

Franklin Mutual International Value Fund

Class Z: MEURX Class A: TEMIX

Commentary | as of September 30, 2025

Key Takeaways

- Markets: International equity markets, as measured by the MSCI EAFE Index, rose in the third quarter in US dollar
 terms, as optimism about fiscal spending, the benefits of recent interest rate cuts and the prospects of more
 shareholder-friendly reforms bolstered stocks. Equity markets also looked past concerns about public finances in
 France and the United Kingdom and ongoing US tariff uncertainties.
- Contributors: Stock selection in financials, consumer discretionary and information technology contributed to relative
 results. Kering, SBI Holdings and Samsung Electronics were among the individual contributors to relative performance.
- Detractors: Security selection in industrials, consumer staples and materials curbed relative returns. Individual
 detractors included Cappemini, Teleperformance and Haleon.
- 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 without sales charges) underperformed its benchmark, the MSCI EAFE Value Index, for the quarter ended September 30, 2025.
- Technology services firm Capgemini hindered relative results. The company announced plans to acquire WNS to extend its
 footprint into the business process outsourcing space, particularly in generative artificial intelligence (AI). Over the longer
 term, we believe that the IT services market should be less exposed to pressure from generative AI given the higher-value
 work than simple customer support, which can alleviate concerns around Capgemini's growth profile.
- Teleperformance, a telemarketing customer relations firm, detracted from relative results as its latest financial results were
 weak given the softness in its specialized services business. Its core services business held up relatively well, and
 Teleperformance believes artificial intelligence will be complementary to its core capabilities. We are cautious about the
 long-term risks from the rise of generative AI.
- France-based luxury goods company Kering contributed to relative results. Although results have remained weak at its Gucci brand, the company has appointed a new chief executive, Luca de Meo, with a strong track record of improving business profits and a new creative director who appears to be improving Gucci store traffic. The company also continues to add new products that seem to resonate with consumers across its portfolio.
- Japanese financial firm SBI Holdings supported relative results, on solid financial results in its core securities and banking
 businesses. SBI operates a tech-forward financial firm that operates the largest securities trading platform in Japan, a large
 regional bank, an insurance platform and a cryptocurrency exchange.

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, higher
 debt loads 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.
- In Japan, the drive to improve governance continues, and the economy continues to strengthen slowly. The Tokyo Stock Exchange (TSE) is encouraging companies to improve their returns in a push to make the country more investable.
 Organizations with clear plans to improve returns and margins while reducing their cost of capital, and that are willing to buy back stock trading below book value following the unwinding of cross-shareholdings, are particularly appealing for more intense analysis, in our opinion.
- 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.

Morningstar Rating™

Overall Rating as of September 30, 2025



(4-Star) Class Z



(3-Star) Class A

As of 09/30/2025 the fund's Class Z shares received a 4 star and Class A shares received a 3 star overall Morningstar rating™, measuring risk-adjusted returns against 343, 324 and 244 Foreign Large Value funds over the 3-, 5- and 10- year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics.

Top Holdings (% of Total)

Fund
3.29
3.04
2.94
2.76
2.64
2.62
2.36
2.30
2.25
2.23

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 CDSC	Date
Class Z	628380503	MEURX	6.72	32.95	23.97	23.79	16.87	8.34	9.93	6.72	32.95	23.97	23.79	16.87	8.34	9.93	0.99	0.95		7/3/1996
Class A	628380834	TEMIX	6.65	32.72	23.68	23.49	16.58	8.07	9.59	0.78	25.41	16.87	21.18	15.27	7.46	9.38	1.24	1.20	5.50 —	7/3/1996
Benchmark	_	_	7.39	31.92	22.53	25.65	15.66	8.16	_	7.39	31.92	22.53	25.65	15.66	8.16	_	_	_		_

Benchmark(s)

Benchmark = MSCI EAFE Value Index-NR

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 annualized. 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. Net expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 04/30/2026 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice.

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. 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

The MSCI EAFE Index is a free float-adjusted market capitalization-weighted index designed to measure developed market equity performance, excluding the U.S. and Canada. 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.

Important Information

The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or fund. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of the date of this material and may change without notice. A portfolio manager's assessment of a particular security, investment or strategy is not intended as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy; it is intended only to provide insight into the fund's portfolio selection process. Holdings are subject to change.

The MSCI EAFE Value Index is designed to measure performance of stocks exhibiting overall value style characteristics in developed markets, excluding the U.S. and Canada. 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. Net Returns (NR) include income net of tax withholding when dividends are paid.

Important data provider notices and terms available at www.franklintempletondatasources.com. All data is subject to change.

Morningstar Rating™: Source: Morningstar®, 09/30/2025. For each mutual fund and ETF with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance, and does not take into account the effects of sales charges and loads, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for for 60-119 months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods. The fund's Class Z shares received a Morningstar Rating of 3, 5 and 3 and fund's Class A shares received a Morningstar Rating of 3, 4 and 3 star(s) for the 3-, 5- and 10-year periods, respectively. Franklin Templeton provides this fund's Morningstar Rating™ for Class Z and Class A shares only. Other share classes may have different Morningstar ratings.

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Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, or summary prospectus, if available, at www.franklintempleton.com. Please read it carefully.

