

A world of investing.®



# Putnam Global Consumer Fund

Annual report

8 | 31 | 18



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

FUND SYMBOL  
CLASS A  
PGCOX

# Putnam Global Consumer 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. Consumer staples and consumer discretionary products and services industries may be affected by demographic and product trends, competition, economic trends, and consumer confidence. 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 vulnerable to common economic forces and may result in greater losses and volatility. 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 12, 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

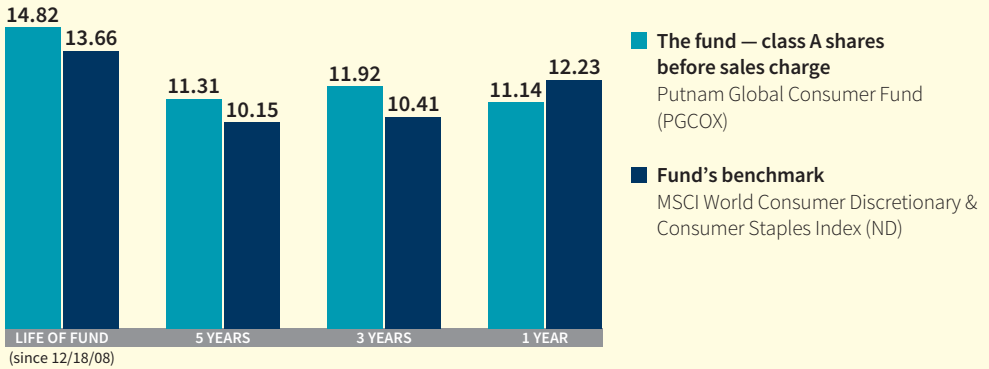


A handwritten signature in black ink that reads "Ken Leibler".

**Kenneth R. Leibler**  
Chair, Board of Trustees

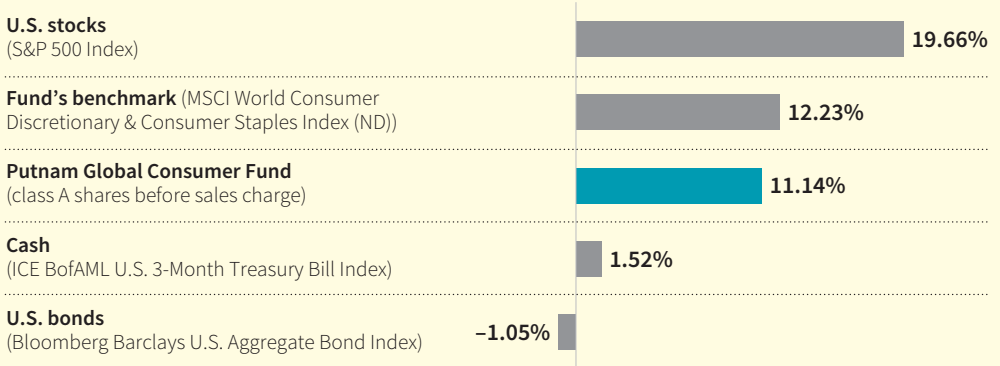
## Performance history as of 8/31/18

### 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 8–10 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](http://putnam.com).

### 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 8–10 for additional fund performance information. Index descriptions can be found on page 12.

## Interview with your fund's portfolio manager

Walter Scully discusses the investing environment and fund performance for the 12-month period ended August 31, 2018, as well as his outlook for global consumer stocks in the months ahead.



**Walter D. Scully, CPA**  
Portfolio Manager

Walter has an M.B.A. from the University of Chicago Booth School of Business and a B.S. from Ohio State University. He has been in the investment industry since he joined Putnam in 1996.

### **Walter, how was the investing environment during the reporting period?**

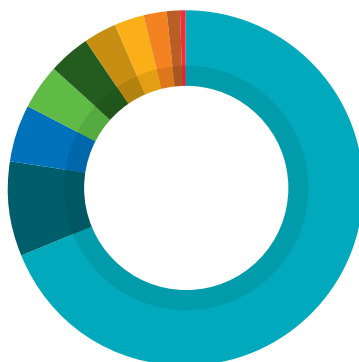
Despite solid economic performance and higher corporate earnings, stock market volatility appeared in isolated bursts during the period, which began in September 2017. A short-lived U.S. market downturn in early February 2018 had pushed stocks into correction territory, and in March, global stock markets posted losses following a month of volatility.

Stocks plummeted at the start of April, when the introduction of U.S. trade tariffs on aluminum and steel sparked fears of a global trade war, and markets experienced periodic swings as the U.S.–China trade conflict weighed on stocks. However, U.S. economic data remained positive, and U.S. stock market indexes advanced in June and July. International markets struggled more amid signs of plateauing economic momentum and uncertainty about the outlook for global trade.

Amid the uncertainty, several defensive sectors outperformed, including consumer staples, real estate, and utilities. In August, the final month of the period, world stock markets posted gains, and the rally in U.S. stocks grew to become the longest bull run in the market's history.

## Global composition

● United States	68.8%
● United Kingdom	8.6
● Netherlands	5.2
● Japan	4.1
● Hong Kong	3.8
● Belgium	3.0
● Germany	2.7
● Canada	2.1
● India	1.2
● Cash and net other assets	0.5



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
Amazon.com, Inc. (10.6%)	United States	0.9%
Charter Communications, Inc. (6.4%)	United States	5.8%
CarMax, Inc. (5.9%)	United States	5.7%
Liberty Media Corp.-Liberty SiriusXM (5.4%)	United States	5.3%
Unilever NV (5.2%)	Netherlands	4.2%
Walgreens Boots Alliance, Inc. (5.1%)	United States	4.4%
Sherwin-Williams Co. (The) (5.0%)	United States	5.0%
Hasbro, Inc. (4.0%)	United States	3.9%
O'Reilly Automotive, Inc. (3.8%)	United States	3.5%
MGM China Holdings, Ltd. (3.8%)	Hong Kong	3.8%

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.

Stocks in the consumer sector fared well, but their performance slightly lagged that of global markets overall. For the six-month reporting period, the fund's class A shares returned 11.14%, while the benchmark, the MSCI World Consumer Discretionary & Consumer Staples Index [ND], returned 12.23%.

