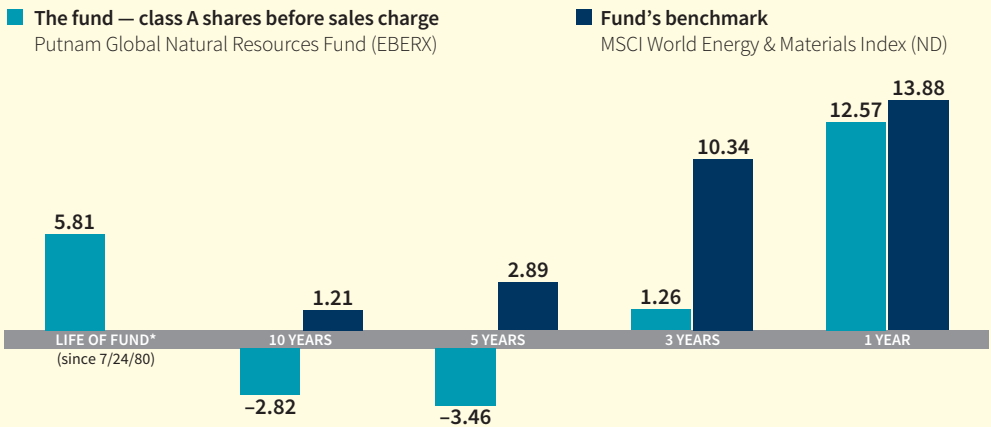


A handwritten signature in black ink that reads "Ken Leibler".

Kenneth R. Leibler
Chair, Board of Trustees

Performance history as of 8/31/18

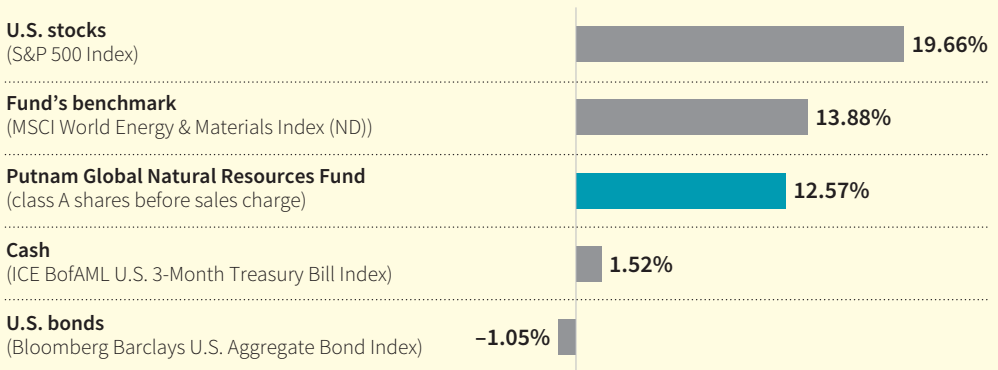
Annualized total return (%) comparison



Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. Share price, principal value, and return will fluctuate, and you may have a gain or a loss when you sell your shares. Performance of class A shares assumes reinvestment of distributions and does not account for taxes. Fund returns in the bar chart do not reflect a sales charge of 5.75%; had they, returns would have been lower. See below and pages 7–9 for additional performance information. For a portion of the periods, the fund had expense limitations, without which returns would have been lower. To obtain the most recent month-end performance, visit putnam.com.

* The fund's benchmark, the MSCI World Energy & Materials Index (ND), was introduced on 6/1/05, which post-dates the inception of the fund's class A shares.

Recent broad market index and fund performance



This comparison shows your fund's performance in the context of broad market indexes for the 12 months ended 8/31/18. See above and pages 7–9 for additional fund performance information. Index descriptions can be found on page 11.

Interview with your fund's portfolio managers

Ryan Kauppila and Dan Schiff discuss the investing environment and fund performance for the 12-month period ended August 31, 2018, as well as their outlook for the global natural resources sector in the months ahead.



Ryan W. Kauppila
Portfolio Manager

Ryan has an M.B.A. from Harvard Business School and an A.B. in Economics from Harvard College. He joined Putnam in 2014 and has been in the investment industry since 2000.



Daniel Schiff
Portfolio Manager

Dan has an M.B.A. from Harvard Business School and a B.A. from Bowdoin College. He joined Putnam in 2016 and has been in the investment industry since 1998.

How was the investing environment during the reporting period?

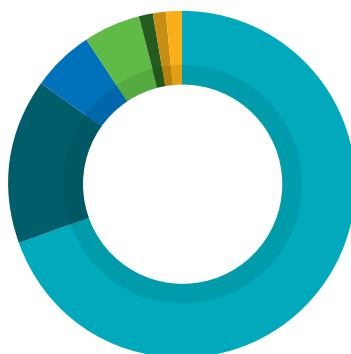
RYAN We continued to see further improvement in the global economy, with noteworthy acceleration in the United States. The commodity complex was led by gains in energy, with tightening utilization across oil, liquid natural gas, and coal underpinning higher spot prices of 45%, 85%, and 10%, respectively, during the period. Both industrial and precious metals struggled in response to higher-than-expected inventory levels, heightened concerns around protectionist trade policies, and a stronger U.S. dollar. Bellwethers copper and gold fell 12% and 35%, respectively, on a year-to-date basis through August 31, 2018.

How did the fund perform for the reporting period?

RYAN The fund delivered a double-digit return but underperformed its benchmark, the MSCI World Energy & Materials Index. Two strategies during the first half of the period contributed to this result. First, the fund had overweight positions in North American pipeline and midstream companies, which were less sensitive to rising commodity prices. Second, the fund had an overweight position in North American

Global composition

● United States	69.5%
● United Kingdom	15.4
● France	5.8
● Canada	5.3
● China	1.3
● Germany	1.2
● Cash and net other assets	1.5



Allocations are shown as a percentage of the fund's net assets as of 8/31/18. Cash and net other assets, if any, represent the market value weights of cash, derivatives, short-term securities, and other unclassified assets in the portfolio. Summary information may differ from the information in the portfolio schedule notes included in the financial statements due to the inclusion of derivative securities, any interest accruals, the exclusion of as-of-trades, if any, and rounding. Holdings and allocations may vary over time.

Top 10 holdings

HOLDING (PERCENTAGE OF FUND'S NET ASSETS)	COUNTRY	OVER/UNDERWEIGHT VS. BENCHMARK
DowDuPont, Inc. (6.8%)	United States	3.3%
Chevron Corp. (5.9%)	United States	1.0%
TOTAL SA (5.9%)	France	2.6%
ConocoPhillips (5.2%)	United States	3.3%
BP PLC (5.0%)	United Kingdom	1.9%
Valero Energy Corp. (4.4%)	United States	3.3%
Royal Dutch Shell PLC (4.3%)	United Kingdom	-1.7%
Sherwin-Williams Co. (The) (4.1%)	United States	3.3%
Praxair, Inc. (4.0%)	United States	3.0%
Marathon Petroleum Corp. (4.0%)	United States	3.2%

This table shows the fund's top 10 holdings by percentage of the fund's net assets as of 8/31/18. Short-term investments and derivatives, if any, are excluded. Holdings may vary over time.

natural gas producers where the macroeconomic environment was less constructive. On the other hand, the fund's underweight exposure to metals and mining was beneficial.

Would you highlight any changes to your investment strategy?

DAN We have repositioned the fund, so it is no longer implicitly making a series of style and macroeconomic bets. Instead, we invest in high-conviction ideas with medium-term identified catalysts that we believe will unlock value whether the economy remains robust or decelerates. We also reduced the number of holdings in the portfolio exposed to emerging markets and less liquid stocks, as well as increased the concentration in our top ideas that we believe have the most asymmetric return-to-risk profiles. Finally, we took profits in some sectors that no longer appeared favorable, in our view. For example, we exited our investments in lithium and aluminum and redeployed that capital to select chemical and agriculture stocks where we have identified significant positive earnings or cash flow disconnects relative to market expectations.

RYAN Early in the period, we reduced the fund's exposure to U.S. natural gas producers, where we believe oversupply is likely to persist for the foreseeable future. Consequently, we also increased the fund's positioning in businesses that we believe should benefit from an abundant U.S. natural gas supply. Finally, we increased the size of existing holdings that we believe have underappreciated resource endowments and should benefit from the improvement in oil prices.

Which stocks contributed most to benchmark-relative performance?

RYAN The top portfolio contributor was ConocoPhillips, the world's largest independent exploration and production company. Our thesis that the capital intensity of ConocoPhillips's legacy assets and the growth potential of its U.S. resource base were underappreciated has

“ We invest in high-conviction ideas with medium-term identified catalysts that we believe will unlock value whether the economy remains robust or decelerates. ”

Dan Schiff

begun to be recognized by investors. Within energy, infrastructure-gear NRG Energy and Cheniere Energy were the second- and third-best-performing contributors to performance. Looking forward, we believe both of these companies have underappreciated strategic advantages that have not been fully recognized by the market.

Finally, Norfolk Southern, the fourth-best-performing stock, offers a different approach to investing in energy infrastructure. With coal prices and demand improving, we believe Norfolk Southern's railroad network is well positioned to be a strong beneficiary of increased coal production in the eastern United States.

Which stocks did not work out as well this period?

RYAN The primary detractor for the period was the fund's investment in EQT, a U.S. natural gas producer. EQT made a large acquisition where synergies were taking longer than expected to be realized. This development, combined with weaker-than-expected natural gas prices, weighed on EQT's stock price. The stock of Seven Generations Energy, a Canadian-based oil and natural gas company, also struggled in response to operational issues, which outweighed any benefit from rising oil prices. Within the basic materials industry, Summit Materials was a drag on performance as higher input costs led to weaker-than-expected aggregates margins. Given our outlook for weak natural gas prices and the headwinds facing these companies, we sold all three positions midway through the reporting period as part of our repositioning efforts.

What is your outlook for the coming months, and how have you positioned the fund?

RYAN We believe the supply/demand picture around energy-related commodities, in particular oil and liquid natural gas, is tighter than the market currently perceives. Furthermore, energy is generally more exposed to operational expenditure rather than to the capital expenditure cycle, such as, for instance, industrial metals. Therefore, we believe energy should have a more muted demand response to any weakening of the global economy. Accordingly, we generally see better risk-reward across the energy complex [oil & gas, utilities, and refining] and are positioned accordingly.

DAN Given macroeconomic uncertainties, including an escalating trade war with China and the threat of a global slowdown, we have tried to reduce the risk in the portfolio by focusing on what we expect to be less-volatile and more-defensive names across the global natural resources complex. At period-end,

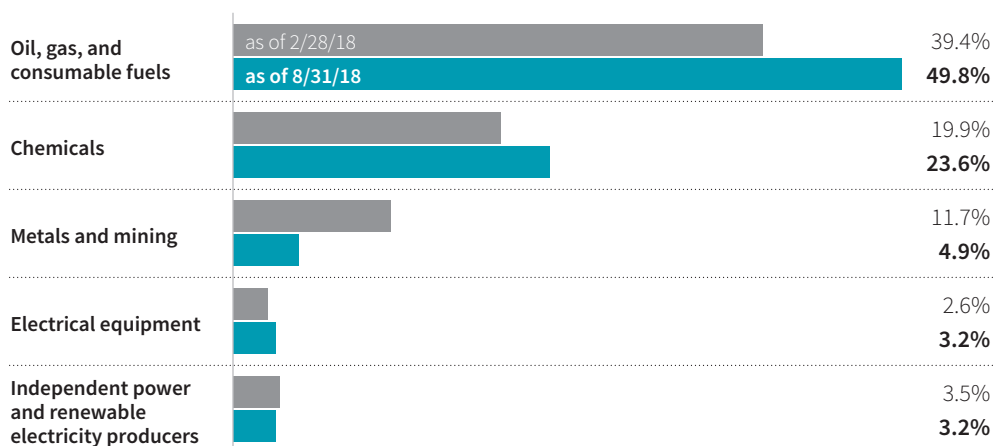
the fund's largest overweight positions included energy companies such as Valero, ConocoPhillips, and Marathon Petroleum, and natural resource infrastructure companies such as Cheniere, Emerson, and Norfolk Southern. The fund was also overweight in chemicals producers such as PPG, Celanese, and DowDuPont and agriculture companies like CF Industries and Archer-Daniels-Midland. The fund remained underweight in industrial metals and building materials.

Thank you, gentlemen, for your time and insights today.

The views expressed in this report are exclusively those of Putnam Management and are subject to change. They are not meant as investment advice.

Please note that the holdings discussed in this report may not have been held by the fund for the entire period. Portfolio composition is subject to review in accordance with the fund's investment strategy and may vary in the future. Current and future portfolio holdings are subject to risk.

Comparison of top industry weightings



This chart shows how the fund's top weightings have changed over the past six months. Allocations are shown as a percentage of the fund's net assets. Current period summary information may differ from the portfolio schedule included in the financial statements due to the inclusion of derivative securities, any interest accruals, the exclusion of as-of trades, if any, the use of different classifications of securities for presentation purposes, and rounding. Holdings and allocations may vary over time.

Your fund's performance

This section shows your fund's performance, price, and distribution information for periods ended August 31, 2018, the end of its most recent fiscal year. In accordance with regulatory requirements for mutual funds, we also include performance information as of the most recent calendar quarter-end and expense information taken from the fund's current prospectus. Performance should always be considered in light of a fund's investment strategy. Data represent past performance. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return and principal value will fluctuate, and you may have a gain or a loss when you sell your shares. Performance information does not reflect any deduction for taxes a shareholder may owe on fund distributions or on the redemption of fund shares. For the most recent month-end performance, please visit the Individual Investors section at putnam.com or call Putnam at 1-800-225-1581. Class R and Y shares are not available to all investors. See the Terms and definitions section in this report for definitions of the share classes offered by your fund.

Fund performance Total return for periods ended 8/31/18

	Annual average (life of fund)	10 years	Annual average	5 years	Annual average	3 years	Annual average	1 year
Class A (7/24/80)								
Before sales charge	5.81%	-24.88%	-2.82%	-16.12%	-3.46%	3.83%	1.26%	12.57%
After sales charge	5.65	-29.19	-3.39	-20.95	-4.59	-2.14	-0.72	6.10
Class B (2/1/94)								
Before CDSC	5.61	-29.23	-3.40	-19.21	-4.18	1.54	0.51	11.73
After CDSC	5.61	-29.23	-3.40	-20.82	-4.56	-1.46	-0.49	6.73
Class C (7/26/99)								
Before CDSC	5.60	-30.35	-3.55	-19.27	-4.19	1.47	0.49	11.75
After CDSC	5.60	-30.35	-3.55	-19.27	-4.19	1.47	0.49	10.75
Class M (7/3/95)								
Before sales charge	5.23	-28.56	-3.31	-18.20	-3.94	2.27	0.75	12.04
After sales charge	5.13	-31.06	-3.65	-21.07	-4.62	-1.31	-0.44	8.12
Class R (12/1/03)								
Net asset value	5.55	-26.69	-3.06	-17.16	-3.70	3.09	1.02	12.31
Class Y (10/4/05)								
Net asset value	5.91	-22.96	-2.58	-15.10	-3.22	4.60	1.51	12.88

Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. After-sales-charge returns for class A and M shares reflect the deduction of the maximum 5.75% and 3.50% sales charge, respectively, levied at the time of purchase. Class B share returns after contingent deferred sales charge (CDSC) reflect the applicable CDSC, which is 5% in the first year, declining over time to 1% in the sixth year, and is eliminated thereafter. Class C share returns after CDSC reflect a 1% CDSC for the first year that is eliminated thereafter. Class R and Y shares have no initial sales charge or CDSC. Performance for class B, C, M, R, and Y shares before their inception is derived from the historical performance of class A shares, adjusted for the applicable sales charge (or CDSC) and the higher operating expenses for such shares, except for class Y shares, for which 12b-1 fees are not applicable.

