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Putnam INVESTMENTS

Putnam PanAgora Risk Parity Fund

Annual report
8 | 31 | 18

Putnam PanAgora funds pursue systematic, rule-based strategies that combine cutting-edge quantitative techniques with fundamental investment insights.

FUND SYMBOL
CLASS A
PPRPX

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Consider these risks before investing: There can be no assurance that a "risk parity" approach will achieve any particular level of return or will, in fact, reduce volatility or potential loss. The fund's allocation of assets may hurt performance, and efforts to diversify risk through the use of leverage may be unsuccessful. Quantitative models or data may be incorrect or incomplete, and reliance on those models or data may not produce the desired results. Asset prices may fall or fail to rise over time for several reasons, including general financial market conditions, changing market perceptions (including, in the case of bonds, perceptions about the risk of default and expectations about monetary policy or interest rates), changes in government intervention in the financial markets, and factors related to a specific issuer, industry, or commodity. These and other factors may also lead to increased volatility and reduced liquidity in the fund's portfolio holdings. Investments in small and/or midsize companies increase the risk of greater price fluctuations. Bond investments in which the fund invests (or has exposure to) are subject to interest-rate risk and credit risk. Interest-rate risk is generally greater for longer-term bonds, and credit risk is generally greater for below-investment-grade bonds. The value of inflation-protected securities generally declines during periods of rising real interest rates, and, when real interest rates rise faster than nominal interest rates, inflation-indexed bonds to which the fund is exposed may experience greater losses than other fixed-income securities with similar durations. Exposure to the commodities markets may subject the fund to greater volatility than investments in traditional securities. Risks associated with derivatives (including "short" derivatives) include losses caused by unexpected market movements (which are potentially unlimited), imperfect correlation between the price of the derivative and the price of the underlying asset, increased investment exposure (which may be considered leverage), the potential inability to terminate or sell derivatives positions, the potential need to sell securities at disadvantageous times to meet margin or segregation requirements, the potential inability to recover margin or other amounts deposited from a counterparty, and the potential failure of the other party to the instrument to meet its obligations. Leveraging can result in volatility in the fund's performance and losses in excess of the amounts invested. International investing involves certain risks, such as currency fluctuations, economic instability, and political developments. The fund invests in (or provides exposure to) fewer issuers or makes large investments in (or provides large amounts of exposure to) a small number of issuers and involves more risk than a fund that invests more broadly. By investing in open-end or closed-end investment companies and ETFs, the fund is indirectly exposed to the risks associated with direct ownership of the securities held by those investment companies or ETFs. By investing in a subsidiary, the fund is indirectly exposed to the risks associated with the subsidiary's investments. You can lose money by investing in the fund.

Message from the Trustees

October 15, 2018

Dear Fellow Shareholder:

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

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

Thank you for investing with Putnam.

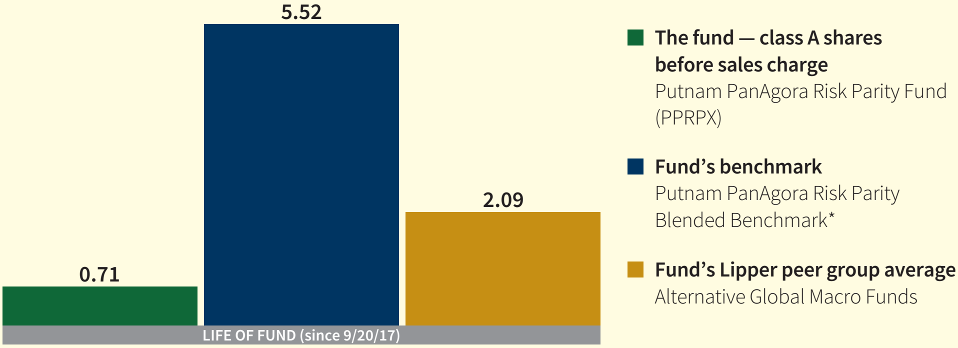
Respectfully yours,

Robert L. Reynolds
President and Chief Executive Officer
Putnam Investments

Kenneth R. Leibler
Chair, Board of Trustees

Performance history

Cumulative total return (%) comparison for the period from 9/20/17 (fund inception) to 8/31/18

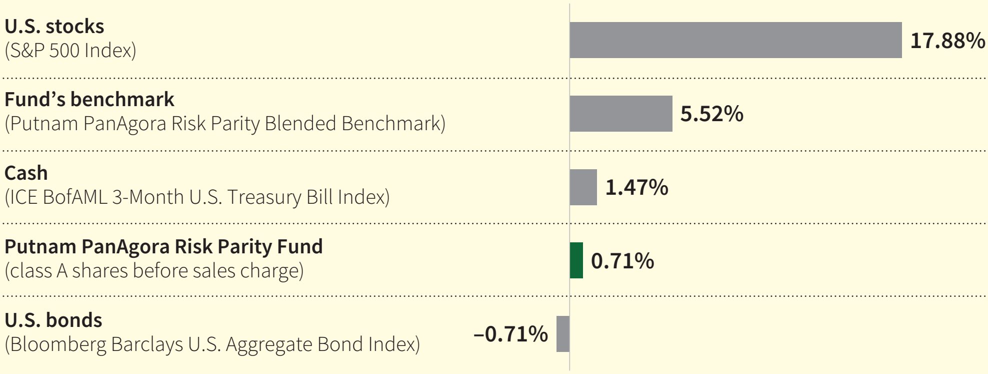


Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. Share price, principal value, and return will fluctuate, and you may have a gain or a loss when you sell your shares. Performance of class A shares assumes reinvestment of distributions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

The short-term results of a relatively new fund are not necessarily indicative of its long-term prospects.

* *The Putnam PanAgora Risk Parity Blended Benchmark is an unmanaged index administered by Putnam Management, 35% of which is the MSCI ACWI Index, 50% of which is the Bloomberg Barclays U.S. Long Treasury Index, and 15% of which is the S&P GSCI.*

Recent broad market index and fund performance



This comparison shows your fund's performance in the context of broad market indexes for the period from 9/20/17 (commencement of operations) to 8/31/18. See above and pages 7–9 for additional fund performance information. Index descriptions can be found on pages 12–13.

The short-term results of a relatively new fund are not necessarily indicative of its long-term prospects.

Interview with your fund's portfolio managers

Edward Qian and Bryan Belton discuss the investing environment, fund results, and strategy since the fund's inception on September 20, 2017, through August 31, 2018, and their outlook for the coming months.

Edward Qian, Ph.D.
Portfolio Manager

Edward is Chief Investment Officer and Head of Multi-Asset Research at PanAgora Asset Management. He has a Ph.D. from Florida State University, an M.S. from The Chinese Science Academy, and a B.S. from Peking University. Edward joined PanAgora in 2005 and has been in the investment industry since 1996.

Bryan D. Belton, CFA
Portfolio Manager

Bryan is a Director in the Multi-Asset group at PanAgora Asset Management. He has an M.S.F. from Northeastern University and an A.B. from Boston College. Bryan joined PanAgora in 2005 and has been in the investment industry since 1997.

How would you describe the investing environment during the reporting period?

Global equities continued their strong run of positive performance from 2017 into 2018 on the back of positive economic news. However, troubles emerged in early February 2018 when U.S. inflationary concerns and expectations of subsequent tighter monetary policy caused equities to sell off sharply. Positive U.S. unemployment and wage numbers pushed the U.S. Federal Reserve to revise its economic growth expectations higher. While the sudden force of the correction pushed the CBOE Volatility Index [VIX], a measure of market volatility, past 50, by mid-February, the VIX had fallen back below 20. Concerns related to U.S. monetary tightening also hampered non-U.S. developed- and emerging-market equities.

In the United States, more than three quarters of S&P 500 Index-listed companies beat analysts' expectations, and recent corporate tax-rate cuts provided an additional boost to the already robust earnings growth. Despite the good economic news, concerns about escalating trade tensions with China and other key U.S. allies caused volatility to remain elevated. In Europe, investors reacted positively to the European Central Bank's decision to leave interest rates unchanged, although political

Portfolio composition

International Treasury	147.2%
U.S. Treasury	98.1%
U.S. stocks	26.8%
Commodities	22.3%
Emerging-market stocks	9.7%
International stocks	9.7%

The table shows the fund's total exposures as a percentage of the fund's net assets as of 8/31/18. Allocations will not total 100% because the table reflects the notional value of derivatives (the economic value for purposes of calculating periodic payment obligations), in addition to the market value of securities. Holdings and allocations may vary over time.

uncertainty emanating from Italy and Spain caused international developed markets to lose some ground. Increasing risk aversion to the region and a strengthening U.S. dollar had a negative impact on emerging markets.

