

NOVARTIS AG
Form 6-K
January 25, 2017

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 or 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

Report on Form 6-K dated January 25, 2017
(Commission File No. 1-15024)

(Name of Registrant)

Novartis AG

Lichtstrasse 35
4056 Basel
Switzerland

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F: Form 40-F:

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes: No:

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes: No:

Edgar Filing: NOVARTIS AG - Form 6-K

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes: o No: x

Exhibits:

99.1 Financial Report Q4 2016

99.2 Interim Financial Report

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Novartis AG

Date: January 25, 2017

By: /s/ PAUL PENEPEPENT

Name:

Paul Penepent

Title:

Head Group Financial Reporting and Accounting

Enterprises, Inc. sr. notes 6 1/4s, 2013 260,000 230,100 Tenet Healthcare Corp. notes 7 3/8s, 2013 175,000 155,750 Tenet Healthcare Corp. sr. notes 9 7/8s, 2014 175,000 170,625 Triad Hospitals, Inc. sr. notes 7s, 2012 130,000 127,725 Triad Hospitals, Inc. sr. sub. notes 7s, 2013 225,000 214,875 Universal Hospital Services, Inc. sr. notes 10 1/8s, 2011 (Canada) 65,000 67,275 Vanguard Health Holding Co. II, LLC sr. sub. notes 9s, 2014 300,000 291,000 Ventas Realty LP/Capital Corp. company guaranty 6 3/4s, 2010 (R) 55,000 56,031 Ventas Realty LP/Capital Corp. company guaranty 9s, 2012 (R) 55,000 61,256 Ventas Realty LP/Capital Corp. sr. notes 6 1/2s, 2016 (R) 60,000 59,100 Ventas Realty LP/Capital Corp. sr. notes 6 5/8s, 2014 (R) 40,000 40,400 **4,211,560**

Homebuilding (0.3%) Ashton Woods USA LLC/Ashton Woods Finance Co. sr. sub. notes 9 1/2s, 2015 75,000 65,063 K. Hovnanian Enterprises, Inc. company guaranty 8 7/8s, 2012 35,000 33,775 K. Hovnanian Enterprises, Inc. company guaranty 7 3/4s, 2013 70,000 64,400 Meritage Homes Corp. company guaranty 6 1/4s, 2015 60,000 51,225 Standard Pacific Corp. sr. notes 7s, 2015 25,000 21,938 **236,401**

Household Furniture and Appliances (0.3%) Sealy Mattress Co. sr. sub. notes 8 1/4s, 2014 200,000 **202,000**

Edgar Filing: NOVARTIS AG - Form 6-K

Lodging/Tourism (0.5%) FelCor Lodging LP company guaranty 8 1/2s, 2008 (R) 55,000 58,163 Host Marriott LP sr. notes Ser. M, 7s, 2012 (R) 165,000 166,238 Starwood Hotels & Resorts Worldwide, Inc. debts. 7 3/8s, 2015 95,000 101,175 **325,576**

Media (1.2%) Affinion Group, Inc. 144A bonds 11 1/2s, 2015 100,000 101,000 Affinion Group, Inc. 144A company guaranty 10 1/8s, 2013 400,000 415,000 Affinity Group, Inc. sr. sub. notes 9s, 2012 270,000 270,000 **786,000**

Metals (2.6%) AK Steel Corp. company guaranty 7 3/4s, 2012 285,000 277,875 Century Aluminum Co. company guaranty 7 1/2s, 2014 60,000 59,700 Chaparral Steel Co. company guaranty 10s, 2013 280,000 309,400 Gerdau Ameristeel Corp. sr. notes 10 3/8s, 2011 (Canada) 175,000 188,563 Metals USA, Inc. 144A sec. notes 11 1/8s, 2015 180,000 198,450 Novelis, Inc. 144A sr. notes 7 1/4s, 2015 460,000 437,000 Steel Dynamics, Inc. company guaranty 9 1/2s, 2009 110,000 113,850 United States Steel Corp. sr. notes 9 3/4s, 2010 114,000 121,125 Wheeling-Pittsburgh Steel Corp. sr. notes Ser. A, 5s, 2011 (PIK) 14,089 10,989 Wheeling-Pittsburgh Steel Corp. sr. notes Ser. B, 6s, 2010 (PIK) 7,997 6,238 **1,723,190**