For a portion of the periods, the fund had expense limitations, without which returns would have been lower.

Class B share performance reflects conversion to class A shares after eight years.

Class C share performance reflects conversion to class A shares after 10 years.

Comparative index returns For periods ended 8/31/18

	Annual average (life of fund)	10 years	Annual average	5 years	Annual average	3 years	Annual average	1 year
MSCI World Energy & Materials Index (ND)	—*	12.79%	1.21%	15.30%	2.89%	34.35%	10.34%	13.88%

Index results should be compared with fund performance before sales charge, before CDSC, or at net asset value.

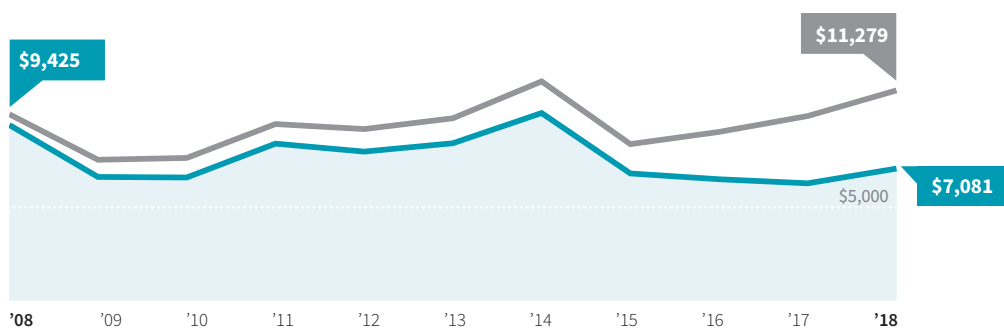
* The fund's benchmark, the MSCI World Energy & Materials Index (ND), was introduced on 6/1/05, which post-dates the inception of the fund's class A shares.

Change in the value of a \$10,000 investment (\$9,425 after sales charge)

Cumulative total return from 8/31/08 to 8/31/18

Putnam Global Natural Resources Fund class A shares after sales charge

MSCI World Energy & Materials Index (ND)



Past performance does not indicate future results. At the end of the same time period, a \$10,000 investment in the fund's class B and C shares would have been valued at \$7,077 and \$6,965, respectively, and no contingent deferred sales charges would apply. A \$10,000 investment in the fund's class M shares (\$9,650 after sales charge) would have been valued at \$6,894. A \$10,000 investment in the fund's class R and Y shares would have been valued at \$7,331 and \$7,704, respectively.

Fund price and distribution information For the 12-month period ended 8/31/18

Distributions	Class A	Class B	Class C	Class M	Class R	Class Y		
Number	1	1	1	1	1	1		
Income	\$0.109	\$0.029	\$0.033	\$0.046	\$0.078	\$0.150		
Capital gains	—	—	—	—	—	—		
Total	\$0.109	\$0.029	\$0.033	\$0.046	\$0.078	\$0.150		
Share value	Before sales charge	After sales charge	Net asset value	Net asset value	Before sales charge	After sales charge	Net asset value	Net asset value
8/31/17	\$14.96	\$15.87	\$12.95	\$13.22	\$13.93	\$14.44	\$14.53	\$15.16
8/31/18	16.73	17.75	14.44	14.74	15.56	16.12	16.24	16.96

The classification of distributions, if any, is an estimate. Before-sales-charge share value and current dividend rate for class A and M shares, if applicable, do not take into account any sales charge levied at the time of purchase. After-sales-charge share value, current dividend rate, and current 30-day SEC yield, if applicable, are calculated assuming that the maximum sales charge (5.75% for class A shares and 3.50% for class M shares) was levied at the time of purchase. Final distribution information will appear on your year-end tax forms.

Fund performance as of most recent calendar quarter Total return for periods ended 9/30/18

	Annual average (life of fund)	10 years	Annual average	5 years	Annual average	3 years	Annual average	1 year
Class A (7/24/80)								
Before sales charge	5.83%	-3.41%	-0.35%	-18.71%	-4.06%	17.24%	5.45%	4.69%
After sales charge	5.67	-8.96	-0.93	-23.39	-5.19	10.50	3.39	-1.33
Class B (2/1/94)								
Before CDSC	5.62	-9.03	-0.94	-21.71	-4.78	14.68	4.67	3.98
After CDSC	5.62	-9.03	-0.94	-23.27	-5.16	11.68	3.75	-1.02
Class C (7/26/99)								
Before CDSC	5.62	-10.36	-1.09	-21.70	-4.77	14.62	4.65	4.00
After CDSC	5.62	-10.36	-1.09	-21.70	-4.77	14.62	4.65	3.00
Class M (7/3/95)								
Before sales charge	5.25	-8.13	-0.84	-20.74	-4.54	15.44	4.90	4.15
After sales charge	5.15	-11.35	-1.20	-23.51	-5.22	11.40	3.66	0.50
Class R (12/1/03)								
Net asset value	5.57	-5.75	-0.59	-19.73	-4.30	16.39	5.19	4.44
Class Y (10/4/05)								
Net asset value	5.92	-0.93	-0.09	-17.66	-3.81	18.13	5.71	5.01

See the discussion following the fund performance table on page 7 for information about the calculation of fund performance.

Your fund's expenses

As a mutual fund investor, you pay ongoing expenses, such as management fees, distribution fees (12b-1 fees), and other expenses. Using the following information, you can estimate how these expenses affect your investment and compare them with the expenses of other funds. You may also pay one-time transaction expenses, including sales charges (loads) and redemption fees, which are not shown in this section and would have resulted in higher total expenses. For more information, see your fund's prospectus or talk to your financial representative.

Expense ratios

	Class A	Class B	Class C	Class M	Class R	Class Y
Total annual operating expenses for the fiscal year ended 8/31/17	1.29%	2.04%	2.04%	1.79%	1.54%	1.04%
Annualized expense ratio for the six-month period ended 8/31/18*	1.31%	2.06%	2.06%	1.81%	1.56%	1.06%

Fiscal-year expense information in this table is taken from the most recent prospectus, is subject to change, and may differ from that shown for the annualized expense ratio and in the financial highlights of this report.

Expenses are shown as a percentage of average net assets.

* Expense ratios for each class are for the fund's most recent fiscal half year. As a result of this, ratios may differ from expense ratios based on one-year data in the financial highlights.

Expenses per \$1,000

The following table shows the expenses you would have paid on a \$1,000 investment in each class of the fund from 3/1/18 to 8/31/18. It also shows how much a \$1,000 investment would be worth at the close of the period, assuming *actual returns* and expenses.

	Class A	Class B	Class C	Class M	Class R	Class Y
Expenses paid per \$1,000*†	\$6.79	\$10.66	\$10.66	\$9.37	\$8.08	\$5.50
Ending value (after expenses)	\$1,056.90	\$1,052.50	\$1,052.10	\$1,054.20	\$1,055.20	\$1,058.00

* Expenses for each share class are calculated using the fund's annualized expense ratio for each class, which represents the ongoing expenses as a percentage of average net assets for the six months ended 8/31/18. The expense ratio may differ for each share class.

† Expenses are calculated by multiplying the expense ratio by the average account value for the period; then multiplying the result by the number of days in the period; and then dividing that result by the number of days in the year.

Estimate the expenses you paid

To estimate the ongoing expenses you paid for the six months ended 8/31/18, use the following calculation method. To find the value of your investment on 3/1/18, call Putnam at 1-800-225-1581.

How to calculate the expenses you paid

Value of your investment on 3/1/18 ÷ **\$1,000** X **Expenses paid per \$1,000** = **Total expenses paid**

Example Based on a \$10,000 investment in class A shares of your fund.

\$10,000 ÷ **\$1,000** X **\$6.79** (see preceding table) = **\$67.90**

Compare expenses using the SEC's method

The Securities and Exchange Commission (SEC) has established guidelines to help investors assess fund expenses. Per these guidelines, the following table shows your fund's expenses based on a \$1,000 investment, assuming a *hypothetical 5% annualized return*. You can use this information to compare the ongoing expenses (but not transaction expenses or total costs) of investing in the fund with those of other funds. All mutual fund shareholder reports will provide this information to help you make this comparison. Please note that you cannot use this information to estimate your actual ending account balance and expenses paid during the period.

	Class A	Class B	Class C	Class M	Class R	Class Y
Expenses paid per \$1,000*†	\$6.67	\$10.46	\$10.46	\$9.20	\$7.93	\$5.40
Ending value (after expenses)	\$1,018.60	\$1,014.82	\$1,014.82	\$1,016.08	\$1,017.34	\$1,019.86

* Expenses for each share class are calculated using the fund's annualized expense ratio for each class, which represents the ongoing expenses as a percentage of average net assets for the six months ended 8/31/18. The expense ratio may differ for each share class.

† Expenses are calculated by multiplying the expense ratio by the average account value for the six-month period; then multiplying the result by the number of days in the six-month period; and then dividing that result by the number of days in the year.

Terms and definitions

Important terms

Total return shows how the value of the fund's shares changed over time, assuming you held the shares through the entire period and reinvested all distributions in the fund.

Before sales charge, or net asset value, is the price, or value, of one share of a mutual fund, without a sales charge. Before-sales-charge figures fluctuate with market conditions, and are calculated by dividing the net assets of each class of shares by the number of outstanding shares in the class.

After sales charge is the price of a mutual fund share plus the maximum sales charge levied at the time of purchase. After-sales-charge performance figures shown here assume the 5.75% maximum sales charge for class A shares and 3.50% for class M shares.

Contingent deferred sales charge (CDSC) is generally a charge applied at the time of the redemption of class B or C shares and assumes redemption at the end of the period. Your fund's class B CDSC declines over time from a 5% maximum during the first year to 1% during the sixth year. After the sixth year, the CDSC no longer applies. The CDSC for class C shares is 1% for one year after purchase.

Share classes

Class A shares are generally subject to an initial sales charge and no CDSC (except on certain redemptions of shares bought without an initial sales charge).

Class B shares are closed to new investments and are only available by exchange from another Putnam fund or through dividend and/or capital gains reinvestment. They are not subject to an initial sales charge and may be subject to a CDSC.

Class C shares are not subject to an initial sales charge and are subject to a CDSC only if the shares are redeemed during the first year.

Class M shares have a lower initial sales charge and a higher 12b-1 fee than class A shares and no CDSC.

Class R shares are not subject to an initial sales charge or CDSC and are only available to employer-sponsored retirement plans.

Class Y shares are not subject to an initial sales charge or CDSC and carry no 12b-1 fee. They are generally only available to corporate and institutional clients and clients in other approved programs.

Comparative indexes

Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index of U.S. investment-grade fixed-income securities.

ICE BofAML (Intercontinental Exchange Bank of America Merrill Lynch) U.S. 3-Month Treasury Bill Index is an unmanaged index that seeks to measure the performance of U.S. Treasury bills available in the marketplace.

MSCI World Energy & Materials Index (ND) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets in the energy and materials sector. Calculated with net dividends (ND), this total return index reflects the reinvestment of dividends after the deduction of withholding taxes, using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

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

ICE Data Indices, LLC ("ICE BofAML"), used with permission. ICE BofAML permits use of the ICE BofAML indices and related data on an "as is" basis; makes no warranties regarding same; does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the ICE BofAML indices or any data included in, related to, or derived therefrom; assumes no liability in connection with the use of the foregoing; and does not sponsor, endorse, or recommend Putnam Investments, or any of its products or services.

Indexes assume reinvestment of all distributions and do not account for fees. Securities and performance of a fund and an index will differ. You cannot invest directly in an index.

Other information for shareholders

Proxy voting

Putnam is committed to managing our mutual funds in the best interests of our shareholders. The Putnam funds' proxy voting guidelines and procedures, as well as information regarding how your fund voted proxies relating to portfolio securities during the 12-month period ended June 30, 2018, are available in the Individual Investors section of putnam.com and on the Securities and Exchange Commission (SEC) website, www.sec.gov. If you have questions about finding forms on the SEC's website, you may call the SEC at 1-800-SEC-0330. You may also obtain the Putnam funds' proxy voting guidelines and procedures at no charge by calling Putnam's Shareholder Services at 1-800-225-1581.

Fund portfolio holdings

The fund will file a complete schedule of its portfolio holdings with the SEC for the first and

third quarters of each fiscal year on Form N-Q. Shareholders may obtain the fund's Form N-Q on the SEC's website at www.sec.gov. In addition, the fund's Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. You may call the SEC at 1-800-SEC-0330 for information about the SEC's website or the operation of the Public Reference Room.

Trustee and employee fund ownership

Putnam employees and members of the Board of Trustees place their faith, confidence, and, most importantly, investment dollars in Putnam mutual funds. As of August 31, 2018, Putnam employees had approximately \$508,000,000 and the Trustees had approximately \$69,000,000 invested in Putnam mutual funds. These amounts include investments by the Trustees' and employees' immediate family members as well as investments through retirement and deferred compensation plans.

Important notice regarding Putnam's privacy policy

In order to conduct business with our shareholders, we must obtain certain personal information such as account holders' names, addresses, Social Security numbers, and dates of birth. Using this information, we are able to maintain accurate records of accounts and transactions.

It is our policy to protect the confidentiality of our shareholder information, whether or not a shareholder currently owns shares of our funds. In particular, it is our policy not to sell information about you or your accounts to outside marketing firms. We have safeguards in place designed to prevent unauthorized access

to our computer systems and procedures to protect personal information from unauthorized use.

Under certain circumstances, we must share account information with outside vendors who provide services to us, such as mailings and proxy solicitations. In these cases, the service providers enter into confidentiality agreements with us, and we provide only the information necessary to process transactions and perform other services related to your account. Finally, it is our policy to share account information with your financial representative, if you've listed one on your Putnam account.

Trustee approval of management contract

General conclusions

The Board of Trustees of The Putnam Funds oversees the management of each fund and, as required by law, determines annually whether to approve the continuance of your fund's management contract with Putnam Investment Management, LLC ("Putnam Management"), the sub-management contract with respect to your fund between Putnam Management and its affiliate, Putnam Investments Limited ("PIL"), and the sub-advisory contract among Putnam Management, PIL, and another affiliate, The Putnam Advisory Company ("PAC"). The Board, with the assistance of its Contract Committee, requests and evaluates all information it deems reasonably necessary under the circumstances in connection with its annual contract review. The Contract Committee consists solely of Trustees who are not "interested persons" (as this term is defined in the Investment Company Act of 1940, as amended (the "1940 Act")) of The Putnam Funds ("Independent Trustees").