Over the reporting period, U.S. small- and large-cap equities performed strongly as the Russell 2000 Index gained a robust 22.3%, followed by a 17.9% increase for the S&P 500 Index. International developed markets also experienced positive gains from a hedged U.S. dollar perspective, although to a much lesser extent with the MSCI World ex-U.S. Index [ND] [hedged] adding 6.8% for the reporting period. Emerging markets significantly trailed developed markets. The MSCI Emerging Markets Index [ND] lost 2.8% over the period.

After posting decent results toward the end of 2017, bond prices began 2018 on the decline as investors digested the prospects of rising inflation and a more hawkish stance by the Fed. However, performance began to recover somewhat after a difficult first quarter. Political uncertainty emanated from Italy and Spain [as discussed earlier], and triggers of a trade war between the United States and key trading partners sparked a rally for safe-haven bonds. For the second time in 2018, the Fed increased short-term interest rates in June. While this move was widely anticipated, focus quickly shifted as to whether there will be one or two more interest-rate hikes this year. With solid economic growth, declining unemployment, and annual inflation now matching the Fed's 2.0% target, the prospects of a fourth interest-rate increase have become more realistic. The FTSE U.S. Treasury Bill Index fell by 1.4% for the period, while the FTSE World Government Bond Index ex-U.S. [hedged] fared better by rising 0.5%. The uptick in inflation and the decrease in longer-term bond yields toward the end of the period was supportive for inflation-linked bonds. The Bloomberg Barclays World Government Inflation-Linked Bond Index [Hedged] gained 2.9% for the period. Investment-grade credit was the laggard as spreads continued to widen in the second half of the reporting period and demand waned. The Bloomberg Barclays U.S. Credit Index lost 0.7% over the period.

After a strong finish to 2017, commodities displayed mixed performance following the volatility spike observed in early February 2018. Energy commodities performed well, while other sectors such as precious metals, industrial metals, and agriculture declined. The heavily

“We anticipate the fund to hold an overweight position to equities due to our expectation of favorable economic growth and strong momentum, despite high valuations and the threat of trade wars.”

energy-weighted S&P GSCI was up 20.0% for the period, while the more diversified Bloomberg Commodity Index was up 0.23%, further highlighting the impact of the energy sector. The price for West Texas Intermediate [WTI] crude oil recovered from its early February 2018 low of $58.85 to end the period just under $70 per barrel. WTI and other oil-related commodities, including gas and brent crude, rallied as investors anticipated the global impact of U.S.-imposed sanctions on Iran, which will restrict the country from exporting crude oil starting in November 2018. Industrial metals, such as copper, and agricultural commodities, including sugar, soybeans, and coffee, were bottom-performing commodity contracts for the period.

How did the fund perform, and how did different asset classes contribute to these results?

On an absolute performance basis, Putnam PanAgora Risk Parity Fund generated a positive return of 0.71%, net of fees. At the main asset class level, equities were the biggest contributor to positive fund performance, while nominal fixed income largely detracted. Inflation-protected assets only modestly detracted during the reporting period. Within equities, the fund benefited from exposure to developed markets, and U.S. large- and small-cap equities were particularly strong contributors. Emerging-market equities, on the other hand, slightly detracted from performance. Within nominal fixed income, the fund was negatively impacted by its risk-balanced exposure to U.S. government debt while international government debt contributed positively. In

ABOUT DERIVATIVES

Derivatives are an increasingly common type of investment instrument, the performance of which is *derived* from an underlying security, index, currency, or other area of the capital markets. Derivatives employed by the fund’s managers generally serve one of two main purposes: to gain exposure to different asset classes, or to gain exposure to different areas of risk.

For example, the fund’s managers might use futures contracts to gain exposure to equity securities, fixed-income securities, or commodities. These asset classes offer different return potential and exposure to different investment risks.

Like any other investment, derivatives may not appreciate in value and may lose money. Derivatives may amplify traditional investment risks through the creation of leverage and may be less liquid than traditional securities. And because derivatives typically represent contractual agreements between two financial institutions, derivatives entail “counterparty risk,” which is the risk that the other party is unable or unwilling to pay. PanAgora monitors the counterparty risks we assume. For example, PanAgora often enters into collateral agreements that require the counterparties to post collateral on a regular basis to cover their obligations to the fund. Counterparty risk for exchange-traded futures and centrally cleared swaps is mitigated by the daily exchange of margin and other safeguards against default through their respective clearinghouses.

terms of inflation-protected assets, the portfolio's exposure to commodities was beneficial until the middle of the reporting period, when performance for a potentially more balanced allocation to the asset class began to decline.

On a relative performance basis, the fund underperformed its custom blended benchmark, which is 35% the MSCI ACWI Index, 50% the Bloomberg Barclays U.S. Long Treasury Index, and 15% the S&P GSCI, by -4.81%. As discussed above, the fund gained 0.71%, net of fees, for the period compared with 5.52% for the blended benchmark. While the fund's equity allocation outperformed that of the blended benchmark, the fund's nominal fixed-income and inflation-protected allocations underperformed. More specifically, the fund's risk-balanced exposure to U.S. government debt contributed to the underperformance as well as the fund's more diversified exposure to commodities relative to the heavily energy-weighted S&P GSCI component of the blended benchmark.

How did the fund use derivatives in the reporting period?

We used futures to provide exposure to equity securities, fixed-income securities, and commodities.

What is your outlook and strategy for the coming months?

At the end of the period, the fund increased its overweight position to equities and reduced its underweight position to nominal fixed income at the expense of inflation-protected assets relative to the fund's strategic [long-term] risk targets.

The fund seeks to generate stable wealth creation over time using a systematic multi-asset investing approach through a combination of better strategic asset allocation and tactical portfolio management. Over the coming months, we expect the overweight position to equities to persist due to our expectation of favorable economic growth and strong momentum, despite high valuations and the threat of trade wars. The fund's position in commodities has moved from an overweight to closer to neutral. We expect the commodity markets to stabilize as emerging markets and economic conditions improve. As the markets evolve, we will continue to monitor and manage the fund through systematic portfolio rebalancing, targeting constant volatility, dynamic risk allocation, and risk diversification.

Thank you, Edward and Bryan, for your time and insights today.

Past performance is not a guarantee of future results. The opinions expressed in this article represent the current, good-faith views of the author(s) at the time of publication, are provided for limited purposes, are not definitive investment advice, and should not be relied on as such. The information presented in this article has been developed internally and/or obtained from sources believed to be reliable; however, PanAgora Asset Management (PanAgora) does not guarantee the accuracy, adequacy, or completeness of such information. Predictions, opinions, and other information contained in this article are subject to change continually and without notice of any kind and may no longer be true after the date indicated. As with any investment there is a potential for profit as well as the possibility of loss.

Any forward-looking statements speak only as of the date they are made, and PanAgora assumes no duty to and does not undertake to update forward-looking statements. Forward-looking statements are subject to numerous assumptions, risks, and uncertainties, which change over time. Actual results could differ materially from those anticipated in forward-looking statements. This material is directed exclusively at investment professionals. Any investments to which this material relates are available only to or will be engaged in only with investment professionals.

Your fund's performance

This section shows your fund's performance, price, and distribution information for the reporting period from September 20, 2017 (the fund's commencement of operations) through the period ended August 31, 2018, the end of its most recent fiscal year. In accordance with regulatory requirements for mutual funds, we also include performance information as of the most recent calendar quarter-end and expense information taken from the fund's current prospectus. Performance should always be considered in light of a fund's investment strategy. Data represent past performance. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return and principal value will fluctuate, and you may have a gain or a loss when you sell your shares. Performance information does not reflect any deduction for taxes a shareholder may owe on fund distributions or on the redemption of fund shares. For the most recent month-end performance, please visit the Individual Investors section at putnam.com or call Putnam at 1-800-225-1581. Class R, R6, and Y shares are not available to all investors. See the Terms and definitions section in this report for definitions of the share classes offered by your fund.

Fund performance Total return for the life-of-fund period ended 8/31/18

(inception dates)	Life of fund
Class A (9/20/17)	
Before sales charge	0.71%
After sales charge	–5.08
Class B (9/20/17)	
Before CDSC	0.01
After CDSC	–4.96
Class C (9/20/17)	
Before CDSC	0.01
After CDSC	–0.98
Class M (9/20/17)	
Before sales charge	0.31
After sales charge	–3.20
Class R (9/20/17)	
Net asset value	0.51
Class R6 (9/20/17)	
Net asset value	1.01
Class Y (9/20/17)	
Net asset value	1.01

Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. After-sales-charge returns for class A and M shares reflect the deduction of the maximum 5.75% and 3.50% sales charge, respectively, levied at the time of purchase. Class B share returns after contingent deferred sales charge (CDSC) reflect the applicable CDSC, which is 5% in the first year, declining over time to 1% in the sixth year, and is eliminated thereafter. Class C share returns after CDSC reflect a 1% CDSC for the first year that is eliminated thereafter. Class R, R6, and Y shares have no initial sales charge or CDSC.

