

A world of investing.®



Putnam Global Natural Resources Fund

Semiannual report

2 | 28 | 17



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

FUND SYMBOL
CLASS A
EBERX

Putnam Global Natural Resources Fund

Semiannual report

2 | 28 | 17

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Consider these risks before investing: International investing involves currency, economic, and political risks. Emerging market securities carry illiquidity and volatility risks. Investments in small and/or midsize companies increase the risk of greater price fluctuations. The energy and other natural resources industries may be affected by changes in crude oil prices and changes in governmental regulatory policies. The fund concentrates on a limited group of industries and is non-diversified. Because the fund may invest in fewer issuers, it is vulnerable to common economic forces and may result in greater losses and volatility. Growth stocks may be more susceptible to earnings disappointments, and value stocks may fail to rebound. The use of short selling may result in losses if the securities appreciate in value. Risks associated with derivatives include increased investment exposure (which may be considered leverage) and, in the case of over-the-counter instruments, the potential inability to terminate or sell derivatives positions and the potential failure of the other party to the instrument to meet its obligations. Stock prices may fall or fail to rise over time for several reasons, including general financial market conditions, changing market perceptions, changes in government intervention in the financial markets, and factors related to a specific issuer or industry. You can lose money by investing in the fund.

Message from the Trustees

April 6, 2017

Dear Fellow Shareholder:

The early months of 2017 have been generally positive for investor sentiment and financial market performance. Many market indexes have achieved new record highs with relatively low volatility, in contrast to the bouts of uncertainty and turbulence that tested global financial markets in 2016. It is worth noting, however, that the exuberance that greeted the new year calmed somewhat as investors reconsidered a number of ongoing macroeconomic and political risks. In addition, many bond investors remained cautious as the potential for inflation increased.

As always, we believe investors should continue to focus on time-tested strategies: maintain a well-diversified portfolio, keep a long-term view, and do not overreact to short-term market fluctuations. To help ensure that your portfolio is aligned with your goals, we also believe it is a good idea to speak regularly with your financial advisor. In the following pages, you will find an overview of your fund's performance for the reporting period as well as an outlook for the coming months.

We would like to take this opportunity to announce the arrival of Catharine Bond Hill and Manoj P. Singh to your fund's Board of Trustees. Dr. Hill and Mr. Singh bring extensive professional and directorship experience to their role as Trustees, and we are pleased to welcome them.

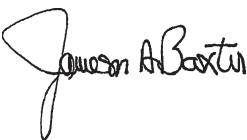
Thank you for investing with Putnam.

Respectfully yours,



Robert L. Reynolds

President and Chief Executive Officer
Putnam Investments



Jameson A. Baxter

Chair, Board of Trustees



About the fund

Investing in the natural resources sector for over 30 years

From the oil crisis of the 1970s to the more recent commodities boom, the balance of geopolitical stability, technological development, and economic growth has shaped natural resources markets.

For more than 35 years, Putnam Global Natural Resources Fund has sought to capitalize on that ever-changing balance by investing in stocks of companies that can profit from the global demand for natural resources.

The fund's diversification sets it apart in two respects: First, its view of natural resources industries includes energy, metals and mining,

paper, chemicals, and natural resource equipment and infrastructure companies; and second, it has a global scope. Stock prices in the natural resources sector rise and fall with supply and demand imbalances, so this strategy seeks to offset that volatility while enabling the fund's managers to pursue a wider field of opportunities.

From chemicals, construction, and railroads to forest products and packaging, the portfolio managers consider stocks in a wide range of areas, with support from a team of analysts. Among the promising stocks the managers

have targeted recently are those of fertilizer, seed, and agrochemical companies. These companies may offer strong growth potential as world population has increased, wealth has grown in emerging markets, and demand for high-protein food has risen, along with a greater need for fertilizer that can make land and crops more productive.

Another benefit for investors is the fund's flexible strategy, which allows the fund to own growth- or value-style stocks, as it seeks to deliver competitive returns no matter which style is in favor.

Developments and events that have affected the natural resources sector



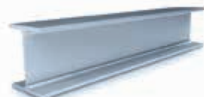
1984
President Reagan limits steel imports to the United States



1985
Saudis raise oil production from 2 million to 5 million barrels per day



1992
Aluminum prices fall as the market is flooded following the U.S.S.R.'s dissolution



2001
Steel prices sink to \$215/ton, spurring series of bankruptcies



2010
Gulf of Mexico oil spill is worst in U.S. history



2014
Oil prices plunge by 50% as global demand decreases and North American output soars

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 nine 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 Energy Fund

Oil and gas, energy equipment and services

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

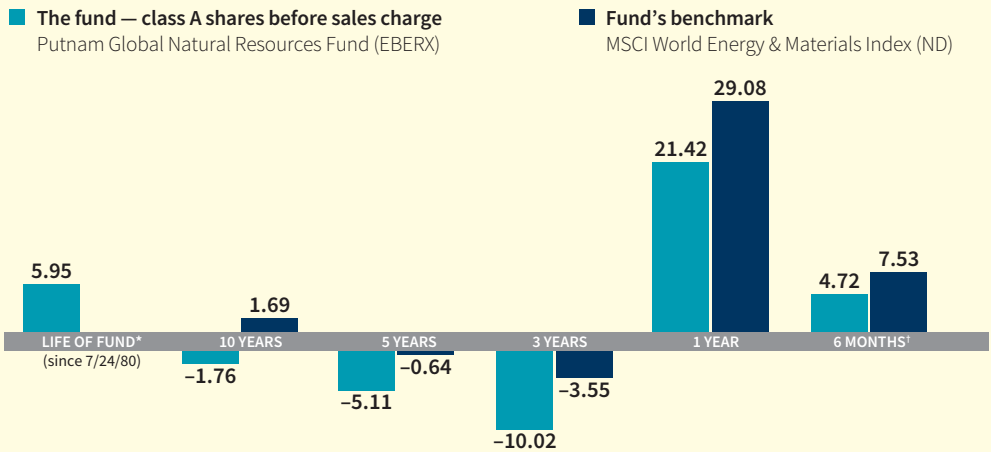
Diversified and wireless telecommunications services

Global Utilities Fund

Electric, gas, and water utilities

Performance history as of 2/28/17

Annualized total return (%) comparison

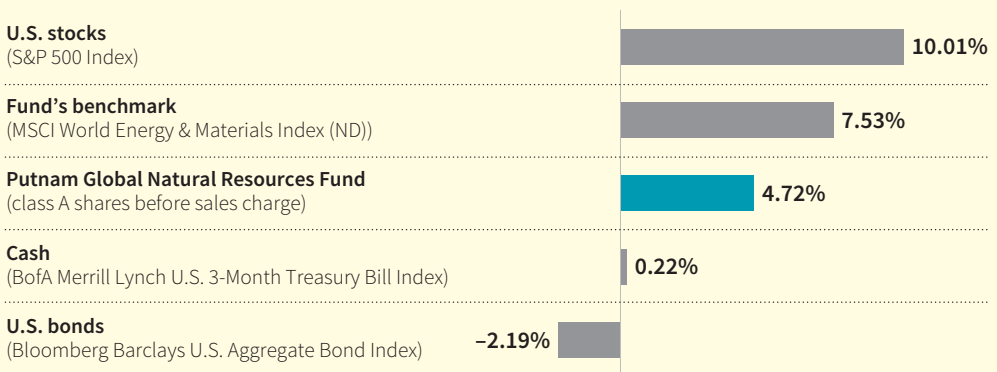


Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. Share price, principal value, and return will fluctuate, and you may have a gain or a loss when you sell your shares. Performance of class A shares assumes reinvestment of distributions 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 10–11 for additional performance information. For a portion of the periods, the fund had expense limitations, without which returns would have been lower. To obtain the most recent month-end performance, visit putnam.com.