At the outset of the review process, members of the Board's independent staff and independent legal counsel discussed with representatives of Putnam Management the annual contract review materials furnished to the Contract Committee during the course of the previous year's review, identifying possible changes in these materials that might be necessary or desirable for the coming year. Following these discussions and in consultation with the Contract Committee, the Independent Trustees' independent legal counsel requested that Putnam Management and its affiliates furnish specified information, together with any additional information that Putnam Management considered relevant, to the Contract Committee. Over the course of several months ending in June 2018, the Contract Committee met on a number of occasions with representatives of Putnam Management, and separately in executive session, to consider the information that Putnam Management provided. Throughout this process, the Contract Committee was assisted by the members of the Board's independent staff and by independent legal counsel for The Putnam Funds and the Independent Trustees.

In May 2018, the Contract Committee met in executive session to discuss and consider its recommendations with respect to the continuance of the contracts. At the Trustees'

June 2018 meeting, the Contract Committee met in executive session with the other Independent Trustees to review a summary of the key financial, performance and other data that the Contract Committee considered in the course of its review. The Contract Committee then presented its written report, which summarized the key factors that the Committee had considered and set forth its recommendations. The Contract Committee recommended, and the Independent Trustees approved, the continuance of your fund's management, sub-management and sub-advisory contracts, effective July 1, 2018. (Because PIL and PAC are affiliates of Putnam Management and Putnam Management remains fully responsible for all services provided by PIL and PAC, the Trustees have not attempted to evaluate PIL or PAC as separate entities, and all subsequent references to Putnam Management below should be deemed to include reference to PIL and PAC as necessary or appropriate in the context.)

The Independent Trustees' approval was based on the following conclusions:

- That the fee schedule in effect for your fund represented reasonable compensation in light of the nature and quality of the services being provided to the fund, the fees paid by competitive funds, the costs incurred by Putnam Management in providing services to the fund, and the application of certain reductions and waivers noted below; and
- That the fee schedule in effect for your fund represented an appropriate sharing between fund shareholders and Putnam Management of such economies of scale as may exist in the management of the fund at current asset levels.

These conclusions were based on a comprehensive consideration of all information provided to the Trustees and were not the result of any single factor. Some of the factors that figured particularly in the Trustees' deliberations and how the Trustees considered these factors are described below, although individual Trustees may have evaluated the information presented differently, giving different weights to various factors. It is also important to recognize that the management arrangements for your fund and the other Putnam funds are the result of many years of review and discussion between the Independent Trustees and Putnam Management, that some aspects of

the arrangements may receive greater scrutiny in some years than others, and that the Trustees' conclusions may be based, in part, on their consideration of fee arrangements in previous years. For example, with some minor exceptions, the funds' current fee arrangements under the management contracts were first implemented at the beginning of 2010 following extensive review by the Contract Committee and discussions with representatives of Putnam Management, as well as approval by shareholders.

Management fee schedules and total expenses

The Trustees reviewed the management fee schedules in effect for all Putnam funds, including fee levels and breakpoints. The Trustees also reviewed the total expenses of each Putnam fund, recognizing that in most cases management fees represented the major, but not the sole, determinant of total costs to fund shareholders. (In a few instances, funds have implemented so-called "all-in" management fees covering substantially all routine fund operating costs.)

In reviewing fees and expenses, the Trustees generally focus their attention on material changes in circumstances — for example, changes in assets under management, changes in a fund's investment strategy, changes in Putnam Management's operating costs or profitability, or changes in competitive practices in the mutual fund industry — that suggest that consideration of fee changes might be warranted. The Trustees concluded that the circumstances did not indicate that changes to the management fee structure for your fund would be appropriate at this time.

Under its management contract, your fund has the benefit of breakpoints in its management fee schedule that provide shareholders with economies of scale in the form of reduced fee rates as assets under management in the Putnam family of funds increase. The Trustees concluded that the fee schedule in effect for your fund represented an appropriate sharing of economies of scale between fund shareholders and Putnam Management.

As in the past, the Trustees also focused on the competitiveness of each fund's total expense ratio. In order to support the effort to have fund expenses meet competitive standards, the Trustees and Putnam Management have implemented expense limitations that were in effect during your fund's fiscal year ending in 2017. These expense

limitations were: (i) a contractual expense limitation applicable to all open-end funds of 25 basis points on investor servicing fees and expenses and (ii) a contractual expense limitation applicable to specified open-end funds, including your fund, of 20 basis points on so-called "other expenses" (i.e., all expenses exclusive of management fees, distribution fees, investor servicing fees, investment-related expenses, interest, taxes, brokerage commissions, acquired fund fees and expenses and extraordinary expenses). These expense limitations attempt to maintain competitive expense levels for the funds. Most funds had sufficiently low expenses that these expense limitations were not operative during their fiscal years ending in 2017. However, in the case of your fund, both expense limitations were operative during its fiscal year ending in 2017. Putnam Management has agreed to maintain these expense limitations until at least December 30, 2019. Putnam Management's support for these expense limitation arrangements was an important factor in the Trustees' decision to approve the continuance of your fund's management, sub-management and sub-advisory contracts.

The Trustees reviewed comparative fee and expense information for a custom group of competitive funds selected by Broadridge Financial Solutions, Inc. ("Broadridge"). This comparative information included your fund's percentile ranking for effective management fees and total expenses (excluding any applicable 12b-1 fee), which provides a general indication of your fund's relative standing. In the custom peer group, your fund ranked in the first quintile in effective management fees (determined for your fund and the other funds in the custom peer group based on fund asset size and the applicable contractual management fee schedule) and in the second quintile in total expenses (excluding any applicable 12b-1 fees) as of December 31, 2017. The first quintile represents the least expensive funds and the fifth quintile the most expensive funds. The fee and expense data reported by Broadridge as of December 31, 2017 reflected the most recent fiscal year-end data available in Broadridge's database at that time.

In connection with their review of fund management fees and total expenses, the Trustees also reviewed the costs of the services provided and the profits realized by Putnam Management and its affiliates from their contractual relationships with the funds. This information included trends

in revenues, expenses and profitability of Putnam Management and its affiliates relating to the investment management, investor servicing and distribution services provided to the funds. In this regard, the Trustees also reviewed an analysis of Putnam Management's revenues, expenses and profitability, allocated on a fund-by-fund basis, with respect to the funds' management, distribution, and investor servicing contracts. For each fund, the analysis presented information about revenues, expenses and profitability for each of the agreements separately and for the agreements taken together on a combined basis. The Trustees concluded that, at current asset levels, the fee schedules in place represented reasonable compensation for the services being provided and represented an appropriate sharing between fund shareholders and Putnam Management of such economies of scale as may exist in the management of the Putnam funds at that time.

The information examined by the Trustees in connection with their annual contract review for the Putnam funds included information regarding fees charged by Putnam Management and its affiliates to institutional clients, including defined benefit pension and profit-sharing plans and sub-advised mutual funds. This information included, in cases where an institutional product's investment strategy corresponds with a fund's strategy, comparisons of those fees with fees charged to the Putnam funds, as well as an assessment of the differences in the services provided to these different types of clients as compared to the services provided to the Putnam funds. The Trustees observed that the differences in fee rates between these clients and the Putnam funds are by no means uniform when examined by individual asset sectors, suggesting that differences in the pricing of investment management services to these types of clients may reflect, among other things, historical competitive forces operating in separate markets. The Trustees considered the fact that in many cases fee rates across different asset classes are higher on average for mutual funds than for institutional clients, as well as the differences between the services that Putnam Management provides to the Putnam funds and those that it provides to its other clients. The Trustees did not rely on these comparisons to any significant extent in concluding that the management fees paid by your fund are reasonable.

Investment performance

The quality of the investment process provided by Putnam Management represented a major factor in the Trustees' evaluation of the quality of services provided by Putnam Management under your fund's management contract. The Trustees were assisted in their review of the Putnam funds' investment process and performance by the work of the investment oversight committees of the Trustees and the full Board of Trustees, which meet on a regular basis with the funds' portfolio teams and with the Chief Investment Officers and other senior members of Putnam Management's Investment Division throughout the year. The Trustees concluded that Putnam Management generally provides a high-quality investment process — based on the experience and skills of the individuals assigned to the management of fund portfolios, the resources made available to them, and in general Putnam Management's ability to attract and retain high-quality personnel — but also recognized that this does not guarantee favorable investment results for every fund in every time period.

The Trustees considered that 2017 was a strong year for the performance of the Putnam funds, with generally favorable results for most asset classes, including U.S. equity, international and global equity, taxable and tax exempt fixed income, and global asset allocation Funds. In this regard, the Trustees considered that, for the one-year period ended December 31, 2017, the Putnam open-end Funds' performance, on an asset-weighted basis, ranked in the 32nd percentile of their Lipper peers (excluding those Putnam funds that are evaluated based on their total returns and/or comparisons of those returns versus selected investment benchmarks or targeted annual returns). The Trustees observed that this strong performance has continued a positive trend that began in mid-year 2016 across most Putnam funds. They noted that the longer-term performance of the Putnam funds continued to be strong, exemplified by the fact that the Putnam funds were ranked by the Barron's/Lipper Fund Families survey as the 7th-best performing mutual fund complex out of 55 complexes for the five-year period ended December 31, 2017 and the 9th-best performing mutual fund complex out of 50 complexes for the ten-year period ended 2017. In addition, the survey ranked the Putnam funds 7th out of 59 mutual fund complexes for the one-year period ended 2017; the Putnam funds have ranked 1st

or 2nd in the survey for the one-year period three times since 2009 (most recently in 2013). They also noted, however, the disappointing investment performance of some funds for periods ended December 31, 2017 and considered information provided by Putnam Management regarding the factors contributing to the underperformance and actions being taken to improve the performance of these particular funds. The Trustees indicated their intention to continue to monitor closely the performance of those funds, including the effectiveness of any efforts Putnam Management has undertaken to address underperformance and whether additional actions to address areas of underperformance are warranted.

For purposes of the Trustees' evaluation of the Putnam Funds' investment performance, the Trustees generally focus on a competitive industry ranking of each fund's total net return over a one-year, three-year and five-year period. For a number of Putnam funds with relatively unique investment mandates for which Putnam Management informed the Trustees that meaningful competitive performance rankings are not considered to be available, the Trustees evaluated performance based on their total gross and net returns and, in most cases, comparisons of those returns with the returns of selected investment benchmarks. In the case of your fund, the Trustees considered information about your fund's total return and its performance relative to its benchmark over the one-year, three-year and five-year periods ended December 31, 2017. Your fund's class A shares' return net of fees and expenses was positive and trailed the return of its benchmark over the one-year period and was negative and trailed the return of its benchmark over the three-year and five-year periods. (When considering performance information, shareholders should be mindful that past performance is not a guarantee of future results.)

The Trustees expressed concern in particular about your fund's underperformance relative to its benchmark over the one-year, three-year and five-year periods ended December 31, 2017 and considered the circumstances that may have contributed to this disappointing performance. The Trustees considered Putnam Management's observation that the fund's underperformance over these periods within the energy sector was due in significant part to the fund's stock selection and the fund's overweight (relative to the benchmark) position in exploration and production companies (which were adversely affected, among

other things, by higher sensitivity to commodity prices). In addition, the Trustees considered Putnam Management's view that, within the materials sector, the fund's stock selection and avoidance of the mining industry detracted from the fund's performance over the three-year and five-year periods, but that the fund's stock selection contributed to the fund's performance over the one-year period.

The Trustees considered that Putnam Management made portfolio manager changes in January 2018. The Trustees also considered Putnam Management's continued efforts to support fund performance through initiatives including structuring compensation for portfolio managers and research analysts to enhance accountability for fund performance, emphasizing accountability in the portfolio management process, and affirming its commitment to a fundamental-driven approach to investing. The Trustees noted further that Putnam Management continued to strengthen its fundamental research capabilities by adding new investment personnel.

As a general matter, the Trustees believe that cooperative efforts between the Trustees and Putnam Management represent the most effective way to address investment performance concerns that may arise from time to time. The Trustees noted that investors in the Putnam funds have, in effect, placed their trust in the Putnam organization, under the oversight of the funds' Trustees, to make appropriate decisions regarding the management of the funds. Based on Putnam Management's willingness to take appropriate measures to address fund performance issues and Putnam Management's responsiveness to Trustee concerns about investment performance, the Trustees concluded that it continues to be advisable to seek change within Putnam Management to address performance shortcomings. In the Trustees' view, the alternative of engaging a new investment adviser for an underperforming fund would entail significant disruptions and would not likely provide any greater assurance of improved investment performance.

Brokerage and soft-dollar allocations; investor servicing

The Trustees considered various potential benefits that Putnam Management may receive in connection with the services it provides under the management contract with your fund. These include benefits related to brokerage allocation and the use of soft dollars, whereby a portion of

the commissions paid by a fund for brokerage may be used to acquire research services that are expected to be useful to Putnam Management in managing the assets of the fund and of other clients. Subject to policies established by the Trustees, soft dollars generated by these means are used predominantly to acquire brokerage and research services (including third-party research and market data) that enhance Putnam Management's investment capabilities and supplement Putnam Management's internal research efforts. However, the Trustees noted that a portion of available soft dollars continues to be used to pay fund expenses. The Trustees indicated their continued intent to monitor regulatory and industry developments in this area with the assistance of their Brokerage Committee. The Trustees also indicated their continued intent to monitor the allocation of the Putnam funds' brokerage in order to ensure that the principle of seeking best price and execution remains paramount in the portfolio trading process.

Putnam Management may also receive benefits from payments that the funds make to Putnam Management's affiliates for investor or distribution services. In conjunction with the annual review of your fund's management, sub-management and sub-advisory contracts, the Trustees reviewed your fund's investor servicing agreement with Putnam Investor Services, Inc. ("PSERV") and its distributor's contracts and distribution plans with Putnam Retail Management Limited Partnership ("PRM"), both of which are affiliates of Putnam Management. The Trustees concluded that the fees payable by the funds to PSERV and PRM, as applicable, for such services are fair and reasonable in relation to the nature and quality of such services, the fees paid by competitive funds, and the costs incurred by PSERV and PRM, as applicable, in providing such services. Furthermore, the Trustees were of the view that the services provided were required for the operation of the funds, and that they were of a quality at least equal to those provided by other providers.

Financial statements

These sections of the report, as well as the accompanying Notes, preceded by the Report of Independent Registered Public Accounting Firm, constitute the fund's financial statements.

The fund's portfolio lists all the fund's investments and their values as of the last day of the reporting period. Holdings are organized by asset type and industry sector, country, or state to show areas of concentration and diversification.

Statement of assets and liabilities shows how the fund's net assets and share price are determined. All investment and non-investment assets are added together. Any unpaid expenses and other liabilities are subtracted from this total. The result is divided by the number of shares to determine the net asset value per share, which is calculated separately for each class of shares. (For funds with preferred shares, the amount subtracted from total assets includes the liquidation preference of preferred shares.)

