

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

Filing Date: **1998-01-05** | Period of Report: **1997-10-31**
SEC Accession No. **0000928816-98-000003**

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FILER

PUTNAM GLOBAL GROWTH FUND

CIK: **81251** | IRS No.: **046145734** | State of Incorporation: **MA** | Fiscal Year End: **1031**
Type: **N-30D** | Act: **40** | File No.: **811-01403** | Film No.: **98500688**

Mailing Address

Business Address

*ONE POST OFFICE SQ
BOSTON MA 02109
6172921000*

Putnam
Global
Growth
Fund

ANNUAL REPORT
October 31, 1997

[LOGO: BOSTON * LONDON * TOKYO]

Fund highlights

* Morningstar, an independent mutual fund rating agency, gave Putnam Global Growth Fund's class A shares 4 out of 5 stars for overall performance as of September 30, 1997 (based on the fund's average annual returns for the 3-, 5-, and 10-year periods). This rating put the fund among 22.5% of the 601 international equity funds rated.*

* "Despite the economic problems that have developed in Asia, the International Monetary Fund predicts that the global economy may be entering its best five-year stretch in the past 25 years."

-- The Wall Street Journal, September 17, 1997

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*Morningstar ratings reflect risk-adjusted performance through 9/30/97 and are subject to change every month. Morningstar ratings are calculated from a fund's 3-, 5-, and 10-year returns (with fee adjustments) in excess of 90-day Treasury bill returns and a risk factor that reflects performance below 90-day Treasury bill returns. For the 3-, 5-, and 10-year performance, the fund received 4 stars. There were 601, 258, and 91 international equity funds rated, respectively, 10% of the funds in an investment category receive 5 stars; the next 22.5% receive 4 stars. Performance of other share classes will vary. Past performance is not indicative of future results.

From the Chairman

[GRAPHIC OMITTED: PHOTO OF GEORGE PUTNAM]

[copyright] Karsh, Ottawa

Dear Shareholder:

Putnam Global Growth Fund closed the books on fiscal 1997 solidly in the black, thanks in no small measure to careful security selection within each of the market sectors in which the fund invests. Besides its gratifyingly positive results, the fund afforded investors the opportunity to diversify assets across a broad band of the world's equity markets.

As you might expect, the skill and experience of a wide variety of professionals are required to undertake such a challenge. I am pleased to announce the addition of Michael K. Arends to the fund's management team. Michael joined Putnam in 1997 as senior vice president and senior portfolio manager in the Core Growth Equity Group, where he focuses on large-company growth stocks. Before joining Putnam, he was with Phoenix Duff and Phelps, Kemper Financial Services, Institutional Capital Corporation, and Mathers and Company. He has 20 years of investment experience.

In the report that follows, your fund's management team reviews the performance and strategies employed during fiscal 1997 and looks at prospects for the fiscal year just begun.

Respectfully yours,

/S/GEORGE PUTNAM
George Putnam
Chairman of the Trustees

Report from the Fund Managers
 Michael K. Arends, lead manager
 Robert Swift
 Anthony W. Regan
 Ami Kuan Danoff
 Kelly A. Morgan
 Thomas R. Haslett
 Carol McMullen

During a fiscal year characterized by bouts of market volatility and sector rotation, Putnam Global Growth Fund generally navigated the world's financial landscape with aplomb. For the year ended October 31, 1997, the fund had a total return of 16.40% at net asset value, just ahead of the 15.13% gain of the Morgan Stanley Capital International World Index. The class A share performance at public offering price was 9.68%. For performance of other share classes and over longer periods, please turn to page 9 of this report.

Skillful stock selection played a pivotal role for much of the year in allowing us to sidestep some of the pitfalls and seize some of the opportunities the world markets presented. Additionally, our defensive currency hedging techniques shielded the fund from the continued weakness of the Japanese yen. Unfortunately, some of the fund's technology holdings came under pressure just before the close of the fiscal year.

* U.S. MARKET STRONG BUT STUMBLES AT END OF PERIOD

The U.S. stock market continued to post solid gains but not without some turbulence. As has been the case for quite a while, economic growth remained steady and inflation was virtually nonexistent. However, in late spring, market leadership began to shift away from large, multinational companies to smaller, more domestically oriented firms, based on their higher profit expectations. Then, in the summer, investors became concerned about the effect of a strong dollar on the earnings of multinational corporations. Finally, at the end of October, the Southeast Asian currency devaluations and resulting global market volatility forced a brief but sharp decline in U.S. stocks.

In terms of specific sectors of your fund's portfolio, technology performed well throughout the year but was hurt in October by a worldwide selloff in semiconductor stocks. For much of the fund's reporting period, however, companies involved with all aspects of the personal computer industry -- PCs, data storage, software, computer services, and semiconductors -- contributed significantly to the fund's returns. Some important technology holdings included leading PC maker Compaq Computer Corp., software developer Computer Associates International, Inc., National Semiconductor Corp., and Intel Corp. While these holdings, along with others discussed in this report, were viewed favorably at the end of the fiscal period, all are subject to review and adjustment in accordance with the fund's investment strategy and may vary in the future.

Financial companies continued to perform well. The industry has enjoyed a benign interest-rate environment, rapid industry consolidation, and active stock markets. Financial holdings were generally strong, particularly among asset managers, credit-card issuers, and savings and loans. Money-center banks were attractive but were affected by uncertainty in the emerging markets. Some significant examples from this area include banking and credit-card company MBNA Corp. and insurance and brokerage giant The Travelers Group Inc.

Based on rising global demand and improved product pipelines, we believe pharmaceutical companies are an attractive growth area. One new fund holding intended to benefit from this trend is Pfizer, Inc., a globally competitive pharmaceutical company with a rich new-product portfolio. Pfizer's stock has performed relatively well since we purchased it.

[GRAPHIC OMITTED: horizontal bar chart COUNTRY ALLOCATIONS]

COUNTRY ALLOCATIONS*

United States	34.0%
United Kingdom	15.8%
Japan	10.9%
Germany	5.0%
France	4.3%

Footnote reads:

*Based on net assets as of 10/31/97. Holdings will vary over time.

* EUROPE ANCHORS PORTFOLIO; CANADA PROVES A PLUS

European markets had solid returns during the period with the peripheral countries such as Finland and Italy offering the strongest gains. These countries -- as well as the United Kingdom in the last few months of the fund's fiscal year -- benefited from investors' positive view of their participation in Europe's Economic and Monetary Union (EMU). The U.K. government has since made clear that if it was to join, it wouldn't be until after 2002.

Our overweighting of U.K. stocks relative to our benchmark was a major contributor to the fund's overall returns. Key holdings included pharmaceutical companies SmithKline Beecham PLC and Glaxo Wellcome PLC. We believe both companies offer even stronger product portfolios than their American counterparts. Additionally, Vodafone Group PLC, the U.K.'s leading cellular phone operator, enjoys a booming domestic business and an international business that is gaining in profitability.

The fund also enjoyed solid returns from other top European companies. Total S.A., a French integrated oil company, is one of the world's production leaders. With political and macroeconomic issues clouding the French market at various times in the past year, investors at first failed to take into account Total's exploration and production profile, but subsequently the stock's price soared. Scandinavian telecommunications equipment manufacturers Oy Nokia AB and L.M. Ericsson have benefited from the rapid proliferation of mobile telephony. European technology companies such as German business software developer SAP AG and the Dutch company ASM Lithography Holding N.V., which manufactures specialized equipment for the semiconductor industry, also helped boost the fund's returns for much of the period.

Across the Atlantic, we sought opportunities in the improving Canadian market. Over the past year, Canada's economy has rebounded, its interest rates have fallen, and its government budget deficit has been reduced. During the period, we added Northern Telecom Ltd., a mobile phone manufacturer, and Newbridge Ltd. Networks Corp., a Canadian manufacturer of switching equipment, to the portfolio. The favorable environment in Canada also benefited banking stocks such as Toronto-Dominion Bank and the Bank of Nova Scotia.

[GRAPHIC OMITTED: TOP 10 HOLDINGS]

TOP 10 HOLDINGS

General Electric Co. (United States)
Electronics and electrical equipment

SmithKline Beecham PLC ADR (United Kingdom)
Pharmaceuticals

Vodafone Group PLC (United Kingdom)
Telecommunications

Total S.A. Class B (France)
Oil and gas

Nestle S.A. (Switzerland)
Food and beverages

Shiseido Co., Ltd. (Japan)
Cosmetics

SAP AG (Germany)
Computer services and software

Enterprise Oil PLC (United Kingdom)
Oil and gas

Bayerische Motoren Werke (BMW) AG (Germany)
Automotive

Portugal Telecom S.A. (Portugal)
Telecommunications

Footnote reads:

These holdings represent 13.6% of the fund's net assets as of 10/31/97. Portfolio holdings will vary over time.

