

Franklin Mutual Quest Fund

Class Z: MQIFX Class A: TEQIX

Commentary | as of September 30, 2025

Key Takeaways

- Markets: Global equity markets, as measured by the MSCI World Index, climbed in US dollar terms during the third
 quarter, as a US interest-rate cut, solid corporate earnings and ongoing enthusiasm about artificial intelligence drove
 stocks higher. Equity markets looked past concerns about public finances in France and the United Kingdom and
 ongoing US tariff uncertainties, while a softening US labor market and ongoing inflationary pressures remained
 worries
- Contributors: Security selection in consumer discretionary, energy and consumer staples contributed to relative returns. Among the contributors were Samsung Electronics, Alphabet and Aptiv.
- Detractors: Stock selection in information technology, financials and health care curbed relative results. Charter Communications, Sorenson Communications and Elevance Health were among the detractors.
- Outlook: While we believe there are reasons to be optimistic about the markets, we think uncertainty could continue to
 generate pockets of volatility in the near term. US policy shifts have led European officials to enact changes which we
 think are bolstering conditions for improved economic growth and competitiveness, that when coupled with already low
 valuations can create potential for compelling investment opportunities.

Performance Review

- The Fund (Class Z) underperformed its benchmark, the 70% MSCI World Value Index and 30% Bloomberg US Corporate High Yield Index, for the guarter ended September 30, 2025.
- Charter Communications detracted from relative results, on worries that greater competition from both fiber and fixed
 wireless access (FWA) is likely to limit the cable company's ability to raise prices and may require more capital spending.
 AT&T's (not a fund holding) purchase of spectrum from EchoStar may extend the runway for FWA growth. While free cash
 flow generation could increase significantly at Charter, we acknowledge the market's focus on subscriber metrics.
- A position in Sorenson Communications, the leading provider of video and captioned telephone services for deaf and hardof-hearing individuals, detracted from relative results. We expect company earnings to stabilize in 2026-2027as it benefits from recent Federal Communication Commission rates, as well as investments in its automated speech recognition and enterprise segments.
- Samsung Electronics contributed to relative results, amid optimism about an upturn in commodity semiconductor pricing, which could boost the company's margins. Additionally, Samsung announced its foundry business had secured a US\$16.5 billion order from Tesla, supplying two-nanometer A16 chips. The contract may signal an inflection point for the foundry business, which may be better positioned to win future advanced chip orders, in our view.
- Tech firm Alphabet contributed to relative results, after a judge ruled it can keep its Chrome browser, avoiding the worst
 possible remedy in its internet search antitrust case. Financial results have also remained strong, with its search, YouTube
 and Google Cloud businesses all posting accelerating revenue growth quarter-over-quarter.

Outlook

- Plans for increased competitiveness across the European Union are supporting spending, employment and growth.
 Unemployment is near a record low. The European Central Bank (ECB) held rates steady at its recent meeting and revised its 2025 growth projection upward from 0.9% to 1.2%. However, political uncertainty in France, and budget uncertainty in both France and the United Kingdom are serving as a modest damper on the economy in the short term.
- Germany continues to make progress on its stimulus plan; while the market has been disappointed in the lack of
 disbursements to date, it was never realistic to expect a significant flow of funds until 2026, in our view. While uncertainty
 remains as to the timing and dissemination strategy for the funds, the large stimulus plan should see increased clarity later
 this year, and significant funds flowing into the economy through the course of 2026.
- Several recent policy shifts in the United States, such as lower interest rates, an uncertain regulatory environment, a higher debt load and fewer global trade transactions conducted in dollars may lead to decreased demand for US dollars. Other things being equal, a weakening dollar boosts the investment return of non-dollar denominated assets.
- Despite a lack of clarity on tariff policy, US businesses are generally moving forward with capital spending plans. Artificial
 intelligence (AI) continues to be a key area of investment for many businesses and has been a large driver of US equity
 market appreciation. While we are optimistic about the efficiency gains this technology can bring, we are cautious about the
 length of the timeline, the level of return expectations currently priced into the market and the enormous amounts of capital
 chasing an inherently uncertain return.
- We remain focused on identifying opportunities to acquire stocks at attractive valuations based upon our assessment of fundamental value. Our process of finding underappreciated and misunderstood companies with identifiable catalysts to unlock shareholder value may provide meaningful upside potential and possible downside risk management during turbulent periods.