Publishing (3.4%) American Media, Inc. company guaranty Ser. B, 10 1/4s, 2009 250,000 231,250 CanWest Media, Inc. company guaranty 8s, 2012 (Canada) 3,793 3,670 Dex Media West, LLC/Dex Media Finance Co. sr. notes Ser. B, 8 1/2s, 2010 155,000 158,875 Dex Media, Inc. disc. notes stepped-coupon zero % (9s, 11/15/08), 2013 (STP) 85,000 70,763 Dex Media, Inc. notes 8s, 2013 65,000 64,675 Houghton Mifflin Co. sr. sub. notes 9 7/8s, 2013 315,000 326,025 PRIMEDIA, Inc. company guaranty 8 7/8s, 2011 130,000 126,100 PRIMEDIA, Inc. sr. notes 8s, 2013 190,000 169,575 R.H. Donnelley Corp. sr. disc. notes Ser. A-1, 6 7/8s, 2013 55,000 49,363 R.H. Donnelley Corp. sr. disc. notes Ser. A-2, 6 7/8s, 2013 110,000 98,725 R.H. Donnelley Corp. sr. notes 6 7/8s, 2013 65,000 58,338

R.H. Donnelley Corp. sr. notes Ser. A-3, 8 7/8s, 2016	145,000	142,825
Reader's Digest Association, Inc. (The) sr. notes 6 1/2s, 2011	335,000	320,763
Vertis, Inc. company guaranty Ser. B, 10 7/8s, 2009	340,000	345,100
Vertis, Inc. 144A sub. notes 13 1/2s, 2009	100,000	92,500
		2,258,547

Restaurants (0.3%)

Domino's, Inc. sr. sub. notes 8 1/4s, 2011	80,000	82,800
Sbarro, Inc. company guaranty 11s, 2009	155,000	156,938
		239,738

Retail (2.2%)

Asbury Automotive Group, Inc. sr. sub. notes 8s, 2014	80,000	78,000
Autonation, Inc. 144A company guaranty 7s, 2014	30,000	29,588
Autonation, Inc. 144A company guaranty FRN 7.507s, 2013	45,000	45,225
Bon-Ton Stores Inc./The company guaranty 10 1/4s, 2014	215,000	202,369
Burlington Coat Factory Warehouse Corp. 144A sr. notes 11 1/8s, 2014	150,000	141,938
Harry & David Holdings Inc. company guaranty 9s, 2013	60,000	54,900
Jean Coutu Group, Inc. sr. notes 7 5/8s, 2012 (Canada)	115,000	120,750
Movie Gallery, Inc. sr. unsecd. notes 11s, 2012	50,000	33,375

Edgar Filing: NOVARTIS AG - Form 6-K

Neiman-Marcus Group, Inc. company guaranty 9s, 2015	335,000	355,938
Rite Aid Corp. company guaranty 7 1/2s, 2015	80,000	76,400
Rite Aid Corp. sec. notes 8 1/8s, 2010	90,000	90,338
United Auto Group, Inc. company guaranty 9 5/8s, 2012	205,000	215,763
		1,444,584

Technology (4.7%)

