

A world of investing.®



# Putnam Global Industrials Fund

Annual report

8 | 31 | 18



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

FUND SYMBOL  
CLASS A  
PGIAX

# Putnam Global Industrials 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. Industrial products, services, and equipment industries may be affected by economic trends, commodity prices, technological obsolescence, labor relations, legislation, worldwide competition, and liability for environmental damage. The fund's policy of concentrating on a limited group of industries and the fund's non-diversified status, which means the fund may invest a greater percentage of its assets in fewer issuers than a diversified fund, can increase the fund's vulnerability to adverse developments affecting a single industry or issuer, which 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 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

## About the fund

# Pursuing opportunities in industrial products and services worldwide

When Wilbur and Orville Wright successfully flew the first airplane in 1903, they introduced to the world more than fuel-powered flight. Their innovative thinking also helped to found the aerospace industry. Today, aerospace companies are creating state-of-the-art commercial airplanes and developing advanced engineering solutions that reach across businesses.

At the same time, companies in a broad range of manufacturing industries — among them electronics, machinery, and construction — are designing groundbreaking technologies that increase efficiency while reducing the impact of industrial

production on the environment. Together, these industries help to drive demand in the industrials sector.

Putnam Global Industrials Fund seeks companies that can profit from the worldwide demand for industrial products, services, and equipment.

This can include those companies that produce aerospace and defense equipment, building and home improvement products, electrical components and machinery, and other commodities. The fund may also invest in service providers such as civil engineering firms and contractors, commercial printers, and transportation companies.

The fund's portfolio manager conducts his fundamental research with support from analysts on Putnam's Equity Research team. Their disciplined process includes analyzing each company's valuation, financial strength, competitive positioning, earnings, and cash flow.

The fund invests primarily in midsize and large companies, but can invest in companies of any size. The fund also invests in stocks around the world in an effort to find the best opportunities in the sector.

## Developments and events that have affected the industrials sector



**1989**  
Investment by Japanese companies in North American manufacturing peaks prior to Japan's recession of the 1990s



**1994**  
Siemens AG becomes one of the first foreign-owned holding companies in China, helping to open this vast market



**1995**  
Sustained low interest rates by the U.S. Federal Reserve Board encourage spending and investment by consumers and companies



**2001**  
Attacks of September 11 lead to a slowdown in the commercial aircraft industry worldwide



**2005**  
Simultaneous and sustained growth in major industrialized economies spurs greater demand for commodities



**2015**  
Bipartisan Budget Act lifts caps on non-defense and defense discretionary spending over two years

The fund's 2008 inception post-dates many of these developments.

## Sector investing at Putnam

In recent decades, innovation and business growth have propelled stocks in different industries to market-leading performance. Finding these stocks, many of which are in international markets, requires rigorous research and in-depth knowledge of global markets.

Putnam's sector funds invest in eight sectors worldwide and offer active management, risk controls, and the expertise of dedicated sector analysts. The funds' managers invest with flexibility and precision, using fundamental research to hand select stocks for the portfolios.

### ALL SECTORS IN ONE FUND:

#### Putnam Global Sector Fund

A portfolio of individual Putnam Global Sector Funds that provides exposure to all sectors of the MSCI World Index.

### INDIVIDUAL SECTOR FUNDS:

#### Global Consumer Fund

Retail, hotels, restaurants, media, food and beverages

#### Global Financials Fund

Commercial banks, insurance, diversified financial services, mortgage finance

#### Global Health Care Fund

Pharmaceuticals, biotechnology, health-care services

#### Global Industrials Fund

Airlines, railroads, trucking, aerospace and defense, construction, commercial services

#### Global Natural Resources Fund

Metals, chemicals, oil and gas, forest products

#### Global Technology Fund

Software, computers, internet services

#### Global Telecommunications Fund

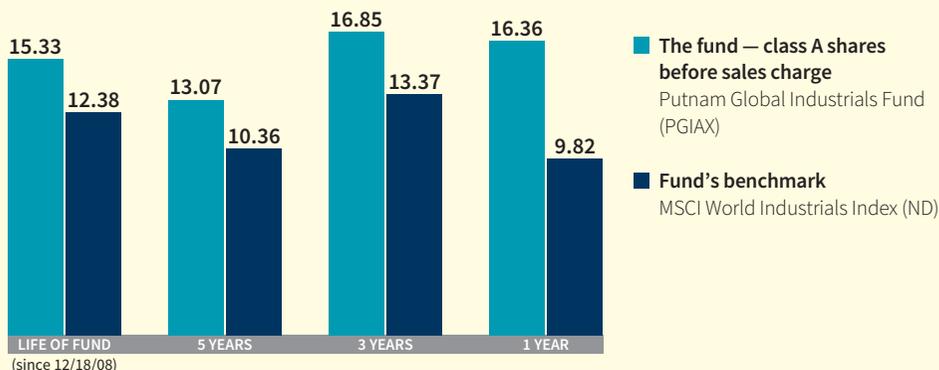
Diversified and wireless telecommunications services

#### Global Utilities Fund

Electric, gas, and water utilities

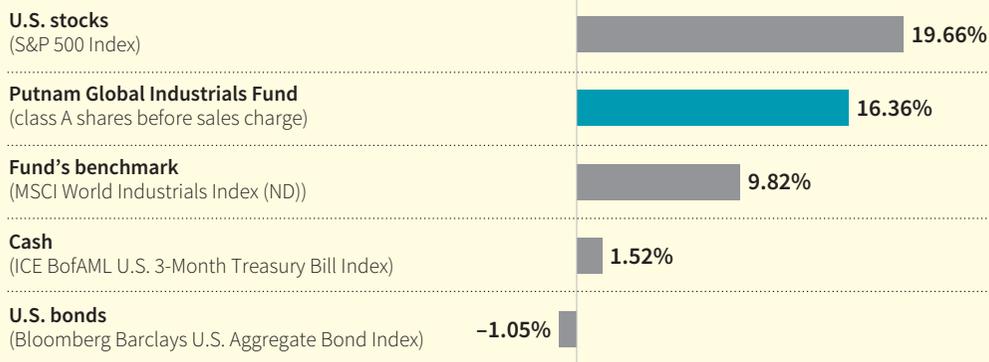
## Performance history as of 8/31/18

### 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 10–12 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 10–12 for additional fund performance information. Index descriptions can be found on pages 15–16.

## Interview with your fund's portfolio manager

Dan Schiff discusses the investing environment and fund performance for the 12 months ended August 31, 2018, as well as his outlook for the global industrials sector in the months ahead.



**Daniel Schiff**  
Portfolio Manager

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

### **How was the investing environment during the reporting period?**

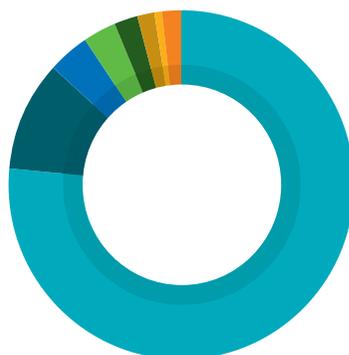
The highly stimulative Tax Cuts and Jobs Act provided a boost to profitability and corporate balance sheets. The healthier cash flows and improved credit profiles have started to contribute to a virtuous cycle of increased investment spending, which in turn is accelerating organic revenue growth. This represents a departure from recent years whereby companies relied on cost cutting, share buybacks, and mergers and acquisitions to drive earnings improvements.

### **How did the fund perform for the reporting period?**

The fund delivered a solid double-digit return for the 12-month period, outperforming its benchmark by a considerable margin due to stock selection. The fund's class A shares returned 16.36%, while the benchmark, the MSCI World Industrials Index [ND], returned 9.82%. The fund's continued overweight positioning in the aerospace and defense industries and U.S. railroads, as well as an underweight exposure to the diversified industrial conglomerates, were major contributing factors.