The short-term results of a relatively new fund are not necessarily indicative of its long-term prospects.

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

Comparative index returns For the life-of-fund period ended 8/31/18

	Life of fund
Putnam PanAgora Risk Parity Blended Benchmark*	5.52%
Lipper Alternative Global Macro Funds category average†	2.09

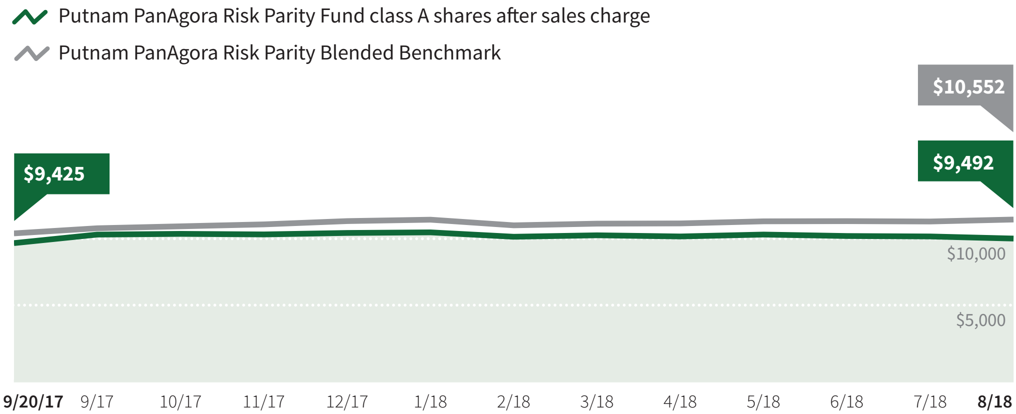
Index and Lipper results should be compared with fund performance before sales charge, before CDSC, or at net asset value.

* The Putnam PanAgora Risk Parity Blended Benchmark is an unmanaged index administered by Putnam Management, 35% of which is the MSCI ACWI Index, 50% of which is the Bloomberg Barclays U.S. Long Treasury Index, and 15% of which is the S&P GSCI.

† Over the life-of-fund period ended 8/31/18, there were 268 funds in this Lipper category.

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

Cumulative total return from 9/20/17 (commencement of operations) to 8/31/18



Past performance does not indicate future results. At the end of the same time period, a $10,000 investment in the fund's class B shares would have been valued at $10,001 ($9,504 after contingent deferred sales charge). A $10,000 investment in the fund's class C shares would be valued at $10,001 ($9,902 after contingent deferred sales charge). A $10,000 investment in the fund's class M shares ($9,650 after sales charge) would have been valued at $9,680. A $10,000 investment in the fund's class R, R6, and Y shares would have been valued at $10,051, $10,101 and $10,101, respectively.

Fund price and distribution information For the life-of-fund period ended 8/31/18

Distributions	Class A		Class B	Class C	Class M		Class R	Class R6	Class Y
Number	1		1	1	1		1	1	1
Income	—		—	—	—		—	—	—
Capital gains									
Long-term gains	$0.037969		$0.037969	$0.037969	$0.037969		$0.037969	$0.037969	$0.037969
Short-term gains	0.034031		0.034031	0.034031	0.034031		0.034031	0.034031	0.034031
Total	**$0.072000**		**$0.072000**	**$0.072000**	**$0.072000**		**$0.072000**	**$0.072000**	**$0.072000**
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	Net asset value
9/20/17*	$10.00	$10.61	$10.00	$10.00	$10.00	$10.36	$10.00	$10.00	$10.00
8/31/18	10.00	10.61	9.93	9.93	9.96	10.32	9.98	10.03	10.03

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

* Inception date of the fund.

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

	Life of fund	Annual average	1 year
Class A (9/20/17)			
Before sales charge	–0.70%	–0.68%	–0.10%
After sales charge	–6.41	–6.23	–5.84
Class B (9/20/17)			
Before CDSC	–1.50	–1.46	–0.81
After CDSC	–5.41	–5.26	–5.73
Class C (9/20/17)			
Before CDSC	–1.50	–1.46	–0.81
After CDSC	–1.50	–1.46	–1.79
Class M (9/20/17)			
Before sales charge	–1.20	–1.17	–0.60
After sales charge	–4.66	–4.53	–4.08
Class R (9/20/17)			
Net asset value	–1.00	–0.97	–0.40
Class R6 (9/20/17)			
Net asset value	–0.50	–0.48	0.10
Class Y (9/20/17)			
Net asset value	–0.50	–0.48	0.10

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

Your fund's expenses

As a mutual fund investor, you pay ongoing expenses, such as management fees, distribution fees (12b-1 fees), and other expenses. 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 R6	Class Y
Estimated net expenses for the fiscal year ended 8/31/18*‡	1.35%	2.10%	2.10%	1.85%	1.60%	1.00%	1.10%
Estimated total annual operating expenses for the fiscal year ended 8/31/18‡	1.65%	2.40%	2.40%	2.15%	1.90%	1.30%	1.40%
Annualized expense ratio for the six-month period ended 8/31/18†	1.24%	1.99%	1.99%	1.74%	1.49%	1.01%	0.99%

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 consolidated financial highlights of this report.

Expenses are shown as a percentage of average net assets.

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

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

‡ Other expenses are based on estimated amounts for the current fiscal year.

Expenses per $1,000

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

	Class A	Class B	Class C	Class M	Class R	Class R6	Class Y
Expenses paid per $1,000*†	$6.27	$10.04	$10.04	$8.79	$7.53	$5.11	$5.01
Ending value (after expenses)	$1,006.00	$1,002.00	$1,002.00	$1,004.00	$1,005.00	$1,008.00	$1,008.00

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

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

Estimate the expenses you paid

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

How to calculate the expenses you paid								
Value of your investment on 3/1/18	÷	**$1,000**	x	**Expenses paid per $1,000**	=	**Total expenses paid**
Example *Based on a $10,000 investment in class A shares of your fund.*						
$10,000	÷	**$1,000**	x	**$6.27** *(see preceding table)*	=	**$62.70**

Compare expenses using the SEC's method

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

	Class A	Class B	Class C	Class M	Class R	Class R6	Class Y
Expenses paid per $1,000*†	$6.31	$10.11	$10.11	$8.84	$7.58	$5.14	$5.04
Ending value (after expenses)	$1,018.95	$1,015.17	$1,015.17	$1,016.43	$1,017.69	$1,020.11	$1,020.21

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

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

Terms and definitions

Important terms

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

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

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

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

Share classes

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

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

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

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

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

Class R6 shares are not subject to an initial sales charge or CDSC, and carry no 12b-1 fee. They are generally only available to employer-sponsored retirement plans, corporate and institutional clients, and clients in other approved programs.

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

Comparative indexes

Bloomberg Barclays Commodity Index tracks the performance of a basket of commodities from a broad range of sectors.

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

Bloomberg Barclays U.S. Long Treasury Index is an unmanaged index of all publicly issued, U.S. Treasury securities that have a remaining maturity of 10 or more years, are investment-grade rated, and have $250 million or more of outstanding face value.

Bloomberg Barclays World Government Inflation-Linked Bond Index [Hedged] is an unmanaged index that tracks the performance of investment-grade, government inflation-linked debt from 12 different developed market countries.

FTSE U.S. Treasury Bill Index is an average of Treasury bill month-end rates. The instruments are not marked to market.

FTSE World Government Bond Index ex. U.S. measures the performance of fixed-rate, local-currency, investment-grade sovereign bonds, excluding the United States.

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

MSCI ACWI (All Country World Index) Index (ND) is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets.

MSCI Emerging Markets Index (ND) is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

MSCI World ex-U.S. Index (ND) is an unmanaged index of equity securities from developed countries, excluding the United States.

Putnam PanAgora Risk Parity Blended Benchmark is an unmanaged index administered by Putnam Management, 35% of which is the MSCI ACWI Index, 50% of which is the Bloomberg Barclays U.S. Long Treasury Index, and 15% of which is the S&P GSCI Index.

Russell 2000 Index is an unmanaged index of 2,000 small companies in the Russell 3000 Index.

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

S&P GSCI is a composite index of commodity sector returns that represents a broadly diversified, unleveraged, long-only position in commodity futures.

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

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

Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company.

Net dividends (ND) 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.

Lipper is a third-party industry-ranking entity that ranks mutual funds. Its rankings do not reflect sales charges. Lipper rankings are based on total return at net asset value relative to other funds that have similar current investment styles or objectives as determined by Lipper. Lipper may change a fund's category assignment at its discretion. Lipper category averages reflect performance trends for funds within a category.