### **Could you provide some examples of stocks that helped the fund's performance during the period?**

The most notable highlight for the period was our investment in O'Reilly Automotive. We added this stock to the portfolio at a time when many investors were doubtful about its performance potential. O'Reilly is a U.S.-based retailer of automotive parts, tools, and equipment. After some disappointing sales and earnings results, many investors began to worry about the so-called "Amazon effect" on the stock. This refers to the pressure placed on traditional retailers due to competition from online retailers, particularly Amazon.com.

We believed O'Reilly would be able to withstand the online competition due to the specialized nature of its products and the need for frequent and fast deliveries — and often returns — for its customers. As investors remained skeptical, we took advantage of price declines and added to the position. Our strategy proved beneficial, as O'Reilly stock reached an all-time high during the period and was our top-performing holding for the fiscal year. By the close of the period, we had trimmed this position somewhat to take advantage of gains.

Amazon.com was also a top performer for the fund — and another case in which a solid company encountered some temporary headwinds, giving us the opportunity to take advantage of its mispricing. When we first added Amazon to the portfolio in 2014, investors were worried as the company began accelerating its investments in fulfillment and distribution centers. The investments were designed to achieve stronger growth for the company over time, but were hurting profit margins in the near

**“A number of factors may help consumer stocks continue to perform well in the months ahead.”**

**Walter Scully**

term. We agreed with Amazon management's approach, and we believed the company's stock price was being unfairly punished. Since that time, and during this 12-month reporting period, Amazon stock soared as a result of success with two key businesses — its internet retail segment and Amazon Web Services, its cloud computing business.

Rounding out the top three performers was our investment in U.S.-based paint manufacturer Sherwin-Williams. One of this company's strengths, in our view, is its focus on serving the needs of professional painters. Many consider it the "go to" paint supplier for contractors, and Sherwin-Williams has put considerable research and development into tailoring its products, retail stores, and ordering systems to help them.

We took advantage of some volatility to add this stock to the portfolio a few years ago at what we believed was an attractive price. It had declined largely due to investor disappointment over the cost of Sherwin-Williams's acquisition of Valspar, a competing paint company. We believed it was a value-enhancing acquisition, and we maintained our conviction in the company's long-term prospects. During the period, the stock outperformed as more investors gained confidence in the company.

### **Could you discuss some holdings that did not perform well for the period?**

The top detractor for the period was our investment in Charter Communications, a U.S.-based cable and broadband services company. A key reason for the stock's underperformance was investor worries over "cord cutting," a term used to describe the cancellation of cable TV

service in favor of less-expensive broadcasting alternatives, such as Netflix and Apple TV.

During the period, Charter saw a modest decline in pay TV subscribers, but we believe long-term trends remain positive for the company, particularly because we expect continued growth in demand for broadband access, which Charter provides. In addition, we believe Charter's 2016 acquisition of Time Warner Cable, which increased the company's size significantly, will add considerable value over time.

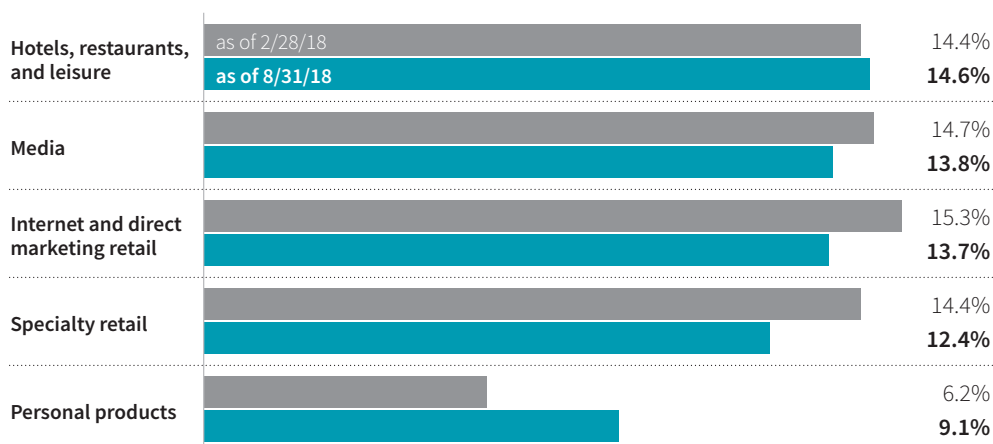
The stock of MGM China Holdings also dampened fund returns for the period. Our long-term outlook remains positive for the gaming business in Macau, China, where this company operates. We believe it is a profitable business in a market with solid growth potential, and MGM China recently doubled its presence in Macau by opening a second casino. However, the stock struggled during the period due to investor concerns about a potential economic slowdown in China and a slow start for the opening of MGM China's new casino.

The performance of Realogy Holdings was a disappointment for the reporting period. Realogy is a real estate company that includes well-known brands such as CENTURY 21, Coldwell Banker, and Better Homes and Gardens Real Estate. The company had been losing brokers to competitors, partly due to a weaker compensation. We believe the company's management team, which includes a newly appointed CEO, is working to address these issues and improve the company's competitive position. In our view, the stock is undervalued, and it remained in the portfolio at period-end.

### What role did derivatives play in the portfolio?

Although derivative investments were not a significant part of the portfolio, they did affect performance during the period. Forward currency contracts, which are designed to hedge foreign exchange risk, had a negative impact on the fund's performance.

## 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.



**What is your outlook for the coming months?**

I believe a number of factors may help consumer stocks continue to perform well in the months ahead. In the United States, economic growth remains strong and the stock market has performed well. In addition, home prices have been increasing, but have remained affordable, and the supply/demand backdrop has been positive.

International stock markets have been a bit more challenged, and we believe the global trade tensions could cause some disruption in the consumer sector. However, in some respects, we welcome market volatility, as it

offers us the opportunity to take advantage of price declines in stocks of fundamentally strong companies.

**Thank you, Walter, 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.*

## 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](http://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

	Life of fund	Annual average	5 years	Annual average	3 years	Annual average	1 year
<b>Class A (12/18/08)</b>							
Before sales charge	282.10%	14.82%	70.88%	11.31%	40.20%	11.92%	11.14%
After sales charge	260.13	14.12	61.05	10.00	32.14	9.74	4.75
<b>Class B (12/18/08)</b>							
Before CDSC	259.75	14.11	64.66	10.49	37.18	11.11	10.33
After CDSC	259.75	14.11	62.66	10.22	34.18	10.30	5.33
<b>Class C (12/18/08)</b>							
Before CDSC	255.31	13.96	64.70	10.49	37.11	11.09	10.31
After CDSC	255.31	13.96	64.70	10.49	37.11	11.09	9.31
<b>Class M (12/18/08)</b>							
Before sales charge	264.05	14.25	66.70	10.76	38.16	11.38	10.56
After sales charge	251.31	13.83	60.86	9.97	33.33	10.06	6.69
<b>Class R (12/18/08)</b>							
Net asset value	273.17	14.54	68.82	11.04	39.22	11.66	10.85
<b>Class Y (12/18/08)</b>							
Net asset value	291.58	15.11	73.13	11.60	41.34	12.23	11.42

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.