## Global composition

● United States	76.5%
● Japan	10.2
● United Kingdom	3.9
● France	3.1
● Germany	2.2
● Canada	1.6
● China	0.7
● Cash and net other assets	1.8



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
<b>Honeywell International, Inc. (7.2%)</b>	United States	<b>4.6%</b>
<b>Boeing Co. (The) (6.6%)</b>	United States	<b>2.5%</b>
<b>Union Pacific Corp. (6.1%)</b>	United States	<b>3.6%</b>
<b>Emerson Electric Co. (5.7%)</b>	United States	<b>4.7%</b>
<b>Roper Technologies, Inc. (5.1%)</b>	United States	<b>4.4%</b>
<b>United Technologies Corp. (5.1%)</b>	United States	<b>2.9%</b>
<b>Fortive Corp. (4.8%)</b>	United States	<b>4.2%</b>
<b>Norfolk Southern Corp. (4.6%)</b>	United States	<b>3.5%</b>
<b>Waste Connections, Inc. (4.5%)</b>	United States	<b>4.0%</b>
<b>Raytheon Co. (4.3%)</b>	United States	<b>3.1%</b>

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.

## Did you make any noteworthy changes to the fund's positioning during the period?

At the margin, we decreased the fund's exposure to more-cyclical machinery stocks after we benefited from their strong outperformance in 2017. We also increased the portfolio's exposure to more U.S.-centric businesses given escalating trade conflicts. Finally, we increased our exposure to more defensive companies with, in our view, more reliable, predictable cash flow streams, such as industrial software vendor Roper Technologies and waste services vendor Waste Connections.

At period-end, the fund remained underweight diversified conglomerates like General Electric, 3M, and Illinois Tool Works that we believe are not cheap on a cash flow basis; have limited earnings upside; and, in certain instances, demonstrate aggressive accounting practices. In the transportation sector, we remain overweight rails and underweight shippers and airlines. The portfolio held outsized investments in aerospace & defense and U.S. automation, which is levered to an increase in U.S. capital spending. Finally, we have investments in several "compounders," or stocks that have compelling free cash-flow conversion and deploy their capital to accretive merger-and-acquisition activity and shareholder compensation.

## Which stocks contributed most to benchmark-relative performance?

Norfolk Southern benefited from the trifecta of improved pricing and volume in the eastern United States as the company gained market share from trucking; better free cash-flow conversion now that the company is past its investment spending cycle; and improved profitability as management increasingly improves productivity in their system. Fortive is a diversified industrial transforming away from gross domestic product [GDP]-sensitive, cyclical markets toward more reliable and predictable growth markets through accretive acquisitions and divestitures. Finally, Cheniere Energy is a pure-play liquid natural gas exporter levered

“ We believe industrials are in the mid-innings of a recovery that should persist through 2019, and possibly 2020, barring any exogenous macroeconomic shock. ”

Dan Schiff

to North America's natural gas cost advantage over higher-cost electricity countries overseas.

## What are some stocks that detracted from performance during the period?

The fund's investment in KION Group, a leader in warehouse automation and forklift manufacturing, was the leading detractor for the period. The stock declined sharply when the company announced weaker-than-expected earnings. Notwithstanding the short-term weakness, we continue to have longer-term conviction about its exposure to a rapidly growing area of the industrial economy. Specifically, KION provides the infrastructure backbone for Amazon's distribution centers, as well as the warehouses that Walmart and other merchandise companies are building to compete with Amazon.

Johnson Controls International [JCI], a multinational conglomerate that produces automotive parts and electronics and HVAC equipment for buildings, was the second-largest detractor for the period. We believed a shakeup of the board and senior management would be a positive catalyst for change and would unlock value through operational and strategic restructuring. However, given weak free cash flow and reduced earnings guidance, we sold the stock before period-end to move on to higher conviction investments.

## What role did derivatives play in the fund's performance?

On occasion, we use options to hedge against changes in the values of securities the fund owns, owned, or expects to own and currency forward contracts to hedge foreign exchange

risk. The fund's investments in currency forward contracts detracted from performance during the period.

### What are your views about the trade war threat, and how have you positioned the fund in light of that dynamic?

Trade wars can create challenges for companies, such as higher prices, which can dampen demand and cross-border business activity — all negatives for growth expectations. Furthermore, trade disruptions have the potential to negatively impact business confidence, which would reduce investment spending activity, leading to a downward spiraling effect. That said, the administration in Washington has exhibited precedents of employing tough rhetoric and policy announcements as a negotiating tactic in an attempt to “capture value” or increase geopolitical leverage more broadly, such as threatening China on trade as a bargaining chip for behind-the-scenes negotiations on multilateral security issues.

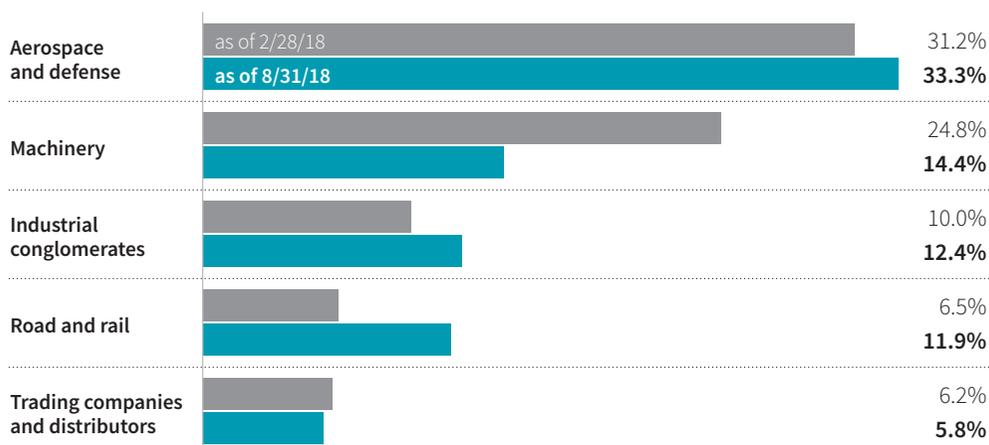
Regardless of whether this is the beginning of a full-on trade war or something more digestible for the markets in the form of brinksmanship or “hard diplomacy,” we believe that investors should not lose sight of three positive developments. In our view, those developments could provide some cushion to withstand the negative shocks of incremental protectionism. First, GDP is accelerating. Second, tax reform has secondary and tertiary positive effects for U.S.-based companies and overseas suppliers to U.S. companies. Finally, we are still in a historically low interest-rate environment — despite less-accommodative central bank policy.

At the company level, none of our holdings have greater than 12% revenue exposure to China on a range of 0% to 12%. The majority are in the low- to mid-single-digit zone, which is manageable in a still-recovering demand environment with cheap capital.

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

Our team remains constructive on the industrial complex. We have only recently emerged from

## 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.

the industrials sector's 2015–2017 recession with positive organic growth. The recovery accelerated in 2018, and we believe industrials are in the mid-innings of a recovery that should persist through 2019, and possibly 2020, barring any exogenous macroeconomic shock. History has demonstrated that these recoveries take years, not quarters. From a bottom-up perspective, we continue to identify companies with positive earnings and disconnects around market expectations for cash flow relative to market expectations, which should continue to help the sector outperform.