Other information for shareholders

Proxy voting

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

Fund portfolio holdings

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

Trustee and employee fund ownership

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

Important notice regarding Putnam's privacy policy

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

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

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

Trustee approval of management contract

General conclusions

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

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

In May 2018, the Contract Committee met in executive session to discuss and consider its recommendations with respect to the continuance of the contracts. At the Trustees' June 2018 meeting, the Contract Committee met in executive session with the other Independent Trustees to review a summary of the key financial, performance and other data that the Contract Committee considered in the course of its review. The Contract Committee then presented its written report, which summarized the key factors that the Committee had considered and set forth its recommendations. The Contract Committee recommended, and the Independent Trustees approved, the continuance of your fund's management and sub-advisory contracts (as well as the management and sub-advisory contracts of its wholly-owned subsidiary), effective July 1, 2018.

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

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

These conclusions were based on a comprehensive consideration of all information provided to the Trustees and were not the result of any single factor. Some of the factors that figured particularly in the Trustees' deliberations and how the Trustees considered these factors are described below, although individual Trustees may have evaluated the information presented differently, giving different weights to various factors.

Management fee schedules and total expenses

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

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

Under its management contract, your fund has the benefit of breakpoints in its management fee schedule that provide shareholders with economies of scale in the form of reduced fee rates as assets under management of all open-end funds sponsored by Putnam Management for which PanAgora acts as sub-adviser increase. The Trustees concluded that the fee schedule in effect for your fund represented an appropriate sharing of economies of scale between fund shareholders, Putnam Management and PanAgora.

As in the past, the Trustees also focused on the competitiveness of each fund's total expense ratio. In order to support the effort to have fund expenses meet competitive standards, the Trustees and Putnam Management have implemented expense limitations. These expense limitations were: (i) a contractual expense limitation applicable to all open-end funds of 25 basis points on investor servicing fees and expenses and (ii) a contractual expense limitation applicable to specified open-end funds, including your fund, of 20 basis points on so-called "other expenses" (i.e., all expenses exclusive of management fees, distribution fees, investor servicing fees, investment-related expenses, interest, taxes, brokerage commissions, acquired fund fees and expenses and extraordinary expenses). These expense limitations attempt to maintain competitive expense levels for the funds. Putnam Management has agreed to maintain these expense limitations until at least December 30, 2019. Putnam Management's support for these expense limitation arrangements was an important factor in the Trustees' decision to approve the continuance of your fund's management and sub-advisory contracts.

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

In connection with their review of fund management fees and total expenses, the Trustees also reviewed the costs of the services provided and the profits realized by Putnam Management and PanAgora from their contractual relationships with the funds. This information included trends in revenues, expenses and profitability of Putnam Management and its affiliates relating to the investment management, investor servicing and distribution services provided to the funds. In this regard, the Trustees also reviewed an analysis of Putnam Management's revenues, expenses and profitability, allocated on a fund-by-fund basis, with respect to the funds' management, distribution, and investor servicing contracts. For each fund, the analysis presented information about revenues, expenses and profitability for each of the agreements separately and for the agreements taken together on a combined basis. The Trustees also reviewed the costs incurred by PanAgora in providing its services under the sub-advisory contract and the resulting profitability of your fund. The Trustees concluded that, at current asset levels, the fee schedules in place represented reasonable compensation for the services being provided and represented an appropriate sharing between fund shareholders, Putnam Management and PanAgora of such economies of scale as may exist in the management of the fund at that time.

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

Investment performance

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

The Trustees considered that 2017 was a strong year for the performance of the Putnam funds, with generally favorable results for most asset classes, including U.S. equity, international and global equity, taxable and tax exempt fixed income, and global asset allocation Funds. In this regard, the Trustees considered that, for the one-year period ended December 31, 2017, the Putnam open-end Funds' performance, on an asset-weighted basis, ranked in the 32nd percentile of their Lipper peers (excluding those Putnam funds that are evaluated based on their total returns and/or comparisons of those returns versus selected investment benchmarks or targeted annual returns). The Trustees observed that this strong performance has continued a positive trend that began in mid-year 2016 across most Putnam funds. They noted that the longer-term performance of the Putnam funds continued to be strong, exemplified by the fact that the Putnam funds were ranked by the Barron's/Lipper Fund Families survey as the 7th-best performing mutual fund complex out of 55 complexes for the five-year period ended December 31, 2017 and the 9th-best performing mutual fund complex out of 50 complexes for the ten-year period ended 2017. In addition, the survey ranked the Putnam funds 7th out of 59 mutual fund complexes for the one-year period ended 2017; the Putnam funds have ranked 1st or 2nd in the survey for the one-year period three times since 2009 (most recently in 2013). They also noted, however, the disappointing investment performance of some funds for periods ended December 31, 2017 and considered information provided by Putnam Management regarding the factors contributing to the underperformance and actions being taken to improve the performance of these particular funds. The Trustees indicated their intention to continue to monitor closely the performance of those funds, including the effectiveness of any efforts Putnam Management has undertaken to address underperformance and whether additional actions to address areas of underperformance are warranted.

For purposes of the Trustees' evaluation of the Putnam Funds' investment performance, the Trustees generally focus on a competitive industry ranking of each fund's total net return over a one-year, three-year and five-year period. For a number of Putnam funds with relatively unique investment mandates for which Putnam Management informed the Trustees that meaningful competitive performance rankings are not considered to be available, the Trustees evaluated performance based on their total gross and net returns and, in most cases, comparisons of those returns with the returns of selected investment benchmarks. In the case of your fund, the Trustees considered that its class A share cumulative total return performance at net asset value was in the second quartile of its Lipper Inc. ("Lipper") peer group (Lipper Alternative Global Macro Funds) for the period from the fund's commencement of operations on September 20, 2017 through December 31, 2017 (the first quartile representing the best-performing funds and the fourth quartile the worst-performing funds), but because your fund had less than one year of performance, the Trustees considered that there had not been a sufficiently long period of time to allow for definitive conclusions about the fund's performance. Based on the information provided by Putnam Management and PanAgora, the Trustees remained satisfied with the investment process that PanAgora employs, and the Trustees will continue to monitor your fund and its investment performance in the coming year. (When considering performance information, shareholders should be mindful that past performance is not a guarantee of future results.)

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

Brokerage and soft-dollar allocations; investor servicing

The Trustees considered various potential benefits that Putnam Management and PanAgora may receive in connection with the services they provide under the management and sub-advisory contracts with your fund. These include benefits related to brokerage allocation and the use of soft dollars, whereby a portion of the commissions paid by a fund for brokerage may be used to acquire research services that are expected to be useful to PanAgora in managing the assets of the fund and of other clients. Subject to policies approved by the Trustees, soft dollars generated by these means are used predominantly to acquire brokerage and research services (including third-party research and market data) that enhance PanAgora's investment capabilities and supplement PanAgora's internal research efforts. The Trustees indicated their continued intent to monitor regulatory and industry developments in this area with the assistance of their Brokerage Committee. The Trustees also indicated their continued intent to monitor the allocation of the Putnam funds' brokerage in order to ensure that the principle of seeking best price and execution remains paramount in the portfolio trading process.

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

Consolidated financial statements

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

The fund's consolidated 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.

Consolidated 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.)

Consolidated statement of operations shows the fund's net investment gain or loss. This is done by first adding up all the fund's earnings — from dividends and interest income — and subtracting its operating expenses to determine net investment income (or loss). Then, any net gain or loss the fund realized on the sales of its holdings — as well as any unrealized gains or losses over the period — is added to or subtracted from the net investment result to determine the fund's net gain or loss for the fiscal year.

Consolidated 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 Consolidated statement of operations because the distributions are deter¬mined on a tax basis and may be paid in a different period from the one in which they were earned.

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

Report of Independent Registered Public Accounting Firm

To the Trustees of Putnam Investment Funds and Shareholders
of Putnam PanAgora Risk Parity Fund:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statement of assets and liabilities, including the fund's consolidated portfolio, of Putnam PanAgora Risk Parity Fund and its subsidiary (one of the funds constituting Putnam Investment Funds, referred to hereafter as the "Fund") as of August 31, 2018, and the related consolidated statements of operations and changes in net assets, including the related notes, and the consolidated financial highlights for the period September 20, 2017 (commencement of operations) through August 31, 2018 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Fund as of August 31, 2018, and the results of their operations, changes in their net assets, and the consolidated financial highlights for the period September 20, 2017 (commencement of operations) through August 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audit of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our procedures included confirmation of securities owned as of August 31, 2018 by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Boston, Massachusetts
October 15, 2018

We have served as the auditor of one or more investment companies in the Putnam Investments family of mutual funds since at least 1957. We have not been able to determine the specific year we began serving as auditor.