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.

## Comparative index returns For periods ended 8/31/18

	Life of fund	Annual average	5 years	Annual average	3 years	Annual average	1 year
MSCI World Consumer Discretionary & Consumer Staples Index (ND)	246.35%	13.66%	62.17%	10.15%	34.58%	10.41%	12.23%

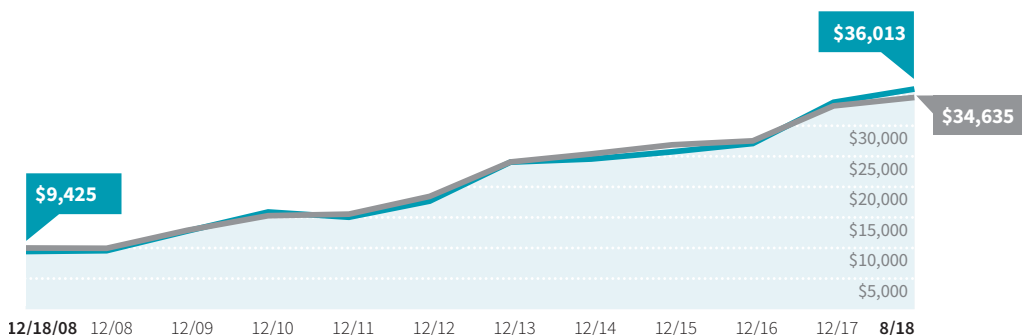
Index results should be compared with fund performance before sales charge, before CDSC, or at net asset value.

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

Cumulative total return from 12/18/08 (commencement of operations) to 8/31/18

Putnam Global Consumer Fund class A shares after sales charge

MSCI World Consumer Discretionary & Consumer Staples 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 \$35,975 and \$35,531, 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 \$35,131. A \$10,000 investment in the fund's class R and Y shares would have been valued at \$37,317 and \$39,158, 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	\$0.143	\$0.004	\$0.002	\$0.068	\$0.074	\$0.193		
Capital gains								
Long-term gains	0.445	0.445	0.445	0.445	0.445	0.445		
Short-term gains	0.038	0.038	0.038	0.038	0.038	0.038		
<b>Total</b>	<b>\$0.626</b>	<b>\$0.487</b>	<b>\$0.485</b>	<b>\$0.551</b>	<b>\$0.557</b>	<b>\$0.676</b>		
<b>Share value</b>	<b>Before sales charge</b>	<b>After sales charge</b>	<b>Net asset value</b>	<b>Net asset value</b>	<b>Before sales charge</b>	<b>After sales charge</b>	<b>Net asset value</b>	<b>Net asset value</b>
8/31/17	\$21.25	\$22.55	\$20.39	\$20.31	\$20.88	\$21.64	\$21.12	\$21.38
8/31/18	22.95	24.35	21.98	21.89	22.50	23.32	22.82	23.10

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

	Life of fund	Annual average	5 years	Annual average	3 years	Annual average	1 year
<b>Class A (12/18/08)</b>							
Before sales charge	278.77%	14.58%	60.76%	9.96%	44.86%	13.15%	9.24%
After sales charge	256.99	13.89	51.52	8.67	36.53	10.94	2.96
<b>Class B (12/18/08)</b>							
Before CDSC	256.61	13.88	54.87	9.14	41.70	12.32	8.42
After CDSC	256.61	13.88	52.87	8.86	38.70	11.52	3.42
<b>Class C (12/18/08)</b>							
Before CDSC	252.07	13.73	54.87	9.14	41.65	12.31	8.45
After CDSC	252.07	13.73	54.87	9.14	41.65	12.31	7.45
<b>Class M (12/18/08)</b>							
Before sales charge	260.81	14.02	56.83	9.42	42.71	12.59	8.69
After sales charge	248.18	13.60	51.34	8.64	37.72	11.26	4.89
<b>Class R (12/18/08)</b>							
Net asset value	269.90	14.31	58.76	9.69	43.81	12.88	8.95
<b>Class Y (12/18/08)</b>							
Net asset value	288.19	14.87	62.82	10.24	45.94	13.43	9.53

See the discussion following the fund performance table on page 8 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. In the most recent six-month period, your fund's expenses were limited; had expenses not been limited, they would have been higher. 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
Net expenses for the fiscal year ended 8/31/17*	1.32%	2.07%	2.07%	1.82%	1.57%	1.07%
Total annual operating expenses for the fiscal year ended 8/31/17	1.50%	2.25%	2.25%	2.00%	1.75%	1.25%
Annualized expense ratio for the six-month period ended 8/31/18†	1.29%	2.04%	2.04%	1.79%	1.54%	1.04%

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.

\* Reflects Putnam Management's contractual obligation to limit certain fund expenses through 12/30/18.

† 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*†	\$6.63	\$10.46	\$10.46	\$9.19	\$7.91	\$5.35
Ending value (after expenses)	\$1,038.50	\$1,034.80	\$1,034.50	\$1,035.90	\$1,037.30	\$1,040.10

\* 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 **\$6.63** (see preceding table) = **\$66.30**

## 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*†	\$6.56	\$10.36	\$10.36	\$9.10	\$7.83	\$5.30
Ending value (after expenses)	\$1,018.70	\$1,014.92	\$1,014.92	\$1,016.18	\$1,017.44	\$1,019.96

\* 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 Consumer Discretionary & Consumer Staples 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 consumer discretionary & consumer staples 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](http://putnam.com) and on the Securities and Exchange Commission (SEC) website, [www.sec.gov](http://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](http://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, the second of the expense limitations was 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 second 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 exceeded the return of its benchmark over the one-year, 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 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.

## **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 Funds Trust:

### ***Opinion on the Financial Statements***

We have audited the accompanying statement of assets and liabilities of Putnam Global Consumer Fund (the “fund”), a series of the Putnam Funds Trust, 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.