**Thank you, Dan, 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, R6, 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	299.05%	15.33%	84.80%	13.07%	59.55%	16.85%	16.36%
After sales charge	276.10	14.63	74.18	11.74	50.38	14.57	9.67
<b>Class B (12/18/08)</b>							
Before CDSC	276.47	14.64	78.12	12.24	56.02	15.98	15.52
After CDSC	276.47	14.64	76.12	11.99	53.02	15.24	10.52
<b>Class C (12/18/08)</b>							
Before CDSC	271.47	14.48	78.09	12.23	56.02	15.98	15.50
After CDSC	271.47	14.48	78.09	12.23	56.02	15.98	14.50
<b>Class M (12/18/08)</b>							
Before sales charge	281.01	14.78	80.37	12.52	57.22	16.28	15.75
After sales charge	267.68	14.36	74.05	11.72	51.72	14.91	11.70
<b>Class R (12/18/08)</b>							
Net asset value	290.41	15.07	82.59	12.80	58.36	16.56	16.05
<b>Class R6 (5/22/18)</b>							
Net asset value	309.29	15.63	87.28	13.37	60.86	17.17	16.71
<b>Class Y (12/18/08)</b>							
Net asset value	309.11	15.63	87.20	13.36	60.79	17.15	16.66

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, R6, and Y shares have no initial sales charge or CDSC. Performance for class R6 shares prior to their inception is derived from the historical performance of class Y shares and has not been adjusted for the lower investor servicing fees applicable to class R6 shares; had it, returns would have been higher.

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 Industrials Index (ND)	210.39%	12.38%	63.72%	10.36%	45.72%	13.37%	9.82%

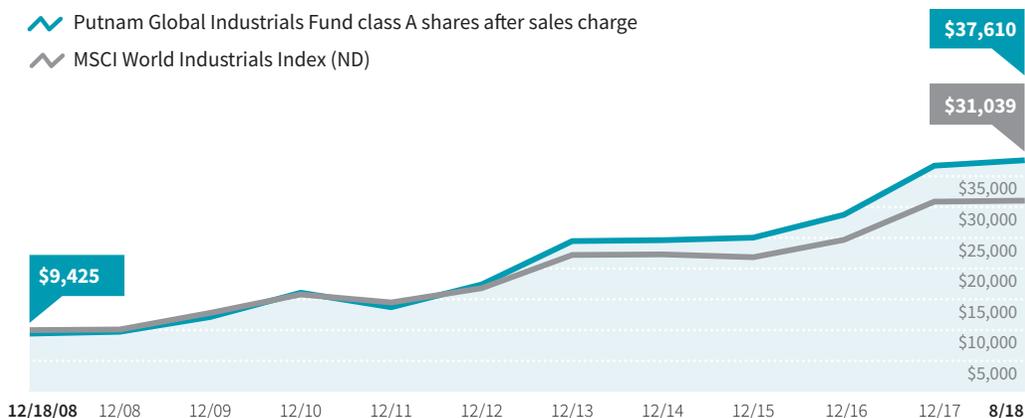
Index results should be compared with fund performance before sales charge, before CDSC, or at net asset value.

### 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 Industrials Fund class A shares after sales charge

MSCI World Industrials 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 \$37,647 and \$37,147, 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 \$36,768. A \$10,000 investment in the fund's class R, R6, and Y shares would have been valued at \$39,041, \$40,929, and \$40,911, 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 R6	Class Y		
Number	1	—	—	—	1	—	1		
Income	\$0.115000	—	—	—	\$0.078000	—	\$0.157000		
Capital gains									
Long-term gains	\$0.457752	\$0.457752	\$0.457752	\$0.457752	\$0.457752	—	\$0.457752		
Short-term gains	\$0.370248	\$0.370248	\$0.370248	\$0.370248	\$0.370248	—	\$0.370248		
<b>Total</b>	<b>\$0.943000</b>	<b>\$0.828000</b>	<b>\$0.828000</b>	<b>\$0.828000</b>	<b>\$0.906000</b>	—	<b>\$0.985000</b>		
Share value	Before sales charge	After sales charge	Net asset value	Net asset value	Before sales charge	After sales charge	Net asset value	Net asset value	
8/31/17	\$20.50	\$21.75	\$19.46	\$19.49	\$20.07	\$20.80	\$20.34	—	\$20.70
5/22/18*	—	—	—	—	—	—	—	\$23.42	—
8/31/18	22.88	24.28	21.63	21.66	22.38	23.19	22.67	23.14	23.13

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.

\* Inception date of class R6 shares.

**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	312.65%	15.59%	78.23%	12.25%	66.55%	18.53%	14.36%
After sales charge	288.92	14.89	67.98	10.93	56.97	16.22	7.78
<b>Class B (12/18/08)</b>							
Before CDSC	289.31	14.91	71.69	11.42	62.90	17.66	13.53
After CDSC	289.31	14.91	69.69	11.16	59.90	16.94	8.53
<b>Class C (12/18/08)</b>							
Before CDSC	283.82	14.74	71.66	11.41	62.78	17.63	13.51
After CDSC	283.82	14.74	71.66	11.41	62.78	17.63	12.51
<b>Class M (12/18/08)</b>							
Before sales charge	293.78	15.04	73.85	11.70	64.04	17.94	13.79
After sales charge	280.00	14.62	67.77	10.90	58.30	16.55	9.81
<b>Class R (12/18/08)</b>							
Net asset value	303.50	15.33	75.99	11.97	65.22	18.22	14.05
<b>Class R6 (5/22/18)</b>							
Net asset value	323.26	15.89	80.56	12.54	67.80	18.83	14.71
<b>Class Y (12/18/08)</b>							
Net asset value	323.09	15.89	80.49	12.54	67.73	18.82	14.66

See the discussion following the fund performance table on page 10 for information about the calculation of fund performance.

## Your fund's expenses

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

### Expense ratios

	Class A	Class B	Class C	Class M	Class R	Class R6	Class Y
Net expenses for the fiscal year ended 8/31/17*	1.28%	2.03%	2.03%	1.78%	1.53%	0.88%†	1.03%
Total annual operating expenses for the fiscal year ended 8/31/17	1.53%	2.28%	2.28%	2.03%	1.78%	1.13%†	1.28%
Annualized expense ratio for the six-month period ended 8/31/18†	1.26%	2.01%	2.01%	1.76%	1.51%	0.87%	1.01%

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, except for those that started up during the six-month period, are for the fund's most recent fiscal half year. For a new class, the ratio is for the period from the inception date of the class to 8/31/18. Class inception dates can be found in the Fund performance table on the first page of the Your fund's performance section. As a result of this, ratios may differ from expense ratios based on one-year data in the financial highlights.

‡ Other expenses are based on expenses of class A shares for the fund's last fiscal year, restated to reflect the lower investor servicing fees applicable to class R6 shares.

### Expenses per \$1,000

The following table shows the expenses you would have paid on a \$1,000 investment in each class from 3/1/18 to 8/31/18. For a new class, the expenses shown are for the period from the inception date of the class to 8/31/18. Class inception dates can be found in the Fund performance table on the first page of the Your fund's performance section. The table 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 R6	Class Y
Expenses paid per \$1,000*†	\$6.32	\$10.07	\$10.07	\$8.82	\$7.57	\$2.42‡	\$5.07
Ending value (after expenses)	\$990.50	\$987.20	\$987.20	\$988.10	\$989.50	\$988.00	\$991.90

\* 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, or in the case of a new class, the average net assets of the class from the inception date for the class to 8/31/18. Class inception dates can be found in the Fund performance table on the first page of the Your fund's performance section. 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.

‡ Had expenses for shares of any new class been shown for the entire period from 3/1/18 to 8/31/18, they would have been higher.