Advanced Micro Devices, Inc. sr. notes 7 3/4s, 2012	260,000	260,975
Amkor Technologies, Inc. sr. notes 7 3/4s, 2013	143,000	134,420
Amkor Technologies, Inc. sr. unsecd. notes 9 1/4s, 2016	75,000	71,438
Avago Technologies Finance 144A sr. notes 10 1/8s, 2013 (Singapore)	90,000	94,050
Celestica, Inc. sr. sub. notes 7 7/8s, 2011 (Canada)	70,000	69,825
Iron Mountain, Inc. company guaranty 6 5/8s, 2016	235,000	218,550
Iron Mountain, Inc. company guaranty 7 3/4s, 2015	125,000	123,750
Iron Mountain, Inc. company guaranty 8 3/4s, 2018	55,000	56,238
Iron Mountain, Inc. company guaranty 8 5/8s, 2013	115,000	117,300
Lucent Technologies, Inc. debs. 6 1/2s, 2028	10,000	8,425
Lucent Technologies, Inc. debs. 6.45s, 2029	175,000	149,188
Lucent Technologies, Inc. notes 5 1/2s, 2008	40,000	39,250
New ASAT Finance, Ltd. company guaranty 9 1/4s, 2011 (Cayman Islands)	65,000	51,675
Nortel Networks, Ltd. 144A company guaranty 10 3/4s, 2016 (Canada)	125,000	129,375
Nortel Networks, Ltd. 144A company guaranty FRN 9.73s, 2011 (Canada)	140,000	141,400
Sensata Technologies BV 144A sr. notes 8s, 2014 (Netherlands)	75,000	73,500
Solectron Global Finance Corp. company guaranty 8s, 2016 (Cayman Islands)	135,000	130,950
SunGard Data Systems, Inc. company guaranty 10 1/4s, 2015	228,000	232,845
SunGard Data Systems, Inc. company guaranty 9 1/8s, 2013	326,000	336,595
UGS Capital Corp. II 144A sr. notes 10.38s, 2011	60,000	60,450
UGS Corp. company guaranty 10s, 2012	185,000	198,875
Xerox Capital Trust I company guaranty 8s, 2027	130,000	133,413
Xerox Corp. sr. notes 6 7/8s, 2011	180,000	184,275
Xerox Corp. sr. notes 7 5/8s, 2013	20,000	20,675
Xerox Corp. unsec. sr. notes 6 3/4s, 2017	95,000	95,238
		3,132,675

Textiles (0.6%)

Levi Strauss & Co. sr. notes 9 3/4s, 2015	190,000	196,650
Levi Strauss & Co. sr. notes 8 7/8s, 2016	110,000	107,525
Oxford Industries, Inc. sr. notes 8 7/8s, 2011	75,000	75,750

379,925**Tire & Rubber (0.5%)**

Goodyear Tire & Rubber Co. (The) notes 8 1/2s, 2007	35,000	35,263
Goodyear Tire & Rubber Co. (The) sr. notes 9s, 2015	300,000	300,750
		336,013

Transportation (0.6%)

CalAir, LLC/CalAir Capital Corp. company guaranty 8 1/8s, 2008	170,000	164,475
Kansas City Southern Railway Co. company guaranty 9 1/2s, 2008	200,000	208,500
		372,975

Utilities & Power (7.0%)

AES Corp. (The) 144A sec. notes 8 3/4s, 2013	190,000	203,300
AES Corp. (The) 144A sec. notes 9s, 2015	130,000	140,400
AES Corp. (The) sr. notes 8 7/8s, 2011	13,000	13,845
ANR Pipeline Co. debs. 9 5/8s, 2021	135,000	163,072
CMS Energy Corp. sr. notes 7 3/4s, 2010	30,000	31,275
CMS Energy Corp. sr. notes 8 1/2s, 2011	40,000	42,900
CMS Energy Corp. sr. notes 8.9s, 2008	130,000	135,850
Colorado Interstate Gas Co. debs. 6.85s, 2037	75,000	75,432
Colorado Interstate Gas Co. sr. notes 5.95s, 2015	20,000	18,814
Dynegy-Roseton Danskamme company guaranty Ser. A, 7.27s, 2010	65,000	64,513
Dynegy-Roseton Danskamme company guaranty Ser. B, 7.67s, 2016	100,000	98,875
Edison Mission Energy 144A sr. notes 7 1/2s, 2013	70,000	70,000
Edison Mission Energy 144A sr. notes 7 3/4s, 2016	55,000	55,000
El Paso Corp. notes 7 3/4s, 2010	40,000	41,200
El Paso Corp. sr. notes 7 3/8s, 2012	65,000	65,569
El Paso Corp. sr. notes 8.05s, 2030	95,000	97,375
El Paso Corp. sr. notes Ser. MTN, 7.8s, 2031	65,000	65,163
El Paso Natural Gas Co. debs. 8 5/8s, 2022	30,000	33,845
El Paso Production Holding Co. company guaranty 7 3/4s, 2013	275,000	279,125
Ferrellgas LP/Finance sr. notes 6 3/4s, 2014	115,000	110,688
Ferrellgas LP/Finance sr. notes 8 3/4s, 2012	217,000	224,595
Midwest Generation, LLC sec. sr. notes 8 3/4s, 2034	225,000	239,625
Mirant North America, LLC company guaranty 7 3/8s, 2013	175,000	173,250
Mission Energy Holding Co. sec. notes 13 1/2s, 2008	135,000	151,031
Monongahela Power Co. 1st mtge. 6.7s, 2014	70,000	74,188