**KPMG LLP**

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

Boston, Massachusetts  
October 12, 2018

## The fund's portfolio 8/31/18

<b>COMMON STOCKS (99.5%)*</b>	<b>Shares</b>	<b>Value</b>
<b>Beverages (3.0%)</b>		
Anheuser-Busch InBev SA/NV (Belgium)	20,572	\$1,925,837
		<b>1,925,837</b>
<b>Chemicals (5.0%)</b>		
Sherwin-Williams Co. (The)	7,180	3,271,064
		<b>3,271,064</b>
<b>Equity real estate investment trusts (REITs) (3.7%)</b>		
Gaming and Leisure Properties, Inc.	66,814	2,391,273
		<b>2,391,273</b>
<b>Food and staples retail (5.1%)</b>		
Walgreens Boots Alliance, Inc.	48,587	3,331,125
		<b>3,331,125</b>
<b>Food products (6.7%)</b>		
Associated British Foods PLC (United Kingdom)	75,979	2,254,733
Kraft Heinz Co. (The)	36,328	2,116,833
		<b>4,371,566</b>
<b>Hotels, restaurants, and leisure (14.6%)</b>		
Compass Group PLC (United Kingdom)	111,246	2,391,970
Hilton Worldwide Holdings, Inc.	22,178	1,721,456
MGM China Holdings, Ltd. (Hong Kong)	1,302,000	2,455,117
Restaurant Brands International, Inc. (Canada)	23,994	1,377,256
Wynn Resorts, Ltd.	10,525	1,561,279
		<b>9,507,078</b>
<b>Internet and direct marketing retail (13.7%)</b>		
Amazon.com, Inc. †	3,442	6,927,748
Booking Holdings, Inc. †	644	1,256,798
MakeMyTrip, Ltd. (India) † <sup>s</sup>	23,821	753,935
		<b>8,938,481</b>
<b>Internet software and services (1.5%)</b>		
Rightmove PLC (United Kingdom)	152,900	975,377
		<b>975,377</b>
<b>Leisure products (4.0%)</b>		
Hasbro, Inc. <sup>s</sup>	26,448	2,626,551
		<b>2,626,551</b>
<b>Media (13.8%)</b>		
Charter Communications, Inc. Class A †	13,507	4,192,573
Discovery, Inc. Class C †	48,496	1,243,437
Liberty Media Corp.-Liberty SiriusXM Class C †	75,337	3,543,852
		<b>8,979,862</b>
<b>Personal products (9.1%)</b>		
Coty, Inc. Class A	59,197	731,675
Shiseido Co., Ltd. (Japan)	25,500	1,795,626
Unilever NV ADR (Netherlands)	59,028	3,394,662
		<b>5,921,963</b>
<b>Real estate management and development (2.9%)</b>		
Realogy Holdings Corp.	87,019	1,861,336
		<b>1,861,336</b>

<b>COMMON STOCKS (99.5%)* cont.</b>	<b>Shares</b>	<b>Value</b>
<b>Software (1.3%)</b>		
Nintendo Co., Ltd. (Japan)	2,400	\$867,465
		<b>867,465</b>
<b>Specialty retail (12.4%)</b>		
CarMax, Inc. † <sup>s</sup>	49,598	3,871,124
Home Depot, Inc. (The)	8,366	1,679,642
O'Reilly Automotive, Inc. †	7,414	2,486,804
		<b>8,037,570</b>
<b>Textiles, apparel, and luxury goods (2.7%)</b>		
adidas AG ADR (Germany)	14,204	1,765,131
		<b>1,765,131</b>
<b>Total common stocks (cost \$51,339,366)</b>		<b>\$64,771,679</b>

<b>SHORT-TERM INVESTMENTS (6.5%)*</b>	<b>Principal amount/ shares</b>	<b>Value</b>
Putnam Cash Collateral Pool, LLC 2.24% <sup>d</sup>	Shares 3,631,400	\$3,631,400
Putnam Short Term Investment Fund 2.16% <sup>L</sup>	Shares 472,691	472,691
U.S. Treasury Bills 2.065%, 11/15/18	\$134,000	133,454
<b>Total short-term investments (cost \$4,237,527)</b>		<b>\$4,237,545</b>

<b>TOTAL INVESTMENTS</b>	
<b>Total investments (cost \$55,576,893)</b>	<b>\$69,009,224</b>

#### Key to holding's abbreviations

ADR American Depository Receipts: represents ownership of foreign securities on deposit with a custodian bank

#### 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 \$65,074,017.

† This security is non-income-producing.

<sup>d</sup> Affiliated company. See Notes 1 and 5 to the financial statements regarding securities lending. The rate quoted in the security description is the annualized 7-day yield of the fund at the close of the reporting period.

<sup>L</sup> 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.

<sup>s</sup> Security on loan, in part or in entirety, at the close of the reporting period (Note 1).

At the close of the reporting period, the fund maintained liquid assets totaling \$47,329 to cover certain derivative contracts.

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

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	69.4%	Belgium	2.9%
United Kingdom	8.6	Germany	2.7
Netherlands	5.2	Canada	2.1
Japan	4.1	India	1.2
HongKong	3.8	<b>Total</b>	<b>100.0%</b>

△ 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 \$16,884,069)