* ECONOMIC, CURRENCY PROBLEMS MARK ASIAN MARKETS; TURMOIL HITS TECHNOLOGY SECTOR LATE IN PERIOD

The Japanese market continues to struggle with anemic economic growth. Additionally, stocks there suffered from the negative effects of the slow pace of economic and financial reform and an April sales tax increase on the profits of consumer-oriented companies. Fortunately your fund was underweighted in Japanese securities relative to its benchmark. Those Japanese stocks the fund did hold, however, resulted in some profitable situations. One such company was Sony Corp. Known around the globe as a leader in the consumer

electronics industry, Sony has a superior product line and what we believe to be significant growth potential. The company also recently issued a very positive earnings report.

Some of the year's weakest returns were recorded by the Southeast Asian markets. Export growth has slowed in that region and much of the Southeast Asian markets have spent the past summer mired in currency devaluations. In October, investors began to question the value of the Hong Kong dollar, which hastened declines in that market and set off a spate of worldwide volatility. Because of your fund's global diversification, overall performance was not substantially affected by these events. Additionally, as downward earnings estimates were issued, we lowered several positions in the region.

In the midst of the volatility in world markets, investors began to believe that the economic problems in Asia would result in a fall in demand for semiconductors. This belief was compounded by a disappointing earnings report by a leading semiconductor producer, SGS-Thomson Microelectronics of France, and an expected price cut from industry giant Intel Corp.

* POSITIVE BUT CAUTIOUS OUTLOOK

We are encouraged by the fact that many of the stocks we have selected have recorded consistent earnings improvement, and for many of them, we see no reason why that trend can't continue. Going forward, we plan to add stocks of companies in rapidly growing industry sectors or those that are leaders in their respective fields. Of course, we are cognizant of certain risks in any market, including higher interest rates, the possibility of slowing earnings growth, and unforeseen events that can impact corporate profits, such as the Asian currency crisis. Despite these important risks, our current investment strategy focuses on high-quality growth companies that we anticipate will outperform during this unpredictable market uptrend.

The views expressed here are exclusively those of Putnam Management. They are not meant as investment advice. Although the described holdings were viewed favorably as of 10/31/97, there is no guarantee the fund will continue to hold these securities in the future. International investing involves certain risks, including economic instability, political developments, and currency fluctuations, not present with U.S. investments.

Performance summary

This section provides information about your fund's performance, which should always be considered in light of its investment strategy. Putnam Global Growth Fund is designed for investors seeking capital appreciation through a globally diversified equity portfolio.

TOTAL RETURN FOR PERIODS ENDED 10/31/97

(inception date)	Class A (9/1/67)		Class B (4/27/92)		Class M (3/1/95)	
	NAV	POP	NAV	CDSC	NAV	POP
1 year	16.40%	9.68%	15.54%	10.54%	15.72%	11.68%
5 years	100.99	89.49	93.46	91.46	95.79	88.95
Annual average	14.98	13.64	14.11	13.87	14.38	13.57
10 years	189.4	172.77	166.61	166.61	173.32	163.75
Annual average	11.21	10.56	10.30	10.30	10.58	10.18
Annual average (life of fund)	10.56	10.35	9.52	9.52	9.80	9.67

COMPARATIVE INDEX RETURNS FOR PERIODS ENDED 10/31/97

	MSCI EAF Index*	MSCI World Index*	S & P 500 Index	Consumer Price Index
1 year	3.04%	15.13%	32.10%	2.08%
5 years	61.23	87.42	147.06	13.96
Annual average	10.03	13.39	19.83	2.65
10 years	63.45	126.60	387.00	40.16
Annual average	5.04	8.52	17.15	3.43
Annual average (life of fund)	--	--	11.97	5.35

Returns for class A and class M shares reflect the current maximum initial sales charges of 5.75% and 3.50%, respectively. Class B share returns for the 1-, 5-, 10-year, and life-of-fund periods reflect the applicable contingent deferred sales charge (CDSC), which is 5% in the first year, declines to 1% in the sixth year, and is eliminated thereafter. Returns

shown for class B and class M shares for periods prior to their inception are derived from the historical performance of class A shares, adjusted to reflect both the initial sales charge or CDSC, if any, currently applicable to each class and, in the case of class B and class M shares, the higher operating expenses applicable to such shares. All returns assume reinvestment of distributions at NAV and represent past performance; they do not guarantee future results. Returns do not take into account any adjustment for taxes payable on reinvested distributions or, for class A shares, distribution fees prior to implementation of the class A distribution plan in 1990. Investment return and principal value will fluctuate so that an investor's shares when redeemed may be worth more or less than their original cost.

*Indexes did not exist prior to 1969.

[GRAPHIC OMITTED: worm chart GROWTH OF A \$10,000 INVESTMENT]

GROWTH OF A \$10,000 INVESTMENT

Cumulative total return of a \$10,000 investment since 10/31/87

Fund's class A shares at POP	\$27,277
MSCI World Index	\$22,660
Consumer Price Index	\$14,106

	Fund's class A shares at POP	MSCI World Index	Consumer Price Index
	-----	-----	-----
10/87	9425	10000	10000
10/88	10191	11810	10425
10/89	11988	13181	10893
10/90	11826	11476	11578
10/91	13778	13021	11916
10/92	13571	12091	12298
10/93	17590	15083	12636
10/94	19106	15973	12966
10/95	20183	17192	13330
10/96	23433	19682	13729
10/97	27277	22660	14016

Footnote reads:

Past performance is no assurance of 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 \$26,661, and no contingent deferred sales charges would apply; a \$10,00 investment in the fund's class M shares would have been valued at \$27,332 (\$26,375 at public offering price). See first page of performance section for performance calculation method.

PRICE AND DISTRIBUTION INFORMATION

12 months ended 10/31/97

	Class A		Class B		Class M	
	NAV	POP	NAV	NAV	NAV	POP
Distributions (number)	1		1		1	
Income	\$0.275		\$0.203		\$0.249	
Capital gains						
Long-term	0.296		0.296		0.296	
Short-term	0.249		0.249		0.249	
Total	\$0.820		\$0.748		\$0.794	
Share value:	NAV	POP	NAV	NAV	NAV	POP
10/31/96	\$11.10	\$11.78	\$10.78	\$11.05	\$11.45	
10/31/97	12.00	12.73	11.62	11.90	12.33	

TOTAL RETURN FOR PERIODS ENDED 9/30/97

(most recent calendar quarter)

(inception date)	Class A		Class B		Class M	
	NAV	POP	NAV	CDSC	NAV	POP
	(9/1/67)		(4/27/92)		(3/1/95)	
1 year	25.89%	18.63%	24.85%	19.85%	25.12%	20.76%
5 years	113.45	101.20	105.45	103.45	107.90	100.51
Annual average	16.37	15.01	15.49	15.26	15.76	14.93

10 years	148.44	134.15	128.68	128.68	134.67	126.45
Annual average	9.53	8.88	8.62	8.62	8.90	8.52
Annual average (life of fund)	10.89	10.67	9.84	9.84	10.12	9.99

Performance data represent past results, do not reflect future performance, and will differ for each share class. Investment returns and principal value will fluctuate so that an investor's shares when sold may be worth more or less than their original cost. See first page of performance section for performance calculation method.

TERMS AND DEFINITIONS

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.

Class A shares are generally subject to an initial sales charge.

Class B shares may be subject to a sales charge upon redemption.

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

Net asset value (NAV) is the value of all your fund's assets, minus any liabilities, divided by the number of outstanding shares, not including any initial or contingent deferred sales charge.

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

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

COMPARATIVE BENCHMARKS

Standard & Poor's 500 Index* is an unmanaged list of common stocks that is frequently used as a general measure of stock market performance.

Morgan Stanley Capital International (MSCI) EAFE Index* is an unmanaged list of equity securities from Europe, Australia and the Far East, with all values expressed in U.S. dollars.

Morgan Stanley Capital International (MSCI) World Index* is an unmanaged list of global equity securities, with all values expressed in U.S. dollars.

