

# Putnam International Value Fund

Class Y: PNGYX Class A: PNGAX

Commentary | as of December 31, 2025

## Key Takeaways

- **Markets:** Non-U.S. developed market stocks had another solid quarter, finishing a year of strong performance.
- **Contributors:** Stock selection in communication services
- **Detractors:** Stock selection in industrials, consumer discretionary, consumer staples and financials
- **Outlook:** Geopolitical tensions could continue to weigh on economies. Europe is experiencing a soft landing, offering steady moderate growth. Japan's economy has continued to be strong relative to its history.

## Performance Review

- For the quarter, the fund (class Y) delivered a positive absolute return but underperformed its benchmark for the quarter. Both stock selection and country allocation decisions detracted from performance, while sector allocation decisions had a slight positive impact.
- Positions in the industrials, consumer discretionary, consumer staples and financials sectors detracted from performance for the quarter. Strength in communication services provided a modest positive offset. From a sector allocation perspective, performance benefited from an overweight position in the industrials sector and underweight exposure to real estate.
- By country, stock selection in the Netherlands had a positive impact on relative performance, while holdings Japan, France and Switzerland were among the detractors. Beneficial overweight positioning in Ireland and an underweight to China was offset by overweight exposure to France.
- Top individual detractors included avoidance of Roche Holding and an overweight position in QBE Insurance (financials). Out-of-benchmark positions in Thales (industrials) and Qantas Airways (industrials) also weighed on results.
- Individual contributors included overweight positions in financial companies Barclays, AIB Group, and CaixaBank. An overweight position in Bayer (health care) was also a contributor.

## Outlook

- Non-US markets overall have been supported by a significant weakening of the US dollar against other major currencies. While we could be in the midst of a cyclical downturn for the world's reserve currency, we'd be reluctant to assume this is a longer-term decline or indicative of a reduction in its status as a global safe haven.
- Europe is experiencing a soft landing, currently offering steady moderate growth across the region, driven by easing inflation, improved financial conditions and a strong labor market. While US-imposed tariffs will have an impact on export growth, trade diversion with other countries could support import growth. However, should economic growth slow, we are mindful that the potential for further stimulus measures is limited.
- Germany, the EU's largest economy, should be stimulated by government spending on defense and infrastructure. Markets are somewhat skeptical about the materialization of this spending, however, and government debt levels bear monitoring. Another large economy, France, is facing a more challenging situation with ongoing political and fiscal instability.
- We expect ongoing geopolitical tensions to continue to weigh on economies, particularly those of EU member states neighboring the Russia-Ukraine conflict.
- Japan's economy has continued to be strong relative to its history, with wage growth, inflation, and a supportive central bank. Economic results have yet to show the impact of US import tariffs, which have the potential for a meaningful hit and could force economic growth to be more dependent on domestic demand.
- Japan's newly elected Prime Minister, Sanae Takaichi, was received favorably by markets. All eyes will be on her growth plans, which are expected to be released this summer and will focus on private and public sector investments. Concerns are emerging related to the impact these initiatives will have on the financial health of the country and the strength of the yen.

## Top Equity Issuers (% of Total)

Holding	Fund
Shell	4.51
HSBC	3.69
ING Groep	3.67
Barclays	3.50
Mitsubishi UFJ Financial Group	3.19
BNP Paribas	2.79
AXA	2.35
Sumitomo Mitsui Financial	2.29
CRH	2.24
CaixaBank	2.22

Average annual total returns and fund expenses (%) - as of December 31, 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	3.46	34.90	34.90	19.35	12.69	8.97	6.65	3.46	34.90	34.90	19.35	12.69	8.97	6.65	0.93	0.77	—	—	8/1/1996
Class A	746763200	PNGAX	3.40	34.66	34.66	19.07	12.42	8.71	6.42	-2.54	26.91	26.91	16.74	11.10	8.07	6.20	1.18	1.02	5.75	—	8/1/1996
Benchmark	—	—	7.83	42.25	42.25	21.38	13.36	8.69	—	7.83	42.25	42.25	21.38	13.36	8.69	—	—	—	—	—	—

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 10/31/2026 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.

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.

Important data provider notices and terms available at [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com). All data is subject to change.

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