Counterparty	Currency	Contract type <sup>1</sup>	Delivery date	Value	Aggregate face value	Unrealized appreciation/ (depreciation)
<b>Bank of America N.A.</b>						
	British Pound	Buy	9/19/18	\$263,972	\$272,560	\$(8,588)
	Euro	Sell	9/19/18	292,459	287,740	(4,719)
	Hong Kong Dollar	Sell	11/19/18	655,344	655,957	613
	Japanese Yen	Buy	11/19/18	563,569	561,647	1,922
<b>Barclays Bank PLC</b>						
	British Pound	Buy	9/19/18	939,144	963,581	(24,437)
	Euro	Sell	9/19/18	221,000	218,422	(2,578)
	Hong Kong Dollar	Sell	11/19/18	872,995	874,092	1,097
	Norwegian Krone	Buy	9/19/18	125,289	129,122	(3,833)
	Swiss Franc	Buy	9/19/18	2,060,821	2,038,564	22,257
<b>Citibank, N.A.</b>						
	Danish Krone	Buy	9/19/18	122,552	124,348	(1,796)
	Euro	Buy	9/19/18	2,155,620	2,185,068	(29,448)
	Japanese Yen	Buy	11/19/18	1,024,365	1,022,135	2,230
<b>Goldman Sachs International</b>						
	Australian Dollar	Buy	10/17/18	148,169	150,868	(2,699)
	British Pound	Sell	9/19/18	1,516,770	1,566,170	49,400
	Japanese Yen	Buy	11/19/18	714,141	711,721	2,420
<b>JPMorgan Chase Bank N.A.</b>						
	Australian Dollar	Buy	10/17/18	365,210	371,910	(6,700)
	British Pound	Buy	9/19/18	25,554	26,389	(835)
	Japanese Yen	Buy	11/19/18	1,749,452	1,742,428	7,024
	Singapore Dollar	Buy	11/19/18	75,652	76,309	(657)
	Swedish Krona	Buy	9/19/18	156,063	162,926	(6,863)
	Swiss Franc	Buy	9/19/18	552,933	546,959	5,974
<b>State Street Bank and Trust Co.</b>						
	Australian Dollar	Buy	10/17/18	242,994	247,431	(4,437)
	Canadian Dollar	Sell	10/17/18	324,791	321,146	(3,645)
	Euro	Sell	9/19/18	503,931	509,217	5,286
	Japanese Yen	Buy	11/19/18	592,132	590,316	1,816
	Swedish Krona	Buy	9/19/18	318,814	332,886	(14,072)



**FORWARD CURRENCY CONTRACTS at 8/31/18 (aggregate face value \$16,884,069) cont.**

Counterparty	Currency	Contract type*	Delivery date	Value	Aggregate face value	Unrealized appreciation/(depreciation)
<b>WestPac Banking Corp.</b>						
	Canadian Dollar	Sell	10/17/18	\$195,871	\$194,157	\$(1,714)
<b>Unrealized appreciation</b>						<b>100,039</b>
<b>Unrealized (depreciation)</b>						<b>(117,021)</b>
<b>Total</b>						<b>\$(16,982)</b>

\* 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 discretionary	\$39,854,673	\$—	\$—
Consumer staples	15,550,491	—	—
Information technology	1,842,842	—	—
Materials	3,271,064	—	—
Real estate	4,252,609	—	—
<b>Total common stocks</b>	<b>64,771,679</b>	<b>—</b>	<b>—</b>
Short-term investments	472,691	3,764,854	—
<b>Totals by level</b>	<b>\$65,244,370</b>	<b>\$3,764,854</b>	<b>\$—</b>
Other financial instruments:	Valuation inputs		
	Level 1	Level 2	Level 3
Forward currency contracts	\$—	\$(16,982)	\$—
<b>Totals by level</b>	<b>\$—</b>	<b>\$(16,982)</b>	<b>\$—</b>

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

During the reporting period, transfers 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 accompanying notes are an integral part of these financial statements.

## Statement of assets and liabilities 8/31/18

### ASSETS

Investment in securities, at value, including \$3,560,273 of securities on loan (Note 1):	
Unaffiliated issuers (identified cost \$51,472,802)	\$64,905,133
Affiliated issuers (identified cost \$4,104,091) (Notes 1 and 5)	4,104,091
Foreign currency (cost \$522) (Note 1)	534
Dividends, interest and other receivables	110,804
Receivable for shares of the fund sold	93,899
Unrealized appreciation on forward currency contracts (Note 1)	100,039
Prepaid assets	25,360
<b>Total assets</b>	<b>69,339,860</b>

### LIABILITIES

Payable for investments purchased	323,878
Payable for shares of the fund repurchased	43,155
Payable for compensation of Manager (Note 2)	25,763
Payable for custodian fees (Note 2)	5,913
Payable for investor servicing fees (Note 2)	23,673
Payable for Trustee compensation and expenses (Note 2)	4,951
Payable for administrative services (Note 2)	244
Payable for distribution fees (Note 2)	22,303
Unrealized depreciation on forward currency contracts (Note 1)	117,021
Collateral on securities loaned, at value (Note 1)	3,631,400
Other accrued expenses	67,542
<b>Total liabilities</b>	<b>4,265,843</b>
<b>Net assets</b>	<b>\$65,074,017</b>

### REPRESENTED BY

Paid-in capital (Unlimited shares authorized) (Notes 1 and 4)	\$48,705,740
Distributions in excess of net investment income (Note 1)	(81,487)
Accumulated net realized gain on investments and foreign currency transactions (Note 1)	3,034,538
Net unrealized appreciation of investments and assets and liabilities in foreign currencies	13,415,226
<b>Total — Representing net assets applicable to capital shares outstanding</b>	<b>\$65,074,017</b>

### COMPUTATION OF NET ASSET VALUE AND OFFERING PRICE

Net asset value and redemption price per class A share (\$29,885,471 divided by 1,301,978 shares)	\$22.95
Offering price per class A share (100/94.25 of \$22.95)*	\$24.35
Net asset value and offering price per class B share (\$3,463,250 divided by 157,562 shares)**	\$21.98
Net asset value and offering price per class C share (\$7,533,218 divided by 344,137 shares)**	\$21.89
Net asset value and redemption price per class M share (\$285,785 divided by 12,700 shares)	\$22.50
Offering price per class M share (100/96.50 of \$22.50)*	\$23.32
Net asset value, offering price and redemption price per class R share (\$255,625 divided by 11,199 shares) †	\$22.82
Net asset value, offering price and redemption price per class Y share (\$23,650,668 divided by 1,023,966 shares)	\$23.10

\*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.

†Net asset value may not recalculate due to rounding of fractional shares.

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

## Statement of operations Year ended 8/31/18

<b>INVESTMENT INCOME</b>	
Dividends (net of foreign tax of \$41,020)	\$826,927
Interest (including interest income of \$13,139 from investments in affiliated issuers) (Note 5)	15,249
Securities lending (net of expenses) (Notes 1 and 5)	16,515
<b>Total investment income</b>	<b>858,691</b>
<b>EXPENSES</b>	
Compensation of Manager (Note 2)	384,582
Investor servicing fees (Note 2)	138,062
Custodian fees (Note 2)	13,300
Trustee compensation and expenses (Note 2)	3,124
Distribution fees (Note 2)	184,278
Administrative services (Note 2)	1,798
Auditing and tax fees	52,056
Blue sky expense	84,562
Other	30,511
Fees waived and reimbursed by Manager (Note 2)	(60,984)
<b>Total expenses</b>	<b>831,289</b>
Expense reduction (Note 2)	(977)
<b>Net expenses</b>	<b>830,312</b>
<b>Net investment income</b>	<b>28,379</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>	
<b>Net realized gain (loss) on:</b>	
Securities from unaffiliated issuers (Notes 1 and 3)	4,201,856
Foreign currency transactions (Note 1)	731
Forward currency contracts (Note 1)	(225,269)
<b>Total net realized gain</b>	<b>3,977,318</b>
<b>Change in net unrealized appreciation (depreciation) on:</b>	
Securities from unaffiliated issuers	2,511,821
Assets and liabilities in foreign currencies	(440)
Forward currency contracts	(204,747)
<b>Total change in net unrealized appreciation</b>	<b>2,306,634</b>
<b>Net gain on investments</b>	<b>6,283,952</b>
<b>Net increase in net assets resulting from operations</b>	<b>\$6,312,331</b>