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

† Returns for the six-month period are not annualized, but cumulative.

Recent broad market index and fund performance



This comparison shows your fund's performance in the context of broad market indexes for the six months ended 2/28/17. See above and pages 10–11 for additional fund performance information. Index descriptions can be found on page 14.

Interview with your fund's portfolio managers

Chris Eitzmann and Ryan Kauppila discuss the investing environment and fund performance for the six-month period ended February 28, 2017, as well as their outlook for the global natural resources sector in the months ahead.



Christopher J. Eitzmann
Portfolio Manager

Chris has an M.B.A. from Dartmouth College Tuck School of Business and an A.B. from Harvard University. He joined Putnam in 2012 and has been in the investment industry since 2003.



Ryan W. Kauppila
Portfolio Manager

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

How was the overall environment for stock market investing during the reporting period?

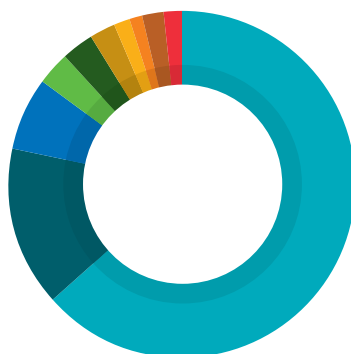
CHRIS Stocks in markets worldwide generally performed well for the six-month period, which began in September 2016. The only significant weakness occurred in the early months, particularly in U.S. markets as uncertainty grew in advance of the November presidential election. However, to the surprise of many market observers, stock performance soared in the election's aftermath in anticipation of a new business-friendly administration. Major U.S. stock indexes continued to achieve record highs and delivered solid positive returns for the 2016 calendar year and into February 2017 — the final month of the reporting period. Outside the United States, most stock markets performed well despite concerns about China's growth trajectory, the future of a post-Brexit U.K. economy, and potential political shifts from a growing populist movement in Europe.

How were conditions for stocks in the natural resources sector?

RYAN Oil price volatility remained a challenge for energy stocks, although we saw gains overall for the industry for the period. Turbulence had

Global composition

● United States	63.4%
● Canada	14.9
● United Kingdom	6.8
● Germany	3.1
● Switzerland	3.0
● Netherlands	2.4
● Chile	1.5
● Indonesia	1.2
● Other countries	2.0
● Cash and net other assets	1.7



Allocations are shown as a percentage of the fund's net assets as of 2/28/17. 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
ConocoPhillips (5.0%)	United States	3.6%
Select Energy Services, Inc. (4.7%)	United States	4.7%
Anadarko Petroleum Corp. (4.0%)	United States	3.1%
Albemarle Corp. (3.9%)	United States	3.6%
W.R. Grace & Co. (3.8%)	United States	3.7%
BHP Billiton PLC (3.5%)	United Kingdom	2.7%
Halliburton Co. (3.4%)	United States	2.3%
Suncor Energy, Inc. (3.3%)	Canada	2.0%
Cheniere Energy, Inc. (3.3%)	United States	3.1%
CF Industries Holdings, Inc. (3.2%)	United States	3.0%

This table shows the fund's top 10 holdings by percentage of the fund's net assets as of 2/28/17. Short-term investments and derivatives, if any, are excluded. Holdings may vary over time.

become a theme for crude oil prices, which had plummeted to 13-year lows in February 2016 before nearly doubling four months later.

During this six-month period, however, the most notable development was a decision by OPEC [Organization of Petroleum Exporting Countries] members to hold an unscheduled meeting in late September to address rising oil production, which was putting downward pressure on oil prices. That meeting led to an announcement in late November that OPEC members would work together to reduce their cumulative production. In addition, non-OPEC members, such as Russia, also agreed to make production cuts. These events generally surprised and pleased investors, and sent crude oil prices to their highest level since July 2015.

CHRIS On the materials side, the biggest news came from the metals and mining industry, where stocks rallied dramatically. For the 2016 calendar year, the MSCI World Metals and Mining Index gained 56%. The strength in these stocks was the result of a considerable upswing in demand, due mainly to economic stimulus in China — the world's largest consumer of metals.

How did the fund perform for the six-month reporting period?

CHRIS Putnam Global Natural Resources Fund delivered a positive return, but underperformed its benchmark, the MSCI World Energy & Materials Index [ND]. Two key themes contributed to the underperformance for the period. The volatility in crude oil prices challenged the fund's investments in the energy sector, and the fund was not positioned to take full advantage of that surprisingly robust surge in metals and mining stocks.

Could you provide some examples of holdings that helped fund performance?

RYAN In late 2016, within the energy portion of the portfolio, we began to place greater emphasis on U.S. oil services companies, while continuing to maintain underweight exposure to large integrated energy companies, which we believed were overvalued. The benefit of this

“ We believe we are still in the early phases of an up-cycle for global energy markets. ”

Ryan Kauppila

strategy is apparent when looking at contributors to performance for the period. One was our decision to avoid investing in Exxon Mobil, which performed poorly.

As for energy holdings that were held in the portfolio, a highlight for the period was ConocoPhillips, an independent exploration and production company. The company has worked to cut costs so its profitability is less dependent on rising oil prices. We added this stock to the portfolio due to its attractive valuation, and it made considerable gains in the closing weeks of 2016.

The benefit of our decision to focus on services is also evident among the fund's top-performing energy holdings. For example, the stock of Select Energy Services, a company that is not part of the fund's benchmark, was a portfolio highlight. We were impressed with the company's expertise in hydraulic fracturing, or “fracking,” which is the process of recovering gas and oil from shale rock. Early on, this company recognized the growth potential of the U.S. shale industry and focused intently on providing water solutions for fracking. Another out-of-benchmark top contributor to fund returns was Independence Contract Drilling, which also services the U.S. shale industry. At the close of the period, Contract Drilling was no longer held in the portfolio.

CHRIS CF Industries Holdings, a manufacturer and distributor of nitrogen fertilizer and other nitrogen products, was also a notable contributor to relative performance for the period. We added this stock to the portfolio due to what we believed was a very attractive valuation. In our view, the company has an excellent management team, and the stock offered an attractive risk-reward profile based on the eventual growth that we expect in the fertilizer industry.

Another highlight was the fund's investment in Albemarle, a specialty chemical company and the world's largest supplier of lithium. The company delivered strong earnings growth, and we believe it can continue to benefit from rising demand for lithium, a key component of lithium-ion rechargeable batteries, which are used for numerous devices as well as for electric vehicles.

What stocks or strategies detracted from performance relative to the benchmark?

RYAN Among the top detractors in the energy portion of the portfolio was an investment in Cobalt International, an independent exploration and production company focused in the U.S. Gulf of Mexico. Despite its recent struggles, we believe the company's growth prospects have been underestimated by investors, and Cobalt stock remained in the portfolio at period-end.