Edgar Filing: NOVARTIS AG - Form 6-K

Nevada Power Co. 2nd mtge. 9s, 2013	55,000	59,954
Northwestern Corp. sec. notes 5 7/8s, 2014	350,000	347,601
NRG Energy, Inc. sr. notes 7 3/8s, 2016	565,000	556,525
Orion Power Holdings, Inc. sr. notes 12s, 2010	100,000	113,500
SEMCO Energy, Inc. 144A sr. notes 7 3/4s, 2013	110,000	109,450
SEMCO Energy, Inc. sr. notes 7 3/4s, 2013	85,000	84,850
Sierra Pacific Power Co. general ref. mtge. 6 1/4s, 2012	25,000	25,324
Sierra Pacific Resources sr. notes 8 5/8s, 2014	125,000	134,364
Teco Energy, Inc. notes 7.2s, 2011	35,000	36,138
Teco Energy, Inc. notes 7s, 2012	55,000	56,581
Teco Energy, Inc. sr. notes 6 3/4s, 2015	10,000	9,963
Tennessee Gas Pipeline Co. debs. 7s, 2028	15,000	14,624
Tennessee Gas Pipeline Co. unsecd. notes 7 1/2s, 2017	30,000	31,035
Transcontinental Gas Pipeline Corp. debs. 7 1/4s, 2026	120,000	121,200
Utilicorp Canada Finance Corp. company guaranty 7 3/4s, 2011 (Canada)	105,000	109,988
Utilicorp United, Inc. sr. notes 9.95s, 2011	4,000	4,423
Williams Cos., Inc. (The) 144A notes 6 3/8s, 2010	45,000	44,269
Williams Cos., Inc. (The) notes 7 5/8s, 2019	95,000	96,425
Williams Cos., Inc. (The) notes 8 1/8s, 2012	25,000	26,375
Williams Cos., Inc. (The) notes 8 3/4s, 2032	25,000	26,938
York Power Funding 144A notes 12s, 2007 (Cayman Islands) (In default) (F)(NON)	65,719	5,481
		4,683,938

Total corporate bonds and notes (cost \$60,450,839) \$59,674,608

CONVERTIBLE BONDS AND NOTES (2.5%)(a)

	Principal amount	Value
DRS Technologies, Inc. 144A cv. unsec. notes 2s, 2026	\$290,000	\$275,500
Intel Corp. cv. sub. bonds 2.95s, 2035	120,000	105,150
Kulicke & Soffa Industries, Inc. cv. sub. notes 0.5s, 2008	390,000	335,400
L-3 Communications Corp. 144A cv. bonds 3s, 2035	125,000	125,781
LIN Television Corp. cv. sr. sub. notes 2 1/2s, 2033	45,000	41,063
Nash Finch Co. cv. sr. sub. notes stepped-coupon 1.631s (zero %, 3/15/13) 2035 (STP)	375,000	145,313
Safeguard Scientifics, Inc. cv. sr. notes 2 5/8s, 2024	425,000	333,625
Sinclair Broadcast Group, Inc. cv. sr. sub. notes stepped-coupon 4 7/8s (2s, 1/15/11) 2018 (STP)	315,000	282,319
Trinity Industries, Inc. cv. sub. notes 3 7/8s, 2036	67,000	65,828

Total convertible bonds and notes (cost \$1,660,174) \$1,709,979

CONVERTIBLE PREFERRED STOCKS (1.7%)(a)

	Shares	Value
Chesapeake Energy Corp. Ser. *, \$4.50 cum. cv. pfd	1,139	\$108,347
Chesapeake Energy Corp. 6.25% cv. pfd.	340	91,673
Citigroup Funding, Inc. Ser. GNW, 5.02% cv. pfd.	5,160	167,029
Crown Castle International Corp. \$3.125 cum. cv. pfd.	1,719	95,405
Emmis Communications Corp. Ser. A, \$3.125 cum. cv. pfd.	2,878	116,199
Freeport-McMoRan Copper & Gold, Inc. 5.50% cv. pfd.	121	158,480
Huntsman Corp. \$2.50 cv. pfd.	6,062	240,965
Interpublic Group of Companies, Inc. 144A Ser. B, 5.25% cum. cv. pfd	207	187,335

