

Putnam International Value Fund

Class Y: PNGYX Class A: PNGAX

Commentary | as of September 30, 2025

Key Takeaways

- **Markets:** It was another strong quarter for non-US developed stocks.
- **Contributors:** Stock selection in health care, materials and energy
- **Detractors:** Stock selection in consumer discretionary, financials and communication services
- **Outlook:** Although there is now less uncertainty around tariffs, economies will begin to feel their impacts.

Performance Review

- For the quarter, the fund modestly underperformed its benchmark. Both stock selection and country allocation decisions negatively impacted performance, while sector allocation decisions had a slight positive impact.
- The negative impact from stock selection was primarily driven by positions in the consumer discretionary, financials and communication services sectors. Strength in health care, materials and energy provided a modest positive offset. From a sector allocation perspective, performance benefited from underweight exposure to the utilities sector, and an overweight position in the industrials sector.
- By country, stock selection in the United States, Netherlands and Canada had a positive impact on relative performance, while holdings in Australia, Japan and Germany were among the detractors. Beneficial underweight positioning in Switzerland and an overweight in the United Kingdom were offset by overweight exposure to France.
- Top individual detractors included overweight positions in QBE Insurance (financials) and Veolia Environnement (utilities) and out-of-benchmark positions in Partners Group (financials) and Lanxess (materials). Not owning the strong-performing benchmark holding Softbank (communication services) also weighed on results.
- Individual contributors included out-of-benchmark positions in CRH (materials) and Cenovus Energy (energy) and overweight positions in financials companies ING Groep and Mitsubishi UFJ Financial Group. Not owning Nestle (consumer staples) also had a positive impact on relative performance.

Outlook

- In Europe, economic growth is delicate, with limited potential for ongoing rate cuts from central banks. German defense and infrastructure spending plays a critical role in supporting economic growth for the EU's largest economy, but this comes with a massive increase to government debt levels. As we approach 2026, investors are beginning to question when the spending will materialize in a meaningful way.
- Although there is now less uncertainty around tariffs, economies will likely begin to feel their impacts. Country-specific challenges, such as political turmoil in France and geopolitical risks, inject further uncertainty.
- In Japan, excitement around the durability of economic growth may be waning, with concerns about the impact of tariffs weighing on positive elements such as wage inflation and capital spending. Bank of Japan's ongoing monetary policy will be highly dependent on the impact of US tariffs, which won't be immediately understood. Japan's Liberal Democratic Party (LDP) has elected a new leader, Sanae Takaichi. She is believed to have stimulative leanings and her election was well received by the market. However, uncertainty about specific policies will likely remain for some time, especially as parliamentary elections are still to come and the LDP has a minority position in the government.
- The weaker US dollar has provided a tailwind for international markets, but we believe we should be cautious about the durability of that trade if the United States moves forward with expansionary tactics.

Top Equity Issuers (% of Total)

Holding	Fund
Shell	4.56
ING Groep	3.69
HSBC	3.56
Mitsubishi UFJ Financial Group	3.49
Barclays	3.03
BNP Paribas	2.90
AXA	2.45
CRH	2.41
Sumitomo Mitsui Financial	2.15
Mitsubishi	2.15

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

Class	CUSIP	Ticker	Without Sales Charge							With Maximum Sales Charge							Expenses		Sales Charges		Inception Date
			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	
Class Y	746763614	PNGYX	6.45	30.40	21.71	25.98	16.22	8.88	6.59	6.45	30.40	21.71	25.98	16.22	8.88	6.59	1.02	0.82	—	—	8/1/1996
Class A	746763200	PNGAX	6.44	30.23	21.49	25.69	15.96	8.63	6.35	0.32	22.74	14.51	23.23	14.59	7.98	6.14	1.27	1.07	5.75	—	8/1/1996
Benchmark	—	—	7.39	31.92	22.53	25.66	15.66	8.16	—	7.39	31.92	22.53	25.66	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. Gross 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 10/30/2025 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice. The fund's monthly base fee is increased or reduced by a performance adjustment as described in the prospectus.

What are the Risks?

All investments involve risks, including possible loss of principal. 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. Small- and mid-cap stocks involve greater risks and volatility than large-cap stocks. The investment style may become out of favor, which may have a negative impact on performance. To the extent the portfolio invests in a concentration of certain securities, regions or industries, it is subject to increased volatility. Derivative instruments can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance. Active management does not ensure gains or protect against market declines. 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.

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.

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