CHRIS The fund's underweight exposure to metals and mining was the primary reason for its underperformance versus our benchmark during the period. For example, relative returns

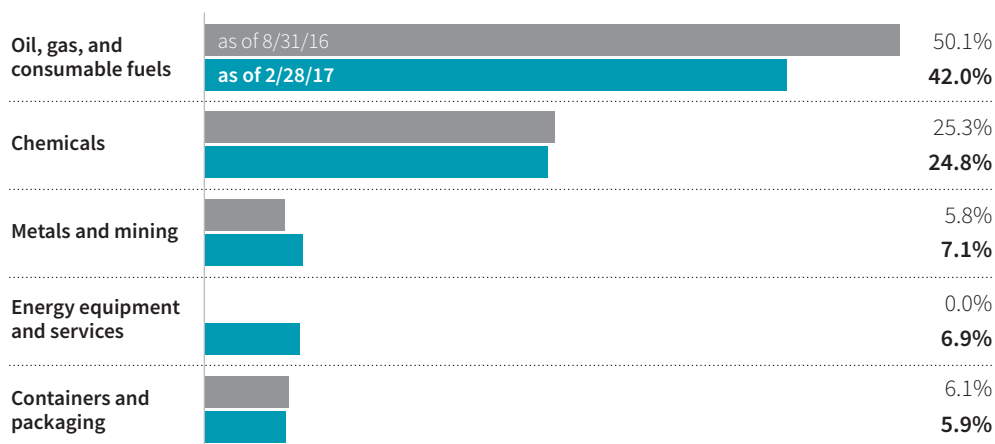
were dampened by our decision to avoid the stock of Glencore, an integrated producer of commodities, including metals such as copper and iron ore, whose prices surged during the period. Similarly, performance lagged due to an underweight position in Teck Resources, a metals and mining company that also benefited from pricing strength. Teck Resources was no longer held in the portfolio at period-end.

Outside of metals, another detractor was Axalta Coating Systems, which specializes in paint and coatings for the automotive and industrial industries. This stock has been in the portfolio since its initial public offering, and we continue to believe it is a fundamentally strong business with attractive long-term growth prospects.

What is your outlook for the global natural resources sector and the economy?

RYAN We believe we are still in the early phases of an up-cycle for global energy markets, and that the industry's next growth phase will favor North American shale producers and service companies. We are focused in these areas, seeking stocks of companies we believe

Comparison of top industry weightings



This chart shows the fund's largest allocation shifts, by percentage, 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.

offer fundamental long-term strength and attractive valuations.

CHRIS While we underestimated the strength and duration of the rally in metals and mining, we continue to believe that it is likely to lose steam in the months ahead. We believe emerging-market growth on a sustained basis will continue to be challenged. Recent moves by Chinese authorities led to short-term stimulus and some gross domestic product growth, but we believe the longer-term growth trajectory for the world's second-largest economy will be well below the prior decade's. As always, we remain confident in our investment process, which is

based on fundamental research and sometimes requires patience as we wait for our longer-term investment themes to play out.

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

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

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

Your fund's performance

This section shows your fund's performance, price, and distribution information for periods ended February 28, 2017, the end of the first half of its current fiscal year. In accordance with regulatory requirements for mutual funds, we also include performance information as of the most recent calendar quarter-end and expense information taken from the fund's current prospectus. Performance should always be considered in light of a fund's investment strategy. Data represent past performance. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return and principal value will fluctuate, and you may have a gain or a loss when you sell your shares. Performance information does not reflect any deduction for taxes a shareholder may owe on fund distributions or on the redemption of fund shares. For the most recent month-end performance, please visit the Individual Investors section at putnam.com or call Putnam at 1-800-225-1581. Class R and Y shares are not available to all investors. See the Terms and Definitions section in this report for definitions of the share classes offered by your fund.

Fund performance Total return for periods ended 2/28/17

	Annual average (life of fund)	10 years	Annual average	5 years	Annual average	3 years	Annual average	1 year	6 months
Class A (7/24/80)									
Before sales charge	5.95%	-16.26%	-1.76%	-23.07%	-5.11%	-27.14%	-10.02%	21.42%	4.72%
After sales charge	5.78	-21.08	-2.34	-27.50	-6.23	-31.33	-11.77	14.44	-1.31
Class B (2/1/94)									
Before CDSC	5.73	-21.13	-2.35	-25.90	-5.82	-28.78	-10.70	20.55	4.30
After CDSC	5.73	-21.13	-2.35	-27.38	-6.20	-30.92	-11.60	15.55	-0.70
Class C (7/26/99)									
Before CDSC	5.15	-22.36	-2.50	-25.93	-5.83	-28.78	-10.70	20.54	4.28
After CDSC	5.15	-22.36	-2.50	-25.93	-5.83	-28.78	-10.70	19.54	3.28
Class M (7/3/95)									
Before sales charge	5.36	-20.37	-2.25	-24.97	-5.58	-28.26	-10.48	20.85	4.42
After sales charge	5.26	-23.16	-2.60	-27.60	-6.25	-30.77	-11.54	16.62	0.76
Class R (12/1/03)									
Net asset value	5.69	-18.32	-2.00	-24.03	-5.35	-27.71	-10.25	21.14	4.58
Class Y (10/4/05)									
Net asset value	6.03	-14.12	-1.51	-22.09	-4.87	-26.58	-9.79	21.74	4.86

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

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

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

Comparative index returns For periods ended 2/28/17

	Annual average (life of fund)	10 years	Annual average	5 years	Annual average	3 years	Annual average	1 year	6 months
MSCI World Energy & Materials Index (ND)	—*	18.20%	1.69%	-3.15%	-0.64%	-10.29%	-3.55%	29.08%	7.53%

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

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

Fund price and distribution information For the six-month period ended 2/28/17

	Class A		Class B	Class C	Class M		Class R	Class Y
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
8/31/16	\$15.48	\$16.42	\$13.50	\$13.79	\$14.49	\$15.02	\$15.07	\$15.65
2/28/17	16.21	17.20	14.08	14.38	15.13	15.68	15.76	16.41

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.

The fund made no distributions during the period.

Fund performance as of most recent calendar quarter Total return for periods ended 3/31/17

	Annual average (life of fund)	10 years	Annual average	5 years	Annual average	3 years	Annual average	1 year	6 months
Class A (7/24/80)									
Before sales charge	5.93%	-20.84%	-2.31%	-19.97%	-4.36%	-28.20%	-10.45%	10.21%	2.53%
After sales charge	5.76	-25.39	-2.89	-24.57	-5.48	-32.32	-12.20	3.87	-3.36
Class B (2/1/94)									
Before CDSC	5.72	-25.44	-2.89	-22.88	-5.06	-29.77	-11.11	9.42	2.18
After CDSC	5.72	-25.44	-2.89	-24.42	-5.45	-31.88	-12.01	4.42	-2.82
Class C (7/26/99)									
Before CDSC	5.14	-26.56	-3.04	-22.90	-5.07	-29.81	-11.13	9.45	2.13
After CDSC	5.14	-26.56	-3.04	-22.90	-5.07	-29.81	-11.13	8.45	1.13
Class M (7/3/95)									
Before sales charge	5.34	-24.68	-2.79	-21.95	-4.83	-29.26	-10.90	9.65	2.30
After sales charge	5.24	-27.32	-3.14	-24.68	-5.51	-31.74	-11.95	5.81	-1.28
Class R (12/1/03)									
Net asset value	5.67	-22.77	-2.55	-20.95	-4.59	-28.75	-10.68	9.99	2.41
Class Y (10/4/05)									
Net asset value	6.02	-18.81	-2.06	-19.00	-4.13	-27.67	-10.23	10.52	2.63

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. In the most recent six-month period, your fund's expenses were limited; had expenses not been limited, they would have been higher. Using the following information, you can estimate how these expenses affect your investment and compare them with the expenses of other funds. You may also pay one-time transaction expenses, including sales charges (loads) and redemption fees, which are not shown in this section and would have resulted in higher total expenses. For more information, see your fund's prospectus or talk to your financial representative.