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

## Statement of changes in net assets

INCREASE IN NET ASSETS	Year ended 8/31/18	Year ended 8/31/17
<b>Operations</b>		
Net investment income	\$28,379	\$217,873
Net realized gain on investments and foreign currency transactions	3,977,318	1,206,824
Net unrealized appreciation of investments and assets and liabilities in foreign currencies	2,306,634	5,829,854
<b>Net increase in net assets resulting from operations</b>	<b>6,312,331</b>	<b>7,254,551</b>
Distributions to shareholders (Note 1):		
From ordinary income		
Net investment income		
Class A	(177,325)	(240,654)
Class B	(676)	(11,635)
Class C	(695)	(19,426)
Class M	(904)	(919)
Class R	(994)	—
Class Y	(179,081)	(133,228)
Net realized short-term gain on investments		
Class A	(47,121)	—
Class B	(6,424)	—
Class C	(13,211)	—
Class M	(505)	—
Class R	(510)	—
Class Y	(35,259)	—
From net realized long-term gain on investments		
Class A	(551,817)	(511,387)
Class B	(75,224)	(66,905)
Class C	(154,710)	(135,638)
Class M	(5,913)	(3,521)
Class R	(5,977)	(2,844)
Class Y	(412,907)	(226,486)
Increase from capital share transactions (Note 4)	4,225,088	3,762,955
<b>Total increase in net assets</b>	<b>8,868,166</b>	<b>9,664,863</b>
<b>NET ASSETS</b>		
Beginning of year	56,205,851	46,540,988
<b>End of year</b> (including distributions in excess of net investment income of \$81,487 and undistributed net investment income of \$173,971, respectively)	<b>\$65,074,017</b>	<b>\$56,205,851</b>

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

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**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) <sup>a</sup>	Net realized and unrealized gain (loss) on investments	Total from investment operations	From net investment income	From net realized gain on investments	Total distributions	Net asset value, end of period	Total return at net asset value (%) <sup>b</sup>	Net assets, end of period (in thousands)	Ratio of expenses to average net assets (%) <sup>c,d</sup>	Ratio of net investment income (loss) to average net assets (%) <sup>d</sup>	Portfolio turnover (%)
<b>Class A</b>													
August 31, 2018	\$21.25	.02	2.30	2.32	(.14)	(.48)	(.62)	\$22.95	11.14	\$29,885	1.30	.09	43
August 31, 2017	18.76	.11	2.95	3.06	(.18)	(.39)	(.57)	21.25	16.93	25,225	1.31	.54	41
August 31, 2016	18.00	.03	1.35	1.38	(.01)	(.61)	(.62)	18.76	7.89	25,566	1.28 <sup>e</sup>	.19 <sup>e</sup>	40
August 31, 2015	19.51	.04	.86	.90	(.07)	(2.34)	(2.41)	18.00	5.10	18,453	1.26	.21	70
August 31, 2014	18.07	.15	2.69	2.84	(.06)	(1.34)	(1.40)	19.51	15.96	13,857	1.29	.76	102
<b>Class B</b>													
August 31, 2018	\$20.39	(.14)	2.21	2.07	— <sup>f</sup>	(.48)	(.48)	\$21.98	10.33	\$3,463	2.05	(.66)	43
August 31, 2017	18.04	(.04)	2.85	2.81	(.07)	(.39)	(.46)	20.39	16.04	3,381	2.06	(.21)	41
August 31, 2016	17.45	(.09)	1.30	1.21	(.01)	(.61)	(.62)	18.04	7.15	3,042	2.03 <sup>e</sup>	(.55) <sup>e</sup>	40
August 31, 2015	19.06	(.09)	.82	.73	—	(2.34)	(2.34)	17.45	4.25	1,624	2.01	(.52)	70
August 31, 2014	17.75	— <sup>f</sup>	2.65	2.65	—	(1.34)	(1.34)	19.06	15.13	1,296	2.04	.03	102
<b>Class C</b>													
August 31, 2018	\$20.31	(.14)	2.20	2.06	— <sup>f</sup>	(.48)	(.48)	\$21.89	10.31	\$7,533	2.05	(.66)	43
August 31, 2017	17.95	(.04)	2.85	2.81	(.06)	(.39)	(.45)	20.31	16.10	6,811	2.06	(.22)	41
August 31, 2016	17.38	(.09)	1.28	1.19	(.01)	(.61)	(.62)	17.95	7.06	6,302	2.03 <sup>e</sup>	(.55) <sup>e</sup>	40
August 31, 2015	18.98	(.09)	.83	.74	—	(2.34)	(2.34)	17.38	4.33	4,601	2.01	(.51)	70
August 31, 2014	17.68	— <sup>f</sup>	2.64	2.64	—	(1.34)	(1.34)	18.98	15.13	3,808	2.04	.01	102
<b>Class M</b>													
August 31, 2018	\$20.88	(.09)	2.26	2.17	(.07)	(.48)	(.55)	\$22.50	10.56	\$286	1.80	(.42)	43
August 31, 2017	18.44	.01	2.92	2.93	(.10)	(.39)	(.49)	20.88	16.41	286	1.81	.05	41
August 31, 2016	17.79	(.05)	1.32	1.27	(.01)	(.61)	(.62)	18.44	7.35	155	1.78 <sup>e</sup>	(.29) <sup>e</sup>	40
August 31, 2015	19.34	(.05)	.84	.79	—	(2.34)	(2.34)	17.79	4.53	115	1.76	(.25)	70
August 31, 2014	17.95	.05	2.68	2.73	—	(1.34)	(1.34)	19.34	15.42	72	1.79	.26	102
<b>Class R</b>													
August 31, 2018	\$21.12	(.05)	2.30	2.25	(.07)	(.48)	(.55)	\$22.82	10.85	\$256	1.55	(.21)	43
August 31, 2017	18.50	.04	2.97	3.01	—	(.39)	(.39)	21.12	16.68	494	1.56	.21	41
August 31, 2016	17.80	— <sup>f</sup>	1.32	1.32	(.01)	(.61)	(.62)	18.50	7.64	256	1.53 <sup>e</sup>	.01 <sup>e</sup>	40
August 31, 2015	19.36	— <sup>f</sup>	.84	.84	(.06)	(2.34)	(2.40)	17.80	4.82	1,321	1.51	(.01)	70
August 31, 2014	17.96	.07 <sup>g</sup>	2.71	2.78	(.04)	(1.34)	(1.38)	19.36	15.69	1,176	1.54	.32 <sup>g</sup>	102
<b>Class Y</b>													
August 31, 2018	\$21.38	.08	2.31	2.39	(.19)	(.48)	(.67)	\$23.10	11.42	\$23,651	1.05	.35	43
August 31, 2017	18.86	.15	2.99	3.14	(.23)	(.39)	(.62)	21.38	17.29	20,009	1.06	.77	41
August 31, 2016	18.05	.08	1.35	1.43	(.01)	(.61)	(.62)	18.86	8.15	11,221	1.03 <sup>e</sup>	.46 <sup>e</sup>	40
August 31, 2015	19.57	.09	.86	.95	(.13)	(2.34)	(2.47)	18.05	5.36	4,495	1.01	.49	70
August 31, 2014	18.11	.20	2.70	2.90	(.10)	(1.34)	(1.44)	19.57	16.26	4,738	1.04	1.03	102