## 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 \$6.32 (see preceding table) = \$63.20

## 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 R6	Class Y
Expenses paid per \$1,000**†	\$6.41	\$10.21	\$10.21	\$8.94	\$7.68	\$4.43	\$5.14
Ending value (after expenses)	\$1,018.85	\$1,015.07	\$1,015.07	\$1,016.33	\$1,017.59	\$1,020.82	\$1,020.11

\* 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, or in the case of a new class, the average net assets of the class from the inception date for the class to 8/31/18. Class inception dates can be found in the Fund performance table on the first page of the Your fund's performance section. 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 R6 shares** are not subject to an initial sales charge or CDSC and carry no 12b-1 fee. They are generally only available to employer-sponsored retirement plans, corporate and institutional clients, and clients in other approved programs.

**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 Industrials 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 industrials 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 Industrials 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 or periods 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 or periods 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 (98.3%)*</b>	<b>Shares</b>	<b>Value</b>
<b>Aerospace and defense (33.3%)</b>		
Airbus SE (France)	26,505	\$3,269,161
BAE Systems PLC (United Kingdom)	341,714	2,684,672
Boeing Co. (The)	20,607	7,063,874
L3 Technologies, Inc.	17,089	3,652,261
Raytheon Co.	22,792	4,545,636
Textron, Inc.	65,429	4,516,564
TransDigm Group, Inc. <sup>S</sup>	12,352	4,323,200
United Technologies Corp.	41,403	5,452,775
		<b>35,508,143</b>
<b>Airlines (1.6%)</b>		
Air Canada (Canada) <sup>†</sup>	84,944	1,745,746
		<b>1,745,746</b>
<b>Building products (4.5%)</b>		
Daikin Industries, Ltd. (Japan)	23,600	3,009,738
Lennox International, Inc.	7,986	1,779,361
		<b>4,789,099</b>
<b>Commercial services and supplies (4.5%)</b>		
Waste Connections, Inc.	59,865	4,752,682
		<b>4,752,682</b>
<b>Electrical equipment (5.7%)</b>		
Emerson Electric Co.	78,519	6,024,763
		<b>6,024,763</b>
<b>Gas utilities (0.7%)</b>		
ENN Energy Holdings, Ltd. (China)	80,000	728,778
		<b>728,778</b>
<b>Industrial conglomerates (12.4%)</b>		
Honeywell International, Inc.	48,446	7,705,821
Roper Technologies, Inc.	18,389	5,486,726
		<b>13,192,547</b>
<b>Machinery (14.5%)</b>		
Caterpillar, Inc.	13,865	1,925,155
Dover Corp.	28,960	2,486,795
FANUC Corp. (Japan)	4,500	881,896
Fortive Corp.	60,408	5,073,064
Hitachi Construction Machinery Co., Ltd. (Japan)	2,800	83,665
KION Group AG (Germany)	34,074	2,326,413
Trinity Industries, Inc.	73,038	2,617,682
		<b>15,394,670</b>
<b>Oil, gas, and consumable fuels (2.7%)</b>		
Cheniere Energy, Inc. <sup>†</sup>	43,413	2,905,632
		<b>2,905,632</b>
<b>Professional services (0.7%)</b>		
Recruit Holdings Co., Ltd. (Japan)	25,600	780,373
		<b>780,373</b>

<b>COMMON STOCKS (98.3%)* cont.</b>	<b>Shares</b>	<b>Value</b>
<b>Road and rail (11.9%)</b>		
Central Japan Railway Co. (Japan)	3,400	\$682,846
East Japan Railway Co. (Japan)	7,200	651,571
Norfolk Southern Corp.	28,022	4,871,344
Union Pacific Corp.	43,112	6,493,529
		<b>12,699,290</b>
<b>Trading companies and distributors (5.8%)</b>		
Ashtead Group PLC (United Kingdom)	47,204	1,445,488
ITOCHU Corp. (Japan)	35,100	613,958
Mitsubishi Corp. (Japan)	145,200	4,143,904
		<b>6,203,350</b>
<b>Total common stocks (cost \$91,603,490)</b>		<b>\$104,725,073</b>

<b>PURCHASED OPTIONS OUTSTANDING (0.2%)*</b>	<b>Expiration date/strike price</b>	<b>Notional amount</b>	<b>Contract amount</b>	<b>Value</b>
<b>Counterparty</b>				
<b>Goldman Sachs International</b>				
Honeywell International, Inc. (Call)	Jun-19/\$175.00	\$10,032,391	\$63,073	\$262,262
<b>Total purchased options outstanding (cost \$195,526)</b>				<b>\$262,262</b>

<b>SHORT-TERM INVESTMENTS (4.6%)*</b>	<b>Principal amount/ shares</b>	<b>Value</b>
Putnam Cash Collateral Pool, LLC 2.24% <sup>d</sup>	Shares 2,922,890	\$2,922,890
Putnam Short Term Investment Fund 2.16% <sup>L</sup>	Shares 1,518,969	1,518,969
U.S. Treasury Bills 2.043%, 11/8/18 <sup>A</sup>	\$236,000	235,131
U.S. Treasury Bills 1.922%, 9/13/18	111,000	110,947
U.S. Treasury Bills 2.065%, 11/15/18 <sup>A</sup>	108,000	107,560
U.S. Treasury Bills 1.962%, 10/11/18	11,000	10,978
<b>Total short-term investments (cost \$4,906,415)</b>		<b>\$4,906,475</b>

<b>TOTAL INVESTMENTS</b>	<b>Value</b>
<b>Total investments (cost \$96,705,431)</b>	<b>\$109,893,810</b>

### 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 \$106,555,476.

† This security is non-income-producing.

<sup>A</sup> This security, in part or in entirety, was pledged and segregated with the custodian for collateral on certain derivative contracts at the close of the reporting period. Collateral at period end totaled \$210,141 and is included in Investments in securities on the Statement of assets and liabilities (Notes 1 and 8).

<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 \$328,848 to cover certain derivative contracts.

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

#### 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	78.4%	Germany	2.2%
Japan	10.1	Canada	1.6
United Kingdom	3.9	China	0.7
France	3.1	<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 \$42,175,221)

Counterparty	Currency	Contract type*	Delivery date	Value	Aggregate face value	Unrealized appreciation/ (depreciation)
<b>Bank of America N.A.</b>						
	Australian Dollar	Buy	10/17/18	\$540,266	\$549,963	\$(9,697)
	British Pound	Buy	9/19/18	2,854,920	2,895,596	(40,676)
	British Pound	Sell	9/19/18	2,854,920	2,869,290	14,370
	Canadian Dollar	Sell	10/17/18	2,405,061	2,377,946	(27,115)
	Euro	Buy	9/19/18	1,344,125	1,379,911	(35,786)
<b>Barclays Bank PLC</b>						
	Australian Dollar	Buy	10/17/18	127,680	130,023	(2,343)
	British Pound	Buy	9/19/18	73,419	76,190	(2,771)
	Euro	Buy	9/19/18	1,601,610	1,582,636	18,974
	Hong Kong Dollar	Buy	11/19/18	1,465,176	1,466,422	(1,246)
	Japanese Yen	Buy	11/19/18	408,498	407,100	1,398
	Swiss Franc	Buy	9/19/18	1,016,207	1,005,233	10,974
<b>Citibank, N.A.</b>						
	British Pound	Buy	9/19/18	713,827	717,349	(3,522)
	Canadian Dollar	Buy	10/17/18	1,015,556	992,934	22,622
	Danish Krone	Buy	9/19/18	1,174,987	1,192,199	(17,212)
	Euro	Buy	9/19/18	812,889	822,738	(9,849)
	Euro	Sell	9/19/18	812,889	826,296	13,407
	Japanese Yen	Sell	11/19/18	466,679	466,294	(385)
<b>Credit Suisse International</b>						
	Euro	Buy	9/19/18	575,506	583,040	(7,534)
	Swedish Krona	Buy	9/19/18	1,169,514	1,221,549	(52,035)
<b>Goldman Sachs International</b>						
	Australian Dollar	Buy	10/17/18	407,266	414,687	(7,421)
	British Pound	Buy	9/19/18	984,415	990,435	(6,020)
	Canadian Dollar	Buy	10/17/18	1,151,684	1,145,229	6,455
	Euro	Buy	9/19/18	2,631,316	2,694,759	(63,443)