Total convertible preferred stocks (cost \$1,220,739) \$1,165,433

UNITS (1.3%)(a) (cost \$812,266)

	Units
XCL, Ltd. Equity Units (F)	446

COMMON STOCKS (1.2%)(a)

	Shares
Blount International, Inc. (NON)	7,753
Boyd Gaming Corp.	2,712
Coinmach Service Corp. IDS (Income Deposit Securities)	7,864
Compass Minerals International, Inc.	112
Contifinancial Corp. Liquidating Trust Units (F)	505,286
Knology, Inc. (NON)	33
Owens Corning (Rights) (F)	11,016
Playtex Products, Inc. (NON)	9,606
Pride International, Inc. (NON)	3,900
Samsonite Corp. (NON)	120,508
Sterling Chemicals, Inc. (NON)	10
Sun Healthcare Group, Inc. (NON)	178
USA Mobility, Inc.	40
VFB LLC (acquired various dates from 12/21/99 to 10/27/00, cost \$214,226) (F)(RES)(NON)	259,509
VS Holdings, Inc. (F)	40,417
WHX Corp. (NON)	3,964
Williams Cos., Inc. (The)	4,632

Total common stocks (cost \$2,176,093)

PREFERRED STOCKS (0.3%)(a)

	Shares
First Republic Capital Corp. 144A 10.50% pfd.	80
Ion Media Networks, Inc. 14.25% cum. pfd. (PIK)	4
Rural Cellular Corp. Ser. B, 11.375% cum. pfd.	49

Total preferred stocks (cost \$166,937)**FOREIGN GOVERNMENT BONDS AND NOTES (0.2%)(a) (cost \$121,087)**

	Principa
Argentina (Republic of) FRB 5.59s, 2012	\$131,25

SENIOR LOANS (0.1%)(a)(c) (cost \$82,848)

	Principa
Olympus Cable Holdings, LLC bank term loan FRN Ser. B, 10 1/4s, 2010	\$90,000

WARRANTS (0.0%)(a)(NON)

	Expiration date	Strike price	Warrant
Dayton Superior Corp. 144A	6/15/09	\$0.01	200
MDP Acquisitions PLC 144A (Ireland)	10/01/13	EUR 0.001	89
Ubiquitel, Inc. 144A	4/15/10	\$22.74	350

Total warrants (cost \$23,541)**SHORT-TERM INVESTMENTS (2.1%)(a) (cost \$1,376,147)**

	Shares
Putnam Prime Money Market Fund (e)	1,376,1

TOTAL INVESTMENTS**Total investments (cost \$68,090,671) (b)**

FORWARD CURRENCY CONTRACTS TO SELL at 8/31/06 (aggregate face value \$2,471,809) (Unaudited)

	Value	Aggregate face value	Delivery date	Unrealized appreciation
Euro	\$2,443,276	\$2,471,809	9/20/06	\$28,533

CREDIT DEFAULT CONTRACTS OUTSTANDING at 8/31/06 (Unaudited)

Swap counterparty / Referenced debt*	Upfront premium received (paid)**	Notional amount	Termination date	Fixed payments received (paid) by fund per annum	Unrealized appreciation/ (depreciation)
Bank of America, N.A.					
Abitibi-Consolidated, Inc., 8.375%, 4/1/15	\$--	\$75,000	6/20/11	365 bp	\$(2,329)
L-3 Communications Corp. 7 5/8%, 6/15/12	--	50,000	6/20/11	(90 bp)	79
Citibank, N.A.					
Celestica Inc., 7 7/8%, 7/1/11	--	100,000	9/20/11	285 bp	490
Ford Motor Co., 7.45%, 7/16/31	--	60,000	6/20/07	620 bp	2,475
Visteon Corp., 7%, 3/10/14	--	75,000	6/20/09	605 bp	6,348
CreditSuisse First Boston International					
Ford Motor Co., 7.45%, 7/16/31	--	135,000	9/20/07	(487.5 bp)	(3,746)
Ford Motor Co., 7.45%, 7/16/31	--	165,000	9/20/08	725 bp	8,713
Ford Motor Co., 7.45%, 7/16/31	--	30,000	9/20/07	(485 bp)	(824)
Deutsche Bank AG					
Ford Motor Co., 7.45%, 7/16/31	--	84,000	6/20/07	595 bp	3,257
Lear Corp., 8.11%, 5/15/09	--	150,000	6/20/08	860 bp	15,420
Visteon Corp., 7%, 3/10/14	--	75,000	6/20/09	535 bp	4,500
Goldman Sachs Capital Markets, L.P.					
Ford Motor Co., 7.45%, 7/16/31	--	60,000	6/20/07	630 bp	2,535
Goldman Sachs International					
General Motors Corp., 7 1/8%, 7/15/13	--	135,000	9/20/08	620 bp	5,369
General Motors Corp., 7 1/8%, 7/15/13	--	135,000	9/20/07	(427.5 bp)	(2,843)