Consumer Price Index (CPI) is a commonly used measure of inflation; it does not represent an investment return.

*Securities indexes assume reinvestment of all distributions and interest payments and do not take in account brokerage fees or taxes. Securities in the fund do not match those in the indexes and performance of the fund will differ. It is not possible to invest directly in an index.

Past performance is no assurance of 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 \$26,661, and no contingent deferred sales charges would apply; a \$10,000 investment in the fund's class M shares would have been valued at \$27,332 (\$26,375 at public offering price). See first page of performance section for performance calculation method.

Report of independent accountants
For the fiscal year ended October 31, 1997

To the Trustees and Shareholders of
Putnam Global Growth Fund

We have audited the accompanying statement of assets and liabilities of Putnam Global Growth Fund, including the portfolio of investments owned, as of October 31, 1997, and the related statement of operations for the year then ended and the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the periods indicated therein. These financial statements and financial highlights are the responsibility of the fund's management. Our responsibility is to express an

opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 1997, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Putnam Global Growth Fund as of October 31, 1997, the results of its operations for the year then ended and the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the periods indicated therein, in conformity with generally accepted accounting principles.

Coopers & Lybrand L.L.P.

Boston, Massachusetts
December 10, 1997

Portfolio of investments owned
October 31, 1997

<TABLE>
<CAPTION>

COMMON STOCKS (97.2%) *
NUMBER OF SHARES

VALUE

Argentina (0.3%)

<S>	<C>	<C>
116,067	Banco De Galicia y Buenos Aires S.A. de C.V. Class B ADR	\$ 2,812,811
474,623	Banco Frances del Rio de la Plata S.A. ADR	3,917,991
48,000	Inversiones Y Representaciones S.A. GDR	1,620,000
105,000	Telefonica de Argentina S.A. ADR	2,953,125
122,000	YPF S.A. ADR	3,904,000

		15,207,927

Australia (2.9%)

3,269,755	Australia & New Zealand Banking Group Ltd.	22,737,615
1,328,000	Lend Lease Corp. Limited	27,108,623
2,961,358	QBE Insurance Group Ltd.	13,804,815
3,028,000	Woodside Petroleum Ltd.	25,492,762
11,132,456	Woolworth Co.	35,819,679

		124,963,494

Brazil (0.9%)

493,000	Banco Bradesco S.A. BRC	3,666,757
123,200	Brazil Realty S.A. 144A GDR	3,141,600
2,609,400	Centrais Electricas de Santa Catarina S.A.	2,816,495
173,500	Companhia Brasileira de Distribuicao Grupo Pao de Acucar ADR +	3,209,750
112,500	Companhia Energetica de Minas Gerais (Cemig) 144A ADS	4,443,750
242,216	Companhia Paranaense de Energia-Copel	2,924,168
221,000	Companhia Vale do Rio Doce ADR	4,254,250
67,600	Compania Siderurgica Nacional	2,452,608
3,100	Companhia de Tecidos Norte de Minas	1,152,806
3,100	Empresa Nacional De Comercio, Redito E Participacoes S.A. (ENCOPAR)	366
7,370	Light Participacoes, S.A.	1,885,116
143,000	Madeco S. A. ADR	3,020,875
109,300	Multicanal Participacoes S.A. ADR +	676,294
47,200	Telebras Co. ADR	4,790,800

		38,435,635

Canada (3.0%)

279,200	Bank of Nova Scotia	12,313,568
77,100	Bell Canada International Inc. +	1,291,425
1,069,700	Bombardier, Inc.	20,495,246

648,600	Newbridge Networks Corp. +	34,588,625
450,495	Northern Telecom Ltd.	40,343,783
638,000	Toronto-Dominion Bank	23,383,977

		132,416,624
Chile (0.2%)		

230,500	Compania de Tele Chile ADS	6,396,375
55,200	Distribucion y Servicio D&S S.A. ADR +	969,450

		7,365,825
China (--%)		

1,000,000	Guangdong Kelon Elec Holding	1,268,034
Finland (1.7%)		

783,000	Enso Oy Class R	7,334,009
505,900	Oy Nokia AB Class A	44,161,221
992,600	UPM-Kymmene Oyj	22,064,168

		73,559,398
France (4.3%)		

4,323,600	Ayala Land, Inc. Class B	1,703,424
94,577	L'OREAL	33,406,844
586,400	SGS-Thomson Microelectronics ADR +	41,781,000
569,400	Total S.A. Class B	62,974,751
717,454	Valeo S.A.	47,696,363

		187,562,382
Germany (5.0%)		

176,130	Adidas AG	25,475,035
108,300	Adidas AG 144A	15,692,513
70,755	Bayerische Motoren Werke (BMW) AG	51,148,687
392,711	Deutsche Bank AG	25,679,884
120,110	Mannesmann AG	50,689,901
184,190	SAP AG	52,801,133

		221,487,153
Hong Kong (1.4%)		

250,000	Asia Satellite Telecommunications Holdings Ltd.	601,669
2,114,000	Beijing Datang Power Generation Co., Ltd. Class H +	1,066,779
1,346,000	Cheung Kong Holdings Ltd.	9,361,131
860,000	Cheung Kong Infrastructure Holdings	2,225,529
276,000	China Resources Enterprise Ltd.	757,094
824,000	Guangnan Holdings	756,990
191,200	Guoco Group Ltd.	417,928
132,000	Hutchison Whampoa, Ltd.	913,761
15,507,000	National Mutual Asia Ltd.	14,045,286
999,400	New World Infrastructure Ltd. +	1,978,498
930,000	Ng Fung Hong Ltd.	872,420
3,373,000	Sun Hung Kai Properties Ltd.	24,876,883
906,000	Television Broadcasts Ltd.	2,520,411

		60,394,379
Hungary (0.1%)		

186,500	MOL Magyar Olaj-es 144A GDR	3,986,438
India (0.4%)		

98,000	BSES Ltd. GDR +	1,582,700
260,000	Gujarat Ambuja Cements Ltd. GDR +	2,080,000
120,000	Hindalco Industries Ltd.	3,137,190
73,000	Hindustan Petroleum Corp. Ltd. GDR	960,262
321,000	Mahanagar Telephone Nigam Ltd.	2,239,484
75,000	Ranbaxy Laboratories Ltd.	1,462,810
64,000	State Bank of India 144A GDR	1,144,000
102,000	State Bank of India Ltd.	739,008
156,000	Tata Engineering and Locomotive Co., Ltd.	1,368,760
95,680	Tata Engineering and Locomotive Co., Ltd. GDR 144A	956,800
76,300	Videsh Sanchar Nigam Ltd. GDR +	1,030,050

		16,701,064

Indonesia (0.2%)

700,000	PT Astra International Inc.	523,045
645,000	PT Daya Guna Samudera	837,781
400,000	PT Gudang Garam	1,139,666
2,100,000	PT Indah Kiat Pulp & Paper Corp.	806,565
3,074,500	PT Indah Kiat Pulp & Paper Corp. Class F	1,180,850
412,000	PT Indosat ADR	935,057
217,500	PT London Sumatra Indonesia	235,423
830,000	PT Ramayana Lestari Sentosa	1,414,248
146,900	PT Telekomunikasi Indonesia ADR	2,855,369

		9,928,004

Israel (0.2%)

1,057,000	Bank Hapoalim Ltd. +	2,498,945
733,000	Supersol Ltd.	2,101,926
86,000	Supersol Ltd. ADR +	1,268,500
83,500	Tadiran Ltd.	3,020,650
36,500	Tefron Ltd. +	700,344

		9,590,365

Italy (2.7%)

6,177,000	Credito Italiano SPA	16,456,275
7,888,100	Ente Nazionale Idrocarburi SPA ADR +	44,310,386
888,000	La Rinascente SPA	6,575,865
6,821,000	Telecom Italia Mobile SPA	25,275,739
4,038,300	Telecom Italia SPA	25,281,924

		117,900,189

Japan (10.9%)

93,700	Acom Co. Ltd. 144A	5,147,066
416,000	Acom Co. Ltd.	22,851,436
384,902	AFLAC Inc.	19,581,889
1,724,000	Canon, Inc.	41,898,295
426,500	Hirose Electric Co. Ltd.	27,865,378
405,000	Hoya Corp.	14,089,888
175,400	Keyence Corp	26,277,155
4,129,000	NEC Corp.	45,362,299
227,000	Promise Co. Ltd.	13,300,708
2,744,000	Ricoh Co., Ltd.	35,399,086
236,000	Rohm Co. Ltd.	23,374,117
707,000	Sankyo Co., Ltd.	23,360,717
762,000	Shin-Etsu Chemical Co.	18,645,694
4,020,000	Shiseido Co., Ltd.	54,871,412
94,000	Shohkoh Fund & Co., Ltd.	30,511,861
347,900	Sony Corp.	28,926,518
647,000	Tokyo Broadcasting System	11,092,968
757,900	Tokyo Electron Ltd.	37,847,692