**FORWARD CURRENCY CONTRACTS at 8/31/18 (aggregate face value \$42,175,221) cont.**

Counterparty	Currency	Contract type*	Delivery date	Value	Aggregate face value	Unrealized appreciation/ (depreciation)
<b>JPMorgan Chase Bank N.A.</b>						
	Euro	Buy	9/19/18	\$3,396,333	\$3,438,815	\$(42,482)
	Japanese Yen	Buy	11/19/18	2,318,692	2,310,839	7,853
	New Zealand Dollar	Buy	10/17/18	27,258	27,782	(524)
	Singapore Dollar	Buy	11/19/18	650,811	656,462	(5,651)
	Swedish Krona	Buy	9/19/18	1,491,919	1,557,528	(65,609)
	Swiss Franc	Buy	9/19/18	1,567,591	1,550,654	16,937
<b>NatWest Markets PLC</b>						
	Swedish Krona	Buy	9/19/18	242,605	253,425	(10,820)
<b>State Street Bank and Trust Co.</b>						
	Canadian Dollar	Buy	10/17/18	1,364,121	1,348,815	15,306
	Euro	Buy	9/19/18	201,131	204,674	(3,543)
	Israeli Shekel	Buy	10/17/18	53,777	53,378	399
	Japanese Yen	Buy	11/19/18	3,293,192	3,283,102	10,090
	Swedish Krona	Buy	9/19/18	170,075	174,747	(4,672)
<b>UBSAG</b>						
	Australian Dollar	Buy	10/17/18	159,528	162,440	(2,912)
<b>WestPac Banking Corp.</b>						
	Euro	Buy	9/19/18	308,145	344,741	(36,596)
<b>Unrealized appreciation</b>						<b>138,785</b>
<b>Unrealized (depreciation)</b>						<b>(459,864)</b>
<b>Total</b>						<b>\$(321,079)</b>

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

**WRITTEN OPTIONS OUTSTANDING at 8/31/18 (premiums \$90,194)**

Counterparty	Expiration date/strike price	Notional amount	Contract amount	Value
<b>Goldman Sachs International</b>				
Honeywell International, Inc. (Call)	Jun-19/\$185.00	\$10,032,391	\$63,073	\$122,991
<b>Total</b>				<b>\$122,991</b>

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:

	Valuation inputs		
Investments in securities:	Level 1	Level 2	Level 3
Common stocks*:			
Energy	\$2,905,632	\$—	\$—
Industrials	101,090,663	—	—
Utilities	728,778	—	—
<b>Total common stocks</b>	<b>104,725,073</b>	<b>—</b>	<b>—</b>
Purchased options outstanding	—	262,262	—
Short-term investments	1,518,969	3,387,506	—
<b>Totals by level</b>	<b>\$106,244,042</b>	<b>\$3,649,768</b>	<b>\$—</b>

	Valuation inputs		
Other financial instruments:	Level 1	Level 2	Level 3
Forward currency contracts	\$—	\$(321,079)	\$—
Written options outstanding	—	(122,991)	—
<b>Totals by level</b>	<b>\$—</b>	<b>\$(444,070)</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 \$2,870,000 of securities on loan (Notes 1 and 8):	
Unaffiliated issuers (identified cost \$92,263,572)	\$105,451,951
Affiliated issuers (identified cost \$4,441,859) (Notes 1 and 5)	4,441,859
Foreign currency (cost \$38) (Note 1)	39
Dividends, interest and other receivables	248,277
Foreign tax reclaim	17,005
Receivable for shares of the fund sold	148,666
Unrealized appreciation on forward currency contracts (Note 1)	138,785
Prepaid assets	37,365
<b>Total assets</b>	<b>110,483,947</b>

### LIABILITIES

Payable for shares of the fund repurchased	213,993
Payable for compensation of Manager (Note 2)	56,375
Payable for custodian fees (Note 2)	11,300
Payable for investor servicing fees (Note 2)	25,941
Payable for Trustee compensation and expenses (Note 2)	4,743
Payable for administrative services (Note 2)	448
Payable for distribution fees (Note 2)	35,824
Unrealized depreciation on forward currency contracts (Note 1)	459,864
Written options outstanding, at value (premiums \$90,194) (Note 1)	122,991
Collateral on securities loaned, at value (Note 1)	2,922,890
Other accrued expenses	74,102
<b>Total liabilities</b>	<b>3,928,471</b>
<b>Net assets</b>	<b>\$106,555,476</b>

### REPRESENTED BY

Paid-in capital (Unlimited shares authorized) (Notes 1 and 4)	\$88,822,510
Undistributed net investment income (Note 1)	296,970
Accumulated net realized gain on investments and foreign currency transactions (Note 1)	4,601,253
Net unrealized appreciation of investments and assets and liabilities in foreign currencies	12,834,743
<b>Total — Representing net assets applicable to capital shares outstanding</b>	<b>\$106,555,476</b>

(Continued on next page)

## Statement of assets and liabilities *cont.*

### COMPUTATION OF NET ASSET VALUE AND OFFERING PRICE

Net asset value and redemption price per class A share (\$48,411,113 divided by 2,115,663 shares)	\$22.88
Offering price per class A share (100/94.25 of \$22.88)*	\$24.28
Net asset value and offering price per class B share (\$4,332,048 divided by 200,318 shares)**	\$21.63
Net asset value and offering price per class C share (\$12,430,137 divided by 573,933 shares)**	\$21.66
Net asset value and redemption price per class M share (\$121,689 divided by 5,437 shares)	\$22.38
Offering price per class M share (100/96.50 of \$22.38)*	\$23.19
Net asset value, offering price and redemption price per class R share (\$364,500 divided by 16,079 shares)	\$22.67
Net asset value, offering price and redemption price per class R6 share (\$2,334,310 divided by 100,889 shares)	\$23.14
Net asset value, offering price and redemption price per class Y share (\$38,561,679 divided by 1,667,273 shares)	\$23.13