Expense ratios

	Class A	Class B	Class C	Class M	Class R	Class Y
Total annual operating expenses for the fiscal year ended 8/31/16*	1.27%	2.02%	2.02%	1.77%	1.52%	1.02%
Annualized expense ratio for the six-month period ended 2/28/17†	1.29%	2.04%	2.04%	1.79%	1.54%	1.04%

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

Expenses are shown as a percentage of average net assets.

* Restated to reflect current fees resulting from a change to the fund's investor servicing arrangements effective 9/1/16.

† Excludes one-time merger related costs.

Expenses per \$1,000

The following table shows the expenses you would have paid on a \$1,000 investment in each class of the fund from 9/1/16 to 2/28/17. It also shows how much a \$1,000 investment would be worth at the close of the period, assuming *actual returns* and expenses.

	Class A	Class B	Class C	Class M	Class R	Class Y
Expenses paid per \$1,000**†	\$6.55	\$10.33	\$10.33	\$9.07	\$7.81	\$5.28
Ending value (after expenses)	\$1,047.20	\$1,043.00	\$1,042.80	\$1,044.20	\$1,045.80	\$1,048.60

* 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 2/28/17. The expense ratio may differ for each share class.

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

Estimate the expenses you paid

To estimate the ongoing expenses you paid for the six months ended 2/28/17, use the following calculation method. To find the value of your investment on 9/1/16, call Putnam at 1-800-225-1581.

How to calculate the expenses you paid

Value of your investment on 9/1/16 \div \$1,000 \times Expenses paid per \$1,000 = Total expenses paid

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

\$10,000 \div \$1,000 \times \$6.55 (see preceding table) = \$65.50

Compare expenses using the SEC's method

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

	Class A	Class B	Class C	Class M	Class R	Class Y
Expenses paid per \$1,000*†	\$6.46	\$10.19	\$10.19	\$8.95	\$7.70	\$5.21
Ending value (after expenses)	\$1,018.40	\$1,014.68	\$1,014.68	\$1,015.92	\$1,017.16	\$1,019.64

* 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 2/28/17. 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 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 available only to employer-sponsored retirement plans.

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

Comparative indexes

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

BofA Merrill Lynch U.S. 3-Month Treasury Bill Index is an unmanaged index that seeks to measure the performance of U.S. Treasury bills available in the marketplace.

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

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

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

Important notice regarding delivery of shareholder documents

In accordance with Securities and Exchange Commission (SEC) regulations, Putnam sends a single copy of annual and semiannual shareholder reports, prospectuses, and proxy statements to Putnam shareholders who share the same address, unless a shareholder requests otherwise. If you prefer to receive your own copy of these documents, please call Putnam at 1-800-225-1581, and Putnam will begin sending individual copies within 30 days.

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, 2016, are available in the Individual Investors section of putnam.com, and on the SEC's website, www.sec.gov. If you have questions about finding forms on the SEC's website, you may call the SEC at 1-800-SEC-0330. You may also obtain the Putnam funds' proxy voting guidelines and procedures at no charge by calling Putnam's Shareholder Services at 1-800-225-1581.

Fund portfolio holdings

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

Trustee and employee fund ownership

Putnam employees and members of the Board of Trustees place their faith, confidence, and, most importantly, investment dollars in Putnam mutual funds. As of February 28, 2017, Putnam employees had approximately \$482,000,000 and the Trustees had approximately \$136,000,000 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.

Financial statements

These sections of the report, as well as the accompanying Notes, 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 period.

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. Dividend sources are estimated at the time of declaration. Actual results may vary. Any non-taxable return of capital cannot be determined until final tax calculations are completed after the end of the fund's fiscal year.

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.

The fund's portfolio 2/28/17 (Unaudited)

COMMON STOCKS (98.5%)*	Shares	Value
Chemicals (24.9%)		
Akzo Nobel NV (Netherlands)	57,860	\$3,880,704
Albemarle Corp.	60,400	6,131,204
Axalta Coating Systems, Ltd. †	132,483	3,856,580
CF Industries Holdings, Inc. †	161,800	5,083,756
Dow Chemical Co. (The)	9,962	620,234
LANXESS AG (Germany)	71,901	4,882,618
Sherwin-Williams Co. (The)	13,500	4,165,290
Sociedad Quimica y Minera de Chile SAADR (Chile)	75,600	2,381,400
Syngenta AG (Switzerland)	3,669	1,579,970
W.R. Grace & Co.	86,100	6,099,324
Yara International ASA (Norway)	18,773	712,763
		39,393,843
Construction materials (3.2%)		
LafargeHolcim, Ltd. (Switzerland)	54,946	3,126,563
Vulcan Materials Co.	16,600	2,002,126
		5,128,689
Containers and packaging (5.9%)		
Ball Corp.	29,200	2,147,076
RPC Group PLC (United Kingdom)	201,745	2,285,562
Sealed Air Corp.	104,800	4,871,104
		9,303,742
Energy equipment and services (11.6%)		
Halliburton Co.	99,300	5,308,578
Keane Group, Inc. †	102,902	1,802,843
Select Energy Services, Inc. Class A †	342,944	7,459,032
Tenaris SA (Italy)	100,952	1,660,910
Weatherford International PLC †	386,400	2,187,024
		18,418,387
Metals and mining (7.1%)		
BHP Billiton PLC (United Kingdom)	340,672	5,484,830
Freeport-McMoRan, Inc. (Indonesia) †	141,000	1,889,400
Nucor Corp.	13,200	825,924
Rio Tinto PLC (United Kingdom)	75,300	3,080,586
		11,280,740
Mortgage real estate investment trusts (REITs) (0.8%)		
Hannon Armstrong Sustainable Infrastructure Capital, Inc. †	61,356	1,214,235
		1,214,235
Oil, gas, and consumable fuels (42.1%)		
Anadarko Petroleum Corp.	98,100	6,342,162
Cenovus Energy, Inc. (Canada)	340,200	4,303,087
Cheniere Energy, Inc. †	107,700	5,174,985
Cobalt International Energy, Inc. †	2,031,197	1,442,150
ConocoPhillips	167,800	7,982,246
EnCana Corp. (Canada)	436,500	4,837,585
Enterprise Products Partners LP	61,100	1,712,633
EnVen Energy Corp. 144A †	170,000	1,700,000