		480,404,179

Lebanon (0.1%)

107,200	Commerce Bank of Lebanon 144A GDR	2,342,320
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Malaysia (0.1%)

605,000	Berjaya Sports Toto Berhad	1,643,433
263,000	Malakoff Berhad	628,060
235,100	Malaysian Assurance Alliance +	421,075
937,000	Perusahaan Otomobil Nasional Berhad	2,237,612
23,000	Tan Chong Motor Holdings Berhad	13,113

		4,943,293

Mexico (0.9%)

300,000	Cemex S.A. de C.V.	1,164,875
895,000	Cemex S.A. de C.V. Class B +	3,935,006
1,300,000	Cifra S.A. de CV Class B	2,587,575
1,388,200	Corporacion Moctezuma, S.A. de C.V.	1,575,615
837,000	Fomento Economico Mexicano, S.A. de C.V. Class B	5,900,000
142,200	Grupo Accion, S.A. de C.V. 144A ADR +	1,422,000
188,600	Grupo Imsa S.A. de C.V. ADR +	4,491,038
145,000	Grupo Televisa S.A.GDR	4,495,000
1,067,400	Kimberly-Clark de Mexico, S.A. de C.V. Class A	4,641,978
222,600	Panamerican Beverages, Inc. Class A	6,900,600
97,700	Telefonos de Mexico S.A. ADR Class L	4,225,525

Netherlands (3.4%)

418,000	Aegon N.V.	32,830,595
413,300	ASM Lithography Holding N.V. +	29,915,452
551,104	Getronics Electric N.V.	18,134,377
759,919	Internationale Nederlanden Groep	31,793,326
539,700	Ispat International NV +	13,714,143
188,400	Wolters Kluwer N.V.	23,056,756

		149,444,649

New Zealand (0.9%)

8,065,400	Telecom Corp. of New Zealand Ltd.	38,985,837
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Pakistan (--%)

30	Pakistan State Oil	318
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Philippines (0.2%)

13,943,300	Belle Corp. +	1,278,469
150,000	Benpres Holdings Corp. GDR +	525,000
3,202,400	Fil-Estate Land, Inc.	189,024
8,509,900	International Container Terminal Services, Inc.	1,706,857
505,000	Manila Electric Co. Class B	1,562,751
13,000	Philippine Long Distance Telephone Co.	325,931
74,400	Philippine Long Distance Telephone Co. ADR	1,804,200
11,220,000	SM Prime Holdings Inc.	1,993,238

		9,385,470

Poland (0.1%)

41,100	Bank Handlowy 144A +	552,724
291,000	KGHM Polska Miedz S.A. GDR +	2,851,800

		3,404,524

Portugal (1.4%)

125,000	Colep-Companhia Portuguesa de Embalagens +	1,804,532
54,600	Electricidade de Portugal S.A.	955,886
111,200	Investec Consultadoria Internacional S.A. +	3,465,154
1,241,900	Portugal Telecom S.A.	50,766,599
35,500	Telecel-Comunicacoes Pessoais, S.A. +	3,195,000

		60,187,171

Russia (0.4%)

2,000	AO Tatneft ADR	287,000
44,500	AO Tatneft 144A ADR	6,385,750
47,000	Lukoil Holding ADR	3,901,000
78,000	Mosenergo 144A ADR	3,276,000
11,400,000	Unified Energy Systems	3,534,000

		17,383,750

Singapore (0.3%)

3,635,600	Overseas Union Bank Ltd.	12,134,077
-----------	--------------------------	------------

South Africa (0.5%)

1,171,000	Billiton PLC +	3,431,948
76,100	Energy Africa Ltd. 144A +	1,978,600
596,000	First National Bank Holdings Ltd.	4,503,139
193,280	Gencor Ltd.	433,886
128,000	Liberty Life Association of Africa Ltd.	3,192,683
1,488,000	Lonrho PLC	2,397,007
438,400	Sasol Ltd.	5,285,221

		21,222,484

South Korea (--%)

83,800	Housing & Commercial Bank (GDR) +	733,250
75,002	Kookmin Bank 144A GDR +	468,763
2,648	SK Telecom Co., Ltd.	887,745

		2,089,758

Spain (0.6%)

68,960	Banco de Bilbao Vizcaya	1,838,618
543,700	Gas Natural SDG, S.A. Class E	25,116,780
		26,955,398

Sweden (0.9%)

929,105	Telefonaktiebolaget LM Ericsson Class B	40,861,551
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Switzerland (2.7%)

41,321	Nestle S.A.	58,104,435
8,417	Novartis AG ADR	13,155,499
181,510	Schweizerischer Bankverein	48,705,378
		119,965,312

Taiwan (0.4%)

115,800	@Entertainment, Inc. +	1,331,700
1,173,750	Acer Inc. +	1,626,373
54,000	Ase Test Limited +	2,956,500
80,000	Asustek Computer, Inc. +	1,014,379
335,000	Aurora Corp. +	574,755
2,287,800	Bank Sinopac +	1,682,206
177,000	China Steel Corp. GDR	2,522,250
108,150	Chung Hwa Pulp Corp. +	60,083
469,000	Delta Electronics, Inc.	1,509,690
120,000	Siliconware Precision Industries Co. GDR +	1,155,000
2,400,000	U-Ming Marine Transport Corp.	1,427,451
55,750	Yieh Phui Enterprise	31,519
		15,891,906

Thailand (0.1%)

162,000	Advanced Info Service Public Co., Ltd.	853,463
522,300	Electricity Generating Public Co. Ltd.	853,514
892,400	Industrial Finance Corp. of Thailand (The)	740,039
132,000	PTT Exploration & Production PLC	1,320,000
		3,767,016

Turkey (0.2%)

252,700	Haci Omer Sabanci Holdings ADR +	3,285,100
125,300	Yapi ve Kredi Bankasi A.S. +	3,759,000
		7,044,100

United Kingdom (15.8%)

2,448,300	Argos PLC	25,895,653
4,764,000	British Airways PLC	46,439,081
2,747,500	Compass Group PLC	29,244,363
1,673,981	Dixons Group PLC	19,542,143
2,840,000	Electrocomponents PLC	21,999,812
4,656,600	Enterprise Oil PLC	51,943,618
2,090,054	Glaxo Wellcome PLC	44,738,070
2,296,197	Granada Group PLC	31,613,301
1,802,400	HSBC Holdings PLC	44,829,770
166,000	Ramco Energy PLC ADR	2,261,750
3,810,000	Reuters Holdings PLC ADR	41,287,457
3,310,657	Rio Tinto PLC	42,585,749
1,339,000	Royal & Sun Alliance Insurance Group PLC	12,816,980
1,572,400	SEMA Group PLC	35,264,075
2,077,200	Siebe PLC	39,835,721
7,783,096	SmithKline Beecham PLC ADR	73,652,877
2,690,000	Smiths Industries PLC	38,972,411
3,072,000	Unilever PLC	22,845,100
11,975,213	Vodafone Group PLC	65,186,171
		690,954,102

United States (34.0%)

325,000	Adaptec, Inc. +	15,742,188
429,100	AES Corp. +	17,003,088
373,900	American Express Co.	29,164,200
215,250	American International Group, Inc.	21,968,953
304,400	Apollo Group, Inc. Class A +	12,860,900
272,500	BMC Software, Inc. +	16,452,188
517,400	Bristol-Myers Squibb Co.	45,401,850