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

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

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

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

<b>INVESTMENT INCOME</b>	
Dividends (net of foreign tax of \$69,864)	\$1,789,899
Interest (including interest income of \$23,211 from investments in affiliated issuers) (Note 5)	26,660
Securities lending (net of expenses) (Notes 1 and 5)	3,372
<b>Total investment income</b>	<b>1,819,931</b>
<b>EXPENSES</b>	
Compensation of Manager (Note 2)	638,205
Investor servicing fees (Note 2)	192,583
Custodian fees (Note 2)	23,353
Trustee compensation and expenses (Note 2)	5,231
Distribution fees (Note 2)	268,345
Administrative services (Note 2)	3,030
Blue sky expense	90,159
Other	67,840
<b>Total expenses</b>	<b>1,288,746</b>
Expense reduction (Note 2)	(9,595)
<b>Net expenses</b>	<b>1,279,151</b>
<b>Net investment income</b>	<b>540,780</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>	
<b>Net realized gain (loss) on:</b>	
Securities from unaffiliated issuers (Notes 1 and 3)	8,257,507
Foreign currency transactions (Note 1)	28,270
Forward currency contracts (Note 1)	(832,397)
Written options (Note 1)	152,932
<b>Total net realized gain</b>	<b>7,606,312</b>
<b>Change in net unrealized appreciation (depreciation) on:</b>	
Securities from unaffiliated issuers	3,997,329
Assets and liabilities in foreign currencies	(1,427)
Forward currency contracts	(474,172)
Written options	(32,797)
<b>Total change in net unrealized appreciation</b>	<b>3,488,933</b>
<b>Net gain on investments</b>	<b>11,095,245</b>
<b>Net increase in net assets resulting from operations</b>	<b>\$11,636,025</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	\$540,780	\$692,774
Net realized gain on investments and foreign currency transactions	7,606,312	1,183,913
Net unrealized appreciation of investments and assets and liabilities in foreign currencies	3,488,933	5,408,716
<b>Net increase in net assets resulting from operations</b>	<b>11,636,025</b>	<b>7,285,403</b>
Distributions to shareholders (Note 1):		
From ordinary income		
Net investment income		
Class A	(204,634)	(498,832)
Class B	—	(59,559)
Class C	—	(89,913)
Class M	—	(2,684)
Class R	(940)	(2,775)
Class R6	—	—
Class Y	(257,749)	(474,093)
Net realized short-term gain on investments		
Class A	(658,829)	(63,237)
Class B	(74,797)	(8,672)
Class C	(149,814)	(12,640)
Class M	(2,373)	(412)
Class R	(4,460)	(382)
Class R6	—	—
Class Y	(607,843)	(56,212)
From net realized long-term gain on investments		
Class A	(814,537)	(149,145)
Class B	(92,475)	(20,453)
Class C	(185,220)	(29,812)
Class M	(2,934)	(972)
Class R	(5,514)	(901)
Class R6	—	—
Class Y	(751,496)	(132,577)
Increase from capital share transactions (Note 4)	28,341,730	35,635,148
<b>Total increase in net assets</b>	<b>36,164,140</b>	<b>41,317,280</b>
<b>NET ASSETS</b>		
Beginning of year	70,391,336	29,074,056
<b>End of year</b> (including undistributed net investment income of \$296,970 and \$350,274, respectively)	<b>\$106,555,476</b>	<b>\$70,391,336</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</sup>	Ratio of net investment income (loss) to average net assets (%)	Portfolio turnover (%)
<b>Class A</b>													
August 31, 2018	\$20.50	.12	3.21	3.33	(.12)	(.83)	(.95)	\$22.88	16.36	\$48,411	1.24	.54	293
August 31, 2017	18.46	.27 <sup>g</sup>	2.37	2.64	(.42)	(.18)	(.60)	20.50	14.67	30,609	1.28 <sup>f</sup>	1.40 <sup>f,g</sup>	275
August 31, 2016	16.04	.13	2.94	3.07	(.07)	(.58)	(.65)	18.46	19.58	12,431	1.28 <sup>f,i</sup>	.77 <sup>f,i</sup>	216
August 31, 2015	20.00	.05	(.87)	(.82)	(.11)	(3.03)	(3.14)	16.04	(5.02)	8,932	1.27 <sup>f</sup>	.29 <sup>f</sup>	179
August 31, 2014	17.72	.10	3.74	3.84	—	(1.56)	(1.56)	20.00	21.95	14,342	1.32 <sup>f</sup>	.48 <sup>f</sup>	227
<b>Class B</b>													
August 31, 2018	\$19.46	(.05)	3.05	3.00	—	(.83)	(.83)	\$21.63	15.52	\$4,332	1.99	(.24)	293
August 31, 2017	17.63	.10 <sup>g</sup>	2.27	2.37	(.36)	(.18)	(.54)	19.46	13.81	4,002	2.03 <sup>f</sup>	.52 <sup>f,g</sup>	275
August 31, 2016	15.46	— <sup>d</sup>	2.82	2.82	(.07)	(.58)	(.65)	17.63	18.67	1,442	2.03 <sup>f,i</sup>	(.02) <sup>f,i</sup>	216
August 31, 2015	19.42	(.07)	(.85)	(.92)	(.01)	(3.03)	(3.04)	15.46	(5.72)	1,083	2.02 <sup>f</sup>	(.43) <sup>f</sup>	179
August 31, 2014	17.36	(.05)	3.67	3.62	—	(1.56)	(1.56)	19.42	21.09	1,161	2.07 <sup>f</sup>	(.26) <sup>f</sup>	227
<b>Class C</b>													
August 31, 2018	\$19.49	(.04)	3.04	3.00	—	(.83)	(.83)	\$21.66	15.50	\$12,430	1.99	(.21)	293
August 31, 2017	17.67	.09 <sup>g</sup>	2.29	2.38	(.38)	(.18)	(.56)	19.49	13.80	7,218	2.03 <sup>f</sup>	.48 <sup>f,g</sup>	275
August 31, 2016	15.49	— <sup>d</sup>	2.83	2.83	(.07)	(.58)	(.65)	17.67	18.70	1,939	2.03 <sup>f,i</sup>	(.01) <sup>f,i</sup>	216
August 31, 2015	19.44	(.07)	(.85)	(.92)	—	(3.03)	(3.03)	15.49	(5.71)	984	2.02 <sup>f</sup>	(.43) <sup>f</sup>	179
August 31, 2014	17.38	(.04)	3.66	3.62	—	(1.56)	(1.56)	19.44	21.06	1,132	2.07 <sup>f</sup>	(.23) <sup>f</sup>	227
<b>Class M</b>													
August 31, 2018	\$20.07	— <sup>d</sup>	3.14	3.14	—	(.83)	(.83)	\$22.38	15.75	\$122	1.74	— <sup>e</sup>	293
August 31, 2017	18.10	.21 <sup>g,h</sup>	2.29	2.50	(.35)	(.18)	(.53)	20.07	14.11	159	1.78 <sup>f</sup>	1.08 <sup>f,g,h</sup>	275
August 31, 2016	15.81	.04	2.90	2.94	(.07)	(.58)	(.65)	18.10	19.02	104	1.78 <sup>f,i</sup>	.24 <sup>f,i</sup>	216
August 31, 2015	19.74	(.04)	(.86)	(.90)	—	(3.03)	(3.03)	15.81	(5.51)	63	1.77 <sup>f</sup>	(.21) <sup>f</sup>	179
August 31, 2014	17.58	— <sup>d</sup>	3.72	3.72	—	(1.56)	(1.56)	19.74	21.41	107	1.82 <sup>f</sup>	.02 <sup>f</sup>	227
<b>Class R</b>													
August 31, 2018	\$20.34	.07	3.17	3.24	(.08)	(.83)	(.91)	\$22.67	16.05	\$365	1.49	.30	293
August 31, 2017	18.33	.25 <sup>g,h</sup>	2.33	2.58	(.39)	(.18)	(.57)	20.34	14.40	207	1.53 <sup>f</sup>	1.30 <sup>f,g,h</sup>	275
August 31, 2016	15.97	.07	2.94	3.01	(.07)	(.58)	(.65)	18.33	19.28	116	1.53 <sup>f,i</sup>	.41 <sup>f,i</sup>	216
August 31, 2015	19.94	.01	(.87)	(.86)	(.08)	(3.03)	(3.11)	15.97	(5.23)	62	1.52 <sup>f</sup>	.05 <sup>f</sup>	179
August 31, 2014	17.71	.06	3.73	3.79	—	(1.56)	(1.56)	19.94	21.66	166	1.57 <sup>f</sup>	.29 <sup>f</sup>	227
<b>Class R6</b>													
May 31, 2018 <sup>†</sup>	\$23.42	.03	(.31)	(.28)	—	—	—	\$23.14	(1.20) <sup>*</sup>	\$2,334	.24 <sup>*</sup>	.15 <sup>*</sup>	293
<b>Class Y</b>													
August 31, 2018	\$20.70	.18	3.24	3.42	(.16)	(.83)	(.99)	\$23.13	16.66	\$38,562	.99	.79	293
August 31, 2017	18.62	.28 <sup>g</sup>	2.43	2.71	(.45)	(.18)	(.63)	20.70	14.94	28,196	1.03 <sup>f</sup>	1.42 <sup>f,g</sup>	275
August 31, 2016	16.13	.18	2.96	3.14	(.07)	(.58)	(.65)	18.62	19.91	13,042	1.03 <sup>f,i</sup>	1.04 <sup>f,i</sup>	216
August 31, 2015	20.12	.10	(.88)	(.78)	(.18)	(3.03)	(3.21)	16.13	(4.80)	3,382	1.02 <sup>f</sup>	.56 <sup>f</sup>	179
August 31, 2014	17.77	.22 <sup>j</sup>	3.69	3.91	—	(1.56)	(1.56)	20.12	22.29	4,863	1.07 <sup>f</sup>	1.08 <sup>f,j</sup>	227

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.*

\* Not annualized.