Statement of operations shows the fund's net investment gain or loss. This is done by first adding up all the fund's earnings — from dividends and interest income — and subtracting its operating expenses to determine net investment income (or

loss). Then, any net gain or loss the fund realized on the sales of its holdings — as well as any unrealized gains or losses over the period — is added to or subtracted from the net investment result to determine the fund's net gain or loss for the fiscal year.

Statement of changes in net assets shows how the fund's net assets were affected by the fund's net investment gain or loss, by distributions to shareholders, and by changes in the number of the fund's shares. It lists distributions and their sources (net investment income or realized capital gains) over the current reporting period and the most recent fiscal year-end. The distributions listed here may not match the sources listed in the Statement of operations because the distributions are determined on a tax basis and may be paid in a different period from the one in which they were earned.

Financial highlights provide an overview of the fund's investment results, per-share distributions, expense ratios, net investment income ratios, and portfolio turnover in one summary table, reflecting the five most recent reporting periods. In a semiannual report, the highlights table also includes the current reporting period.

Report of Independent Registered Public Accounting Firm

The Board of Trustees and Shareholders
Putnam Global Natural Resources Fund:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Putnam Global Natural Resources Fund (the “fund”), including the fund’s portfolio, as of August 31, 2018, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the related notes (collectively, the “financial statements”) and the financial highlights for each of the years in the five-year period then ended. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the fund as of August 31, 2018, and the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements and financial highlights are the responsibility of the fund’s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Such procedures included confirmation of securities owned as of August 31, 2018, by correspondence with the custodians and brokers or by other appropriate auditing procedures. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. We believe that our audits provide a reasonable basis for our opinion.

The logo for KPMG LLP, featuring the letters 'KPMG' in a large, bold, black, handwritten-style font, followed by 'LLP' in a smaller, black, sans-serif font.

We have served as the auditor of one or more Putnam investment companies since 1999.

Boston, Massachusetts
October 10, 2018

The fund's portfolio 8/31/18

COMMON STOCKS (98.5%)*	Shares	Value
Chemicals (23.6%)		
Akzo Nobel NV (Netherlands)	619	\$57,854
Celanese Corp. Ser. A	44,000	5,140,520
CF Industries Holdings, Inc.	66,100	3,433,895
DowDuPont, Inc.	140,062	9,822,548
PPG Industries, Inc.	33,700	3,725,198
Praxair, Inc.	36,600	5,789,754
Sherwin-Williams Co. (The)	13,000	5,922,540
		33,892,309
Containers and packaging (1.3%)		
Packaging Corp. of America	16,500	1,813,680
		1,813,680
Electric utilities (3.1%)		
NextEra Energy, Inc.	26,400	4,490,640
		4,490,640
Electrical equipment (3.3%)		
Emerson Electric Co.	60,900	4,672,857
		4,672,857
Energy equipment and services (1.3%)		
Select Energy Services, Inc. 144A Class A-1 †	134,034	1,829,564
		1,829,564
Food products (2.7%)		
Archer-Daniels-Midland Co.	77,900	3,926,160
		3,926,160
Gas utilities (1.3%)		
ENN Energy Holdings, Ltd. (China)	205,000	1,867,495
		1,867,495
Independent power and renewable electricity producers (3.2%)		
NRG Energy, Inc.	130,400	4,614,856
		4,614,856
Metals and mining (4.9%)		
Rio Tinto PLC (United Kingdom)	112,425	5,333,117
ThyssenKrupp AG (Germany)	75,661	1,748,566
		7,081,683
Oil, gas, and consumable fuels (49.7%)		
Anadarko Petroleum Corp.	69,511	4,476,508
BP PLC (United Kingdom)	1,022,884	7,257,845
Cairn Energy PLC (United Kingdom) †	696,819	2,159,105
Cenovus Energy, Inc. (Canada)	227,105	2,105,725
Cheniere Energy, Inc. †	81,000	5,421,330
Chevron Corp.	71,500	8,469,890
ConocoPhillips	102,017	7,491,108
Encana Corp. (Canada)	143,077	1,894,537
EnVen Energy Corp. 144A Class A † F	200,000	2,000,000
Marathon Petroleum Corp.	69,600	5,727,384
Royal Dutch Shell PLC Class A (United Kingdom)	188,850	6,124,538
Suncor Energy, Inc. (Canada)	86,635	3,566,308
TOTAL SA (France)	134,498	8,410,106
Valero Energy Corp.	54,100	6,377,308
		71,481,692

COMMON STOCKS (98.5%)* cont.	Shares	Value
Road and rail (3.2%)		
Norfolk Southern Corp.	26,300	\$4,571,992
		4,571,992
Trading companies and distributors (0.9%)		
Yellow Cake PLC (United Kingdom) †	417,685	1,336,171
		1,336,171
Total common stocks (cost \$140,256,016)		\$141,579,099

U.S. GOVERNMENT AND AGENCY MORTGAGE OBLIGATIONS (0.1%)*	Principal amount	Value
U.S. Government Agency Mortgage Obligations (0.1%)		
Federal National Mortgage Association Pass-Through Certificates 3.29%, 4/1/25 ⁱ	\$115,331	\$116,233
Total U.S. government and agency mortgage obligations (cost \$116,233)		\$116,233

WARRANTS (—%)*†	Expiration date	Strike price	Warrants	Value
EnVen Energy Corp. 144A Class A ^F	11/6/20	\$15.00	200,000	\$20
EnVen Energy Corp. 144A Class A ^F	11/6/20	12.50	200,000	20
Total warrants (cost \$40)				\$40

SHORT-TERM INVESTMENTS (1.4%)*	Principal amount/ shares	Value
Putnam Short Term Investment Fund 2.16% ^L	Shares	\$1,587,359
U.S. Treasury Bills 1.962%, 10/11/18		\$21,000
U.S. Treasury Bills 2.045%, 11/8/18		264,000
U.S. Treasury Bills 2.059%, 11/15/18 ^A		112,000
Total short-term investments (cost \$1,982,841)		\$1,982,888

TOTAL INVESTMENTS	Value
Total investments (cost \$142,355,130)	\$143,678,260

Notes to the fund's portfolio

Unless noted otherwise, the notes to the fund's portfolio are for the close of the fund's reporting period, which ran from September 1, 2017 through August 31, 2018 (the reporting period). Within the following notes to the portfolio, references to "Putnam Management" represent Putnam Investment Management, LLC, the fund's manager, an indirect wholly-owned subsidiary of Putnam Investments, LLC and references to "ASC 820" represent Accounting Standards Codification 820 *Fair Value Measurements and Disclosures*.

* Percentages indicated are based on net assets of \$143,736,332.

† This security is non-income-producing.

^A This security, in part or in entirety, was pledged and segregated with the custodian for collateral on certain derivative contracts at the close of the reporting period. Collateral at period end totaled \$10,953 and is included in Investments in securities on the Statement of assets and liabilities (Notes 1 and 9).

^F This security is valued by Putnam Management at fair value following procedures approved by the Trustees. Securities are classified as Level 3 for ASC 820 based on the securities' valuation inputs (Note 1).

ⁱ This security was pledged, or purchased with cash that was pledged, to the fund for collateral on certain derivative contracts (Note 1).

^L Affiliated company (Note 5). The rate quoted in the security description is the annualized 7-day yield of the fund at the close of the reporting period.

At the close of the reporting period, the fund maintained liquid assets totaling \$162,171 to cover certain derivative contracts.

Unless otherwise noted, the rates quoted in Short-term investments security descriptions represent the weighted average yield to maturity.

144A after the name of an issuer represents securities exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.

The dates shown on debt obligations are the original maturity dates.

DIVERSIFICATION BY COUNTRY [△]

Distribution of investments by country of risk at the close of the reporting period, excluding collateral received, if any (as a percentage of Portfolio Value):

United States	70.8%	China	1.3%
United Kingdom	15.5	Germany	1.2
France	5.9	Total	100.0%
Canada	5.3		

[△] Methodology differs from that used for purposes of complying with the fund's policy regarding investments in securities of foreign issuers, as discussed further in the fund's prospectus.

FORWARD CURRENCY CONTRACTS at 8/31/18 (aggregate face value \$49,109,532)

Counterparty	Currency	Contract type*	Delivery date	Value	Aggregate face value	Unrealized appreciation/ (depreciation)
Bank of America N.A.						
	Australian Dollar	Buy	10/17/18	\$3,355,399	\$3,430,447	\$(75,048)
	British Pound	Sell	9/19/18	4,375,971	4,504,089	128,118
	Canadian Dollar	Buy	10/17/18	2,393,634	2,366,648	26,986
	Euro	Buy	9/19/18	494,287	500,692	(6,405)
	Euro	Sell	9/19/18	494,287	496,416	2,129
	Japanese Yen	Buy	11/19/18	690,272	687,918	2,354
Barclays Bank PLC						
	British Pound	Buy	9/19/18	635,090	628,162	6,928
	Euro	Buy	9/19/18	2,679,071	2,689,834	(10,763)
	Swiss Franc	Buy	9/19/18	2,409,645	2,383,621	26,024
Citibank, N.A.						
	Australian Dollar	Buy	10/17/18	2,329,002	2,384,171	(55,169)
	British Pound	Sell	9/19/18	525,869	546,014	20,145
	Canadian Dollar	Buy	10/17/18	323,947	317,886	6,061
	Danish Krone	Buy	9/19/18	804,914	816,705	(11,791)
	Euro	Buy	9/19/18	5,409,383	5,481,051	(71,668)
	Japanese Yen	Buy	11/19/18	86,677	86,488	189
Goldman Sachs International						
	British Pound	Buy	9/19/18	1,616,521	1,669,170	(52,649)
	Canadian Dollar	Buy	10/17/18	2,390,643	2,359,706	30,937
	Euro	Buy	9/19/18	1,861,302	1,883,291	(21,989)
HSBC Bank USA, National Association						
	Euro	Buy	9/19/18	211,820	218,304	(6,484)

FORWARD CURRENCY CONTRACTS at 8/31/18 (aggregate face value \$49,109,532) cont.

Counterparty	Currency	Contract type*	Delivery date	Value	Aggregate face value	Unrealized appreciation/ (depreciation)
JPMorgan Chase Bank N.A.						
	Canadian Dollar	Buy	10/17/18	\$1,278,839	\$1,264,304	\$14,535
	Euro	Buy	9/19/18	1,590,339	1,611,080	(20,741)
	Japanese Yen	Buy	11/19/18	5,629,947	5,610,881	19,066
	Norwegian Krone	Buy	9/19/18	1,440,737	1,483,864	(43,127)
	Swedish Krona	Buy	9/19/18	395,023	412,395	(17,372)
	Swiss Franc	Sell	9/19/18	98,336	92,730	(5,606)
State Street Bank and Trust Co.						
	Australian Dollar	Buy	10/17/18	1,648,116	1,678,213	(30,097)
	Euro	Buy	9/19/18	910,956	914,892	(3,936)
	Euro	Sell	9/19/18	910,956	920,290	9,334
	Israeli Shekel	Buy	10/17/18	194,660	193,215	1,445
	Japanese Yen	Buy	11/19/18	1,481,594	1,477,055	4,539
Unrealized appreciation						298,790
Unrealized (depreciation)						(432,845)
Total						\$(134,055)

* The exchange currency for all contracts listed is the United States Dollar.

ASC 820 establishes a three-level hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of the fund's investments. The three levels are defined as follows:

Level 1: Valuations based on quoted prices for identical securities in active markets.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the fair value measurement.

The following is a summary of the inputs used to value the fund's net assets as of the close of the reporting period:

Investments in securities:	Valuation inputs		
	Level 1	Level 2	Level 3
Common stocks*:			
Consumer staples	\$3,926,160	\$—	\$—
Energy	69,481,692	1,829,564	2,000,000
Industrials	10,581,020	—	—
Materials	42,787,672	—	—
Utilities	10,972,991	—	—
Total common stocks	137,749,535	1,829,564	2,000,000
U.S. government and agency mortgage obligations	—	116,233	—
Warrants	—	—	40
Short-term investments	1,587,359	395,529	—
Totals by level	\$139,336,894	\$2,341,326	\$2,000,040

Other financial instruments:	Valuation inputs		
	Level 1	Level 2	Level 3
Forward currency contracts	\$—	\$(134,055)	\$—
Totals by level	\$—	\$(134,055)	\$—

* Common stock classifications are presented at the sector level, which may differ from the fund's portfolio presentation.

During the reporting period, transfers between level 1 and level 2 within the fair value hierarchy, if any (other than certain transfers involving non-U.S. equity securities as described in Note 1), did not represent, in the aggregate, more than 1% of the fund's net assets measured as of the end of the period. Transfers are accounted for using the end of period pricing valuation method.

The following is a reconciliation of Level 3 assets as of the close of the reporting period:

Investments in securities:	Balance as of 8/31/17	Accrued discounts/premiums	Realized gain/(loss)	Change in net unrealized appreciation/(depreciation)	Cost of purchases	Proceeds from sales	Total transfers into Level 3†	Total transfers out of Level 3†	Balance as of 8/31/18
Common stocks*:									
Energy	\$—	\$—	\$—	\$—	\$—	\$—	\$2,000,000	\$—	\$2,000,000
Total common stocks	—	—	—	—	—	—	2,000,000	—	2,000,000
Warrants	—	—	—	—	—	—	40	—	40
Totals	\$—	\$—	\$—	\$—	\$—	\$—	\$2,000,040	\$—	\$2,000,040

* Common stock classifications are presented at the sector level, which may differ from the fund's portfolio presentation.

† Transfers during the reporting period are accounted for using the end of period market value and include valuations based on the last historical trade closing price. Such valuations involve certain inputs and estimates that were unobservable at the end of the reporting period.

The accompanying notes are an integral part of these financial statements.

Statement of assets and liabilities 8/31/18

ASSETS

Investment in securities, at value (Notes 1 and 9):	
Unaffiliated issuers (identified cost \$140,767,771)	\$142,090,901
Affiliated issuers (identified cost \$1,587,359) (Notes 1 and 5)	1,587,359
Foreign currency (cost \$79) (Note 1)	80
Dividends, interest and other receivables	847,043
Receivable for shares of the fund sold	32,911
Unrealized appreciation on forward currency contracts (Note 1)	298,790
Prepaid assets	41,932
Total assets	144,899,016

LIABILITIES

Payable to custodian	9,621
Payable for shares of the fund repurchased	220,639
Payable for compensation of Manager (Note 2)	75,950
Payable for custodian fees (Note 2)	13,306
Payable for investor servicing fees (Note 2)	35,416
Payable for Trustee compensation and expenses (Note 2)	113,275
Payable for administrative services (Note 2)	579
Payable for distribution fees (Note 2)	64,034
Unrealized depreciation on forward currency contracts (Note 1)	432,845
Collateral on certain derivative contracts, at value (Notes 1 and 9)	116,233
Other accrued expenses	80,786
Total liabilities	1,162,684
Net assets	\$143,736,332

REPRESENTED BY

Paid-in capital (Unlimited shares authorized) (Notes 1 and 4)	\$218,080,959
Undistributed net investment income (Note 1)	929,502
Accumulated net realized loss on investments and foreign currency transactions (Note 1)	(76,463,259)
Net unrealized appreciation of investments and assets and liabilities in foreign currencies	1,189,130
Total — Representing net assets applicable to capital shares outstanding	\$143,736,332

(Continued on next page)

Statement of assets and liabilities *cont.*

COMPUTATION OF NET ASSET VALUE AND OFFERING PRICE

Net asset value and redemption price per class A share (\$107,409,080 divided by 6,420,221 shares)	\$16.73
Offering price per class A share (100/94.25 of \$16.73)*	\$17.75
Net asset value and offering price per class B share (\$4,551,175 divided by 315,233 shares)**	\$14.44
Net asset value and offering price per class C share (\$7,571,726 divided by 513,604 shares)**	\$14.74
Net asset value and redemption price per class M share (\$1,835,712 divided by 117,993 shares)	\$15.56
Offering price per class M share (100/96.50 of \$15.56)*	\$16.12
Net asset value, offering price and redemption price per class R share (\$7,474,847 divided by 460,314 shares)	\$16.24
Net asset value, offering price and redemption price per class Y share (\$14,893,792 divided by 878,136 shares)	\$16.96

*On single retail sales of less than \$50,000. On sales of \$50,000 or more the offering price is reduced.