398,900	Campbell Soup Co.	20,568,281
273,150	Cardinal Health, Inc.	20,281,388
242,300	Cisco Systems, Inc. +	19,876,172
116,400	Citicorp	14,557,275
220,200	Clorox Co.	15,414,000
817,600	Coca-Cola Enterprises, Inc.	22,995,000
250,200	Colgate-Palmolive Co.	16,200,450
339,950	Compaq Computer Corp.	21,671,813
300,800	Computer Associates Intl., Inc.	22,428,400
271,500	Compuware Corp. +	17,952,938
713,600	ConAgra, Inc.	21,497,200
383,475	Consolidated Stores Corp. +	15,291,066
502,900	Costco Companies, Inc. +	19,361,650
450,779	CVS Corp.	27,638,387
136,800	Data General Corp.	2,633,400
304,100	Dayton Hudson Corp.	19,101,281
223,800	Diebold, Inc.	9,861,188
181,700	Electronics for Imaging, Inc. +	8,494,475
352,900	EMC Corp. +	19,762,400
159,950	Franklin Resources, Inc.	14,375,506
226,500	Gannett Co., Inc.	11,905,406
1,161,200	General Electric Co.	74,969,975
513,500	Halliburton Co.	30,617,438
413,400	HBO & Co.	17,982,900
778,100	HEALTHSOUTH Corp. +	19,890,181
226,500	Herman Miller, Inc.	11,070,188
617,700	Intel Corp.	47,562,900
268,600	Interpublic Group Cos. Inc.	12,758,500
254,100	Jones Apparel Group, Inc. +	12,927,338
332,500	KLA Instruments Corp. +	14,609,219
467,400	Lilly (Eli) & Co.	31,257,375
293,600	Lucent Technologies, Inc.	24,203,650
222,500	Marriott International, Inc.	15,519,375
175,100	Masco Corp.	7,682,513
690,225	MBNA Corp.	18,161,545
256,200	Merck & Co., Inc.	22,865,850
343,600	Microsoft Corp. +	44,668,000
334,400	Motorola, Inc.	20,649,200
434,800	National Semiconductor Corp. +	15,652,800
649,900	Omnicare, Inc.	18,075,344
362,100	Parametric Technology Corp. +	15,977,663
371,300	Paychex, Inc.	14,155,813
160,600	Payless Shoesource, Inc. +	8,953,450
319,900	PeopleSoft, Inc. +	20,113,713
641,200	PepsiCo, Inc.	23,604,175
387,100	Pfizer, Inc.	27,387,325
629,300	Procter & Gamble Co.	42,792,400
250,200	Quintiles Transnational Corp. +	18,139,500
564,800	Quorum Health Group, Inc. +	13,696,400
293,600	Rite Aid Corp.	17,432,500
411,500	Schering-Plough Corp.	23,069,719
387,000	SCI Systems, Inc. +	17,028,000
339,700	Solelectron Corp. +	13,333,225
432,500	SunAmerica, Inc.	15,542,969
316,000	Tellabs, Inc. +	17,064,000
445,200	Teradyne, Inc. +	16,667,175
339,700	Tiffany & Co.	13,418,150
641,200	TJX Cos., Inc. (The)	18,995,550
342,300	Tosco Corp.	11,295,900
264,633	Travelers Group Inc.	18,524,310
309,400	USA Waste Services, Inc. +	11,447,800
621,400	Wal-Mart Stores, Inc.	21,826,675
526,600	Walgreen Co.	14,810,625
235,700	Warner-Lambert Co.	33,749,294
238,300	Washington Mutual, Inc.	16,308,656
235,700	Western Atlas, Inc. +	20,314,394
919,000	Westinghouse Electric Corp.	24,296,063

		1,491,530,778

	Total Common Stocks (cost \$3,986,877,115)	\$4,261,004,116

CONVERTIBLE BONDS AND NOTES (0.2%) *

PRINCIPAL AMOUNT		VALUE
\$4,200,000	Alfa S.A. 144A cv. sub. notes 8s, 2000 (Mexico)	\$ 6,489,000
1,901,000	Qingling Motors Co., Ltd. 144A cv. bonds 3 1/2s, 2002 (China)	2,110,110

	Total Convertible Bonds and Notes (cost \$7,276,446)	\$ 8,599,110

PREFERRED STOCKS (0.2%) *

NUMBER OF SHARES		VALUE
5,900	Banco Itau S.A. BRC 16.02 No par value (NPV) pfd. (Brazil)	\$ 2,381,406

23,200 Petroleo Brasileiro S.A. BRC 6.258 NPV pfd. (Brazil) 4,313,832

Total Preferred Stocks (cost \$6,702,103) \$ 6,695,238

INVESTMENT FUNDS (0.1%) *

NUMBER OF SHARES		VALUE
148,000	Fleming Russia Securities Fund Ltd. (Russia) +	\$ 3,256,000
21,800	India Magnum Fund Class A (India) +	1,013,700
Total Investment Funds (cost \$3,338,440)		\$ 4,269,700

WARRANTS (--%)*+ (cost \$--)

NUMBER OF WARRANTS		EXPIRATION DATE	VALUE
2,788,660	Belle Corp. (Phillipines)	9/11/00	\$ 519

SHORT-TERM INVESTMENTS (1.4%) *(cost \$62,418,795)

PRINCIPAL AMOUNT		VALUE
\$62,409,000	Interest in \$269,350,000 joint repurchase agreement dated October 31, 1997 with SBC Warburg due November 3,1997 with respect to various U.S. Treasury obligations -- maturity value of \$62,438,384 for an effective yield of 5.65%	\$ 62,418,795
Total Investments (cost \$4,066,612,899) ***		\$4,342,987,478

* Percentages indicated are based on net assets of \$4,383,810,494.

*** The aggregate identified cost on a tax basis is \$4,086,738,259, resulting in gross unrealized appreciation and depreciation of \$493,814,734 and \$237,565,515, respectively, or net unrealized appreciation of \$256,249,219.

+ Non-income-producing security.

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

ADR, ADS or GDR after the name of a foreign holding stands for American Depository Receipts, American Depository Shares or Global Depository Receipts, respectively, representing ownership of foreign securities on deposit with a domestic custodian bank.

The fund had the following industry group concentrations greater than 10% at October 31, 1997 (as a percentage of net assets):

Insurance and Finance	14.1%
Electronics and Electrical Equipment	12.5

</TABLE>

<TABLE>
<CAPTION>

Forward Currency Contracts to Sell at October 31,1997
(aggregate face value \$372,440,595)

<S>	Market Value	Aggregate Face Value	Delivery Date	Appreciation/ (Depreciation)
<C>	<C>	<C>	<C>	<C>
British Pounds	\$212,445,095	\$200,673,845	11/14/97	\$ (11,771,250)
Japanese Yen	164,497,192	171,766,750	11/14/97	7,269,558
				\$ (4,501,692)

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

</TABLE>

<TABLE>
<CAPTION>

Statement of assets and liabilities
October 31, 1997

<S>	<C>
Assets	
Investments in securities, at value (identified cost \$4,066,612,899) (Note 1)	\$4,342,987,478

Cash	383,592
Foreign currency (cost \$4,099,041)	3,983,522
Dividends and interest receivable	8,957,422
Receivable for shares of the fund sold	10,969,038
Receivable for securities sold	128,519,133
Receivable for open forward currency contracts	7,269,558
Receivable for closed forward currency contracts	3,486,275
Total assets	4,506,556,018
Liabilities	
Payable for securities purchased	94,293,548
Payable for shares of the fund repurchased	4,651,686
Payable for compensation of Manager (Note 2)	7,484,693
Payable for investor servicing and custodian fees (Note 2)	1,111,313
Payable for compensation of Trustees (Note 2)	73,248
Payable for administrative services (Note 2)	3,155
Payable for distribution fees (Note 2)	2,140,082
Payable for open forward currency contracts	11,771,250
Payable for closed forward currency contracts	1,033,150
Other accrued expenses	183,399
Total liabilities	122,745,524
Net assets	\$4,383,810,494
Represented by	
Paid-in capital (Notes 1 and 4)	\$3,322,667,726
Undistributed net investment income (Note 1)	84,713,761
Accumulated net realized gain on investments and foreign currency transactions (Note 1)	704,748,625
Net unrealized appreciation of investments and assets and liabilities in foreign currencies	271,680,382
Total -- Representing net assets applicable to capital shares outstanding	\$4,383,810,494
Computation of net asset value and offering price	
Net asset value and redemption price per class A share (\$2,628,933,168 divided by 219,025,915 shares)	\$12.00
Offering price per class A share (100/94.25 of \$12.00)*	\$12.73
Net asset value and offering price per class B share (\$1,664,215,132 divided by 143,241,908 shares)**	\$11.62
Net asset value and redemption price per class M share (\$43,662,133 divided by 3,668,503)	\$11.90
Offering price per class M share (100/96.50 of \$11.90)*	\$12.33
Net asset value, offering price and redemption price per class Y share (\$47,000,061 divided by 3,861,684)	\$12.17