† For the period May 22, 2018 (commencement of operations) to August 31, 2018.

<sup>a</sup> Per share net investment income 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> Amount represents less than \$0.01 per share.

<sup>e</sup> Amount represents less than 0.01%.

<sup>f</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, 2017	0.25%
August 31, 2016	0.68
August 31, 2015	0.70
August 31, 2014	0.46

<sup>g</sup> Reflects a dividend received by the fund from a single issuer which amounted to the following amounts:

	<b>Per share</b>	<b>Percentage of average net assets</b>
Class A	\$0.13	0.67%
Class B	0.10	0.53
Class C	0.09	0.50
Class M	0.15	0.80
Class R	0.15	0.79
Class Y	0.10	0.48

<sup>h</sup> The net investment income and per share amount shown for the period ending August 31, 2017, may not correspond with the expected class specific differences for the period due to the timing of subscriptions into of the class.

<sup>i</sup> Reflects a voluntary waiver of certain fund expenses in effect during the period. As a result of such waivers, the expenses of each class reflect a reduction of less than 0.01% as a percentage of average net assets.

<sup>j</sup> The net investment income 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 and/or redemptions out of 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 Industrials 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 in the industrial products, services or equipment 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 in the industrial products, services or equipment industries. This policy may be changed only after 60 days’ notice to shareholders. Potential investments include companies involved in the research, development, manufacture, distribution, supply or sale of industrial products, services or equipment. The fund may purchase stocks of companies with stock prices that reflect a value lower than that which Putnam Management places on the company. Putnam Management may also consider other factors that it believes will cause the stock price to rise. Putnam Management may consider, among other factors, a company’s valuation, financial strength, growth potential, competitive position in its industry, projected future earnings, cash flows and dividends when deciding whether to buy or sell investments. Putnam Management 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, class R6 and class Y shares. The fund began offering class R6 shares on May 22, 2018. 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, class R6 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 R6 and 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, and in the case of class R6 shares, bear a lower investor servicing fee, which is identified in Note 2. Class R6 and 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.

**Options contracts** The fund uses options contracts to hedge against changes in values of securities it owns, owned or expects to own.

The potential risk to the fund is that the change in value of options contracts may not correspond to the change in value of the hedged instruments. In addition, losses may arise from changes in the value of the underlying instruments if there is an illiquid secondary market for the contracts, if interest or exchange rates move unexpectedly or if the counterparty to the contract is unable to perform. Realized gains and losses on purchased options are included in realized gains and losses on investment securities. If a written call option is exercised, the premium originally received is recorded as an addition to sales proceeds. If a written put option is exercised, the premium originally received is recorded as a reduction to the cost of investments.

Exchange-traded options are valued at the last sale price or, if no sales are reported, the last bid price for purchased options and the last ask price for written options. OTC traded options are valued using prices supplied by dealers.

Options on swaps are similar to options on securities except that the premium paid or received is to buy or grant the right to enter into a previously agreed upon interest rate or credit default contract. Forward premium swap option contracts include premiums that have extended settlement dates. The delayed settlement of the premiums is factored into the daily valuation of the option contracts. In the case of interest rate cap and floor contracts, in return for a premium, ongoing payments between two parties are based on interest rates exceeding a specified rate, in the case of a cap contract, or falling below a specified rate in the case of a floor contract.

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

**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 posted to the fund which cannot be sold or repledged totaled \$113,958 at the close of the reporting period.

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 \$298,277 on open derivative contracts subject to the Master Agreements. Collateral posted by the fund at period end for these agreements totaled \$210,141 and may include amounts related to unsettled agreements.

**Securities lending** The fund may lend securities, through its agent, to qualified borrowers in order to earn additional income. The loans are collateralized by cash in an amount at least equal to the fair value of the securities loaned. The fair value of securities loaned is determined daily and any additional required collateral is allocated to the fund on the next business day. The remaining maturities of the securities lending transactions are considered overnight and continuous. The risk of borrower default will be borne by the fund's agent; the fund will bear the risk of loss with respect to the investment of the cash collateral. Income from securities lending, net of expenses, is included in investment income on the Statement of operations. Cash collateral is invested in Putnam Cash Collateral Pool, LLC, a limited liability company managed by an affiliate of Putnam Management. Investments in Putnam Cash Collateral Pool, LLC are valued at its closing net asset value each business day. There are no management fees charged to Putnam Cash Collateral Pool, LLC. At the close of the reporting period, the fund received cash collateral of \$2,922,890 and the value of securities loaned amounted to \$2,870,000.

**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.

**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 net operating loss, from a redesignation of taxable income and from partnership income. Reclassifications are made to the fund's capital accounts to reflect income and gains available for distribution (or available capital loss carryovers) under income tax regulations. At the close of the reporting period, the fund reclassified \$130,761 to decrease undistributed net investment income, \$151 to decrease paid-in capital and \$130,912 to increase 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	\$12,786,224
Unrealized depreciation	(784,705)
Net unrealized appreciation	12,001,519
Undistributed long-term gain	5,731,207
Cost for federal income tax purposes	\$97,448,221

**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 not reduced as a result of this limit.

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

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

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

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

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

Class R6 shares paid a monthly fee based on the average net assets of class R6 shares at an annual rate of 0.05%.

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

Class A	\$88,186	Class R	574
Class B	8,306	Class R6	258
Class C	19,755	Class Y	75,237
Class M	267	<b>Total</b>	<b>\$192,583</b>

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 \$248 under the expense offset arrangements and by \$9,347 under the brokerage/service arrangements.

Each Independent Trustee of the fund receives an annual Trustee fee, of which \$83, 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%	\$116,890
Class B	1.00%	1.00%	44,195
Class C	1.00%	1.00%	104,673
Class M	1.00%	0.75%	1,067
Class R	1.00%	0.50%	1,520
<b>Total</b>			<b>\$268,345</b>

For the reporting period, Putnam Retail Management Limited Partnership, acting as underwriter, received net commissions of \$48,686 and \$111 from the sale of class A and class M shares, respectively, and received \$3,679 and \$28 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 no monies 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)	\$315,061,836	\$291,907,324
U.S. government securities (Long-term)	—	—
<b>Total</b>	<b>\$315,061,836</b>	<b>\$291,907,324</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	1,812,929	\$40,918,670	1,804,055	\$34,573,402
Shares issued in connection with reinvestment of distributions	74,214	1,644,571	37,579	687,320
	1,887,143	42,563,241	1,841,634	35,260,722
Shares repurchased	(1,264,559)	(28,267,069)	(1,021,842)	(19,610,314)
<b>Net increase</b>	<b>622,584</b>	<b>\$14,296,172</b>	<b>819,792</b>	<b>\$15,650,408</b>

Class B	YEAR ENDED 8/31/18		YEAR ENDED 8/31/17	
	Shares	Amount	Shares	Amount
Shares sold	18,803	\$406,678	145,142	\$2,625,301
Shares issued in connection with reinvestment of distributions	7,785	163,871	4,977	86,845
	26,588	570,549	150,119	2,712,146
Shares repurchased	(31,926)	(675,620)	(26,228)	(486,836)
<b>Net increase (decrease)</b>	<b>(5,338)</b>	<b>\$(105,071)</b>	<b>123,891</b>	<b>\$2,225,310</b>