Top Holdings (% of Total)

Holding	Fund
SORENSON COMMUNICATIONS LLC	6.73
KELLANOVA	2.72
APTIV PLC	2.18
SAMSUNG ELECTRONICS CO LTD	2.15
PRUDENTIAL PLC	1.85
RIO TINTO PLC	1.82
RECKITT BENCKISER GROUP PLC	1.8
ALPHABET INC	1.78
ASR NEDERLAND NV	1.76
BNP PARIBAS SA	1.74

Average annual total returns and fund expenses (%) - as of September 30, 2025

	Without Sales Charge						With Maximum Sales Charge							Expenses		Sales Charges	Inception			
Class	CUSIP	Ticker	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	Gross	Net	Initial Charge CDS	Date Date
Class Z	628380206	MQIFX	4.47	13.90	10.74	14.80	9.98	6.41	11.31	4.47	13.90	10.74	14.80	9.98	6.41	11.31	0.77	0.77	_	- 9/26/1980
Class A	628380800	TEQIX	4.36	13.66	10.46	14.53	9.72	6.14	10.86	-1.37	7.40	4.41	12.38	8.48	5.54	10.72	1.02	1.02	5.50	- 9/26/1980
Benchmark 1	_	_	4.84	13.93	10.67	16.37	11.45	8.51	l –	4.84	13.93	10.67	16.37	11.45	8.51	_	_	_	_	
Benchmark 2	_	_	5.83	16.89	11.98	18.57	13.90	9.36	_	5.83	16.89	11.98	18.57	13.90	9.36	_	_	_	_	
Benchmark 3	_	_	2.54	7.22	7.41	11.09	5.55	6.17	' –	2.54	7.22	7.41	11.09	5.55	6.17	_	_	_	_	

Benchmark(s)

Benchmark 1=Blended 70% MSCI World Value-NR + 30% Bloomberg US Corporate High Yield Index

Benchmark 2=MSCI World Value Index-NR

Benchmark 3=Bloomberg US Corporate High Yield Index

Performance data quoted represents past performance, which does not guarantee future results. Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Returns with sales charge reflect a deduction of the stated maximum sales charge. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. Returns for periods of less than one year are not analized. All classes of shares may not be available to all investors or through all distribution channels. For current month-end performance, please visit franklintempleton.com.

Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Net expenses are capped under a contractual agreement, which cannot be terminated prior to 04/30/2026 without Board consent. Actual expenses may be higher and may impact portfolio returns.

What are the Risks?

All investments involve risks, including possible loss of principal. The investment style may become out of favor, which may have a negative impact on performance. International investments are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in emerging markets. To the extent the fund invests in companies in a specific country or region, the fund may experience greater volatility than a fund that is more broadly diversified geographically.

Small- and mid-cap stocks involve greater risks and volatility than large-cap stocks. Investments in companies engaged in mergers, reorganizations or liquidations also involve special risks as pending deals may not be completed on time or on favorable terms. Low-rated, high-yield bonds are subject to greater price volatility, illiquidity and possibility of default. The manager may consider environmental, social and governance (ESG) criteria in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. These and other risks are discussed in the fund's prospectus.

Glossary

Free cash flow (FCF) is a measure of financial performance calculated as operating cash flow minus capital expenditures.

The **MSCI World Index** is a free float-adjusted market-capitalization index that is designed to measure global developed market equity performance. Source: MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI.

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