**Redemption price per share is equal to net asset value less any applicable contingent deferred sales charge.

The accompanying notes are an integral part of these financial statements.

Statement of operations Year ended 8/31/18

INVESTMENT INCOME	
Dividends (net of foreign tax of \$174,666)	\$3,621,634
Interest (including interest income of \$28,383 from investments in affiliated issuers) (Note 5)	33,033
Securities lending (net of expenses) (Notes 1 and 5)	23,798
Total investment income	3,678,465
EXPENSES	
Compensation of Manager (Note 2)	979,680
Investor servicing fees (Note 2)	388,357
Custodian fees (Note 2)	26,760
Trustee compensation and expenses (Note 2)	3,228
Distribution fees (Note 2)	488,985
Administrative services (Note 2)	4,567
Other	243,432
Total expenses	2,135,009
Expense reduction (Note 2)	(27,419)
Net expenses	2,107,590
Net investment income	1,570,875
REALIZED AND UNREALIZED GAIN (LOSS)	
Net realized gain (loss) on:	
Securities from unaffiliated issuers (Notes 1 and 3)	11,717,154
Foreign currency transactions (Note 1)	(95,415)
Forward currency contracts (Note 1)	1,076,187
Total net realized gain	12,697,926
Change in net unrealized appreciation (depreciation) on:	
Securities from unaffiliated issuers	6,284,635
Assets and liabilities in foreign currencies	(117)
Forward currency contracts	(1,263,317)
Total change in net unrealized appreciation	5,021,201
Net gain on investments	17,719,127
Net increase in net assets resulting from operations	\$19,290,002

The accompanying notes are an integral part of these financial statements.

Statement of changes in net assets

DECREASE IN NET ASSETS	Year ended 8/31/18	Year ended 8/31/17
Operations		
Net investment income	\$1,570,875	\$809,226
Net realized gain (loss) on investments and foreign currency transactions	12,697,926	(10,163,708)
Net unrealized appreciation of investments and assets and liabilities in foreign currencies	5,021,201	5,196,441
Net increase (decrease) in net assets resulting from operations	19,290,002	(4,158,041)
Distributions to shareholders (Note 1):		
From ordinary income		
Net investment income		
Class A	(792,101)	—
Class B	(11,701)	—
Class C	(22,516)	—
Class M	(6,834)	—
Class R	(42,289)	—
Class Y	(162,427)	—
Decrease from capital share transactions (Notes 4 and 7)	(32,051,525)	(711,608)
Total decrease in net assets	(13,799,391)	(4,869,649)
NET ASSETS		
Beginning of year	157,535,723	162,405,372
End of year (including undistributed net investment income of \$929,502 and accumulated net investment loss of \$72,682, respectively)	\$143,736,332	\$157,535,723

The accompanying notes are an integral part of these financial statements.

Financial highlights (For a common share outstanding throughout the period)

Period ended	INVESTMENT OPERATIONS				LESS DISTRIBUTIONS					RATIOS AND SUPPLEMENTAL DATA			
	Net asset value, beginning of period	Net investment income (loss) ^a	Net realized and unrealized gain (loss) on investments	Total from investment operations	From net investment income	From return of capital	Total distributions	Net asset value, end of period	Total return at net asset value (%) ^b	Net assets, end of period (in thousands)	Ratio of expenses to average net assets (%) ^c	Ratio of net investment income (loss) to average net assets (%)	Portfolio turnover (%)
Class A													
August 31, 2018	\$14.96	.17	1.71	1.88	(.11)	—	(.11)	\$16.73	12.57	\$107,409	1.30	1.06	217
August 31, 2017	15.48	.09	(.61)	(.52)	—	—	—	14.96	(3.36)	114,709	1.33 ^{fg}	.56 ^f	119
August 31, 2016	16.22	.18	(.92)	(.74)	—	—	—	15.48	(4.56)	128,827	1.23 ^e	1.23 ^e	120
August 31, 2015	23.95	.16	(7.88)	(7.72)	(.01)	— ^d	(.01)	16.22	(32.24)	145,726	1.18	.82	153
August 31, 2014	20.09	.19	3.67	3.86	—	—	—	23.95	19.21	238,703	1.19	.83	101
Class B													
August 31, 2018	\$12.95	.04	1.48	1.52	(.03)	—	(.03)	\$14.44	11.73	\$4,551	2.05	.29	217
August 31, 2017	13.50	(.03)	(.52)	(.55)	—	—	—	12.95	(4.07)	5,659	2.08 ^{fg}	(.20) ^f	119
August 31, 2016	14.25	.06	(.81)	(.75)	—	—	—	13.50	(5.26)	4,493	1.98 ^e	.49 ^e	120
August 31, 2015	21.19	.01	(6.95)	(6.94)	—	—	—	14.25	(32.75)	5,578	1.93	.06	153
August 31, 2014	17.91	.02	3.26	3.28	—	—	—	21.19	18.31	10,791	1.94	.08	101
Class C													
August 31, 2018	\$13.22	.04	1.51	1.55	(.03)	—	(.03)	\$14.74	11.75	\$7,572	2.05	.28	217
August 31, 2017	13.79	(.03)	(.54)	(.57)	—	—	—	13.22	(4.13)	9,900	2.08 ^{fg}	(.21) ^f	119
August 31, 2016	14.56	.06	(.83)	(.77)	—	—	—	13.79	(5.29)	6,143	1.98 ^e	.48 ^e	120
August 31, 2015	21.65	.01	(7.10)	(7.09)	—	—	—	14.56	(32.75)	7,030	1.93	.06	153
August 31, 2014	18.30	.02	3.33	3.35	—	—	—	21.65	18.31	12,205	1.94	.08	101
Class M													
August 31, 2018	\$13.93	.08	1.60	1.68	(.05)	—	(.05)	\$15.56	12.04	\$1,836	1.80	.55	217
August 31, 2017	14.49	.01	(.57)	(.56)	—	—	—	13.93	(3.86)	1,945	1.83 ^{fg}	.06 ^f	119
August 31, 2016	15.26	.10	(.87)	(.77)	—	—	—	14.49	(5.05)	2,271	1.73 ^e	.73 ^e	120
August 31, 2015	22.63	.06	(7.43)	(7.37)	—	—	—	15.26	(32.57)	2,703	1.68	.33	153
August 31, 2014	19.08	.07	3.48	3.55	—	—	—	22.63	18.61	4,247	1.69	.33	101
Class R													
August 31, 2018	\$14.53	.13	1.66	1.79	(.08)	—	(.08)	\$16.24	12.31	\$7,475	1.55	.80	217
August 31, 2017	15.07	.05	(.59)	(.54)	—	—	—	14.53	(3.58)	7,980	1.58 ^{fg}	.31 ^f	119
August 31, 2016	15.83	.15	(.91)	(.76)	—	—	—	15.07	(4.80)	7,497	1.48 ^e	1.02 ^e	120
August 31, 2015	23.43	.11	(7.71)	(7.60)	—	—	—	15.83	(32.44)	10,204	1.43	.58	153
August 31, 2014	19.70	.13	3.60	3.73	—	—	—	23.43	18.93	14,258	1.44	.57	101
Class Y													
August 31, 2018	\$15.16	.22	1.73	1.95	(.15)	—	(.15)	\$16.96	12.88	\$14,894	1.05	1.31	217
August 31, 2017	15.65	.13	(.62)	(.49)	—	—	—	15.16	(3.13)	17,344	1.08 ^{fg}	.81 ^f	119
August 31, 2016	16.36	.23	(.94)	(.71)	—	—	—	15.65	(4.34)	13,175	.98 ^e	1.51 ^e	120
August 31, 2015	24.17	.23	(7.97)	(7.74)	(.06)	(.01)	(.07)	16.36	(32.07)	14,466	.93	1.17	153
August 31, 2014	20.23	.25	3.69	3.94	—	—	—	24.17	19.48	13,948	.94	1.13	101

See notes to financial highlights at the end of this section.

The accompanying notes are an integral part of these financial statements.

Financial highlights *cont.*

- ^a Per share net investment income (loss) has been determined on the basis of the weighted average number of shares outstanding during the period.
- ^b Total return assumes dividend reinvestment and does not reflect the effect of sales charges.
- ^c Includes amounts paid through expense offset and/or brokerage service arrangements, if any (Note 2). Also excludes acquired fund fees and expenses, if any.
- ^d Amount represents less than \$0.01 per share.
- ^e Reflects a voluntary waiver of certain fund expenses in effect during the period. As a result of such waiver, the expenses of each class reflect a reduction of less than 0.01% as a percentage of average net assets.
- ^f Reflects an involuntary contractual expense limitation in effect during the period. As a result of such limitation, the expenses of each class reflect a reduction of the following amount (Note 2):

	Percentage of average net assets
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August 31, 2017	0.07%
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- ^g Includes one-time merger related costs of 0.04% as a percentage of average net assets.

The accompanying notes are an integral part of these financial statements.

Notes to financial statements 8/31/18

Within the following Notes to financial statements, references to “State Street” represent State Street Bank and Trust Company, references to “the SEC” represent the Securities and Exchange Commission, references to “Putnam Management” represent Putnam Investment Management, LLC, the fund’s manager, an indirect wholly-owned subsidiary of Putnam Investments, LLC and references to “OTC”, if any, represent over-the-counter. Unless otherwise noted, the “reporting period” represents the period from September 1, 2017 through August 31, 2018.

Putnam Global Natural Resources Fund (the fund) is a Massachusetts business trust, which is registered under the Investment Company Act of 1940, as amended, as a non-diversified, open-end management investment company. The goal of the fund is to seek capital appreciation. The fund concentrates in the energy and other natural resources industries. The fund invests mainly in common stocks (growth or value stocks or both) of large and midsize companies worldwide that Putnam Management believes have favorable investment potential. Under normal circumstances, the fund invests at least 80% of its net assets in securities of companies in the energy or other natural resources industries. This policy may be changed only after 60 days’ notice to shareholders. Potential investments include companies in the discovery, development, production or distribution of energy or other natural resources, in the development of technologies for the production or efficient use of energy or other natural resources, and in the furnishing of related supplies or services. The fund may purchase stocks of companies with stock prices that reflect a value lower than that which Putnam Management places on the company. Putnam Management may also consider other factors that it believes will cause the stock price to rise. Putnam Management may consider, among other factors, a company’s valuation, financial strength, growth potential, competitive position in its industry, projected future earnings, cash flows and dividends when deciding whether to buy or sell investments. The fund may also use derivatives, such as futures, options, certain foreign currency transactions, warrants and swap contracts, for both hedging and non-hedging purposes, and may engage in short sales of securities.

The fund offers class A, class B, class C, class M, class R and class Y shares. The fund registered class T shares in February 2017, however, as of the date of this report, class T shares had not commenced operations and are not available for purchase. Purchases of class B shares are closed to new and existing investors except by exchange from class B shares of another Putnam fund or through dividend and/or capital gains reinvestment. Class A and class M shares are sold with a maximum front-end sales charge of 5.75% and 3.50%, respectively. Class A shares generally are not subject to a contingent deferred sales charge, and class M, class R and class Y shares are not subject to a contingent deferred sales charge. Class B shares, which convert to class A shares after approximately eight years, are not subject to a front-end sales charge and are subject to a contingent deferred sales charge if those shares are redeemed within six years of purchase. Class C shares are subject to a one-year 1.00% contingent deferred sales charge and generally convert to class A shares after approximately ten years. Prior to April 1, 2018, class C shares did not convert to class A shares. Class R shares, which are not available to all investors, are sold at net asset value. The expenses for class A, class B, class C, class M and class R shares may differ based on the distribution fee of each class, which is identified in Note 2. Class Y shares, which are sold at net asset value, are generally subject to the same expenses as class A, class B, class C, class M and class R shares, but do not bear a distribution fee. Class Y shares are not available to all investors.

In the normal course of business, the fund enters into contracts that may include agreements to indemnify another party under given circumstances. The fund’s maximum exposure under these arrangements is unknown as this would involve future claims that may be, but have not yet been, made against the fund. However, the fund’s management team expects the risk of material loss to be remote.

The fund has entered into contractual arrangements with an investment adviser, administrator, distributor, shareholder servicing agent and custodian, who each provide services to the fund. Unless expressly stated otherwise, shareholders are not parties to, or intended beneficiaries of these contractual arrangements, and these contractual arrangements are not intended to create any shareholder right to enforce them against the service providers or to seek any remedy under them against the service providers, either directly or on behalf of the fund.

Under the fund’s Amended and Restated Agreement and Declaration of Trust, any claims asserted against or on behalf of the Putnam Funds, including claims against Trustees and Officers, must be brought in state and federal courts located within the Commonwealth of Massachusetts.

Note 1: Significant accounting policies

The following is a summary of significant accounting policies consistently followed by the fund in the preparation of its financial statements. The preparation of financial statements is in conformity with accounting principles generally accepted in the United States of America and requires management to make estimates

and assumptions that affect the reported amounts of assets and liabilities in the financial statements and the reported amounts of increases and decreases in net assets from operations. Actual results could differ from those estimates. Subsequent events after the Statement of assets and liabilities date through the date that the financial statements were issued have been evaluated in the preparation of the financial statements.

Investment income, realized and unrealized gains and losses and expenses of the fund are borne pro-rata based on the relative net assets of each class to the total net assets of the fund, except that each class bears expenses unique to that class (including the distribution fees applicable to such classes). Each class votes as a class only with respect to its own distribution plan or other matters on which a class vote is required by law or determined by the Trustees. If the fund were liquidated, shares of each class would receive their pro-rata share of the net assets of the fund. In addition, the Trustees declare separate dividends on each class of shares.

Security valuation Portfolio securities and other investments are valued using policies and procedures adopted by the Board of Trustees. The Trustees have formed a Pricing Committee to oversee the implementation of these procedures and have delegated responsibility for valuing the fund's assets in accordance with these procedures to Putnam Management. Putnam Management has established an internal Valuation Committee that is responsible for making fair value determinations, evaluating the effectiveness of the pricing policies of the fund and reporting to the Pricing Committee.

