FRANKLIN TEMPLETON | Putnam INVESTMENTS

Putnam International Value Fund

Class Y: PNGYX Class A: PNGAX | **Commentary | as of June 30, 2026**

Key Takeaways

- **Markets:** International equities advanced early in the quarter despite conflict involving Iran, inflation concerns, and volatility, but pulled back in late June as artificial intelligence (AI)-related stocks came under pressure on infrastructure spending and valuation concerns.
- **Contributors:** Stock selection in industrials, information technology, and health care.
- **Detractors:** Stock selection in communication services, materials, and consumer staples.
- **Outlook:** In Europe, increased defense spending and a resilient services economy continue to support earnings. In Japan, we remain constructive given the economic outlook, pro-growth policy agenda, and corporate governance reforms. Stabilization around the Strait of Hormuz also improves the near-term backdrop.

Performance Review

- For the quarter, the fund's Class Y shares delivered a positive absolute return but underperformed its benchmark. Country and sector allocations detracted, while stock selection provided some positive offset.
- Stock selection in communication services, materials, and consumer staples detracted from relative performance, while stock selection in industrials, information technology, and health care contributed.
- From a sector allocation perspective, performance benefited from underweight exposure to utilities and real estate, while underweight positioning in information technology and overweight positioning in industrials detracted.
- By country, stock selection in Japan, the United Kingdom, and Germany detracted from relative performance, while stock selection in France, the Netherlands, and Australia contributed. Overweight positioning in the Netherlands and underweight positioning in Hong Kong contributed, while an overweight in the United Kingdom detracted.
- Individual detractors included overweight positions in Shell (energy), Alstom (industrials), and Deutsche Telekom (communication services). Not holding Murata Manufacturing (information technology) also weighed on results.
- Top individual contributors included out-of-benchmark holdings in STMicroelectronics (information technology) and MinebeaMitsumi (industrials). Overweight positions in financial companies ING Groep and Barclays also contributed to relative performance.

Outlook

- For non-US markets, we remain constructive but selective. Earnings trends remain resilient in select areas, supported by policy initiatives, corporate reforms, and improving conditions in key markets. However, geopolitical uncertainty, uneven economic growth, and sensitivity to energy prices remain key risks.
- For Europe, we remain cautiously optimistic. Increased defense spending and a resilient services economy continue to support earnings in select sectors. Banks may benefit from higher interest rates and strong capital positions; however, we do not anticipate the same level of enthusiasm for banks that we saw in 2025 as slower growth, moderating loan demand, geopolitical uncertainty, and higher starting valuations are likely to temper returns. Europe remains sensitive to geopolitical developments given its reliance on imported energy, although recent easing in energy prices and improving conditions in the Strait of Hormuz have reduced some near-term pressure.
- In Japan, a favorable economic backdrop, a pro-growth policy agenda under Prime Minister Sanae Takaichi, and ongoing corporate governance reforms support our constructive view. Japan's economy continues to transition from years of stagnation toward more sustainable wage growth, supporting higher household incomes and consumer spending. The government's focus on investment and global competitiveness further supports the market backdrop, though fiscal discipline bears watching, particularly as energy subsidies and discussions of a consumption tax cut could increase budgetary pressures. While tensions with China have weighed on tourism, a sharp increase in visitors from South Korea has helped offset that weakness.
- As of June 30, 2026, the portfolio's largest overweight sectors are industrials (aerospace and defense, construction, airlines) and communication services. The largest underweight sectors are utilities, financials, and information technology. From a country perspective, the largest overweights are the Netherlands, the United Kingdom, and the United States, while the largest underweights are Switzerland, Japan, and Italy.

Top Equity Issuers (% of Total)

Holding	Fund
Shell plc	4.52
HSBC Holdings Plc	4.01
ING Groep N.V.	3.73
Mitsubishi UFJ Financial Group, Inc.	3.62
Barclays PLC	3.32
BNP Paribas SA	3.11
Sumitomo Mitsui Financial Group, Inc.	2.52
AXA SA	2.33
CaixaBank, S.A.	2.33
Cenovus Energy Inc.	2.28

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns and fund expenses (%) - as of June 30, 2026

			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 Y	746763614	PNGYX	6.11	9.01	20.06	18.15	12.00	10.46	6.85	6.11	9.01	20.06	18.15	12.00	10.46	6.85	0.93	0.77	—	—	8/1/1996
Class A	746763200	PNGAX	6.04	8.81	19.75	17.84	11.72	10.18	6.61	-0.06	2.55	12.87	15.54	10.40	9.53	6.40	1.18	1.02	5.75	—	8/1/1996
Benchmark	—	—	7.49	9.63	26.95	21.51	13.15	10.45	—	7.49	9.63	26.95	21.51	13.15	10.45	—	—	—	—	—	—

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.

Glossary

Stagnation is a prolonged period of little or no growth in an economy.

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.

Net Returns (NR) include income net of tax withholding when dividends are paid. 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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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.

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