The fund's consolidated portfolio 8/31/18

INVESTMENT COMPANIES (29.1%)*	Shares	Value
State Street Institutional Treasury Plus Money Market Fund	8,255,123	$8,255,123
State Street Institutional US Government Money Market Fund [ΩΩ]	744,912	744,912
Total investment companies (cost $9,000,035)		**$9,000,035**

SHORT-TERM INVESTMENTS (69.1%)*	Principal amount/ shares	Value
U.S. Treasury Bills 1.98%, 10/18/18 [ΩΩ #]	$21,440,000	$21,388,050
Total short-term investments (cost $21,384,788)		**$21,388,050**

TOTAL INVESTMENTS	
Total investments (cost $30,384,823)	**$30,388,085**

Notes to the fund's consolidated portfolio

Unless noted otherwise, the notes to the fund's consolidated portfolio are for the close of the fund's reporting period, which ran from September 20, 2017 (commencement of operations) through August 31, 2018 (the reporting period). Within the following notes to the consolidated portfolio, references to "Putnam Management" represent Putnam Investment Management, LLC, the fund's manager, an indirect wholly-owned subsidiary of Putnam Investments, LLC and references to "ASC 820" represent Accounting Standards Codification 820 *Fair Value Measurements and Disclosures*.

* Percentages indicated are based on net assets of $30,933,571.

\# This security, in part or in entirety, was pledged and segregated with the broker to cover margin requirements for futures contracts at the close of the reporting period. Collateral at period end totaled $1,436,213 and is included in Investments in securities on the Consolidated statement of assets and liabilities (Notes 1 and 9).

ΩΩ A portion of these holdings are held by Putnam PanAgora Risk Parity Ltd., a wholly-owned and controlled subsidiary, valued at $3,428,394.

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

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

FUTURES CONTRACTS OUTSTANDING at 8/31/18

	Number of contracts	Notional amount	Value	Expiration date	Unrealized appreciation/ (depreciation)
Amsterdam Exchange index (Long)	2	$259,274	$259,172	Sep-18	$3,106
Australian Government Treasury Bond 10 yr (Long)	66	6,196,266	6,196,267	Sep-18	135,150
Bloomberg Commodity Index (Long) ##	825	6,908,220	6,913,500	Sep-18	(333,713)
Canadian Government Bond 10 yr (Long)	50	5,164,368	5,164,368	Dec-18	31,789
DAX Index (Long)	1	358,790	358,367	Sep-18	(14,323)
Euro-Bobl 5 yr (Long)	28	4,277,782	4,277,456	Dec-18	(47)
Euro-BTP Italian Government Bond (Long)	26	3,645,080	3,645,080	Dec-18	(44)
Euro-Bund 10 yr (Long)	12	2,239,087	2,239,505	Dec-18	1,790
Euro-Buxl 30 yr (Long)	5	1,028,541	1,029,237	Dec-18	456
FTSE 100 Index (Long)	4	385,430	384,994	Sep-18	(10,508)
Hang Seng Index (Long)	3	532,987	530,626	Sep-18	(2,285)
IBEX 35 Index (Long)	2	218,200	217,901	Sep-18	1,148

FUTURES CONTRACTS OUTSTANDING at 8/31/18 *cont.*

	Number of contracts	Notional amount	Value	Expiration date	Unrealized appreciation/ (depreciation)
Japanese Government Bond 10 yr (Long)	13	$17,594,636	$17,594,636	Sep-18	$(26,684)
MSCI Emerging Markets Index (Long)	57	3,009,486	3,006,465	Sep-18	(197,504)
OMXS 30 Index (Long)	8	145,053	144,995	Sep-18	4,850
Russell 2000 Index E-Mini (Long)	37	3,220,393	3,220,110	Sep-18	113,314
S&P 500 Index E-Mini (Long)	35	5,077,660	5,078,675	Sep-18	212,739
S&P/TSX 60 Index (Long)	2	296,009	295,816	Sep-18	2,212
SPI 200 Index (Long)	3	340,732	339,896	Sep-18	11,047
Tokyo Price Index (Long)	3	468,549	468,050	Sep-18	(2,774)
U.K. Gilt 10 yr (Long)	34	5,392,221	5,392,222	Dec-18	(4,463)
U.S. Treasury Bond 30 yr (Long)	21	3,028,594	3,028,594	Dec-18	7,169
U.S. Treasury Note 2 yr (Long)	78	16,486,031	16,486,031	Dec-18	8,627
U.S. Treasury Note 5 yr (Long)	51	5,783,320	5,783,320	Dec-18	6,264
U.S. Treasury Note 10 yr (Long)	42	5,051,156	5,051,156	Dec-18	9,921
Unrealized appreciation					**549,582**
Unrealized (depreciation)					**(592,345)**
Total					**$(42,763)**

Held by Putnam PanAgora Risk Party Ltd., a wholly-owned and controlled subsidiary.

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**
Investment companies	$9,000,035	$—	$—
Short-term investments	—	21,388,050	—
Totals by level	**$9,000,035**	**$21,388,050**	**$—**

		Valuation inputs	
Other financial instruments:	**Level 1**	**Level 2**	**Level 3**
Futures contracts	$(42,763)	$—	$—
Totals by level	**$(42,763)**	**$—**	**$—**

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.

Consolidated statement of assets and liabilities 8/31/18

ASSETS	
Investment in securities, at value (Notes 1 and 9):	
Unaffiliated issuers (identified cost $30,384,823)	$30,388,085
Interest receivable	12,842
Receivable for shares of the fund sold	20,657
Receivable from Manager (Note 2)	52,174
Receivable for variation margin on futures contracts (Note 1)	292,318
Unamortized offering costs (Note 1)	17,391
Prepaid assets	57,961
Deposits with Broker	914,618
Total assets	**31,756,046**

LIABILITIES	
Payable to custodian	72,560
Payable for custodian fees (Note 2)	4,356
Payable for investor servicing fees (Note 2)	2,022
Payable for Trustee compensation and expenses (Note 2)	313
Payable for administrative services (Note 2)	118
Payable for distribution fees (Note 2)	3,016
Payable for auditing and tax fees	55,090
Payable for variation margin on futures contracts (Note 1)	332,229
Payable for offering costs (Note 1)	334,057
Other accrued expenses	18,714
Total liabilities	**822,475**
Net assets	**$30,933,571**

REPRESENTED BY	
Paid-in capital (Unlimited shares authorized) (Notes 1, 4 and 5)	$30,711,111
Undistributed net investment income (Note 1)	84,133
Distributions in excess of gains on investments (Note 1)	177,053
Net unrealized depreciation of investments and assets and liabilities in foreign currencies	(38,726)
Total — Representing net assets applicable to capital shares outstanding	**$30,933,571**

(Continued on next page)

Consolidated statement of assets and liabilities *cont.*

COMPUTATION OF NET ASSET VALUE AND OFFERING PRICE	
Net asset value and redemption price per class A share ($7,053,311 divided by 705,239 shares)	$10.00
Offering price per class A share (100/94.25 of $10.00)*	$10.61
Net asset value and offering price per class B share ($10,003 divided by 1,007 shares)**	$9.93
Net asset value and offering price per class C share ($13,305 divided by 1,339 shares)**†	$9.93
Net asset value and redemption price per class M share ($10,027 divided by 1,007 shares)	$9.96
Offering price per class M share (100/96.50 of $9.96)*	$10.32
Net asset value, offering price and redemption price per class R share ($10,053 divided by 1,007 shares)	$9.98
Net asset value, offering price and redemption price per class R6 share ($4,816,772 divided by 480,447 shares)	$10.03
Net asset value, offering price and redemption price per class Y share ($19,020,100 divided by 1,897,206 shares)	$10.03

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

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

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

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

Consolidated statement of operations

For the period 9/20/17 (commencement of operations) to 8/31/18

INVESTMENT INCOME	
Interest	$378,318
Total investment income	**378,318**
EXPENSES	
Compensation of Manager (Note 2)	210,883
Investor servicing fees (Note 2)	11,399
Custodian fees (Note 2)	9,008
Trustee compensation and expenses (Note 2)	1,467
Distribution fees (Note 2)	17,054
Administrative services (Note 2)	861
Amortization of offering costs (Note 1)	316,666
Auditing and tax fees	59,521
Other	46,434
Fees waived and reimbursed by Manager (Note 2)	(377,496)
Total expenses	**295,797**
Expense reduction (Note 2)	(1,472)
Net expenses	**294,325**
Net investment income	**83,993**
REALIZED AND UNREALIZED GAIN (LOSS)	
Net realized gain (loss) on:	
Foreign currency transactions (Note 1)	33,057
Futures contracts (Note 1)	87,809
Total net realized gain	**120,866**
Change in net unrealized appreciation (depreciation) on:	
Securities from unaffiliated issuers	3,262
Assets and liabilities in foreign currencies	775
Futures contracts	(42,763)
Total change in net unrealized depreciation	**(38,726)**
Net gain on investments	**82,140**
Net increase in net assets resulting from operations	**$166,133**