COMMON STOCKS (98.5%)* <i>cont.</i>	Shares	Value		
Oil, gas, and consumable fuels <i>cont.</i>				
EOG Resources, Inc.	50,100	\$4,859,199		
Gulfport Energy Corp. †	99,600	1,727,064		
MEG Energy Corp. (Canada) † ^s	930,729	4,975,287		
Noble Energy, Inc.	56,200	2,046,242		
Pioneer Natural Resources Co.	10,800	2,008,476		
Plains All American Pipeline LP	139,200	4,465,536		
Seven Generations Energy, Ltd. (Canada) †	231,200	4,283,867		
Suncor Energy, Inc. (Canada)	169,400	5,273,822		
Targa Resources Corp.	61,700	3,486,050		
		66,620,391		
Road and rail (2.2%)				
Norfolk Southern Corp.	29,100	3,521,973		
		3,521,973		
Semiconductors and semiconductor equipment (0.7%)				
Sumco Corp. (Japan)	68,400	1,005,802		
Versum Materials, Inc. †	5,050	153,066		
		1,158,868		
Total common stocks (cost \$152,176,555)		\$156,040,868		
MORTGAGE-BACKED SECURITIES (0.1%)*	Principal amount	Value		
Agency collateralized mortgage obligations (0.1%)				
Federal Home Loan Mortgage Corporation Ser. 4038, Class PG 4.000%, 2/15/41 ⁱ	\$136,820	\$147,125		
Total mortgage-backed securities (cost \$147,125)		\$147,125		
WARRANTS (—%)* †	Expiration date	Strike price	Warrants	Value
EnVen Energy Corp. 144A ^F	11/6/20	\$12.50	170,000	\$17
EnVen Energy Corp. 144A ^F	11/6/20	15.00	170,000	17
Total warrants (cost \$34)				\$34
SHORT-TERM INVESTMENTS (8.2%)*	Principal amount/ shares		Value	
Putnam Short Term Investment Fund 0.76% ^L	Shares	2,247,496	\$2,247,496	
Putnam Cash Collateral Pool, LLC 0.97% ^d	Shares	10,051,289	10,051,289	
U.S. Treasury Bills 0.505%, 3/2/17 ^Δ		\$620,000	619,993	
Total short-term investments (cost \$12,918,776)			\$12,918,778	
TOTAL INVESTMENTS				
Total investments (cost \$165,242,490)			\$169,106,805	

Key to holding's abbreviations

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

Notes to the fund's portfolio

Unless noted otherwise, the notes to the fund's portfolio are for the close of the fund's reporting period, which ran from September 1, 2016 through February 28, 2017 (the reporting period). Within the following notes to the portfolio, references to "ASC 820" represent Accounting Standards Codification 820 *Fair Value Measurements and Disclosures* and references to "OTC", if any, represent over-the-counter.

* Percentages indicated are based on net assets of \$158,448,777.

† This security is non-income-producing.

Δ 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.

♠ 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.

F This security is valued by Putnam Management at fair value following procedures approved by the Trustees. Securities may be classified as Level 2 or Level 3 for ASC 820 based on the securities' valuation inputs (Note 1).

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

⊕ 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.

R Real Estate Investment Trust.

S 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 \$272,499 to cover certain derivative contracts.

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

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

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

DIVERSIFICATION BY COUNTRY Δ

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	65.1%	Chile	1.5%
Canada	14.9	Indonesia	1.2
United Kingdom	6.8	Italy	1.0
Germany	3.1	Japan	0.6
Switzerland	3.0	Norway	0.4
Netherlands	2.4	Total	100.0%

Δ 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 2/28/17 (aggregate face value \$50,000,117) (Unaudited)

Counterparty	Currency	Contract type	Delivery date	Value	Aggregate face value	Unrealized appreciation/ (depreciation)
Bank of America N.A.						
	Australian Dollar	Buy	4/19/17	\$3,472,969	\$3,288,564	\$184,405
	British Pound	Buy	3/16/17	242,909	257,727	(14,818)
	Canadian Dollar	Sell	4/19/17	180,084	186,833	6,749
Barclays Bank PLC						
	Swiss Franc	Buy	3/16/17	410,831	410,989	(158)
Citibank, N.A.						
	Australian Dollar	Buy	4/19/17	538,633	509,666	28,967
	British Pound	Buy	3/16/17	2,108,113	2,153,622	(45,509)
	Canadian Dollar	Buy	4/19/17	719,961	729,862	(9,901)
	Danish Krone	Buy	3/16/17	736,375	744,929	(8,554)
	Euro	Buy	3/16/17	7,585,798	7,559,523	26,275
	Japanese Yen	Sell	5/17/17	279,717	276,907	(2,810)
Goldman Sachs International						
	Japanese Yen	Buy	5/17/17	4,408,888	4,357,508	51,380
HSBC Bank USA, National Association						
	Australian Dollar	Buy	4/19/17	1,169,170	1,106,709	62,461
	British Pound	Buy	3/16/17	325,079	332,263	(7,184)
	Canadian Dollar	Buy	4/19/17	746,021	746,483	(462)
JPMorgan Chase Bank N.A.						
	British Pound	Buy	3/16/17	2,497,985	2,553,130	(55,145)
	Canadian Dollar	Sell	4/19/17	5,309,888	5,154,915	(154,973)
	Euro	Buy	3/16/17	2,957,700	2,997,775	(40,075)
	Japanese Yen	Buy	5/17/17	3,718,638	3,680,677	37,961
	Norwegian Krone	Buy	3/16/17	634,900	648,420	(13,520)
	Swedish Krona	Buy	3/16/17	339,572	335,104	4,468
	Swiss Franc	Sell	3/16/17	1,159,953	1,146,174	(13,779)
State Street Bank and Trust Co.						
	Australian Dollar	Buy	4/19/17	2,030,997	1,922,384	108,613
	British Pound	Buy	3/16/17	1,014,710	1,017,557	(2,847)
	Canadian Dollar	Sell	4/19/17	4,011,339	3,979,370	(31,969)
	Israeli Shekel	Buy	4/19/17	192,416	181,915	10,501
UBSAG						
	Australian Dollar	Buy	4/19/17	736,150	696,880	39,270
	British Pound	Buy	3/16/17	917,397	937,031	(19,634)
WestPac Banking Corp.						
	British Pound	Buy	3/16/17	2,028,427	2,087,200	(58,773)
Total						\$80,939

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	\$75,879,746	\$9,159,032	\$—
Financials	1,214,235	—	—
Industrials	3,521,973	—	—
Information technology	1,158,868	—	—
Materials	65,107,014	—	—
Total common stocks	146,881,836	9,159,032	—
Mortgage-backed securities	—	147,125	—
Warrants	—	34	—
Short-term investments	2,247,496	10,671,282	—
Totals by level	\$149,129,332	\$19,977,473	\$—

	Valuation inputs		
Other financial instruments:	Level 1	Level 2	Level 3
Forward currency contracts	\$—	\$80,939	\$—
Totals by level	\$—	\$80,939	\$—

* 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 2/28/17 (Unaudited)

ASSETS

Investment in securities, at value, including \$9,641,786 of securities on loan (Note 1):	
Unaffiliated issuers (identified cost \$152,943,705)	\$156,808,020
Affiliated issuers (identified cost \$12,298,785) (Notes 1 and 5)	12,298,785
Cash	7,968
Foreign currency (cost \$31) (Note 1)	31
Dividends, interest and other receivables	270,784
Foreign tax reclaim	27,867
Receivable for shares of the fund sold	59,558
Unrealized appreciation on forward currency contracts (Note 1)	561,050
Prepaid assets	42,208
Total assets	170,076,271

LIABILITIES

Payable for shares of the fund repurchased	501,753
Payable for compensation of Manager (Note 2)	2,264
Payable for custodian fees (Note 2)	12,566
Payable for investor servicing fees (Note 2)	58,051
Payable for Trustee compensation and expenses (Note 2)	117,319
Payable for administrative services (Note 2)	603
Payable for distribution fees (Note 2)	68,347
Unrealized depreciation on forward currency contracts (Note 1)	480,111
Collateral on securities loaned, at value (Note 1)	10,051,289
Collateral on certain derivative contracts, at value (Note 1)	147,125
Other accrued expenses	188,066
Total liabilities	11,627,494
Net assets	\$158,448,777

REPRESENTED BY

Paid-in capital (Unlimited shares authorized) (Notes 1 and 4)	\$270,182,525
Undistributed net investment income (Note 1)	1,299,557
Accumulated net realized loss on investments and foreign currency transactions (Note 1)	(116,974,335)
Net unrealized appreciation of investments and assets and liabilities in foreign currencies	3,941,030
Total — Representing net assets applicable to capital shares outstanding	\$158,448,777