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

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

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

</TABLE>

<TABLE>
<CAPTION>

Statement of operations
Year ended October 31, 1997

	<C>
Investment income:	
Dividends (net of foreign tax of \$4,317,707)	\$ 56,706,645
Interest	6,806,968
Total investment income	63,513,613
Expenses:	
Compensation of Manager (Note 2)	27,176,359
Investor servicing and custodian fees (Note 2)	12,854,671
Compensation of Trustees (Note 2)	128,958
Administrative services (Note 2)	38,368
Distribution fees -- Class A (Note 2)	6,351,743
Distribution fees -- Class B (Note 2)	15,821,816
Distribution fees -- Class M (Note 2)	271,415
Reports to shareholders	422,747
Registration fees	137,321
Auditing	107,808
Legal	41,206
Postage	655,760
Other	293,015
Total expenses	64,301,187
Expense reduction (Note 2)	(2,005,174)
Net expenses	62,296,013
Net investment income	1,217,600
Net realized gain on investments (Notes 1 and 3)	727,145,124
Net realized gain on foreign currency transactions (Note 1)	98,481,300
Net unrealized depreciation of assets and liabilities in foreign currencies during the year	(19,192,119)
Net unrealized depreciation of investments during the year	(210,524,809)
Net gain on investments	595,909,496
Net increase in net assets resulting from operations	\$597,127,096

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

</TABLE>

<TABLE>
<CAPTION>

Statement of changes in net assets

	Year ended October 31	
	1997	1996
Increase in net assets		
Operations:		
Net investment income	\$ 1,217,600	\$ 18,142,868

Net realized gain on investments and foreign currency transactions	825,626,424	253,869,045
Net unrealized appreciation (depreciation) of investments and assets and liabilities in foreign currencies	(229,716,928)	180,077,125
Net increase in net assets resulting from operations	597,127,096	452,089,038
Distributions to shareholders:		
From net investment income		
Class A	(54,577,493)	(29,547,833)
Class B	(25,358,432)	(11,187,413)
Class M	(590,659)	(95,055)
Class Y	(1,800,840)	(836,209)
From net realized gain on investments		
Class A	(108,162,646)	(68,153,175)
Class B	(68,080,503)	(40,919,727)
Class M	(1,292,807)	(292,366)
Class Y	(3,260,656)	(1,697,504)
Increase from capital share transactions (Note 4)	445,247,957	591,315,666
Total increase in net assets	779,251,017	890,675,422
Net assets		
Beginning of year	3,604,559,477	2,713,884,055
End of year (including undistributed net investment income of \$84,713,761 and \$66,835,636, respectively)	\$4,383,810,494	\$3,604,559,477

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

</TABLE>

<TABLE>

<CAPTION>

Financial highlights

(For a share outstanding throughout the period)

CLASS A

Per-share operating performance	Year ended October 31				
	1997	1996	1995	1994	1993
Net asset value, beginning of period	\$11.10	\$10.13	\$9.92	\$9.30	\$7.25
Investment operations					
Net investment (loss) income	.04 (b)	.09 (b)	.09	.02	.07
Net realized and unrealized gain on investments	1.68	1.47	.43	.77	2.06
Total from investment operations	1.72	1.56	.52	.79	2.13
Less distributions:					
From net investment income	(.27)	(.18)	(.01)	--	(.07)
From net realized gain on investments	(.55)	(.41)	(.30)	(.17)	(.01)
Total distributions	(.82)	(.59)	(.31)	(.17)	(.08)

Net asset value, end of period	\$12.00	\$11.10	\$10.13	\$9.92	\$9.30

Ratios and supplemental data					

Total investment return at net asset value (%) (a)	16.40	16.10	5.64	8.62	29.62

Net assets, end of period (in thousands)	\$2,628,933	\$2,186,426	\$1,689,656	\$1,507,550	\$940,985

Ratio of expenses to average net assets (%) (c)	1.24	1.27	1.28	1.33	1.39

Ratio of net investment income to average net assets (%)	.31	.84	1.05	.83	.85

Portfolio turnover (%)	154.98	72.88	63.31	17.45	49.53

Average commission rate paid (d)	\$.0241	\$.0298			

+ Commencement of operations.

* Not annualized.

(a) Total investment return assumes dividend reinvestment and does not reflect the effect of sales charges.

(b) Per share net investment income (loss) has been determined on the basis of the weighted average number of shares outstanding during the period.

(c) The ratio of expenses to average net assets for the period ended October 31, 1995, and thereafter, includes amounts paid through brokerage service and expense offset arrangements. Prior period ratios exclude these amounts (Note 2).

(d) Average commission rate paid on security trades is presented for fiscal periods beginning on or after September 1, 1995.

</TABLE>

<TABLE>
<CAPTION>
Financial highlights
(For a share outstanding throughout the period)

CLASS B

Per-share operating performance	Year ended October 31				
	1997	1996	1995	1994	1993
<S>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period	\$10.78	\$9.86	\$9.74	\$9.19	\$7.22

Investment operations					

Net investment (loss) income	(.05) (b)	.01 (b)	.03	.01	.05

Net realized and unrealized gain on investments	1.64	1.43	.40	.71	1.99

Total from investment operations	1.59	1.44	.43	.72	2.04

Less distributions:					

From net investment income	(.20)	(.11)	(.01)	--	(.06)

From net realized gain on investments	(.55)	(.41)	(.30)	(.17)	(.01)

Total distributions	(.75)	(.52)	(.31)	(.17)	(.07)

Net asset value, end of period	\$11.62	\$10.78	\$9.86	\$9.74	\$9.19

Ratios and supplemental data					

Total investment return at net asset value (%) (a)	15.54	15.25	4.80	7.95	28.44
Net assets, end of period (in thousands)	\$1,664,215	\$1,327,246	\$975,794	\$801,443	\$233,195
Ratio of expenses to average net assets (%) (c)	1.99	2.02	2.04	2.11	2.09
Ratio of net investment income to average net assets (%)	(.45)	.09	.29	.12	.23
Portfolio turnover (%)	154.98	72.88	63.31	17.45	49.53
Average commission rate paid (d)	\$.0241	\$.0298			

+ Commencement of operations.

* Not annualized.

(a) Total investment return assumes dividend reinvestment and does not reflect the effect of sales charges.

(b) Per share net investment income (loss) has been determined on the basis of the weighted average number of shares outstanding during the period.

(c) The ratio of expenses to average net assets for the period ended October 31, 1995, and thereafter, includes amounts paid through brokerage service and expense offset arrangements. Prior period ratios exclude these amounts (Note 2).

(d) Average commission rate paid on security trades is presented for fiscal periods beginning on or after September 1, 1995.

</TABLE>

<TABLE>

<CAPTION>

Financial highlights

(For a share outstanding throughout the period)

CLASS M

Per-share operating performance	Year ended October 31		For the period March 1, 1995+ to October 31
	1997	1996	1995
Net asset value, beginning of period	\$11.05	\$10.09	\$8.86
Investment operations			
Net investment (loss) income	(.02) (b)	.03 (b)	.01
Net realized and unrealized gain on investments	1.66	1.47	1.22
Total from investment operations	1.64	1.50	1.23
Less distributions:			
From net investment income	(.24)	(.13)	--
From net realized gain on investments	(.55)	(.41)	--
Total distributions	(.79)	(.54)	--
Net asset value, end of period	\$11.90	\$11.05	\$10.09
Ratios and supplemental data			
Total investment return at net asset value (%) (a)	15.72	15.54	13.88*
Net assets, end of period (in thousands)	\$43,662	\$24,179	\$5,853

Ratio of expenses to average net assets (%) (c)	1.74	1.80	1.23*
Ratio of net investment income to average net assets (%)	(.21)	.32	.17*
Portfolio turnover (%)	154.98	72.88	63.31
Average commission rate paid (d)	\$.0241	\$.0298	

+ Commencement of operations.

* Not annualized.

(a) Total investment return assumes dividend reinvestment and does not reflect the effect of sales charges.

(b) Per share net investment income (loss) has been determined on the basis of the weighted average number of shares outstanding during the period.

(c) The ratio of expenses to average net assets for the period ended October 31, 1995, and thereafter, includes amounts paid through brokerage service and expense offset arrangements. Prior period ratios exclude these amounts (Note 2).

(d) Average commission rate paid on security trades is presented for fiscal periods beginning on or after September 1, 1995.