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.*

- <sup>a</sup> Per share net investment income (loss) has been determined on the basis of the weighted average number of shares outstanding during the period.
- <sup>b</sup> Total return assumes dividend reinvestment and does not reflect the effect of sales charges.
- <sup>c</sup> Includes amounts paid through expense offset and/or brokerage/service arrangements, if any (Note 2). Also excludes acquired fund fees and expenses, if any.
- <sup>d</sup> 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 amounts (Note 2):

	<b>Percentage of average net assets</b>
August 31, 2018	0.10%
August 31, 2017	0.18
August 31, 2016	0.23
August 31, 2015	0.46
August 31, 2014	0.39

- <sup>e</sup> 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.
- <sup>f</sup> Amount represents less than \$0.01 per share.
- <sup>g</sup> The net investment income ratio and per share amount shown for the period ending August 31, 2014 may not correspond with the expected class specific differences for the period due to the timing of subscriptions into the class.

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 Consumer Fund (the fund) is a non-diversified series of Putnam Funds Trust (the Trust), a Massachusetts business trust registered under the Investment Company Act of 1940, as amended, as an open-end management investment company. The goal of the fund is to seek capital appreciation. The fund concentrates its investments in the consumer staples and consumer discretionary products and services industries and 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, Putnam Management invests at least 80% of the fund’s net assets in securities of companies worldwide in the consumer staples and consumer discretionary products and services industries. This policy may be changed only after 60 days’ notice to shareholders. Potential investments include companies involved in the manufacture, sale or distribution of consumer staples and consumer discretionary products and 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 Putnam Management believes will cause the stock price to rise and 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 \$66,103 on open derivative contracts subject to the Master Agreements. There was no collateral posted by the fund at period end for these 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 received cash collateral of \$3,631,400 and the value of securities loaned amounted to \$3,560,273.

**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.

Pursuant to federal income tax regulations applicable to regulated investment companies, the fund has elected to defer \$97,728 to its fiscal year ending August 31, 2019 of late year ordinary losses (i) ordinary losses recognized between January 1, 2018 and August 31, 2018, and (ii) specified ordinary and currency losses recognized between November 1, 2017 and August 31, 2018).

**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, from foreign currency gains and losses, from late year loss deferrals and from net operating loss. 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 \$75,838 to decrease distributions in excess of net investment income, \$39,848 to decrease paid-in capital and \$35,990 to decrease accumulated net realized gain.

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	\$16,213,410
Unrealized depreciation	(3,359,909)
Net unrealized appreciation	12,853,501
Undistributed long-term gain	3,612,623
Late year ordinary loss deferral	(97,728)
Cost for federal income tax purposes	\$56,138,741

**Expenses of the Trust** Expenses directly charged or attributable to any fund will be paid from the assets of that fund. Generally, expenses of the Trust will be allocated among and charged to the assets of each fund on a basis that the Trustees deem fair and equitable, which may be based on the relative assets of each fund or the nature of the services performed and relative applicability to each fund.

**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 0.622% 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 reduced by \$60,984 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	\$64,118	Class R	732
Class B	7,777	Class Y	48,275
Class C	16,522	<b>Total</b>	<b>\$138,062</b>
Class M	638		

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 \$378 under the expense offset arrangements and by \$599 under the brokerage/service arrangements.

Each Independent Trustee of the fund receives an annual Trustee fee, of which \$46, 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%	\$71,762
Class B	1.00%	1.00%	34,795
Class C	1.00%	1.00%	73,945
Class M	1.00%	0.75%	2,141
Class R	1.00%	0.50%	1,635
<b>Total</b>			<b>\$184,278</b>

For the reporting period, Putnam Retail Management Limited Partnership, acting as underwriter, received net commissions of \$27,771 and \$43 from the sale of class A and class M shares, respectively, and received \$276 and \$153 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 \$21 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)	\$30,859,275	\$26,323,922
U.S. government securities (Long-term)	—	—
<b>Total</b>	<b>\$30,859,275</b>	<b>\$26,323,922</b>

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	520,356	\$11,501,480	334,393	\$6,626,755
Shares issued in connection with reinvestment of distributions	35,546	766,014	41,133	733,385
	555,902	12,267,494	375,526	7,360,140
Shares repurchased	(440,818)	(9,687,155)	(551,732)	(10,675,434)
<b>Net increase (decrease)</b>	<b>115,084</b>	<b>\$2,580,339</b>	<b>(176,206)</b>	<b>\$(3,315,294)</b>