(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 (\$125,418,185 divided by 7,738,525 shares)	\$16.21
Offering price per class A share (100/94.25 of \$16.21)*	\$17.20
Net asset value and offering price per class B share (\$4,120,530 divided by 292,617 shares)**	\$14.08
Net asset value and offering price per class C share (\$5,966,770 divided by 414,851 shares)**	\$14.38
Net asset value and redemption price per class M share (\$2,166,017 divided by 143,145 shares)	\$15.13
Offering price per class M share (100/96.50 of \$15.13)*	\$15.68
Net asset value, offering price and redemption price per class R share (\$7,274,087 divided by 461,495 shares)	\$15.76
Net asset value, offering price and redemption price per class Y share (\$13,503,188 divided by 823,020 shares)	\$16.41

*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 Six months ended 2/28/17 (Unaudited)

INVESTMENT INCOME	
Dividends (net of foreign tax of \$77,043)	\$1,448,111
Interest (including interest income of \$7,312 from investments in affiliated issuers) (Note 5)	9,241
Securities lending (net of expenses) (Notes 1 and 5)	18,064
Total investment income	1,475,416
EXPENSES	
Compensation of Manager (Note 2)	504,842
Investor servicing fees (Note 2)	205,754
Custodian fees (Note 2)	10,782
Trustee compensation and expenses (Note 2)	4,204
Distribution fees (Note 2)	238,180
Administrative services (Note 2)	2,827
Legal	106,891
Other	113,918
Fees waived and reimbursed by Manager (Note 2)	(76,155)
Total expenses	1,111,243
Expense reduction (Note 2)	(14,788)
Net expenses	1,096,455
Net investment income	378,961
Net realized loss on investments (Notes 1 and 3)	(268,204)
Net realized loss on foreign currency transactions (Note 1)	(2,686,247)
Net unrealized appreciation of assets and liabilities in foreign currencies during the period	1,159,156
Net unrealized appreciation of investments during the period	8,783,488
Net gain on investments	6,988,193
Net increase in net assets resulting from operations	\$7,367,154

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

Statement of changes in net assets

DECREASE IN NET ASSETS	Six months ended 2/28/17*	Year ended 8/31/16
Operations		
Net investment income	\$378,961	\$1,924,913
Net realized loss on investments and foreign currency transactions	(2,954,451)	(38,750,103)
Net unrealized appreciation of investments and assets and liabilities in foreign currencies	9,942,644	27,986,480
Net increase (decrease) in net assets resulting from operations	7,367,154	(8,838,710)
Decrease from capital share transactions (Note 4)	(11,323,749)	(14,463,370)
Total decrease in net assets	(3,956,595)	(23,302,080)

NET ASSETS		
Beginning of period	162,405,372	185,707,452
End of period (including undistributed net investment income of \$1,299,557 and \$920,596, respectively)	\$158,448,777	\$162,405,372

*Unaudited.

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

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

Period ended	INVESTMENT OPERATIONS				LESS DISTRIBUTIONS				RATIOS AND SUPPLEMENTAL DATA					
	Net asset value, beginning of period	Net investment income (loss) ^a	Net realized and unrealized gain (loss) on investments	Total from investment operations	From net investment income	From return of capital	Total distributions	Redemption fees	Net asset value, end of period	Total return at net asset value (%) ^b	Net assets, end of period (in thousands)	Ratio of expenses to average net assets (%) ^c	Ratio of net investment income (loss) to average net assets (%)	Portfolio turnover (%)
Class A														
February 28, 2017**	\$15.48	.04	.69	.73	—	—	—	—	\$16.21	4.72*	\$125,418	.66* ^f	.26* ^f	79*
August 31, 2016	16.22	.18	(.92)	(.74)	—	—	—	—	15.48	(4.56)	128,827	1.23 ^e	1.23 ^e	120
August 31, 2015	23.95	.16	(7.88)	(7.72)	(.01)	— ^d	(.01)	—	16.22	(32.24)	145,726	1.18	.82	153
August 31, 2014	20.09	.19	3.67	3.86	—	—	—	—	23.95	19.21	238,703	1.19	.83	101
August 31, 2013	19.18	.17	.91	1.08	(.17)	—	(.17)	— ^d	20.09	5.62	224,519	1.23	.85	104
August 31, 2012	20.81	.23	(1.30)	(1.07)	(.56)	—	(.56)	— ^d	19.18	(5.08)	262,969	1.29	1.18	80
Class B														
February 28, 2017**	\$13.50	(.02)	.60	.58	—	—	—	—	\$14.08	4.30*	\$4,121	1.03* ^f	(.12)* ^f	79*
August 31, 2016	14.25	.06	(.81)	(.75)	—	—	—	—	13.50	(5.26)	4,493	1.98 ^e	.49 ^e	120
August 31, 2015	21.19	.01	(6.95)	(6.94)	—	—	—	—	14.25	(32.75)	5,578	1.93	.06	153
August 31, 2014	17.91	.02	3.26	3.28	—	—	—	—	21.19	18.31	10,791	1.94	.08	101
August 31, 2013	17.10	.02	.81	.83	(.02)	—	(.02)	— ^d	17.91	4.84	12,561	1.98	.10	104
August 31, 2012	18.58	.08	(1.16)	(1.08)	(.40)	—	(.40)	— ^d	17.10	(5.78)	15,561	2.04	.46	80
Class C														
February 28, 2017**	\$13.79	(.02)	.61	.59	—	—	—	—	\$14.38	4.28*	\$5,967	1.03* ^f	(.12)* ^f	79*
August 31, 2016	14.56	.06	(.83)	(.77)	—	—	—	—	13.79	(5.29)	6,143	1.98 ^e	.48 ^e	120
August 31, 2015	21.65	.01	(7.10)	(7.09)	—	—	—	—	14.56	(32.75)	7,030	1.93	.06	153
August 31, 2014	18.30	.02	3.33	3.35	—	—	—	—	21.65	18.31	12,205	1.94	.08	101
August 31, 2013	17.47	.02	.83	.85	(.02)	—	(.02)	— ^d	18.30	4.89	11,890	1.98	.10	104
August 31, 2012	18.98	.08	(1.19)	(1.11)	(.40)	—	(.40)	— ^d	17.47	(5.81)	13,564	2.04	.43	80
Class M														
February 28, 2017**	\$14.49	— ^d	.64	.64	—	—	—	—	\$15.13	4.42*	\$2,166	.91* ^f	.01* ^f	79*
August 31, 2016	15.26	.10	(.87)	(.77)	—	—	—	—	14.49	(5.05)	2,271	1.73 ^e	.73 ^e	120
August 31, 2015	22.63	.06	(7.43)	(7.37)	—	—	—	—	15.26	(32.57)	2,703	1.68	.33	153
August 31, 2014	19.08	.07	3.48	3.55	—	—	—	—	22.63	18.61	4,247	1.69	.33	101
August 31, 2013	18.21	.06	.87	.93	(.06)	—	(.06)	— ^d	19.08	5.11	3,873	1.73	.34	104
August 31, 2012	19.77	.13	(1.23)	(1.10)	(.46)	—	(.46)	— ^d	18.21	(5.53)	4,999	1.79	.70	80
Class R														
February 28, 2017**	\$15.07	.02	.67	.69	—	—	—	—	\$15.76	4.58*	\$7,274	.79* ^f	.13* ^f	79*
August 31, 2016	15.83	.15	(.91)	(.76)	—	—	—	—	15.07	(4.80)	7,497	1.48 ^e	1.02 ^e	120
August 31, 2015	23.43	.11	(7.71)	(7.60)	—	—	—	—	15.83	(32.44)	10,204	1.43	.58	153
August 31, 2014	19.70	.13	3.60	3.73	—	—	—	—	23.43	18.93	14,258	1.44	.57	101
August 31, 2013	18.81	.12	.89	1.01	(.12)	—	(.12)	— ^d	19.70	5.36	13,888	1.48	.60	104
August 31, 2012	20.41	.18	(1.27)	(1.09)	(.51)	—	(.51)	— ^d	18.81	(5.28)	13,838	1.54	.94	80
Class Y														
February 28, 2017**	\$15.65	.06	.70	.76	—	—	—	—	\$16.41	4.86*	\$13,503	.54* ^f	.38* ^f	79*
August 31, 2016	16.36	.23	(.94)	(.71)	—	—	—	—	15.65	(4.34)	13,175	.98 ^e	1.51 ^e	120
August 31, 2015	24.17	.23	(7.97)	(7.74)	(.06)	(.01)	(.07)	—	16.36	(32.07)	14,466	.93	1.17	153
August 31, 2014	20.23	.25	3.69	3.94	—	—	—	—	24.17	19.48	13,948	.94	1.13	101
August 31, 2013	19.31	.21	.93	1.14	(.22)	—	(.22)	— ^d	20.23	5.92	46,303	.98	1.01	104
August 31, 2012	20.96	.28	(1.31)	(1.03)	(.62)	—	(.62)	— ^d	19.31	(4.85)	9,739	1.04	1.44	80