</TABLE>

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<CAPTION>

Financial highlights

(For a share outstanding throughout the period)

CLASS Y

Per-share operating performance	Year ended October 31			For the period June 15, 1994+ to October 31
	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>
Net asset value, beginning of period	\$11.24	\$10.25	\$10.00	\$9.46
Investment operations				
Net investment (loss) income	.08 (b)	.12 (b)	.09	.01
Net realized and unrealized gain on investments	1.70	1.48	.47	.53
Total from investment operations	1.78	1.60	.56	.54
Less distributions:				
From net investment income	(.30)	(.20)	(.01)	--
From net realized gain on investments	(.55)	(.41)	(.30)	--
Total distributions	(.85)	(.61)	(.31)	--
Net asset value, end of period	\$12.17	\$11.24	\$10.25	\$10.00
Ratios and supplemental data				
Total investment return at net asset value (%) (a)	16.75	16.39	6.00	5.71*
Net assets, end of period (in thousands)	\$47,000	\$66,708	\$42,582	\$29,396
Ratio of expenses to average net assets (%) (c)	.99	1.02	1.06	.37*
Ratio of net investment income				

to average net assets (%)	.69	1.09	1.20	.42*
Portfolio turnover (%)	154.98	72.88	63.31	17.45
Average commission rate paid (d)	\$.0241	\$.0298		

+ Commencement of operations.

* Not annualized.

(a) Total investment return assumes dividend reinvestment and does not reflect the effect of sales charges.

(b) Per share net investment income (loss) has been determined on the basis of the weighted average number of shares outstanding during the period.

(c) The ratio of expenses to average net assets for the period ended October 31, 1995, and thereafter, includes amounts paid through brokerage service and expense offset arrangements. Prior period ratios exclude these amounts (Note 2).

(d) Average commission rate paid on security trades is presented for fiscal periods beginning on or after September 1, 1995.

</TABLE>

Notes to financial statements
October 31, 1997

Note 1
Significant accounting policies

Putnam Global Growth Fund (the "fund") is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end management investment company. The fund seeks capital appreciation by investing primarily in common stocks traded in securities markets located in a number of foreign countries and in the United States.

The fund offers class A, class B, class M and class Y shares. Class A shares are sold with a maximum front-end sales charge of 5.75%. Class B shares, which convert to class A shares after approximately eight years, do not pay a front-end sales charge but pay a higher ongoing distribution fee than class A shares, and may be subject to a contingent deferred sales charge, if those shares are redeemed within six years of purchase. Class M shares are sold with a maximum front end sales charge of 3.50% and pay an ongoing distribution fee that is higher than class A shares but lower than class B shares. Class Y shares, which are sold at net asset value, are generally subject to the same expenses as class A shares, class B shares and class M shares, but do not bear a distribution fee. Class Y shares are sold to defined contribution plans that invest at least \$250 million in a combination of Putnam Funds and other accounts managed by affiliates of Putnam Management.

Expenses of the fund are borne pro-rata by the holders of each class of shares, except that each class bears expenses unique to that class (including the distribution fees applicable to such class). 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. Shares of each class would receive their pro-rata share of the net assets of the fund, if the fund were liquidated. In addition, the Trustees declare separate dividends on each class of shares.

The following is a summary of significant accounting policies consistently followed by the fund in the preparation of its financial statements. The preparation of financial statements is in conformity with generally accepted accounting principles and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ from those estimates.

A) Security valuation Investments for which market quotations are readily available are stated at market value, which is determined using the last reported sale price, or, if no sales are reported -- as in the case of some securities traded over-the-counter -- the last reported bid price. Securities quoted in foreign currencies are translated into U.S. dollars at the current exchange rate. Short-term investments having remaining maturities of 60 days or less are stated at amortized cost which approximates market, and other investments are stated at fair value following procedures approved by the Trustees.

B) Joint trading account Pursuant to an exemptive order issued by the Securities and Exchange Commission, the fund may transfer uninvested cash balances into a joint trading account along with the cash of other registered investment companies and certain other accounts managed by Putnam Investment Management, Inc. ("Putnam Management"), the fund's Manager, a wholly-owned

subsidiary of Putnam Investments, Inc.. These balances may be invested in one or more repurchase agreements and/or short-term money market instruments.

C) Repurchase agreements The fund, or any joint trading account, through its custodian, receives delivery of the underlying securities, the market value of which at the time of purchase is required to be in an amount at least equal to the resale price, including accrued interest. Putnam Management is responsible for determining that the value of these underlying securities is at all times at least equal to the resale price, including accrued interest.

D) Security transactions and related investment income Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date except that certain dividends from foreign securities are recorded as soon as the fund is informed of the ex-dividend date.

E) Foreign currency translation The accounting records of the fund are maintained in U.S. dollars. The market value of foreign securities, currency holdings, other assets and liabilities are 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 accrued 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 exchange gains or losses on closed forward currency contracts, disposition of foreign currencies and the difference between the amount of investment income and foreign withholding taxes recorded on the fund's books and the U.S. dollar equivalent amounts actually received or paid. Net unrealized appreciation and depreciation of assets and liabilities in foreign currencies arise from changes in the value of open forward currency contracts and assets and liabilities other than investments at the period end, resulting from changes in the exchange rate.

F) Forward currency contracts The fund may engage in forward currency contracts, which are agreements between two parties to buy and sell currencies at a set price on a future date, to protect against a decline in value relative to the U.S. dollar of the currencies in which its portfolio securities are denominated or quoted (or an increase in the value of a currency in which securities a fund intends to buy are denominated, when a fund holds cash reserves and short-term investments). The U.S. dollar value of forward currency contracts is determined using current forward currency exchange rates supplied by a quotation service. The market value of the contract will fluctuate with changes in currency exchange rates. The contract is "marked to market" daily and the change in market value is recorded as an unrealized gain or loss. 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. The fund could be exposed to risk if the value of the currency changes unfavorably, if the counterparties to the contracts are unable to meet the terms of their contracts or if the fund is unable to enter into a closing position.

G) Line of credit The fund has entered into a committed line of credit with certain banks. This line of credit agreement includes restrictions that the fund maintain an asset coverage ratio of at least 300% and borrowings must not exceed prospectus limitations. For the year ended October 31, 1997, the fund had no borrowings against the line of credit.

H) Federal taxes It is the policy of the fund to distribute all of its taxable income within the prescribed time and otherwise comply with the provisions of the Internal Revenue 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 Internal Revenue Code of 1986, as amended. Therefore, 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.

I) Distributions to shareholders Distributions to shareholders from net investment income are recorded by the fund on the ex-dividend date. Capital gain distributions, 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 permanent differences of losses on wash sale transactions, realized and unrealized gains and losses on forward foreign currency contracts and realized and unrealized gains on passive foreign investment companies. Reclassifications are made to the fund's capital accounts to reflect income and gains available for distribution under income tax regulations. For the year ended October 31, 1997, the fund reclassified \$98,987,949 to increase undistributed net investment income and \$9,227,065 to increase

paid-in-capital, with a decrease to accumulated net realized gain on investments and foreign currency transactions of 108,215,014. The calculation of net investment income per share in the financial highlights table excludes these adjustments.

Note 2
Management fee, administrative services, and other transactions

Compensation of Putnam Management, for management and investment advisory services is paid quarterly based on the average net assets of the fund. Such fee is based on the following annual rates: 0.80% of the first \$500 million of average net assets, 0.70% of the next \$500 million, 0.65% of the next \$500 million, 0.60% of the next \$5 billion, 0.575% of the next \$5 billion, 0.555% of the next \$5 billion, 0.54% of the next \$5 billion and 0.53% thereafter. Prior to February 20, 1997, any amount over \$1.5 billion was based on a rate of 0.60%.

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 Putnam Fiduciary Trust Company (PFTC), a subsidiary of Putnam Investments, Inc. Investor servicing agent functions are provided by Putnam Investor Services, a division of PFTC.

For the year ended October 31, 1997, fund expenses were reduced by \$2,005,174 under expense offset arrangements with PFTC and brokerage service arrangements. Investor servicing and custodian fees reported in the Statement of operations exclude these credits. The fund could have invested a portion of the assets utilized in connection with the expense offset arrangements in an income producing asset if it had not entered into such arrangements.

Trustees of the funds receive an annual Trustees fee of which \$3,914 has been allocated to the fund and an additional fee for each Trustee's meeting attended. Trustees who are not interested persons of Putnam Management and who serve on committees of the Trustees receive additional fees for attendance at certain committee meetings.