Investments for which market quotations are readily available are valued at the last reported sales price on their principal exchange, or official closing price for certain markets, and are classified as Level 1 securities under Accounting Standards Codification 820 *Fair Value Measurements and Disclosures* (ASC 820). If no sales are reported, as in the case of some securities that are traded OTC, a security is valued at its last reported bid price and is generally categorized as a Level 2 security.

Investments in open-end investment companies (excluding exchange-traded funds), if any, which can be classified as Level 1 or Level 2 securities, are valued based on their net asset value. The net asset value of such investment companies equals the total value of their assets less their liabilities and divided by the number of their outstanding shares.

Market quotations are not considered to be readily available for certain debt obligations (including short-term investments with remaining maturities of 60 days or less) and other investments; such investments are valued on the basis of valuations furnished by an independent pricing service approved by the Trustees or dealers selected by Putnam Management. Such services or dealers determine valuations for normal institutional-size trading units of such securities using methods based on market transactions for comparable securities and various relationships, generally recognized by institutional traders, between securities (which consider such factors as security prices, yields, maturities and ratings). These securities will generally be categorized as Level 2.

Many securities markets and exchanges outside the U.S. close prior to the scheduled close of the New York Stock Exchange and therefore the closing prices for securities in such markets or on such exchanges may not fully reflect events that occur after such close but before the scheduled close of the New York Stock Exchange. Accordingly, on certain days, the fund will fair value certain foreign equity securities taking into account multiple factors including movements in the U.S. securities markets, currency valuations and comparisons to the valuation of American Depository Receipts, exchange-traded funds and futures contracts. The foreign equity securities, which would generally be classified as Level 1 securities, will be transferred to Level 2 of the fair value hierarchy when they are valued at fair value. The number of days on which fair value prices will be used will depend on market activity and it is possible that fair value prices will be used by the fund to a significant extent. Securities quoted in foreign currencies, if any, are translated into U.S. dollars at the current exchange rate.

To the extent a pricing service or dealer is unable to value a security or provides a valuation that Putnam Management does not believe accurately reflects the security's fair value, the security will be valued at fair value by Putnam Management in accordance with policies and procedures approved by the Trustees. Certain investments, including certain restricted and illiquid securities and derivatives, are also valued at fair value following procedures approved by the Trustees. These valuations consider such factors as significant market or specific security events such as interest rate or credit quality changes, various relationships with other securities, discount rates, U.S. Treasury, U.S. swap and credit yields, index levels, convexity exposures, recovery rates, sales and other multiples and resale restrictions. These securities are classified as Level 2 or as Level 3 depending on the priority of the significant inputs.

To assess the continuing appropriateness of fair valuations, the Valuation Committee reviews and affirms the reasonableness of such valuations on a regular basis after considering all relevant information that is reasonably available. Such valuations and procedures are reviewed periodically by the Trustees. The fair value of securities

is generally determined as the amount that the fund could reasonably expect to realize from an orderly disposition of such securities over a reasonable period of time. By its nature, a fair value price is a good faith estimate of the value of a security in a current sale and does not reflect an actual market price, which may be different by a material amount.

Security transactions and related investment income Security transactions are recorded on the trade date (the date the order to buy or sell is executed). Gains or losses on securities sold are determined on the identified cost basis.

Interest income, net of any applicable withholding taxes, is recorded on the accrual basis. Dividend income, net of any applicable withholding taxes, is recognized on the ex-dividend date except that certain dividends from foreign securities, if any, are recognized as soon as the fund is informed of the ex-dividend date. Non-cash dividends, if any, are recorded at the fair value of the securities received. Dividends representing a return of capital or capital gains, if any, are reflected as a reduction of cost and/or as a realized gain.

All premiums/discounts are amortized/accreted on a yield-to-maturity basis.

Foreign currency translation The accounting records of the fund are maintained in U.S. dollars. The fair value of foreign securities, currency holdings, and other assets and liabilities is recorded in the books and records of the fund after translation to U.S. dollars based on the exchange rates on that day. The cost of each security is determined using historical exchange rates. Income and withholding taxes are translated at prevailing exchange rates when earned or incurred. The fund does not isolate that portion of realized or unrealized gains or losses resulting from changes in the foreign exchange rate on investments from fluctuations arising from changes in the market prices of the securities. Such gains and losses are included with the net realized and unrealized gain or loss on investments. Net realized gains and losses on foreign currency transactions represent net realized exchange gains or losses on disposition of foreign currencies, currency gains and losses realized between the trade and settlement dates on securities transactions and the difference between the amount of investment income and foreign withholding taxes recorded on the fund's books and the U.S. dollar equivalent amounts actually received or paid. Net unrealized appreciation and depreciation of assets and liabilities in foreign currencies arise from changes in the value of assets and liabilities other than investments at the period end, resulting from changes in the exchange rate.

Forward currency contracts The fund buys and sells forward currency contracts, which are agreements between two parties to buy and sell currencies at a set price on a future date. These contracts are used to hedge foreign exchange risk.

The U.S. dollar value of forward currency contracts is determined using current forward currency exchange rates supplied by a quotation service. The fair value of the contract will fluctuate with changes in currency exchange rates. The contract is marked to market daily and the change in fair value is recorded as an unrealized gain or loss. The fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed when the contract matures or by delivery of the currency. The fund could be exposed to risk if the value of the currency changes unfavorably, if the counterparties to the contracts are unable to meet the terms of their contracts or if the fund is unable to enter into a closing position. Risks may exceed amounts recognized on the Statement of assets and liabilities.

Forward currency contracts outstanding at period end, if any, are listed after the fund's portfolio.

Master agreements The fund is a party to ISDA (International Swaps and Derivatives Association, Inc.) Master Agreements (Master Agreements) with certain counterparties that govern OTC derivative and foreign exchange contracts entered into from time to time. The Master Agreements may contain provisions regarding, among other things, the parties' general obligations, representations, agreements, collateral requirements, events of default and early termination. With respect to certain counterparties, in accordance with the terms of the Master Agreements, collateral posted to the fund is held in a segregated account by the fund's custodian and, with respect to those amounts which can be sold or repledged, is presented in the fund's portfolio.

Collateral pledged by the fund is segregated by the fund's custodian and identified in the fund's portfolio. Collateral can be in the form of cash or debt securities issued by the U.S. Government or related agencies or other securities as agreed to by the fund and the applicable counterparty. Collateral requirements are determined based on the fund's net position with each counterparty.

Termination events applicable to the fund may occur upon a decline in the fund's net assets below a specified threshold over a certain period of time. Termination events applicable to counterparties may occur upon a decline in the counterparty's long-term and short-term credit ratings below a specified level. In each case,

upon occurrence, the other party may elect to terminate early and cause settlement of all derivative and foreign exchange contracts outstanding, including the payment of any losses and costs resulting from such early termination, as reasonably determined by the terminating party. Any decision by one or more of the fund's counterparties to elect early termination could impact the fund's future derivative activity.

At the close of the reporting period, the fund had a net liability position of \$234,378 on open derivative contracts subject to the Master Agreements. Collateral posted by the fund at period end for these agreements totaled \$10,953 and may include amounts related to unsettled agreements.

Securities lending The fund may lend securities, through its agent, to qualified borrowers in order to earn additional income. The loans are collateralized by cash in an amount at least equal to the fair value of the securities loaned. The fair value of securities loaned is determined daily and any additional required collateral is allocated to the fund on the next business day. The remaining maturities of the securities lending transactions are considered overnight and continuous. The risk of borrower default will be borne by the fund's agent; the fund will bear the risk of loss with respect to the investment of the cash collateral. Income from securities lending, net of expenses, is included in investment income on the Statement of operations. Cash collateral is invested in Putnam Cash Collateral Pool, LLC, a limited liability company managed by an affiliate of Putnam Management. Investments in Putnam Cash Collateral Pool, LLC are valued at its closing net asset value each business day. There are no management fees charged to Putnam Cash Collateral Pool, LLC. At the close of the reporting period, the fund had no securities out on loan.

Interfund lending The fund, along with other Putnam funds, may participate in an interfund lending program pursuant to an exemptive order issued by the SEC. This program allows the fund to borrow from or lend to other Putnam funds that permit such transactions. Interfund lending transactions are subject to each fund's investment policies and borrowing and lending limits. Interest earned or paid on the interfund lending transaction will be based on the average of certain current market rates. During the reporting period, the fund did not utilize the program.

Lines of credit The fund participates, along with other Putnam funds, in a \$317.5 million unsecured committed line of credit and a \$235.5 million unsecured uncommitted line of credit, both provided by State Street. Borrowings may be made for temporary or emergency purposes, including the funding of shareholder redemption requests and trade settlements. Interest is charged to the fund based on the fund's borrowing at a rate equal to 1.25% plus the higher of (1) the Federal Funds rate and (2) the overnight LIBOR for the committed line of credit and the Federal Funds rate plus 1.30% for the uncommitted line of credit. A closing fee equal to 0.04% of the committed line of credit and 0.04% of the uncommitted line of credit has been paid by the participating funds. In addition, a commitment fee of 0.21% per annum on any unutilized portion of the committed line of credit is allocated to the participating funds based on their relative net assets and paid quarterly. During the reporting period, the fund had no borrowings against these arrangements.

Federal taxes It is the policy of the fund to distribute all of its taxable income within the prescribed time period and otherwise comply with the provisions of the Internal Revenue Code of 1986, as amended (the Code), applicable to regulated investment companies. It is also the intention of the fund to distribute an amount sufficient to avoid imposition of any excise tax under Section 4982 of the Code.

The fund is subject to the provisions of Accounting Standards Codification 740 *Income Taxes* (ASC 740). ASC 740 sets forth a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. The fund did not have a liability to record for any unrecognized tax benefits in the accompanying financial statements. No provision has been made for federal taxes on income, capital gains or unrealized appreciation on securities held nor for excise tax on income and capital gains. Each of the fund's federal tax returns for the prior three fiscal years remains subject to examination by the Internal Revenue Service.

The fund may also be subject to taxes imposed by governments of countries in which it invests. Such taxes are generally based on either income or gains earned or repatriated. The fund accrues and applies such taxes to net investment income, net realized gains and net unrealized gains as income and/or capital gains are earned. In some cases, the fund may be entitled to reclaim all or a portion of such taxes, and such reclaim amounts, if any, are reflected as an asset on the fund's books. In many cases, however, the fund may not receive such amounts for an extended period of time, depending on the country of investment.

Under the Regulated Investment Company Modernization Act of 2010, the fund will be permitted to carry forward capital losses incurred for an unlimited period and the carry forwards will retain their character as either

short-term or long-term capital losses. At August 31, 2018, the fund had the following capital loss carryovers available, to the extent allowed by the Code, to offset future net capital gain, if any:

Loss carryover		
Short-term	Long-term	Total
\$58,205,477	\$17,780,031	\$75,985,508

Distributions to shareholders Distributions to shareholders from net investment income are recorded by the fund on the ex-dividend date. Distributions from capital gains, if any, are recorded on the ex-dividend date and paid at least annually. The amount and character of income and gains to be distributed are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles. These differences include temporary and/or permanent differences from losses on wash sale transactions, foreign currency gains and losses, the expiration of a capital loss carryover and partnership income. Reclassifications are made to the fund's capital accounts to reflect income and gains available for distribution (or available capital loss carryovers) under income tax regulations. At the close of the reporting period, the fund reclassified \$469,177 to increase undistributed net investment income, \$48,960,829 to decrease paid-in capital and \$48,491,652 to decrease accumulated net realized loss.

Tax cost of investments includes adjustments to net unrealized appreciation (depreciation) which may not necessarily be final tax cost basis adjustments, but closely approximate the tax basis unrealized gains and losses that may be realized and distributed to shareholders. The tax basis components of distributable earnings and the federal tax cost as of the close of the reporting period were as follows:

Unrealized appreciation	\$7,677,318
Unrealized depreciation	(6,843,730)
Net unrealized appreciation	833,588
Undistributed ordinary income	807,238
Capital loss carryforward	(75,985,508)
Cost for federal income tax purposes	\$142,710,617

Note 2: Management fee, administrative services and other transactions

The fund pays Putnam Management a management fee (based on the fund's average net assets and computed and paid monthly) at annual rates that may vary based on the average of the aggregate net assets of all open-end mutual funds sponsored by Putnam Management (excluding net assets of funds that are invested in, or that are invested in by, other Putnam funds to the extent necessary to avoid "double counting" of those assets). Such annual rates may vary as follows:

0.780%	of the first \$5 billion,	0.580%	of the next \$50 billion,
0.730%	of the next \$5 billion,	0.560%	of the next \$50 billion,
0.680%	of the next \$10 billion,	0.550%	of the next \$100 billion and
0.630%	of the next \$10 billion,	0.545%	of any excess thereafter.

For the reporting period, the management fee represented an effective rate (excluding the impact from any expense waivers in effect) of 0.623% of the fund's average net assets.

Putnam Management has contractually agreed, through December 30, 2019, to waive fees and/or reimburse the fund's expenses to the extent necessary to limit the cumulative expenses of the fund, exclusive of brokerage, interest, taxes, investment-related expenses, extraordinary expenses, acquired fund fees and expenses and payments under the fund's investor servicing contract, investment management contract and distribution plans, on a fiscal year-to-date basis to an annual rate of 0.20% of the fund's average net assets over such fiscal year-to-date period. During the reporting period, the fund's expenses were not reduced as a result of this limit.

Putnam Investments Limited (PIL), an affiliate of Putnam Management, is authorized by the Trustees to manage a separate portion of the assets of the fund as determined by Putnam Management from time to time. PIL did not manage any portion of the assets of the fund during the reporting period. If Putnam Management were to engage the services of PIL, Putnam Management would pay a quarterly sub-management fee to PIL for its services at an annual rate of 0.35% of the average net assets of the portion of the fund managed by PIL.

The Putnam Advisory Company, LLC (PAC), an affiliate of Putnam Management, is authorized by the Trustees to manage a separate portion of the assets of the fund, as designated from time to time by Putnam Management or PIL. PAC did not manage any portion of the assets of the fund during the reporting period. If Putnam Management or PIL were to engage the services of PAC, Putnam Management or PIL, as applicable, would pay a quarterly sub-advisory fee to PAC for its services at the annual rate of 0.35% of the average net assets of the portion of the fund's assets for which PAC is engaged as sub-adviser.

The fund reimburses Putnam Management an allocated amount for the compensation and related expenses of certain officers of the fund and their staff who provide administrative services to the fund. The aggregate amount of all such reimbursements is determined annually by the Trustees.

Custodial functions for the fund's assets are provided by State Street. Custody fees are based on the fund's asset level, the number of its security holdings and transaction volumes.

Putnam Investor Services, Inc., an affiliate of Putnam Management, provides investor servicing agent functions to the fund. Putnam Investor Services, Inc. received fees for investor servicing for class A, class B, class C, class M, class R and class Y shares that included (1) a per account fee for each direct and underlying non-defined contribution account (retail account) of the fund; (2) a specified rate of the fund's assets attributable to defined contribution plan accounts; and (3) a specified rate based on the average net assets in retail accounts. Putnam Investor Services, Inc. has agreed that the aggregate investor servicing fees for each fund's retail and defined contribution accounts for these share classes will not exceed an annual rate of 0.25% of the fund's average assets attributable to such accounts.