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

Consolidated statement of changes in net assets

INCREASE IN NET ASSETS	For the period 9/20/17 (commencement of operations) to 8/31/18
Operations	
Net investment income	$83,993
Net realized gain on investments and foreign currency transactions	120,866
Net unrealized appreciation of investments and assets and liabilities in foreign currencies	(38,726)
Net increase in net assets resulting from operations	**166,133**
Distributions to shareholders (Note 1):	
From ordinary income	
Net realized short-term gain on investments	
Class A	(23,797)
Class B	(34)
Class C	(34)
Class M	(34)
Class R	(34)
Class R6	(12,015)
Class Y	(63,499)
From net realized long-term gain on investments	
Class A	(26,550)
Class B	(38)
Class C	(38)
Class M	(38)
Class R	(38)
Class R6	(13,405)
Class Y	(70,848)
Increase from capital share transactions (Note 4)	23,977,840
Total increase in net assets	**23,933,571**

NET ASSETS	
Beginning of period (Note 5)	7,000,000
End of year (including undistributed net investment income of $84,133)	**$30,933,571**

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

Consolidated financial highlights (For a common share outstanding throughout the period)

	INVESTMENT OPERATIONS				LESS DISTRIBUTION				RATIOS AND SUPPLEMENTAL DATA			
Period ended	**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 realized gain on investments	**Total distributions**	**Net asset value, end of period**	**Total return at net asset value (%)**[b]	**Net assets, end of period (in thousands)**	Ratio of expenses to average net assets (%)[c,d]	Ratio of net investment income (loss) to average net assets (%)[d]	Portfolio turnover (%)
Class A												
August 31, 2018†	**$10.00**	.01	.06	**.07**	(.07)	**(.07)**	**$10.00**	**.71***	**$7,053**	1.18*	.08*	—
Class B												
August 31, 2018†	**$10.00**	(.06)	.06	—[e]	(.07)	**(.07)**	**$9.93**	**.01***	**$10**	1.89*	(.63)*	—
Class C												
August 31, 2018†	**$10.00**	(.06)	.06	—[e]	(.07)	**(.07)**	**$9.93**	**.01***	**$13**	1.89*	(.60)*	—
Class M												
August 31, 2018†	**$10.00**	(.04)	.07	**.03**	(.07)	**(.07)**	**$9.96**	**.31***	**$10**	1.65*	(.39)*	—
Class R												
August 31, 2018†	**$10.00**	(.01)	.06	**.05**	(.07)	**(.07)**	**$9.98**	**.51***	**$10**	1.42*	(.15)*	—
Class R6												
August 31, 2018†	**$10.00**	.04	.06	**.10**	(.07)	**(.07)**	**$10.03**	**1.01***	**$4,817**	.95*	.43*	—
Class Y												
August 31, 2018†	**$10.00**	.03	.07	**.10**	(.07)	**(.07)**	**$10.03**	**1.01***	**$19,020**	.94*	.32*	—

* Not annualized.

† For the period September 20, 2017 (commencement of operations) to August 31, 2018.

[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] 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 1.27% as a percentage of average net asets (Note 2).

[e] Amount represents less than $0.01 per share.

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

Notes to consolidated financial statements 8/31/18

Within the following Notes to consolidated 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 20, 2017 (commencement of operations) through August 31, 2018.

Putnam PanAgora Risk Parity Fund (the fund) is a non-diversified series of Putnam Investment Funds (the Trust), a Massachusetts business trust registered under the Investment Company Act of 1940, as amended, as an open-end management investment company. The goal of the fund is to seek total return, which is composed of capital appreciation and income. The fund pursues an investment strategy designed to generate returns from investing in a combination of asset classes with diversified risk characteristics. The fund strategically allocates its investments among equities, fixed-income instruments and commodities in an effort to participate in periods of economic growth, preserve capital during periods of economic contraction, and preserve real rates of return during periods of heightened inflation.

In allocating the fund's assets among the different asset classes, PanAgora Asset Management, Inc. ("PanAgora"), the subadviser to the fund, employs a proprietary "risk parity" approach, which relies on quantitative models and information and data inputs to those models to seek to diversify the fund's portfolio risks across and within asset classes. When allocating investments across asset classes, the fund generally allocates a greater portion of its assets to asset classes PanAgora views as having lower risk, such as developed market bonds, than to asset classes PanAgora views as having higher risk, such as global equities. In its "neutral" position, the fund's assets are generally strategically allocated among the different asset classes so that the anticipated contribution of each asset class to the overall risk of the fund will be approximately as follows: 40% from equity risk; 40% from fixed income risk; and 20% from inflation risk. However, PanAgora may seek different risk contributions from time to time, including in response to market conditions. When allocating investments within each asset class, PanAgora's risk parity approach seeks to diversify the fund's risk exposures across a variety of factors, including industry sectors, geographies, companies and commodity types.

The fund will gain exposure to different areas of risk either through direct investment or through derivative instruments, primarily including forwards, futures, and swaps, but which may also include, but are not limited to, options. The fund may invest without limit in equity securities, including, but not limited to, global developed markets large-cap equities, emerging markets equities, and U.S. small and mid-cap equities. The fund may additionally invest in fixed-income securities of any credit quality, duration or maturity (including, but not limited to, U.S and non-U.S. sovereign bonds, global inflation-linked government bonds (including Treasury Inflation Protected Securities), and investment-grade corporate bonds), commodities (including through, but not limited to, commodity-linked notes and commodity-related derivative instruments (primarily commodity futures and swaps on commodity futures)), exchange-traded funds ("ETFs"), exchange-traded notes, and emerging markets and other currencies (including through cash bonds and currency forwards). These asset classes offer different return potential and exposure to different investment risks.

While the fund normally does not engage in borrowing, the fund typically uses derivatives to a significant extent and may take "short" derivatives positions.

A significant portion of the assets of the fund will be invested in short-term instruments, including cash and cash equivalents generally with one year or less term to maturity. These investments serve as collateral for the derivative positions the fund takes and also may earn income for the fund.

The fund is "non-diversified," which means that it may invest a greater percentage of its assets in fewer issuers than a "diversified" fund.

The fund may invest directly or indirectly through its wholly-owned and controlled subsidiary Putnam PanAgora Risk Parity, Ltd. (the "subsidiary"), which like the fund, is sub-advised by PanAgora. The fund may invest no more than 25% of its assets in the subsidiary. Generally, the subsidiary will invest primarily in commodity futures and swaps on commodity futures but it may also invest in other commodity-related instruments (such as financial futures, option and swap contracts) or other asset classes (including through derivatives). Unlike the fund, the subsidiary may invest without limitation in commodity-related instruments. Unless indicated otherwise, references to the fund's investments, investment exposures or risks include its indirect investments, investment exposures and risks through the subsidiary.

The fund offers class A, class B, class C, class M, class R, class R6 and class Y shares. The fund began offering class A, class B, class C, class M, class R, class R6 and class Y shares on September 20, 2017. The fund registered class T shares in September 2017, however, as of the date of this report, class T shares had not commenced operations and are not available for purchase. Purchases of class B shares are closed to new and existing investors except by exchange from class B shares of another Putnam fund or through dividend and/or capital gains reinvestment. Class A and class M shares are sold with a maximum front-end sales charge of 5.75% and 3.50%, respectively. Class A shares generally are not subject to a contingent deferred sales charge, and class M, class R, class R6 and class Y shares are not subject to a contingent deferred sales charge. Class B shares, which convert to class A shares after approximately eight years, are not subject to a front-end sales charge and are subject to a contingent deferred sales charge if those shares are redeemed within six years of purchase. Class C shares are subject to a one-year 1.00% contingent deferred sales charge and generally convert to class A shares after approximately ten years. Prior to April 1, 2018, class C shares did not convert to class A shares. Class R shares, which are not available to all investors, are sold at net asset value. The expenses for class A, class B, class C, class M and class R shares may differ based on the distribution fee of each class, which is identified in Note 2. Class R6 and class Y shares, which are sold at net asset value, are generally subject to the same expenses as class A, class B, class C, class M and class R shares, but do not bear a distribution fee and in the case of class R6 shares, bear a lower investor servicing fee, which is identified in Note 2. Class R6 and class Y shares are not available to all investors.

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

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

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

Note 1: Significant accounting policies

The following is a summary of significant accounting policies consistently followed by the fund in the preparation of its consolidated financial statements. The preparation of consolidated 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 consolidated 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 Consolidated statement of assets and liabilities date through the date that the financial statements were issued have been evaluated in the preparation of the consolidated 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.