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 in the fund and are 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 Trustee for at least five years. Benefits under the Pension Plan are equal to 50% of the Trustee's average total retainer and meeting fees for the three years preceding retirement. Pension expense for the fund is included in Compensation of trustees in the Statement of operations. Accrued pension liability is included in Payable for compensation of Trustees in the Statement of assets and liabilities.

The fund has adopted distribution plans (the "Plans") with respect to its class A, class B and class M shares pursuant to Rule 12b-1 under the Investment Company Act of 1940. The purpose of the Plans is to compensate Putnam Mutual Funds Corp., a wholly-owned subsidiary of Putnam Investments Inc., for services provided and expenses incurred by it in distributing shares of the fund. The Plans provide for payments by the fund to Putnam Mutual Funds Corp. at an annual rate up to 0.35%, 1.00% and 1.00% of the average net assets attributable to class A, class B and class M shares, respectively. The Trustees currently limit payment by the fund to an annual rate of 0.25%, 1.00% and 0.75% of the average net assets attributable to class A, class B and class M shares respectively.

For the year ended October 31, 1997, Putnam Mutual Funds Corp., acting as underwriter received net commissions of \$991,161 and \$28,403 from the sale of class A and class M shares, respectively and \$1,818,267 in contingent deferred sales charges from redemptions of class B shares. A deferred sales charge of up to 1% is assessed on certain redemptions of class A shares. For the year ended October 31, 1997, Putnam Mutual Funds Corp., acting as underwriter received \$38,023 on class A redemptions.

Note 3
Purchases and sales of securities

During the year ended October 31, 1997, purchases and sales of investment securities other than short-term investments aggregated \$6,551,229,406 and \$6,300,255,512, respectively. There were no purchases and sales of U.S. government obligations. In determining the net gain or loss on securities sold, the cost of securities has been determined on the identified cost basis.

Note 4

Capital shares

At October 31, 1997, there was an unlimited number of shares of beneficial interest authorized. Transactions in capital shares were as follows:

Year ended October 31, 1997		
Class A	Shares	Amount
Shares sold	101,249,030	\$1,191,480,880
Shares issued in connection with reinvestment of distributions	14,409,751	154,040,248
	115,658,781	1,345,521,128
Shares repurchased	(93,547,155)	(1,107,228,654)
Net increase	22,111,626	\$ 238,292,474

Year ended October 31, 1996		
Class A	Shares	Amount
Shares sold	74,479,884	\$786,801,972
Shares issued in connection with reinvestment of distributions	9,384,293	91,684,535
	83,864,177	878,486,507
Shares repurchased	(53,754,835)	(567,550,801)
Net increase	30,109,342	\$ 310,935,706

Year ended October 31, 1997		
Class B	Shares	Amount
Shares sold	38,781,150	\$444,244,122
Shares issued in connection with reinvestment of distributions	8,389,558	87,335,290
	47,170,708	531,579,412
Shares repurchased	(27,056,473)	(312,278,426)
Net increase	20,114,235	\$219,300,986

Year ended October 31, 1996		
Class B	Shares	Amount
Shares sold	38,966,921	\$400,645,801
Shares issued in connection with reinvestment of distributions	5,083,057	48,543,206
	44,049,978	449,189,007
Shares repurchased	(19,905,910)	(204,642,212)
Net increase	24,144,068	\$ 244,546,795

Year ended
October 31, 1997

Class M	Shares	Amount
Shares sold	3,715,074	\$44,560,643
Shares issued in connection with reinvestment of distributions	168,896	1,798,748
	3,883,970	46,359,391
Shares repurchased	(2,403,887)	(29,285,638)
Net increase	1,480,083	\$17,073,753

Year ended
October 31, 1996

Class M	Shares	Amount
Shares sold	1,976,000	\$20,965,783
Shares issued in connection with reinvestment of distributions	37,518	366,551
	2,013,518	21,332,334
Shares repurchased	(404,965)	(4,274,542)
Net increase	1,608,553	\$17,057,792

Year ended
October 31, 1997

Class Y	Shares	Amount
Shares sold	4,445,438	\$51,918,759
Shares issued in connection with reinvestment of distributions	470,446	5,061,496
	4,915,884	56,980,255
Shares repurchased	(6,986,974)	(86,399,511)
Net decrease	(2,071,090)	\$(29,419,256)

Year ended
October 31, 1996

Class Y	Shares	Amount
Shares sold	3,135,536	\$33,518,710
Shares issued in connection with reinvestment of distributions	256,720	2,533,713
	3,392,256	36,052,423
Shares repurchased	(1,614,376)	(17,277,050)
Net increase	1,777,880	\$18,775,373

Federal tax information
(Unaudited)

Pursuant to Section 852 of the Internal Revenue Code, as amended, the Fund hereby designates \$620,151,357 (or if different, the amount necessary to offset net capital gain earned by the Fund) (for all classes of shares) as capital gain dividends for its taxable year ended October 31, 1997.

For the period, interest and dividends from foreign countries were \$49,319,695 of \$0.133 (for all share classes). Taxes paid to foreign countries were \$4,317,707 or \$0.012 (for all classes of shares).

The fund has designated 3.97% of the distributions from net investment income as qualifying for the dividends received deduction for corporations.

The Form 1099 you receive in January 1998 will show the tax status of all distributions paid to your account in calendar 1997.

Fund information

INVESTMENT MANAGER

Putnam Investment
Management, Inc.
One Post Office Square
Boston, MA 02109

MARKETING SERVICES

Putnam Mutual Funds Corp.
One Post Office Square
Boston, MA 02109

CUSTODIAN

Putnam Fiduciary Trust Company

LEGAL COUNSEL

Ropes & Gray

INDEPENDENT ACCOUNTANTS

Coopers & Lybrand L.L.P.

TRUSTEES

George Putnam, Chairman
William F. Pounds, Vice Chairman
Jameson Adkins Baxter
Hans H. Estin
John A. Hill
Ronald J. Jackson
Elizabeth T. Kennan
Lawrence J. Lasser
Robert E. Patterson
Donald S. Perkins
George Putnam, III
A.J.C. Smith
W. Thomas Stephens
W. Nicholas Thorndike

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John D. Hughes
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Vice President and Fund Manager

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William N. Shiebler
Vice President

John R. Verani
Vice President

Paul M. O'Neil
Vice President

Beverly Marcus
Clerk and Assistant Treasurer

This report is for the information of shareholders of Putnam Global Growth Fund. It may also be used as sales literature when preceded or accompanied by the current prospectus, which gives details of sales charges, investment objectives, and operating policies of the fund, and the most recent copy of Putnam's Quarterly Performance Summary. For more information or to request a prospectus, call toll free: 1-800-225-1581. You can also learn more at Putnam Investments' website: <http://www.putnaminv.com>.

Shares of mutual funds are not deposits or obligations of, or guaranteed or endorsed by, any financial institution; are not insured by the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board, or any other agency; and involve risk, including the possible loss of the principal amount invested.

PUTNAM INVESTMENTS
The Putnam Funds
One Post Office Square
Boston, Massachusetts 02109

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36859-005/882/907/513 12/97

PUTNAM INVESTMENTS [SCALE LOGO OMITTED]

Putnam Global Growth Fund
Supplement to Annual Report dated 10/31/97

The following information has been prepared to provide class Y shareholders with a performance overview specific to their holdings. Class Y shares are offered exclusively to defined contribution plans investing \$250 million or more in one or more of Putnam's funds or private accounts. Performance of class Y shares, which incur neither a front-end load, distribution fee, nor contingent deferred sales charge, will differ from performance of class A, B, and M shares, which are discussed more extensively in the annual report.

ANNUAL RESULTS AT A GLANCE

Total return:	NAV
One year ended 10/31/97	16.75%
Five years	104.41
Annual average	15.37
Ten years	194.32
Annual average	11.40
Life of class (since 9/1/67)	
Annual average	10.62

Share value:	NAV
10/31/96	\$11.24
10/31/97	12.17

Distributions:	No.	Income	Capital gains		Total
			Short	Long	
	1	\$0.301	\$0.249	\$0.296	\$0.846

Please note that past performance does not indicate future results. Investment return and principal value will fluctuate so your shares, when redeemed, may be worth more or less than their original cost. See full report for information on comparative benchmarks. If you have questions, please consult your fund prospectus or call Putnam toll free at 1-800-752-9894.