FRANKLIN TEMPLETON | Putnam INVESTMENTS

Putnam International Value Fund

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

Key Takeaways

- **Markets:** International equities advanced modestly during the quarter. Japan and Korea led on strength in artificial intelligence (AI) and semiconductors, while European banks and cyclicals also contributed. Gains were tempered in September as a global bond selloff lifted yields, China weakened on fading trade-deal hopes, and the US Federal Reserve and the Bank of Japan both raised rates.
- **Contributors:** Stock selection in information technology, energy and real estate.
- **Detractors:** Stock selection in health care, industrials and financials.
- **Outlook:** Outside the US, we remain constructive but selective. In Europe, growth has surprised to the upside and higher rates may aid banks, though outlooks diverge across countries and energy sensitivity tempers enthusiasm. In Japan, wage-driven consumer spending and yen-aided export strength in AI-related manufacturers support the case, though fiscal constraints and the Bank of Japan's tightening bear watching. The extension of the US-China trade truce modestly improves the near-term backdrop.

Performance Review

- For the quarter, Putnam International Value Fund's Class Y shares underperformed its benchmark, the MSCI EAFE Value Index. Stock selection detracted from relative performance, while sector allocation contributed to relative returns.
- Stock selection in information technology, energy and real estate contributed to relative performance, while stock selection in health care, industrials and financials detracted from relative returns.
- Sector allocation benefited from underweight positioning in information technology and utilities, along with overweight positioning in energy, whereas underweight positioning in financials and materials detracted.
- Top contributors to relative performance included off-benchmark positions in Cenovus Energy (energy) and Lenovo Group (information technology), along with an overweight position in Shell (energy).
- Individual detractors included off-benchmark positions in CRH (materials), Infineon Technologies (information technology) and Minebea Mitsumi (industrials).
- During the quarter, the fund initiated a position in Deutsche Bank (financials) and exited its position in Siemens (industrials).
- As of quarter-end, the fund's largest sector overweights were industrials, communication services and energy, while its largest sector underweights were utilities, materials and financials. Financials, industrials and consumer staples were the sectors with the largest absolute weights. From a country perspective, the largest overweights were the Netherlands, the United Kingdom and Canada, while the largest underweights were Switzerland, Italy and Spain.

Outlook

- Outside the US, higher policy rates and elevated energy prices have raised the bar for stock selection. We remain constructive on Japan, where wage gains are supporting consumer spending and a weaker yen is lifting exports, and cautiously constructive on Europe, where the outlook diverges across countries. Energy prices and Middle East developments, softening labor markets in parts of Europe and fiscal pressure remain the main risks to that view.
- In Europe, we remain cautiously constructive. Growth has surprised to the upside across the region despite political uncertainty and elevated energy prices. Inflation that is largely energy-driven is likely to keep monetary policy restrictive. The outlook is increasingly divergent: France and Germany face weakening labor markets and a narrower-than-anticipated lift from German fiscal spending, the United Kingdom appears to be stabilizing, and Spain has comparatively strong growth prospects. We continue to watch the Middle East closely given Europe's sensitivity to imported energy prices.
- In Japan, we remain constructive. Moderate economic expansion continues, albeit with some signs of deceleration, as wage gains support consumer spending and a weaker yen has strengthened exports, including those of AI-related manufacturers. Fuel subsidies have likely tempered inflation while the Bank of Japan continues gradual rate normalization. The subsidies' cost, given Japan's high debt levels, could constrain the current administration's expansionary agenda.
- The Putnam International Value team remains committed to its disciplined investment philosophy and process. We seek to consistently outperform our benchmark and our peers by investing in stocks trading at a discount to their intrinsic value, using a combination of fundamental and quantitative investment and risk-management techniques.

Top Equity Issuers (% of Total)

Holding	Fund
Shell plc	5.42
Mitsubishi UFJ Financial Group, Inc.	4.15
ING Groep N.V.	4.13
HSBC Holdings Plc	4.12
Cenovus Energy Inc.	2.81
Sumitomo Mitsui Financial Group, Inc.	2.79
Barclays PLC	2.63
BNP Paribas SA	2.50
CaixaBank, S.A.	2.29
AIB Group plc	2.21

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns and fund expenses (%) - as of September 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	2.03	11.22	15.07	19.61	12.33	9.98	6.86	2.03	11.22	15.07	19.61	12.33	9.98	6.86	0.93	0.77	—	—	8/1/1996
Class A	746763200	PNGAX	1.97	10.95	14.72	19.31	12.06	9.70	6.62	-3.89	4.57	8.13	16.98	10.75	9.06	6.41	1.18	1.02	5.75	—	8/1/1996
Benchmark	—	—	4.27	14.32	23.26	22.98	14.32	10.06	—	4.27	14.32	23.26	22.98	14.32	10.06	—	—	—	—	—	—

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.

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.

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

Holdings are provided for informational purposes only and should not be construed as a recommendation to purchase or sell any security.

The fund is not exchangeable for other funds distributed by Franklin Distributors, LLC.

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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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