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

	Percentage of average net assets
February 28, 2017	0.05%

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

Notes to financial statements 2/28/17 (Unaudited)

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, 2016 through February 28, 2017.

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

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

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

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

Under the fund’s 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 closed forward currency contracts, 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 open forward currency contracts and assets and liabilities other than investments at the period end, resulting from changes in the exchange rate.

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

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

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

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

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

Termination events applicable to the fund may occur upon a decline in the fund's net assets below a specified threshold over a certain period of time. Termination events applicable to counterparties may occur upon a

decline in the counterparty's long-term and short-term credit ratings below a specified level. In each case, upon occurrence, the other party may elect to terminate early and cause settlement of all derivative and foreign exchange contracts outstanding, including the payment of any losses and costs resulting from such early termination, as reasonably determined by the terminating party. Any decision by one or more of the fund's counterparties to elect early termination could impact the fund's future derivative activity.

At the close of the reporting period, the fund had a net liability position of \$305,526 on open derivative contracts subject to the Master Agreements. Collateral posted by the fund at period end for these agreements totaled \$300,000 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 \$10,051,289 and the value of securities loaned amounted to \$9,641,786.

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 the higher of (1) the Federal Funds rate and (2) the overnight LIBOR plus 1.25% 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 plus a \$25,000 flat fee 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.

At August 31, 2016, the fund had a capital loss carryover of \$82,308,438 available to the extent allowed by the Code to offset future net capital gain, if any. For any carryover, the amount of the carryover and that carryover's expiration date is:

Loss carryover			
Short-term	Long-term	Total	Expiration
\$30,739,386	\$2,645,564	\$33,384,950	*
48,923,488	N/A	48,923,488	August 31, 2018

* Under the Regulated Investment Company Modernization Act of 2010, the fund will be permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an unlimited period. However, any losses incurred will be required to be utilized prior to the losses incurred in pre-enactment tax years. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term as under previous law.

Pursuant to federal income tax regulations applicable to regulated investment companies, the fund has elected to defer certain capital losses of \$31,462,218 recognized during the period between November 1, 2015 and August 31, 2016 to its fiscal year ending August 31, 2017.

Pursuant to federal income tax regulations applicable to regulated investment companies, the fund has elected to defer \$155,329 to its fiscal year ending August 31, 2017 late year ordinary losses ((i) ordinary losses recognized between January 1, 2016 and August 31, 2016, and (ii) specified ordinary and currency losses recognized between November 1, 2015 and August 31, 2016).

The aggregate identified cost on a tax basis is \$165,491,719, resulting in gross unrealized appreciation and depreciation of \$13,922,604 and \$10,307,518, respectively, or net unrealized appreciation of \$3,615,086.

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. Dividend sources are estimated at the time of declaration. Actual results may vary. Any non-taxable return of capital cannot be determined until final tax calculations are completed after the end of the fund's fiscal year. 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.

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 0.311% of the fund's average net assets.

Putnam Management has contractually agreed, through December 30, 2017, to waive fees or reimburse the fund's expenses to the extent necessary to limit the cumulative expenses of the fund, exclusive of brokerage, interest, taxes, investment-related expenses, extraordinary expenses, acquired fund fees and expenses and payments under the fund's investor servicing contract, investment management contract and distribution plans, on a fiscal year-to-date basis to an annual rate of 0.20% of the fund's average net assets over such fiscal year-to-date period. During the reporting period, the fund's expenses were reduced by \$76,155 as a result of this limit.

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

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

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

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

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

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

Class A	\$163,185	Class R	9,493
Class B	5,531	Class Y	17,001
Class C	7,753	Total	\$205,754
Class M	2,791		

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 \$112 under the expense offset arrangements and by \$14,676 under the brokerage/service arrangements.

Each Independent Trustee of the fund receives an annual Trustee fee, of which \$127, 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 class shares 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%	\$159,487
Class B	1.00%	1.00%	21,636
Class C	1.00%	1.00%	30,311
Class M	1.00%	0.75%	8,186
Class R	1.00%	0.50%	18,560
Total			\$238,180

For the reporting period, Putnam Retail Management Limited Partnership, acting as underwriter, received net commissions of \$6,521 and \$105 from the sale of class A and class M shares, respectively, and received \$618 and \$10 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 \$70 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)	\$125,657,361	\$131,602,427
U.S. government securities (Long-term)	—	—
Total	\$125,657,361	\$131,602,427

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 in capital shares were as follows:

Class A	SIX MONTHS ENDED 2/28/17		YEAR ENDED 8/31/16	
	Shares	Amount	Shares	Amount
Shares sold	299,204	\$4,830,655	1,057,287	\$15,641,890
Shares issued in connection with reinvestment of distributions	—	—	—	—
	299,204	4,830,655	1,057,287	15,641,890
Shares repurchased	(881,340)	(14,149,808)	(1,720,651)	(25,390,342)
Net decrease	(582,136)	\$(9,319,153)	(663,364)	\$(9,748,452)

Class B	SIX MONTHS ENDED 2/28/17		YEAR ENDED 8/31/16	
	Shares	Amount	Shares	Amount
Shares sold	15,798	\$220,604	63,777	\$791,761
Shares issued in connection with reinvestment of distributions	—	—	—	—
	15,798	220,604	63,777	791,761
Shares repurchased	(55,922)	(785,767)	(122,422)	(1,586,660)
Net decrease	(40,124)	\$(565,163)	(58,645)	\$(794,899)

Class C	SIX MONTHS ENDED 2/28/17		YEAR ENDED 8/31/16	
	Shares	Amount	Shares	Amount
Shares sold	26,073	\$379,199	80,700	\$1,051,000
Shares issued in connection with reinvestment of distributions	—	—	—	—
	26,073	379,199	80,700	1,051,000
Shares repurchased	(56,631)	(816,600)	(118,181)	(1,564,973)
Net decrease	(30,558)	\$(437,401)	(37,481)	\$(513,973)