Edgar Filing: NOVARTIS AG - Form 6-K

General Motors Corp., 7 1/8%, 7/15/13	--	30,000	9/20/07	(425 bp)	(624)
General Motors Corp., 7 1/8%, 7/15/13	--	30,000	9/20/08	620 bp	1,193
L-3 Communications Corp. 7 5/8%, 6/15/12	--	30,000	9/20/11	(108 bp)	(105)
Any one of the underlying securities in the basket of BB CMBS securities	--	83,000	(a)	2.461%	4,880
JPMorgan Chase Bank, N.A.					
Abitibi-Consolidated, Inc., 8.375%, 4/1/15	--	45,000	6/20/11	365 bp	(1,607)
Ford Motor Co., 7.45%, 7/16/31	--	60,000	6/20/07	635 bp	2,564
Ford Motor Co., 7.45%, 7/16/31	--	75,000	6/20/07	665 bp	3,425
Ford Motor Co., 7.45%, 7/16/31	--	25,000	9/20/08	550 bp	410
Ford Motor Co., 7.45%, 7/16/31	--	25,000	9/20/07	(345 bp)	(109)
General Motors Corp., 7 1/8%, 7/15/13	--	25,000	9/20/07	(350 bp)	(270)
General Motors Corp., 7 1/8%, 7/15/13	--	25,000	9/20/08	500 bp	356
Lehman Brothers Special Financing, Inc.					
General Motors Corp., 7 1/8%, 7/15/13	--	155,000	12/20/06	750 bp	5,276
Total					\$54,833

* *Payments related to the reference debt are made upon a credit default event.*

** *Upfront premium is based on the difference between the original spread on issue and the market spread on day of execution.*

(a) Terminating on the date on which the notional amount is reduced to zero or the date on which the assets securing the reference entity are liquidated.

NOTES

(a) Percentages indicated are based on net assets of \$67,063,344.

(b) The aggregate identified cost on a tax basis is \$68,134,208, resulting in gross unrealized appreciation and depreciation of \$1,288,925 and \$3,432,656, respectively, or net unrealized depreciation of \$2,143,731.

(c) Senior loans are exempt from registration under the Security Act of 1933, as amended, but contain certain restrictions on resale and cannot be sold publicly. These loans pay interest at rates which adjust periodically. The interest rate shown for senior loans are the current interest rates at August 31, 2006. Senior loans are also subject to mandatory and/or optional prepayment which cannot be predicted. As a result, the remaining maturity may be substantially less than the stated maturity shown. Senior loans are purchased or sold on a when-issued or delayed delivery basis and may be settled a month or more after the trade date, which from time to time can delay the actual investment of available cash balances; interest income is accrued based on the terms of the securities. Senior loans can be acquired through an agent, by assignment from another holder of the loan, or as a participation interest in another holder's portion of the loan. When the fund invests in a loan or participation, the fund is subject to the risk that an intermediate participant between the fund and the borrower will fail to meet its obligations to the fund, in addition to the risk that the borrower under the loan may default on its obligations.

(DEF) Security is in default of principal and interest.

(NON) Non-income-producing security.

(STP) The interest rate and date shown parenthetically represent the new interest rate to be paid and the date the fund will begin accruing interest at this rate.

(RES) Restricted, excluding 144A securities, as to public resale. The total market value of restricted securities held at August 31, 2006 was \$251,215 or 0.4% of net assets.

(PIK) Income may be received in cash or additional securities at the discretion of the issuer.

(R) Real Estate Investment Trust.