During the reporting period, the expenses for each class of shares related to investor servicing fees were as follows:

Class A	\$285,492	Class R	19,875
Class B	13,197	Class Y	42,402
Class C	22,403	Total	\$388,357
Class M	4,988		

The fund has entered into expense offset arrangements with Putnam Investor Services, Inc. and State Street whereby Putnam Investor Services, Inc.'s and State Street's fees are reduced by credits allowed on cash balances. The fund also reduced expenses through brokerage/service arrangements. For the reporting period, the fund's expenses were reduced by \$1,095 under the expense offset arrangements and by \$26,324 under the brokerage/service arrangements.

Each Independent Trustee of the fund receives an annual Trustee fee, of which \$108, as a quarterly retainer, has been allocated to the fund, and an additional fee for each Trustees meeting attended. Trustees also are reimbursed for expenses they incur relating to their services as Trustees.

The fund has adopted a Trustee Fee Deferral Plan (the Deferral Plan) which allows the Trustees to defer the receipt of all or a portion of Trustees fees payable on or after July 1, 1995. The deferred fees remain invested in certain Putnam funds until distribution in accordance with the Deferral Plan.

The fund has adopted an unfunded noncontributory defined benefit pension plan (the Pension Plan) covering all Trustees of the fund who have served as a Trustee for at least five years and were first elected prior to 2004. Benefits under the Pension Plan are equal to 50% of the Trustee's average annual attendance and retainer fees for the three years ended December 31, 2005. The retirement benefit is payable during a Trustee's lifetime, beginning the year following retirement, for the number of years of service through December 31, 2006. Pension expense for the fund is included in Trustee compensation and expenses in the Statement of operations. Accrued pension liability is included in Payable for Trustee compensation and expenses in the Statement of assets and liabilities. The Trustees have terminated the Pension Plan with respect to any Trustee first elected after 2003.

The fund has adopted distribution plans (the Plans) with respect to the following share classes pursuant to Rule 12b-1 under the Investment Company Act of 1940. The purpose of the Plans is to compensate Putnam Retail Management Limited Partnership, an indirect wholly-owned subsidiary of Putnam Investments, LLC, for services provided and expenses incurred in distributing shares of the fund. The Plans provide payments by the fund to Putnam Retail Management Limited Partnership at an annual rate of up to the following amounts (Maximum %) of the average net assets attributable to each class. The Trustees have approved payment by the fund at the

following annual rate (Approved %) of the average net assets attributable to each class. During the reporting period, the class-specific expenses related to distribution fees were as follows:

	Maximum %	Approved %	Amount
Class A	0.35%	0.25%	\$289,331
Class B	1.00%	1.00%	53,501
Class C	1.00%	1.00%	90,720
Class M	1.00%	0.75%	15,173
Class R	1.00%	0.50%	40,260
Total			\$488,985

For the reporting period, Putnam Retail Management Limited Partnership, acting as underwriter, received net commissions of \$13,014 and \$94 from the sale of class A and class M shares, respectively, and received \$3,670 and \$154 in contingent deferred sales charges from redemptions of class B and class C shares, respectively.

A deferred sales charge of up to 1.00% is assessed on certain redemptions of class A shares. For the reporting period, Putnam Retail Management Limited Partnership, acting as underwriter, received \$58 on class A redemptions.

Note 3: Purchases and sales of securities

During the reporting period, the cost of purchases and the proceeds from sales, excluding short-term investments, were as follows:

	Cost of purchases	Proceeds from sales
Investments in securities (Long-term)	\$336,198,843	\$363,860,257
U.S. government securities (Long-term)	—	—
Total	\$336,198,843	\$363,860,257

The fund may purchase or sell investments from or to other Putnam funds in the ordinary course of business, which can reduce the fund's transaction costs, at prices determined in accordance with SEC requirements and policies approved by the Trustees. During the reporting period, purchases or sales of long-term securities from or to other Putnam funds, if any, did not represent more than 5% of the fund's total cost of purchases and/or total proceeds from sales.

Note 4: Capital shares

At the close of the reporting period, there were an unlimited number of shares of beneficial interest authorized. Transactions, including, if applicable, direct exchanges pursuant to share conversions, in capital shares were as follows:

Class A	YEAR ENDED 8/31/18		YEAR ENDED 8/31/17	
	Shares	Amount	Shares	Amount
Shares sold	599,911	\$9,741,101	554,164	\$9,641,226
Shares issued in connection with reinvestment of distributions	45,880	753,348	—	—
Shares issued in connection with the merger of Putnam Global Energy Fund	—	—	749,613	11,045,856
	645,791	10,494,449	1,303,777	20,687,082
Shares repurchased	(1,893,733)	(31,219,190)	(1,956,275)	(30,671,682)
Net decrease	(1,247,942)	\$(20,724,741)	(652,498)	\$(9,984,600)

Class B	YEAR ENDED 8/31/18		YEAR ENDED 8/31/17	
	Shares	Amount	Shares	Amount
Shares sold	9,565	\$135,398	26,434	\$117,950
Shares issued in connection with reinvestment of distributions	770	10,971	—	—
Shares issued in connection with the merger of Putnam Global Energy Fund	—	—	201,408	2,572,865
	10,335	146,369	227,842	2,690,815
Shares repurchased	(132,155)	(1,875,778)	(123,530)	(1,686,392)
Net increase (decrease)	(121,820)	\$(1,729,409)	104,312	\$1,004,423

Class C	YEAR ENDED 8/31/18		YEAR ENDED 8/31/17	
	Shares	Amount	Shares	Amount
Shares sold	61,216	\$884,120	69,567	\$558,081
Shares issued in connection with reinvestment of distributions	1,513	21,996	—	—
Shares issued in connection with the merger of Putnam Global Energy Fund	—	—	398,266	5,196,413
	62,729	906,116	467,833	5,754,494
Shares repurchased	(297,709)	(4,276,614)	(164,658)	(2,267,739)
Net increase (decrease)	(234,980)	\$(3,370,498)	303,175	\$3,486,755

Class M	YEAR ENDED 8/31/18		YEAR ENDED 8/31/17	
	Shares	Amount	Shares	Amount
Shares sold	27,736	\$425,804	12,835	\$204,982
Shares issued in connection with reinvestment of distributions	440	6,747	—	—
Shares issued in connection with the merger of Putnam Global Energy Fund	—	—	14,629	200,958
	28,176	432,551	27,464	405,940
Shares repurchased	(49,765)	(764,784)	(44,587)	(652,868)
Net decrease	(21,589)	\$(332,233)	(17,123)	\$(246,928)

Class R	YEAR ENDED 8/31/18		YEAR ENDED 8/31/17	
	Shares	Amount	Shares	Amount
Shares sold	167,451	\$2,672,061	185,574	\$2,564,548
Shares issued in connection with reinvestment of distributions	1,643	26,225	—	—
Shares issued in connection with the merger of Putnam Global Energy Fund	—	—	109,082	1,562,052
	169,094	2,698,286	294,656	4,126,600
Shares repurchased	(257,973)	(4,134,916)	(242,772)	(3,693,794)
Net increase (decrease)	(88,879)	\$(1,436,630)	51,884	\$432,806

Class Y	YEAR ENDED 8/31/18		YEAR ENDED 8/31/17	
	Shares	Amount	Shares	Amount
Shares sold	229,906	\$3,834,339	501,676	\$7,862,730
Shares issued in connection with reinvestment of distributions	9,362	155,510	—	—
Shares issued in connection with the merger of Putnam Global Energy Fund	—	—	197,800	2,952,969
	239,268	3,989,849	699,476	10,815,699
Shares repurchased	(504,938)	(8,447,863)	(397,281)	(6,219,763)
Net increase (decrease)	(265,670)	\$(4,458,014)	302,195	\$4,595,936

Note 5: Affiliated transactions

Transactions during the reporting period with any company which is under common ownership or control were as follows:

Name of affiliate	Fair value as of 8/31/17	Purchase cost	Sale proceeds	Investment income	Shares outstanding and fair value as of 8/31/18
Short-term investments					
Putnam Cash Collateral Pool, LLC*	\$9,929,425	\$71,920,371	\$81,849,796	\$47,967	\$—
Putnam Short Term Investment Fund**	3,838,623	82,182,147	84,433,411	28,383	1,587,359
Total Short-term investments	\$13,768,048	\$154,102,518	\$166,283,207	\$76,350	\$1,587,359

* No management fees are charged to Putnam Cash Collateral Pool, LLC (Note 1). Investment income shown is included in securities lending income on the Statement of operations. There were no realized or unrealized gains or losses during the period.

** Management fees charged to Putnam Short Term Investment Fund have been waived by Putnam Management. There were no realized or unrealized gains or losses during the period.

Note 6: Market, credit and other risks

In the normal course of business, the fund trades financial instruments and enters into financial transactions where risk of potential loss exists due to changes in the market (market risk) or failure of the contracting party to the transaction to perform (credit risk). The fund may be exposed to additional credit risk that an institution or other entity with which the fund has unsettled or open transactions will default. The fund concentrates a majority of its investments in the natural resources sector, which involves more risk than a fund that invests more broadly. Investments in foreign securities involve certain risks, including those related to economic instability, unfavorable political developments and currency fluctuations.

Note 7: Acquisition of Putnam Global Energy Fund

On June 19, 2017, the fund issued 749,613, 201,408, 398,266, 14,629, 109,082 and 197,800 class A, class B, class C, class M, class R and class Y shares, respectively, for 1,744,626, 418,649, 844,723, 32,198, 249,977 and 462,587 class A, class B, class C, class M, class R and class Y shares of Putnam Global Energy Fund to acquire that fund's net assets in a tax-free exchange approved by the shareholders. The purpose of the transaction was to combine two Putnam funds with substantially similar investment objectives and investment strategies into a single Putnam fund with a larger asset base and therefore potentially lower expenses for fund shareholders. The investment portfolio of Putnam Global Energy Fund, with a fair value of \$21,118,632 and an identified cost of \$24,145,530 at June 16, 2017, was the principal asset acquired by the fund. The net assets of the fund and Putnam Global Energy Fund on June 16, 2017, were \$135,728,267 and \$23,531,113, respectively. On June 16, 2017, Putnam Global Energy Fund had distributions in excess of net investment income of \$211,689, accumulated net realized loss

of \$15,341,388 and unrealized depreciation of \$3,026,898. The aggregate net assets of the fund immediately following the acquisition were \$159,259,380.

Assuming the acquisition had been completed on September 1, 2016, the fund's pro forma results of operations for the prior fiscal year would have been as follows (unaudited):

Net investment Income	\$1,000,162
Net loss on investments	\$(8,293,984)
Net decrease in net assets resulting from operations	\$(7,293,822)

Note 8: Summary of derivative activity

The volume of activity for the reporting period for any derivative type that was held during the period is listed below and was based on an average of the holdings at the end of each fiscal quarter:

Forward currency contracts (contract amount)	\$96,100,000
Warrants (number of warrants)	400,000

The following is a summary of the fair value of derivative instruments as of the close of the reporting period:

Fair value of derivative instruments as of the close of the reporting period				
Derivatives not accounted for as hedging instruments under ASC 815	ASSET DERIVATIVES		LIABILITY DERIVATIVES	
	Statement of assets and liabilities location	Fair value	Statement of assets and liabilities location	Fair value
Foreign exchange contracts	Receivables	\$298,790	Payables	\$432,845
Equity contracts	Investments	40	Payables	—
Total		\$298,830		\$432,845

The following is a summary of realized and change in unrealized gains or losses of derivative instruments in the Statement of operations for the reporting period (Note 1):

Amount of realized gain or (loss) on derivatives recognized in net gain or (loss) on investments		
Derivatives not accounted for as hedging instruments under ASC 815	Forward currency contracts	Total
Foreign exchange contracts	\$1,076,187	\$1,076,187
Total	\$1,076,187	\$1,076,187

Change in unrealized appreciation or (depreciation) on derivatives recognized in net gain or (loss) on investments			
Derivatives not accounted for as hedging instruments under ASC 815	Warrants	Forward currency contracts	Total
Foreign exchange contracts	\$—	\$(1,263,317)	\$(1,263,317)
Equity contracts	—	—	—
Total	\$—	\$(1,263,317)	\$(1,263,317)

Note 9: Offsetting of financial and derivative assets and liabilities

The following table summarizes any derivatives, repurchase agreements and reverse repurchase agreements, at the end of the reporting period, that are subject to an enforceable master netting agreement or similar agreement. For securities lending transactions or borrowing transactions associated with securities sold short, if any, see Note 1. For financial reporting purposes, the fund does not offset financial assets and financial liabilities that are subject to the master netting agreements in the Statement of assets and liabilities.

	Bank of America N.A.	Barclays Bank PLC	Citibank, N.A.	Goldman Sachs International	HSBC Bank USA, National Association	JPMorgan Chase Bank N.A.	State Street Bank and Trust Co.	Total
Assets:								
Forward currency contracts#	\$159,587	\$32,952	\$26,395	\$30,937	\$—	\$33,601	\$15,318	\$298,790
Total Assets	\$159,587	\$32,952	\$26,395	\$30,937	\$—	\$33,601	\$15,318	\$298,790
Liabilities:								
Forward currency contracts#	81,453	10,763	138,628	74,638	6,484	86,846	34,033	432,845
Total Liabilities	\$81,453	\$10,763	\$138,628	\$74,638	\$6,484	\$86,846	\$34,033	\$432,845
Total Financial and Derivative Net Assets	\$78,134	\$22,189	\$(112,233)	\$(43,701)	\$(6,484)	\$(53,245)	\$(18,715)	\$(134,055)
Total collateral received (pledged)†##	\$78,134	\$—	\$—	\$—	\$—	\$(10,953)	\$—	
Net amount	\$—	\$22,189	\$(112,233)	\$(43,701)	\$(6,484)	\$(42,292)	\$(18,715)	
<i>Controlled collateral received (including TBA commitments)**</i>	\$116,233	\$—	\$—	\$—	\$—	\$—	\$—	\$116,233
<i>Uncontrolled collateral received</i>	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
<i>Collateral (pledged) (including TBA commitments)**</i>	\$—	\$—	\$—	\$—	\$—	\$(10,953)	\$—	\$(10,953)

**Included with Investments in securities on the Statement of assets and liabilities.

† Additional collateral may be required from certain brokers based on individual agreements.

Covered by master netting agreement (Note 1).

Any over-collateralization of total financial and derivative net assets is not shown. Collateral may include amounts related to unsettled agreements.

Federal tax information (Unaudited)

The fund designated 100% of ordinary income distributions as qualifying for the dividends received deduction for corporations.

For the reporting period, the fund hereby designates 100%, or the maximum amount allowable, of its taxable ordinary income distributions as qualified dividends taxed at the individual net capital gain rates.

For the reporting period, pursuant to §871(k) of the Internal Revenue Code, the fund hereby designates \$23,975 of distributions paid as qualifying to be taxed as interest-related dividends, and no amount to be taxed as short-term capital gain dividends for nonresident alien shareholders.

The Form 1099 that will be mailed to you in January 2019 will show the tax status of all distributions paid to your account in calendar 2018.