Class M	SIX MONTHS ENDED 2/28/17		YEAR ENDED 8/31/16	
	Shares	Amount	Shares	Amount
Shares sold	7,171	\$106,453	18,291	\$254,833
Shares issued in connection with reinvestment of distributions	—	—	—	—
	7,171	106,453	18,291	254,833
Shares repurchased	(20,731)	(309,242)	(38,732)	(537,791)
Net decrease	(13,560)	\$(202,789)	(20,441)	\$(282,958)

Class R	SIX MONTHS ENDED 2/28/17		YEAR ENDED 8/31/16	
	Shares	Amount	Shares	Amount
Shares sold	85,279	\$1,336,276	236,467	\$3,419,454
Shares issued in connection with reinvestment of distributions	—	—	—	—
	85,279	1,336,276	236,467	3,419,454
Shares repurchased	(121,093)	(1,889,774)	(383,649)	(5,714,467)
Net decrease	(35,814)	\$(553,498)	(147,182)	\$(2,295,013)

Class Y	SIX MONTHS ENDED 2/28/17		YEAR ENDED 8/31/16	
	Shares	Amount	Shares	Amount
Shares sold	156,247	\$2,538,010	424,066	\$6,032,209
Shares issued in connection with reinvestment of distributions	—	—	—	—
	156,247	2,538,010	424,066	6,032,209
Shares repurchased	(174,838)	(2,783,755)	(466,728)	(6,860,284)
Net decrease	(18,591)	\$(245,745)	(42,662)	\$(828,075)

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 at the beginning of the reporting period	Purchase cost	Sale proceeds	Investment income	Fair value at the end of the reporting period
Putnam Cash Collateral Pool, LLC*	\$6,680,375	\$61,249,860	\$57,878,946	\$35,499	\$10,051,289
Putnam Short Term Investment Fund**	10,405,952	41,875,269	50,033,725	7,312	2,247,496
Totals	\$17,086,327	\$103,125,129	\$107,912,671	\$42,811	\$12,298,785

* No management fees are charged to Putnam Cash Collateral Pool, LLC (Note 1).

** Management fees charged to Putnam Short Term Investment Fund have been waived by Putnam Management.

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 natural resources 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:

Forward currency contracts (contract amount)	\$85,500,000
Warrants (number of warrants)	340,000

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

Derivatives not accounted for as hedging instruments under ASC 815	ASSET DERIVATIVES		LIABILITY DERIVATIVES	
	Statement of assets and liabilities location	Fair value	Statement of assets and liabilities location	Fair value
Foreign exchange contracts	Receivables	\$561,050	Payables	\$480,111
Equity contracts	Investments	34	Payables	—
Total		\$561,084		\$480,111

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):

Derivatives not accounted for as hedging instruments under ASC 815	Forward currency contracts	Total
Foreign exchange contracts	\$(2,664,154)	\$(2,664,154)
Total	\$(2,664,154)	\$(2,664,154)

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	Forward currency contracts	Total
Foreign exchange contracts	\$1,160,040	\$1,160,040
Total	\$1,160,040	\$1,160,040

Note 8: Offsetting of financial and derivative assets and liabilities

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

	Bank of America N.A.	Barclays Bank PLC	Citibank, N.A.	Goldman Sachs International	HSBC Bank USA, National Association	JPMorgan Chase Bank N.A.	State Street Bank and Trust Co.	UBS AG	WestPac Banking Corp.	Total
Assets:										
Forward currency contracts#	\$ 191,154	\$—	\$ 55,242	\$ 51,380	\$ 62,461	\$ 42,429	\$ 119,114	\$ 39,270	\$-	\$ 561,050
Total Assets	\$191,154	\$—	\$55,242	\$51,380	\$62,461	\$42,429	\$119,114	\$39,270	\$—	\$561,050
Liabilities:										
Forward currency contracts#	14,818	158	66,774	—	7,646	277,492	34,816	19,634	58,773	480,111
Total Liabilities	\$14,818	\$158	\$66,774	\$—	\$7,646	\$277,492	\$34,816	\$19,634	\$58,773	\$480,111
Total Financial and Derivative Net Assets	\$176,336	\$(158)	\$(11,532)	\$51,380	\$54,815	\$(235,063)	\$84,298	\$19,636	\$(58,773)	\$80,939
Total collateral received (pledged)†##	\$147,125	\$—	\$—	\$—	\$—	\$(235,063)	\$—	\$—	\$—	
Net amount	\$29,211	\$(158)	\$(11,532)	\$51,380	\$54,815	\$—	\$84,298	\$19,636	\$(58,773)	

† 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.

Note 9: New pronouncements

In October 2016, the SEC adopted amendments to rules under the Investment Company Act of 1940 (“final rules”) intended to modernize the reporting and disclosure of information by registered investment companies. The final rules amend Regulation S-X and require funds to provide standardized, enhanced derivative disclosure in fund financial statements in a format designed for individual investors. The amendments to Regulation S-X also update the disclosures for other investments and investments in and advances to affiliates and amend the rules regarding the general form and content of fund financial statements. The compliance date for the amendments to Regulation S-X is August 1, 2017. Putnam Management is currently evaluating the amendments and their impact, if any, on the fund’s financial statements.

Putnam family of funds

The following is a list of Putnam's open-end mutual funds offered to the public. *Investors should carefully consider the investment objective, risks, charges, and expenses of a fund before investing. For a prospectus, or a summary prospectus if available, containing this and other information for any Putnam fund or product, contact your financial advisor or call Putnam Investor Services at 1-800-225-1581. Please read the prospectus carefully before investing.*

Growth

Growth Opportunities Fund
International Growth Fund
Multi-Cap Growth Fund
Small Cap Growth Fund

Blend

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

Value

Convertible Securities Fund
Equity Income Fund
Global Dividend Fund
The Putnam Fund for Growth and Income
International Value Fund
Multi-Cap Value Fund
Small Cap Value Fund

Income

American Government Income Fund
Diversified Income Trust
Emerging Markets Income Fund
Floating Rate Income Fund
Global Income Trust
Government Money Market Fund*
High Yield Advantage Fund
High Yield Trust
Income Fund
Money Market Fund†
Short Duration Income Fund
U.S. Government Income Trust

Tax-free Income

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

State tax-free income funds‡:

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

Absolute Return

Absolute Return 100 Fund®
Absolute Return 300 Fund®
Absolute Return 500 Fund®
Absolute Return 700 Fund®

Global Sector

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

Asset Allocation

George Putnam Balanced Fund

Global Asset Allocation Funds — four investment portfolios that spread your money across a variety of stocks, bonds, and money market instruments.

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

Retirement Income Fund Lifestyle 1 — a portfolio with managed allocations to stocks, bonds, and money market investments to generate retirement income.

RetirementReady® Funds — portfolios with adjusting allocations to stocks, bonds, and money market instruments, becoming more conservative over time.

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

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

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

‡ **Not available in all states.**

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

Services for shareholders

Investor services

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

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

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

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

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

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

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

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

For more information

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

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

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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.

Within the Putnam organization, your information is shared with those who need it

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If you would like clarification about our confidentiality policies or have any questions or concerns, please don't hesitate to contact us at 1-800-225-1581, Monday through Friday, 8:00 a.m. to 8:00 p.m. Eastern Time.

Fund information

Founded over 75 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 over 100 funds across income, value, blend, growth, asset allocation, absolute return, and global sector categories.

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