(e) The fund invests in Putnam Prime Money Market Fund, an open-end management investment company managed by Putnam Investment Management, LLC ("Putnam Management"), the fund's manager, an indirect wholly-owned subsidiary of Putnam, LLC. Management fees paid by the fund are reduced by an amount equal to the management and administrative fees paid by Putnam Prime Money Market Fund with respect to assets invested by the fund in Putnam Prime Money Market Fund. Income distributions earned by the fund totaled \$25,532 for the period ended August 31, 2006. During the period ended August 31, 2006, cost of purchases and cost of sales of investments in Putnam Prime Money Market Fund aggregated \$4,463,067 and \$4,703,493, respectively.

(F) Security is valued at fair value following procedures approved by the Trustees.

At August 31, 2006, liquid assets totaling \$1,944,779 have been designated as collateral for open forward contracts and swap contracts.

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

The rates shown on Floating Rate Bonds (FRB) and Floating Rate Notes (FRN) are the current interest rates at August 31, 2006.

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

Security valuation 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. If no sales are reported -- as in the case of some securities traded over-the-counter -- a security is valued at its last reported bid price. Market quotations are not considered to be readily available for certain debt obligations; such investments are valued at fair value on the basis of valuations furnished by an independent pricing service or dealers, approved by the Trustees. Such services or dealers determine valuations for normal institutional-size trading units of such securities using methods based on market transactions for comparable securities and various relationships, generally recognized by institutional traders, between securities. Many securities markets and exchanges outside the U.S. close prior to the 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 close of the

New York Stock Exchange. Accordingly, on certain days, the fund will fair value foreign equity securities taking into account multiple factors, including movements in the U.S. securities markets. 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.

Certain investments, including certain restricted securities, are valued at fair value following procedures approved by the Trustees. 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 at a given point in time and does not reflect an actual market price, which may be different by a material amount.

Forward currency contracts The fund may buy and sell forward currency contracts, which are agreements between two parties to buy and sell currencies at a set price on a future date. These contracts are used to 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. Risks may exceed amounts recognized on the statement of assets and liabilities. Forward currency contracts outstanding at period end, if any, are listed after the fund's portfolio.

Credit default contracts The fund may enter into credit default contracts where one party, the protection buyer, makes an upfront or periodic payment to a counterparty, the protection seller, in exchange for the right to receive a contingent payment. The maximum amount of the payment may equal the notional amount, at par, of the underlying index or security as a result of a related credit event. An upfront payment received by the fund, as the protection seller, is recorded as a liability on the fund's books. An upfront payment made by the fund, as the protection buyer, is recorded as an asset on the fund's books. Periodic payments received or paid by the fund are recorded as realized gains or losses. The credit default contracts are marked-to-market daily based upon quotations from an independent pricing service or market makers and the change, if any, is recorded as unrealized gain or loss. Payments received or made as a result of a credit event or termination of the contract are recognized, net of a proportional amount of the upfront payment, as realized gains or losses. In addition to bearing the risk that the credit event will occur, the fund could be exposed to market risk due to unfavorable changes in interest rates or in the price of the underlying security or index, the possibility that the fund may be unable to close out its position at the same time or at the same price as if it had purchased comparable publicly traded securities or that the counterparty may default on its obligation to perform. Risks of loss may exceed amounts recognized on the statement of assets and liabilities. Credit default contracts outstanding at period end, if any, are listed after the fund's portfolio.

For additional information regarding the fund please see the fund's most recent annual or semiannual shareholder report filed on the Securities and Exchange Commission's Web site, www.sec.gov, or visit Putnam's Individual Investor Web site at www.putnaminvestments.com

Item 2. Controls and Procedures:

(a) The registrant's principal executive officer and principal financial officer have concluded, based on their evaluation of the effectiveness of the design and operation of the registrant's disclosure controls and procedures as of a date within 90 days of the filing date of this report, that the design and operation of such procedures are generally effective to provide reasonable assurance that information required to be disclosed by the registrant in this report is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.

(b) Changes in internal control over financial reporting: Not applicable

Item 3. Exhibits:

Separate certifications for the principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Investment Company Act of 1940, as amended, are filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Putnam Managed High Yield Trust

By (Signature and Title):

/s/ Michael T. Healy

Michael T. Healy
Principal Accounting Officer
Date: October 26, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title):

/s/ Charles E. Porter

Charles E. Porter
Principal Executive Officer
Date: October 26, 2006

By (Signature and Title):

/s/ Steven D. Krichmar

Steven D. Krichmar
Principal Financial Officer
Date: October 26, 2006