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. Short-term securities with remaining maturities of 60 days or less are valued using an independent pricing service approved by the Trustees, and are classified as Level 2 securities.

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.

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

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

Futures contracts The fund uses futures contracts to provide exposure to equity securities, fixed-income securities and commodities.

The potential risk to the fund is that the change in value of futures contracts may not correspond to the change in value of the hedged instruments. In addition, losses may arise from changes in the value of the underlying instruments, if there is an illiquid secondary market for the contracts, if interest or exchange rates move unexpectedly or if the counterparty to the contract is unable to perform. With futures, there is minimal counterparty credit risk to the fund since futures are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default. Risks may exceed amounts recognized on the Consolidated statement of assets and liabilities. When the contract is closed, 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.

Futures contracts are valued at the quoted daily settlement prices established by the exchange on which they trade. The fund and the broker agree to exchange an amount of cash equal to the daily fluctuation in the value of the futures contract. Such receipts or payments are known as "variation margin."

At close of the reporting period, the fund has deposited cash valued at $914,618 in a segregated account to cover margin requirements on open futures contracts.

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

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

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

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

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

The fund's investment in the subsidiary is expected to provide the fund with exposure to the commodities markets within the limitations of the federal tax requirements of Subchapter M of the Code. The rules regarding the extent to which annual net income, if any, realized by the subsidiary and included in the fund's annual income for U.S. federal income purposes will constitute "qualifying income" for purposes of the fund's qualification as a regulated investment company under the Code are unclear and currently under consideration.

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

Pursuant to federal income tax regulations applicable to regulated investment companies, the fund has elected to defer certain capital losses of $23,266 recognized during the period between November 1, 2017 and August 31, 2018 to its fiscal year ending August 31, 2019.

Distributions to shareholders Distributions to shareholders from net investment income are recorded by the fund on the ex-dividend date. Distributions from capital gains, if any, are recorded on the ex-dividend date and paid at least annually. The amount and character of income and gains to be distributed are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles. These differences include temporary and/or permanent differences from foreign currency gains and losses, from late year loss deferrals, from realized gains and losses on certain futures contracts, from unrealized gains and losses on certain futures contracts and from controlled foreign subsidiary income and gains. Reclassifications are made to the fund's capital accounts to reflect income and gains available for distribution (or available capital loss carryovers) under income tax regulations. At the close of the reporting period, the fund reclassified $140 to increase undistributed net investment income, $266,729 to decrease paid-in capital and $266,589 to increase accumulated net realized gain.

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

Unrealized appreciation	$755,087
Unrealized depreciation	(594,269)
Net unrealized appreciation	160,818
Undistributed ordinary income	84,133
Post-October capital loss deferral	(23,266)
Cost for federal income tax purposes	$30,184,504

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

Offering costs The offering costs of $334,057 are being fully amortized on a straight-line basis over a twelve-month period. The fund will reimburse Putnam Management for the payment of these expenses.

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 monthly average of the aggregate net assets of all open-end funds sponsored by Putnam Management for which PanAgora is acting as sub-adviser launched on or after the date of the fund's management contract, as determined at the close of each business day during the month. Such annual rates may vary as follows:

0.750%	of the first $1 billion,	0.730%	of the next $2 billion,
0.740%	of the next $2 billion,	0.720%	of any excess thereafter

The subsidiary pays a monthly management fee to Putnam Management at the same rate as the Fund. For so long as the fund invests in the subsidiary, the management fee paid by the fund to Putnam Management is reduced by an amount equal to the management fee Putnam Management receives from the subsidiary under the management contract between Putnam Management and the subsidiary.

For the reporting period, the fee represented an effective rate (excluding the impact from any expense waivers in effect) of 0.711% of the fund's average net assets.

Putnam Management has contractually agreed, through December 30, 2019, 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 $377,496 as a result of this limit.

PanAgora, an affiliate of Putnam Management, is authorized by the Trustees to make investment decisions for the assets of the fund as determined by Putnam Management from time to time. Putnam Management pays a quarterly sub-management fee to PanAgora for its services at the following annual rates of the average net assets of the portion of the fund managed by PanAgora:

0.350%	of the first $250 million,	0.330%	of the next $250 million,
0.340%	of the next $500 million,	0.300%	of any excess thereafter

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

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

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

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

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

Class A	$2,787	Class R	4
Class B	4	Class R6	1,754
Class C	4	Class Y	6,842
Class M	4	**Total**	**$11,399**

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. For the reporting period, the fund's expenses were reduced by $1,472 under the expense offset arrangements.

Each Independent Trustee of the fund receives an annual Trustee fee, of which $23, 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 Consolidated statement of operations. Accrued pension liability is included in Payable for Trustee compensation and expenses in the Consolidated statement of assets and liabilities. The Trustees have terminated the Pension Plan with respect to any Trustee first elected after 2003.

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

of the average net assets attributable to each class. The Trustees have approved payment by the fund at the following annual rate ("Approved %") of the average net assets attributable to each class. During the reporting period, the class-specific expenses related to distribution fees were as follows:

	Maximum %	Approved %	Amount
Class A	0.35%	0.25%	$16,738
Class B	1.00%	1.00%	95
Class C	1.00%	1.00%	101
Class M	1.00%	0.75%	72
Class R	1.00%	0.50%	48
Total			**$17,054**

For the reporting period, Putnam Retail Management Limited Partnership, acting as underwriter, received net commissions of $530 and no monies from the sale of class A and class M shares, respectively, and received no monies in contingent deferred sales charges from redemptions of class B and class C shares.

A deferred sales charge of up to 1.00% is assessed on certain redemptions of class A shares. For the reporting period, Putnam Retail Management Limited Partnership, acting as underwriter, received no monies on class A redemptions.

Note 3: Purchases and sales of securities

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

	Cost of purchases	Proceeds from sales
Investments in securities, (Long-term)	$—	$—
U.S. government securities (Long-term)	—	—
Total	**$—**	**$—**

Note 4: Capital shares

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

	FOR THE PERIOD 9/20/17 (COMMENCEMENT OF OPERATIONS) TO 8/31/18	
Class A	**Shares**	**Amount**
Shares sold	7,264	$72,986
Shares issued in connection with reinvestment of distributions	4,985	50,347
	12,249	123,333
Shares repurchased	(1,010)	(10,111)
Net increase	**11,239**	**$113,222**

	FOR THE PERIOD 9/20/17 (COMMENCEMENT OF OPERATIONS) TO 8/31/18	
Class B	**Shares**	**Amount**
Shares sold	—	$—
Shares issued in connection with reinvestment of distributions	7	72
	7	72
Shares repurchased	—	—
Net increase	**7**	**$72**

	FOR THE PERIOD 9/20/17 (COMMENCEMENT OF OPERATIONS) TO 8/31/18	
Class C	**Shares**	**Amount**
Shares sold	332	$3,300
Shares issued in connection with reinvestment of distributions	7	72
	339	3,372
Shares repurchased	—	—
Net increase	**339**	**$3,372**

	FOR THE PERIOD 9/20/17 (COMMENCEMENT OF OPERATIONS) TO 8/31/18	
Class M	**Shares**	**Amount**
Shares sold	—	$—
Shares issued in connection with reinvestment of distributions	7	72
	7	72
Shares repurchased	—	—
Net increase	**7**	**$72**

	FOR THE PERIOD 9/20/17 (COMMENCEMENT OF OPERATIONS) TO 8/31/18	
Class R	**Shares**	**Amount**
Shares sold	—	$—
Shares issued in connection with reinvestment of distributions	7	72
	7	72
Shares repurchased	—	—
Net increase	**7**	**$72**

	FOR THE PERIOD 9/20/17 (COMMENCEMENT OF OPERATIONS) TO 8/31/18	
Class R6	**Shares**	**Amount**
Shares sold	503,376	$5,121,804
Shares issued in connection with reinvestment of distributions	2,514	25,420
	505,890	5,147,224
Shares repurchased	(26,443)	(263,345)
Net increase	**479,447**	**$4,883,879**

	FOR THE PERIOD 9/20/17 (COMMENCEMENT OF OPERATIONS) TO 8/31/18	
Class Y	**Shares**	**Amount**
Shares sold	1,886,486	$18,878,823
Shares issued in connection with reinvestment of distributions	12,487	126,247
	1,898,973	19,005,070
Shares repurchased	(2,767)	(27,919)
Net increase	**1,896,206**	**$18,977,151**

At the close of the reporting period, three, shareholders of record owned 15.6%, 19.6% and 39.1% respectively, of the outstanding shares of the fund.