About the Trustees

INDEPENDENT TRUSTEES



Liaquat Ahamed

Born 1952, Trustee since 2012

Principal occupations during past

five years: Pulitzer Prize-winning author of *Lords of Finance: The Bankers Who*

Broke the World, whose articles on economics have appeared in such publications as the *New York Times*, *Foreign Affairs*, and the *Financial Times*. Trustee of the Brookings Institution.

Other directorships: The Rohatyn Group, an emerging-market fund complex that manages money for institutions



Ravi Akhoury

Born 1947, Trustee since 2009

Principal occupations during past

five years: Trustee of the Rubin Museum.

From 1992 to 2007, was Chairman and CEO of MacKay Shields, a multi-product investment management firm.

Other directorships: English Helper, Inc., a private software company



Barbara M. Baumann

Born 1955, Trustee since 2010

Principal occupations during past

five years: President and Owner of Cross Creek Energy Corporation, a strategic

consultant to domestic energy firms and direct investor in energy projects. Current Board member of The Denver Foundation. Former Chair and current Board member of Girls Incorporated of Metro Denver. Member of the Finance Committee, the Children's Hospital of Colorado.

Other directorships: Buckeye Partners, L.P., a publicly traded master limited partnership focused on pipeline transport, storage, and distribution of petroleum products; Devon Energy Corporation, a leading independent natural gas and oil exploration and production company



Katinka Domotorffy

Born 1975, Trustee since 2012

Principal occupations during past

five years: Voting member of the Investment Committees of the Anne Ray Charitable

Trust and Margaret A. Cargill Foundation, part of the Margaret A. Cargill Philanthropies. Until 2011, Partner, Chief Investment Officer, and Global Head of Quantitative Investment Strategies at Goldman Sachs Asset Management.

Other directorships: Great Lakes Science Center; College Now Greater Cleveland



Catharine Bond Hill

Born 1954, Trustee since 2017

Principal occupations during past

five years: Managing Director of Ithaca S+R, a not-for-profit service that helps

the academic community navigate economic and technological change. From 2006 to 2016, served as the 10th President of Vassar College. Prior to 2006, was Provost of Williams College.

Other directorships: Director of Yale-NUS College; Alumni Fellow to the Yale Corporation



Dr. Paul L. Joskow

Born 1947, Trustee since 1997

Principal occupations during past

five years: Elizabeth and James Killian Professor of Economics, Emeritus at the

Massachusetts Institute of Technology (MIT). Until 2017, President of the Alfred P. Sloan Foundation, a philanthropic institution focused primarily on research and education issues related to science, technology, and economic performance. Prior to 2007, served as the Director of the Center for Energy and Environmental Policy Research at MIT. Prior to 1998, served as Head of the Department of Economics at MIT.

Other directorships: Yale University; Exelon Corporation, an energy company focused on power services; Boston Symphony Orchestra; Prior to April 2013, served as Director of TransCanada Corporation and TransCanada Pipelines Ltd., energy companies focused on natural gas transmission, oil pipelines and power services



Kenneth R. Leibler

*Born 1949, Trustee since 2006
Vice Chair from 2016 to 2018,
and Chair since 2018*

Principal occupations during past

five years: Founder and former Chairman of Boston Options Exchange, an electronic marketplace for the trading of derivative securities. Vice Chair Emeritus of the Board of Trustees of Beth Israel Deaconess Hospital in Boston, Massachusetts, and former Director of Beth Israel Deaconess Care Organization. Until November 2010, Director of Ruder Finn Group, a global communications and advertising firm.

Other directorships: Eversource Corporation, which operates New England’s largest energy delivery system



Manoj P. Singh

Born 1952, Trustee since 2017

Principal occupations during past

five years: Until 2015, Chief Operating Officer and Global Managing Director at Deloitte Touche Tohmatsu, Ltd., a global professional services organization. Served on the Deloitte U.S. Board of Directors and the boards of Deloitte member firms in China, Mexico, and Southeast Asia.

Other directorships: Director of Abt Associates, a global research firm focused on health, social and environmental policy, and international development. Trustee of Carnegie Mellon University. Trustee of Rubin Museum of Art. Director of Pratham USA, an organization dedicated to children’s education in India. Member of the Advisory Board of Altimetrik, a business transformation and technology solutions firm. Director of DXC Technology, a global IT services and consulting company

INTERESTED TRUSTEE



Robert L. Reynolds*

*Born 1952, Trustee since 2008 and
President of the Putnam Funds since 2009*

Principal occupations during past five

years: President and Chief Executive Officer of Putnam Investments since 2008 and, since 2014, President and Chief Executive Officer of Great-West Financial, a financial services company that provides retirement savings plans, life insurance, and annuity and executive benefits products, and of Great-West Lifeco U.S. Inc., a holding company that owns Putnam Investments and Great-West Financial. Prior to joining Putnam Investments, served as Vice Chairman and Chief Operating Officer of Fidelity Investments from 2000 to 2007.



Robert E. Patterson

Born 1945, Trustee since 1984

Principal occupations during past

five years: Co-Chairman of Cabot Properties, Inc., a private equity firm investing in commercial real estate, and Chairman or Co-Chairman of the Investment Committees for various Cabot Funds. Past Chairman and Trustee of the Joslin Diabetes Center.



George Putnam, III

Born 1951, Trustee since 1984

Principal occupations during past

five years: Chairman of New Generation Research, Inc., a publisher of financial advisory and other research services. Founder and President of New Generation Advisors, LLC, a registered investment advisor to private funds. Director of The Boston Family Office, LLC, a registered investment advisor.

* Mr. Reynolds is an “interested person” (as defined in the Investment Company Act of 1940) of the fund and Putnam Investments. He is President and Chief Executive Officer of Putnam Investments, as well as the President of your fund and each of the other Putnam funds.

The address of each Trustee is 100 Federal Street, Boston, MA 02110.

As of August 31, 2018, there were 100 Putnam funds. All Trustees serve as Trustees of all Putnam funds.

Each Trustee serves for an indefinite term, until his or her resignation, retirement at age 75, removal, or death.

Officers

In addition to Robert L. Reynolds, the other officers of the fund are shown below:

Jonathan S. Horwitz *(Born 1955)*

Executive Vice President, Principal Executive Officer,
and Compliance Liaison
Since 2004

Robert T. Burns *(Born 1961)*

Vice President and Chief Legal Officer
Since 2011
General Counsel, Putnam Investments,
Putnam Management, and Putnam Retail Management

James F. Clark *(Born 1974)*

Vice President and Chief Compliance Officer
Since 2016
Chief Compliance Officer, Putnam Investments
and Putnam Management

Michael J. Higgins *(Born 1976)*

Vice President, Treasurer, and Clerk
Since 2010

Janet C. Smith *(Born 1965)*

Vice President, Principal Financial Officer, Principal
Accounting Officer, and Assistant Treasurer
Since 2007
Head of Fund Administration Services,
Putnam Investments and Putnam Management

Susan G. Malloy *(Born 1957)*

Vice President and Assistant Treasurer
Since 2007
Head of Accounting, Middle Office, & Control Services,
Putnam Investments and Putnam Management

Mark C. Trenchard *(Born 1962)*

Vice President and BSA Compliance Officer
Since 2002
Director of Operational Compliance, Putnam
Investments and Putnam Retail Management

Nancy E. Florek *(Born 1957)*

Vice President, Director of Proxy Voting and Corporate
Governance, Assistant Clerk, and Assistant Treasurer
Since 2000

Denere P. Poulack *(Born 1968)*

Assistant Vice President, Assistant Clerk,
and Assistant Treasurer
Since 2004

The principal occupations of the officers for the past five years have been with the employers as shown above, although in some cases they have held different positions with such employers. The address of each officer is 100 Federal Street, Boston, MA 02110.

Putnam family of funds

The following is a list of Putnam's open-end mutual funds offered to the public. *Investors should carefully consider the investment objective, 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, contact your financial advisor or call Putnam Investor Services at 1-800-225-1581. Please read the prospectus carefully before investing.*

Blend

Capital Spectrum Fund
Emerging Markets Equity Fund
Equity Spectrum Fund
Europe Equity Fund
Global Equity Fund
International Capital Opportunities Fund
International Equity Fund
Multi-Cap Core Fund
Research Fund

Global Sector

Global Consumer Fund
Global Financials Fund
Global Health Care Fund
Global Industrials Fund
Global Natural Resources Fund
Global Sector Fund
Global Technology Fund
Global Telecommunications Fund
Global Utilities Fund

Growth

Growth Opportunities Fund
International Growth Fund
Small Cap Growth Fund
Sustainable Future Fund
Sustainable Leaders Fund

Value

Convertible Securities Fund
Equity Income Fund
International Value Fund
Small Cap Value Fund

Income

Diversified Income Trust
Emerging Markets Income Fund
Floating Rate Income Fund
Global Income Trust
Government Money Market Fund*
High Yield Fund
Income Fund
Money Market Fund†
Mortgage Securities Fund
Short Duration Bond Fund
Short Duration Income Fund

Tax-free Income

AMT-Free Municipal Fund
Intermediate-Term Municipal Income Fund
Short-Term Municipal Income Fund
Tax Exempt Income Fund
Tax-Free High Yield Fund

State tax-free income funds‡:

California, Massachusetts, Minnesota,
New Jersey, New York, Ohio, and Pennsylvania.

Absolute Return

Fixed Income Absolute Return Fund
Multi-Asset Absolute Return Fund

Putnam PanAgora**

Putnam PanAgora Managed Futures Strategy
Putnam PanAgora Market Neutral Fund
Putnam PanAgora Risk Parity Fund

Asset Allocation

Dynamic Risk Allocation Fund
George Putnam Balanced Fund

Dynamic Asset Allocation Balanced Fund
Dynamic Asset Allocation Conservative Fund
Dynamic Asset Allocation Growth Fund

Retirement Income Fund Lifestyle 1

RetirementReady® 2060 Fund
RetirementReady® 2055 Fund
RetirementReady® 2050 Fund
RetirementReady® 2045 Fund
RetirementReady® 2040 Fund
RetirementReady® 2035 Fund
RetirementReady® 2030 Fund
RetirementReady® 2025 Fund
RetirementReady® 2020 Fund

* You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

† You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. The fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

‡ Not available in all states.

** Sub-advised by PanAgora Asset Management.

Check your account balances and the most recent month-end performance in the Individual Investors section at putnam.com.

Services for shareholders

Investor services

Systematic investment plan Tell us how much you wish to invest regularly — weekly, semimonthly, or monthly — and the amount you choose will be transferred automatically from your checking or savings account. There's no additional fee for this service, and you can suspend it at any time. This plan may be a great way to save for college expenses or to plan for your retirement.

Please note that regular investing does not guarantee a profit or protect against loss in a declining market. Before arranging a systematic investment plan, consider your financial ability to continue making purchases in periods when prices are low.

Systematic exchange You can make regular transfers from one Putnam fund to another Putnam fund. There are no additional fees for this service, and you can cancel or change your options at any time.

Dividends PLUS You can choose to have the dividend distributions from one of your Putnam funds automatically reinvested in another Putnam fund at no additional charge.

Free exchange privilege You can exchange money between Putnam funds free of charge, as long as they are the same class of shares. A signature guarantee is required if you are exchanging more than \$500,000. The fund reserves the right to revise or terminate the exchange privilege.

Reinstatement privilege If you've sold Putnam shares or received a check for a dividend or capital gain, you may reinvest the proceeds with Putnam within 90 days of the

transaction and they will be reinvested at the fund's current net asset value — with no sales charge. However, reinstatement of class B shares may have special tax consequences. Ask your financial or tax representative for details.

Check-writing service You have ready access to many Putnam accounts. It's as simple as writing a check, and there are no special fees or service charges. For more information about the check-writing service, call Putnam or visit our website.

Dollar cost averaging When you're investing for long-term goals, it's time, not timing, that counts. Investing on a systematic basis is a better strategy than trying to figure out when the markets will go up or down. This means investing the same amount of money regularly over a long period. This method of investing is called dollar cost averaging. When a fund's share price declines, your investment dollars buy more shares at lower prices. When it increases, they buy fewer shares. Over time, you will pay a lower average price per share.

For more information

Visit the Individual Investors section at [putnam.com](https://www.putnam.com) A secure section of our website contains complete information on your account, including balances and transactions, updated daily. You may also conduct transactions, such as exchanges, additional investments, and address changes. Log on today to get your password.

Call us toll free at 1-800-225-1581 Ask a helpful Putnam representative or your financial advisor for details about any of these or other services, or see your prospectus.

Fund information

Founded over 80 years ago, Putnam Investments was built around the concept that a balance between risk and reward is the hallmark of a well-rounded financial program. We manage 100 funds across income, value, blend, growth, asset allocation, absolute return, and global sector categories.

Investment Manager

Putnam Investment Management, LLC
100 Federal Street
Boston, MA 02110

Investment Sub-Advisors

Putnam Investments Limited
16 St James's Street
London, England SW1A 1ER

The Putnam Advisory Company, LLC
100 Federal Street
Boston, MA 02110

Marketing Services

Putnam Retail Management
100 Federal Street
Boston, MA 02110

Custodian

State Street Bank and Trust Company

Legal Counsel

Ropes & Gray LLP

Independent Registered Public Accounting Firm

KPMG LLP

Trustees

Kenneth R. Leibler, *Chair*
Liaquat Ahamed
Ravi Akhoury
Barbara M. Baumann
Katinka Domotorffy
Catharine Bond Hill
Paul L. Joskow
Robert E. Patterson
George Putnam, III
Robert L. Reynolds
Manoj P. Singh

Officers

Robert L. Reynolds
President

Jonathan S. Horwitz
*Executive Vice President,
Principal Executive Officer,
and Compliance Liaison*

Robert T. Burns
*Vice President and
Chief Legal Officer*

James F. Clark
*Vice President and
Chief Compliance Officer*

Michael J. Higgins
*Vice President, Treasurer,
and Clerk*

Janet C. Smith
*Vice President,
Principal Financial Officer,
Principal Accounting Officer,
and Assistant Treasurer*

Susan G. Malloy
*Vice President and
Assistant Treasurer*

Mark C. Trenchard
*Vice President and
BSA Compliance Officer*

Nancy E. Florek
*Vice President, Director of
Proxy Voting and Corporate
Governance, Assistant Clerk,
and Assistant Treasurer*

Denere P. Poulack
*Assistant Vice President, Assistant
Clerk, and Assistant Treasurer*

This report is for the information of shareholders of Putnam Global Natural Resources Fund. It may also be used as sales literature when preceded or accompanied by the current prospectus, the most recent copy of Putnam's Quarterly Performance Summary, and Putnam's Quarterly Ranking Summary. For more recent performance, please visit putnam.com. Investors should carefully consider the investment objectives, risks, charges, and expenses of a fund, which are described in its prospectus. For this and other information or to request a prospectus or summary prospectus, call 1-800-225-1581 toll free. Please read the prospectus carefully before investing. The fund's Statement of Additional Information contains additional information about the fund's Trustees and is available without charge upon request by calling 1-800-225-1581.



100 Federal Street
Boston, MA 02110

1-800-225-1581
putnam.com

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