Class C	YEAR ENDED 8/31/18		YEAR ENDED 8/31/17	
	Shares	Amount	Shares	Amount
Shares sold	278,571	\$6,036,984	303,809	\$5,582,083
Shares issued in connection with reinvestment of distributions	15,880	334,749	7,535	131,720
	294,451	6,371,733	311,344	5,713,803
Shares repurchased	(90,900)	(1,950,031)	(50,686)	(951,025)
<b>Net increase</b>	<b>203,551</b>	<b>\$4,421,702</b>	<b>260,658</b>	<b>\$4,762,778</b>

Class M	YEAR ENDED 8/31/18		YEAR ENDED 8/31/17	
	Shares	Amount	Shares	Amount
Shares sold	2,048	\$45,678	3,948	\$73,519
Shares issued in connection with reinvestment of distributions	244	5,307	227	4,068
	2,292	50,985	4,175	77,587
Shares repurchased	(4,791)	(104,726)	(2,002)	(37,814)
<b>Net increase (decrease)</b>	<b>(2,499)</b>	<b>\$(53,741)</b>	<b>2,173</b>	<b>\$39,773</b>

Class R	YEAR ENDED 8/31/18		YEAR ENDED 8/31/17	
	Shares	Amount	Shares	Amount
Shares sold	8,243	\$183,271	4,942	\$94,308
Shares issued in connection with reinvestment of distributions	326	7,172	180	3,269
	8,569	190,443	5,122	97,577
Shares repurchased	(2,659)	(59,225)	(1,267)	(23,911)
<b>Net increase</b>	<b>5,910</b>	<b>\$131,218</b>	<b>3,855</b>	<b>\$73,666</b>

Class R6	FOR THE PERIOD OF 5/22/18 (COMMENCEMENT OF OPERATIONS) TO 8/31/18	
	Shares	Amount
Shares sold	105,139	\$2,461,546
Shares issued in connection with reinvestment of distributions	—	—
	105,139	2,461,546
Shares repurchased	(4,250)	(97,083)
<b>Net increase</b>	<b>100,889</b>	<b>\$2,364,463</b>

Class Y	YEAR ENDED 8/31/18		YEAR ENDED 8/31/17	
	Shares	Amount	Shares	Amount
Shares sold	1,437,211	\$32,992,043	1,407,920	\$27,411,502
Shares issued in connection with reinvestment of distributions	72,128	1,612,781	35,963	662,790
	1,509,339	34,604,824	1,443,883	28,074,292
Shares repurchased	(1,204,277)	(27,317,837)	(782,091)	(15,191,079)
<b>Net increase</b>	<b>305,062</b>	<b>\$7,286,987</b>	<b>661,792</b>	<b>\$12,883,213</b>

#### 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*	\$—	\$12,468,485	\$9,545,595	\$22,126	\$2,922,890
Putnam Short Term Investment Fund**	1,965,209	92,924,734	93,370,974	23,211	1,518,969
<b>Total Short-term investments</b>	<b>\$1,965,209</b>	<b>\$105,393,219</b>	<b>\$102,916,569</b>	<b>\$45,337</b>	<b>\$4,441,859</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 a majority of its investments in the industrials sector, 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:

Purchased equity option contracts (contract amount)	\$500,000
Written equity option contracts (contract amount)	\$420,000
Forward currency contracts (contract amount)	\$58,900,000

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

Fair value of derivative instruments as of the close of the reporting period				
Derivatives not accounted for as hedging instruments under ASC 815	ASSET DERIVATIVES		LIABILITY DERIVATIVES	
	Statement of assets and liabilities location	Fair value	Statement of assets and liabilities location	Fair value
Foreign exchange contracts	Receivables	\$138,785	Payables	\$459,864
Equity contracts	Investments	262,262	Payables	122,991
<b>Total</b>		<b>\$401,047</b>		<b>\$582,855</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			
Derivatives not accounted for as hedging instruments under ASC 815	Options	Forward currency contracts	Total
Foreign exchange contracts	\$—	\$(832,397)	\$(832,397)
Equity contracts	(298,764)	—	\$(298,764)
<b>Total</b>	<b>\$(298,764)</b>	<b>\$(832,397)</b>	<b>\$(1,131,161)</b>

Change in unrealized appreciation or (depreciation) on derivatives recognized in net gain or (loss) on investments			
Derivatives not accounted for as hedging instruments under ASC 815	Options	Forward currency contracts	Total
Foreign exchange contracts	\$—	\$(474,172)	\$(474,172)
Equity contracts	39,008	—	\$39,008
<b>Total</b>	<b>\$39,008</b>	<b>\$(474,172)</b>	<b>\$(435,164)</b>

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### 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.	Credit Suisse International	Goldman Sachs International	JPMorgan Chase Bank N.A.	NatWest Markets PLC	State Street Bank and Trust Co.	UBS AG	WestPac Banking Corp.	Total
<b>Assets:</b>											
Forward currency contracts#	\$ 14,370	\$ 31,346	\$ 36,029	\$—	\$ 6,455	\$ 24,790	\$—	\$ 25,795	\$—	\$—	\$ 138,785
Purchased options**†	—	—	—	—	262,262	—	—	—	—	—	262,262
<b>Total Assets</b>	<b>\$14,370</b>	<b>\$31,346</b>	<b>\$36,029</b>	<b>\$—</b>	<b>\$268,717</b>	<b>\$24,790</b>	<b>\$—</b>	<b>\$25,795</b>	<b>\$—</b>	<b>\$—</b>	<b>\$401,047</b>
<b>Liabilities:</b>											
Forward currency contracts#	113,274	6,360	30,968	59,569	76,884	114,266	10,820	8,215	2,912	36,596	459,864
Written options#	—	—	—	—	122,991	—	—	—	—	—	122,991
<b>Total Liabilities</b>	<b>\$113,274</b>	<b>\$6,360</b>	<b>\$30,968</b>	<b>\$59,569</b>	<b>\$199,875</b>	<b>\$114,266</b>	<b>\$10,820</b>	<b>\$8,215</b>	<b>\$2,912</b>	<b>\$36,596</b>	<b>\$582,855</b>
<b>Total Financial and Derivative Net Assets</b>	<b>\$(98,904)</b>	<b>\$24,986</b>	<b>\$5,061</b>	<b>\$(59,569)</b>	<b>\$68,842</b>	<b>\$(89,476)</b>	<b>\$(10,820)</b>	<b>\$17,580</b>	<b>\$(2,912)</b>	<b>\$(36,596)</b>	<b>\$(181,808)</b>
Total collateral received (pledged)†††	\$(98,904)	\$—	\$—	\$—	\$68,842	\$(89,476)	\$—	\$—	\$—	\$—	\$—
Net amount	\$—	\$24,986	\$5,061	\$(59,569)	\$—	\$—	\$(10,820)	\$17,580	\$(2,912)	\$(36,596)	\$—
<i>Controlled collateral received (including TBA commitments)**</i>	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
<i>Uncontrolled collateral received</i>	\$—	\$—	\$—	\$—	\$113,958	\$—	\$—	\$—	\$—	\$—	\$113,958
<i>Collateral (pledged) (including TBA commitments)**</i>	\$(120,528)	\$—	\$—	\$—	\$—	\$(89,613)	\$—	\$—	\$—	\$—	\$(210,141)

\*\*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 \$7,702,780 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 fund designated 100% of ordinary income distributions as qualifying for the dividends received deduction for corporations.

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

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 Industrials 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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Boston, MA 02110

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