At the close of the reporting period, Putnam Investments, LLC owned the following shares of the fund:

	Shares owned	Percentage of ownership	Value
Class A	698,947	99.10%	$6,989,470
Class B	1,007	100.00	10,003
Class C	1,007	75.20	10,000
Class M	1,007	100.00	10,027
Class R	1,007	100.00	10,053

Note 5: Initial capitalization and offering of shares
The fund was established as a series of the Trust on September 20, 2017. Prior to September 20, 2017, the fund had no operations other than those related to organizational matters, including as noted below, the initial capital contributions by Putnam Investments, LLC and issuance of shares:

	Capital contribution	Shares issued
Class A	$6,940,000	694,000
Class B	$10,000	1,000
Class C	$10,000	1,000
Class M	$10,000	1,000
Class R	$10,000	1,000
Class R6	$10,000	1,000
Class Y	$10,000	1,000

Note 6: Basis of consolidation
The accompanying consolidated financial statements of the fund include the account of the subsidiary which primarily invests in commodity-related instruments and other derivatives. The fund may invest up to 25% of its total assets in the subsidiary. The Consolidated schedule of investments and consolidated financial statements of the fund include the positions and accounts, respectively, of the subsidiary. Intercompany accounts and transactions, if any, have been eliminated. The subsidiary is subject to the same investment policies and restrictions that apply to the fund, except that the subsidiary may invest without limitation in commodity-related instruments.

Note 7: 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. Exposure to the commodities markets may subject the Fund to greater volatility than investments in traditional securities.

Note 8: Summary of derivative activity
The volume of activity for the reporting period for any derivative type that was held during the period is listed below and was based on an average of the holdings at the end of each fiscal quarter:

Futures contracts (number of contracts)	1,000

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

Fair value of derivative instruments as of the close of the reporting period

	ASSET DERIVATIVES		LIABILITY DERIVATIVES	
Derivatives not accounted for as hedging instruments under ASC 815	**Consolidated statement of assets and liabilities location**	**Fair value**	**Consolidated statement of assets and liabilities location**	**Fair value**
Equity contracts	Receivables, Net assets — Unrealized appreciation	$348,416*	Payables, Net assets — Unrealized depreciation	$227,394*
Interest rate contracts	Receivables, Net assets — Unrealized appreciation	201,166*	Payables, Net assets — Unrealized depreciation	31,238*
Commodity contracts	Receivables	—	Payables, Net assets — Unrealized depreciation	333,713*
Total		**$549,582**		**$592,345**

* Includes cumulative appreciation/depreciation of futures contracts as reported in the fund's consolidated portfolio. Only current day's variation margin is reported within the Consolidated statement of assets and liabilities.

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

Amount of realized gain or (loss) on derivatives recognized in net gain or (loss) on investments

Derivatives not accounted for as hedging instruments under ASC 815	Futures	Total
Equity contracts	$1,044,060	$1,044,060
Interest rate contracts	(1,022,130)	$(1,022,130)
Commodity contracts	65,879	$65,879
Total	**$87,809**	**$87,809**

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	Futures	Total
Equity contracts	$121,022	$121,022
Interest rate contracts	169,928	$169,928
Commodity contracts	(333,713)	$(333,713)
Total	**$(42,763)**	**$(42,763)**

Note 9: Offsetting of financial and derivative assets and liabilities

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

	Merrill Lynch, Pierce, Fenner & Smith, Inc.	Total
Assets:		
Futures contracts	$292,318	$292,318
Total Assets	**$292,318**	**$292,318**
Liabilities:		
Futures contracts	332,229	332,229
Total Liabilities	**$332,229**	**$332,229**
Total Financial and Derivative Net Assets	**$(39,911)**	**$(39,911)**
Total collateral received (pledged)†##	$(39,911)	
Net amount	$—	
*Controlled collateral received (including TBA commitments)***	$—	$—
Uncontrolled collateral received	$—	$—
*Collateral (pledged) (including TBA commitments)***	$(2,350,831)	$(2,350,831)

**Included with Investments in securities and/or Deposits with broker on the Consolidated statement of assets and liabilities. With respect to futures contracts, this amount represents collateral on initial and variation margin for outstanding contracts.

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

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

Federal tax information (Unaudited)

Pursuant to §852 of the Internal Revenue Code, as amended, the fund hereby designates $122,051 as a capital gain dividend with respect to the taxable year ended August 31, 2018, or, if subsequently determined to be different, the net capital gain of such year.

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

About the Trustees

INDEPENDENT TRUSTEES

Liaquat Ahamed

Born 1952, Trustee since 2012

Principal occupations during past five years: Pulitzer Prize-winning author of *Lords of Finance: The Bankers Who Broke the World,* whose articles on economics have appeared in such publications as the *New York Times, Foreign Affairs,* and the *Financial Times.* Trustee of the Brookings Institution.

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

Ravi Akhoury

Born 1947, Trustee since 2009

Principal occupations during past five years: Trustee of the Rubin Museum. From 1992 to 2007, was Chairman and CEO of MacKay Shields, a multi-product investment management firm.

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

Barbara M. Baumann

Born 1955, Trustee since 2010

Principal occupations during past five years: President and Owner of Cross Creek Energy Corporation, a strategic consultant to domestic energy firms and direct investor in energy projects. Current Board member of The Denver Foundation. Former Chair and current Board member of Girls Incorporated of Metro Denver. Member of the Finance Committee, the Children's Hospital of Colorado.

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

Katinka Domotorffy

Born 1975, Trustee since 2012

Principal occupations during past five years: Voting member of the Investment Committees of the Anne Ray Charitable Trust and Margaret A. Cargill Foundation, part of the Margaret A. Cargill Philanthropies. Until 2011, Partner, Chief Investment Officer, and Global Head of Quantitative Investment Strategies at Goldman Sachs Asset Management.

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

Catharine Bond Hill

Born 1954, Trustee since 2017

Principal occupations during past five years: Managing Director of Ithaka S+R, a not-for-profit service that helps the academic community navigate economic and technological change. From 2006 to 2016, served as the 10th President of Vassar College. Prior to 2006, was Provost of Williams College.

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

Dr. Paul L. Joskow

Born 1947, Trustee since 1997

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

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

Kenneth R. Leibler

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

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

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

Robert E. Patterson

Born 1945, Trustee since 1984

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

George Putnam, III

Born 1951, Trustee since 1984

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

Manoj P. Singh

Born 1952, Trustee since 2017

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

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

INTERESTED TRUSTEE

Robert L. Reynolds*

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

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

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

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

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

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

Officers

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

Jonathan S. Horwitz *(Born 1955)*
Executive Vice President, Principal Executive Officer, and Compliance Liaison
Since 2004

Robert T. Burns *(Born 1961)*
Vice President and Chief Legal Officer
Since 2011
General Counsel, Putnam Investments, Putnam Management, and Putnam Retail Management

James F. Clark *(Born 1974)*
Vice President and Chief Compliance Officer
Since 2016
Chief Compliance Officer, Putnam Investments and Putnam Management

Michael J. Higgins *(Born 1976)*
Vice President, Treasurer, and Clerk
Since 2010

Janet C. Smith *(Born 1965)*
Vice President, Principal Financial Officer, Principal Accounting Officer, and Assistant Treasurer
Since 2007
Head of Fund Administration Services, Putnam Investments and Putnam Management

Susan G. Malloy *(Born 1957)*
Vice President and Assistant Treasurer
Since 2007
Head of Accounting, Middle Office, & Control Services, Putnam Investments and Putnam Management

Mark C. Trenchard *(Born 1962)*
Vice President and BSA Compliance Officer
Since 2002
Director of Operational Compliance, Putnam Investments and Putnam Retail Management

Nancy E. Florek *(Born 1957)*
Vice President, Director of Proxy Voting and Corporate Governance, Assistant Clerk, and Assistant Treasurer
Since 2000

Denere P. Poulack *(Born 1968)*
Assistant Vice President, Assistant Clerk, and Assistant Treasurer
Since 2004

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

Fund information

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

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

Investment Sub-Advisor
PanAgora Asset Management, Inc.
470 Atlantic Ave.
Boston, MA 02210

Marketing Services
Putnam Retail Management
100 Federal Street
Boston, MA 02110

Custodian
State Street Bank
and Trust Company

Legal Counsel
Ropes & Gray LLP

Independent Registered Public Accounting Firm
PricewaterhouseCoopers

Officers
Robert L. Reynolds
President

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

Robert T. Burns
Vice President and Chief Legal Officer

James F. Clark
Vice President and Chief Compliance Officer

Michael J. Higgins
Vice President, Treasurer, and Clerk

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

Susan G. Malloy
Vice President and Assistant Treasurer

Mark C. Trenchard
Vice President and BSA Compliance Officer

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

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

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

Putnam INVESTMENTS

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