Class B	YEAR ENDED 8/31/18		YEAR ENDED 8/31/17	
	Shares	Amount	Shares	Amount
Shares sold	10,897	\$229,548	31,329	\$607,316
Shares issued in connection with reinvestment of distributions	3,714	77,070	4,332	74,502
	14,611	306,618	35,661	681,818
Shares repurchased	(22,831)	(489,006)	(38,535)	(707,788)
<b>Net decrease</b>	<b>(8,220)</b>	<b>\$(182,388)</b>	<b>(2,874)</b>	<b>\$(25,970)</b>

Class C	YEAR ENDED 8/31/18		YEAR ENDED 8/31/17	
	Shares	Amount	Shares	Amount
Shares sold	90,023	\$1,898,777	75,273	\$1,409,724
Shares issued in connection with reinvestment of distributions	7,996	165,199	8,967	153,600
	98,019	2,063,976	84,240	1,563,324
Shares repurchased	(89,238)	(1,888,297)	(99,962)	(1,847,885)
<b>Net increase (decrease)</b>	<b>8,781</b>	<b>\$175,679</b>	<b>(15,722)</b>	<b>\$(284,561)</b>

Class M	YEAR ENDED 8/31/18		YEAR ENDED 8/31/17	
	Shares	Amount	Shares	Amount
Shares sold	1,254	\$27,363	6,720	\$137,478
Shares issued in connection with reinvestment of distributions	345	7,319	253	4,440
	1,599	34,682	6,973	141,918
Shares repurchased	(2,604)	(56,497)	(1,662)	(31,471)
<b>Net increase (decrease)</b>	<b>(1,005)</b>	<b>\$(21,815)</b>	<b>5,311</b>	<b>\$110,447</b>

Class R	YEAR ENDED 8/31/18		YEAR ENDED 8/31/17	
	Shares	Amount	Shares	Amount
Shares sold	3,386	\$74,491	22,231	\$455,897
Shares issued in connection with reinvestment of distributions	348	7,481	160	2,844
	3,734	81,972	22,391	458,741
Shares repurchased	(15,906)	(345,464)	(12,845)	(245,375)
<b>Net increase (decrease)</b>	<b>(12,172)</b>	<b>\$(263,492)</b>	<b>9,546</b>	<b>\$213,366</b>

Class Y	YEAR ENDED 8/31/18		YEAR ENDED 8/31/17	
	Shares	Amount	Shares	Amount
Shares sold	429,540	\$9,569,483	610,619	\$12,451,613
Shares issued in connection with reinvestment of distributions	27,308	591,216	20,090	359,610
	456,848	10,160,699	630,709	12,811,223
Shares repurchased	(368,908)	(8,223,934)	(289,536)	(5,746,256)
<b>Net increase</b>	<b>87,940</b>	<b>\$1,936,765</b>	<b>341,173</b>	<b>\$7,064,967</b>

At the close of the reporting period, the Putnam Global Sector Fund owned 10.1% of the outstanding shares of the fund.

### 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
<b>Short-term investments</b>					
Putnam Cash Collateral Pool, LLC*	\$1,029,600	\$65,072,160	\$62,470,360	\$89,441	\$3,631,400
Putnam Short Term Investment Fund**	3,203,551	16,849,377	19,580,237	13,139	472,691
<b>Total Short-term investments</b>	<b>\$4,233,151</b>	<b>\$81,921,537</b>	<b>\$82,050,597</b>	<b>\$102,580</b>	<b>\$4,104,091</b>

\* 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. Investments in foreign securities involve certain risks, including those related to economic instability, unfavorable political developments, and currency fluctuations. The fund concentrates the majority of its investments in the consumer staples and consumer discretionary sectors, which involves more risk than a fund that invests more broadly.

### Note 7: 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)	\$22,000,000
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The following is a summary of the 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	\$100,039	Payables	\$117,021
<b>Total</b>		<b>\$100,039</b>		<b>\$117,021</b>



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**

<b>Derivatives not accounted for as hedging instruments under ASC 815</b>	<b>Forward currency contracts</b>	<b>Total</b>
Foreign exchange contracts	\$(225,269)	\$(225,269)
<b>Total</b>	<b>\$(225,269)</b>	<b>\$(225,269)</b>

**Change in unrealized appreciation or (depreciation) on derivatives recognized in net gain or (loss) on investments**

<b>Derivatives not accounted for as hedging instruments under ASC 815</b>	<b>Forward currency contracts</b>	<b>Total</b>
Foreign exchange contracts	\$(204,747)	\$(204,747)
<b>Total</b>	<b>\$(204,747)</b>	<b>\$(204,747)</b>

**Note 8: 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	JPMorgan Chase Bank N.A.	State Street Bank and Trust Co.	WestPac Banking Corp.	Total
<b>Assets:</b>								
Forward currency contracts#	\$2,535	\$23,354	\$2,230	\$51,820	\$12,998	\$7,102	\$—	\$100,039
<b>Total Assets</b>	<b>\$2,535</b>	<b>\$23,354</b>	<b>\$2,230</b>	<b>\$51,820</b>	<b>\$12,998</b>	<b>\$7,102</b>	<b>\$—</b>	<b>\$100,039</b>
<b>Liabilities:</b>								
Forward currency contracts#	\$13,307	\$30,848	\$31,244	\$2,699	\$15,055	\$22,154	\$1,714	\$117,021
<b>Total Liabilities</b>	<b>\$13,307</b>	<b>\$30,848</b>	<b>\$31,244</b>	<b>\$2,699</b>	<b>\$15,055</b>	<b>\$22,154</b>	<b>\$1,714</b>	<b>\$117,021</b>
<b>Total Financial and Derivative Net Assets</b>	<b>\$(10,772)</b>	<b>\$(7,494)</b>	<b>\$(29,014)</b>	<b>\$49,121</b>	<b>\$(2,057)</b>	<b>\$(15,052)</b>	<b>\$(1,714)</b>	<b>\$(16,982)</b>
Total collateral received (pledged)†##	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Net amount	\$(10,772)	\$(7,494)	\$(29,014)	\$49,121	\$(2,057)	\$(15,052)	\$(1,714)	\$—
<i>Controlled collateral received (including TBA commitments)**</i>	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
<i>Uncontrolled collateral received</i>	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
<i>Collateral (pledged) (including TBA commitments)**</i>	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—

\*\* 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)

Pursuant to §852 of the Internal Revenue Code, as amended, the fund hereby designates \$4,005,099 as a capital gain dividend with respect to the taxable year ended August 31, 2018, or, if subsequently determined to be different, the net capital gain of such year.

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



**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.

**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.

\* 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.

## 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 Consumer 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](http://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.*



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