

TIF International Equity Series

Primary Shares: TFEQX Service Shares: TFESX

Commentary | as of September 30, 2025

Key Takeaways

- Markets: Global equity markets collectively advanced through the third quarter of 2025 as tariff anxieties gradually
 eased, central banks adopted a more accommodative policy stance, and leadership among technology-related stocks
 persisted.
- Detractors: The fund (Primary shares without sales charges) underperformed its benchmark, the MSCI All Country
 World ex US Index-NR, for the quarter, primarily due to stock selection and overweights in the information technology
 (IT) and utilities sectors and stock selection and an underweight in the communication services sector.
- Contributors: Stock selection in the financials sector, an underweight in the consumer staples sector and an overweight in the materials sector contributed to relative performance for the quarter.
- Outlook: In broad terms, global equity markets have continued to shrug off geopolitical risks and macroeconomic uncertainty, driving many equity indexes to new highs. We see no immediate reason for this positive trend to reverse, though we remain vigilant in monitoring global developments. The key question for US and global equities is whether the market broadens beyond the current artificial intelligence (AI)-focused leadership.

Performance Review

- Global equity markets collectively advanced through the third quarter of 2025 as tariff anxieties gradually eased, central banks adopted a more accommodative policy stance, and leadership among technology-related stocks persisted. July's market tone improved amid clearer trade signals and generally resilient US corporate earnings; August saw equity gains despite episodic volatility around new tariff measures; and September capped the quarter with a US Federal Reserve (Fed) rate cut that steadied rate-sensitive assets and lifted risk appetite. The Fed lowered its target rate by 25 basis points, while the European Central Bank and the Bank of England held their policy rates steady; the Bank of Japan kept its key rate unchanged but continued its stance of edging toward policy normalization. Together, these dynamics, along with calmer rate volatility and encouraging corporate results, underpinned risk assets into quarter-end.
- The fund (Primary Shares without sales charges) underperformed its benchmark, the MSCI All Country World ex US Index-NR, for the quarter, primarily due to stock selection and overweights in the IT and utilities sectors and stock selection and an underweight in the communication services sector.
- Global agricultural equipment producer CNH Industrial was a key detractor for the quarter, as its shares were impacted by weak guidance from peers Deere (not held by the fund) and Caterpillar (not held by the fund) amid renewed US tariff pressures. Despite near-term softness, we believe CNH remains a mispriced cyclical company with meaningful self-help potential. In our view, management's focus on pricing discipline, manufacturing quality, and dealer network upgrades—alongside integration of precision agriculture technology—should help drive structurally higher profit margins and improved through-cycle cash returns. Although recent results underscore short-term headwinds, we view these risks as largely priced in and continue to hold a constructive long-term outlook.
- Stock selection in the financials sector, an underweight in the consumer staples sector and an overweight in the materials sector contributed to relative performance for the quarter.
- China-based Alibaba Group Holding, a multinational company specializing in e-commerce, retail, internet and technology,
 was the top individual stock contributor. We view the company as a proxy for China's consumption activity. We believe
 Alibaba should benefit from improved management execution in regrowing both its domestic e-commerce and cloud
 businesses. Additionally, management has committed itself to significantly growing shareholder returns over fiscal years
 2025–2027. Its shares rose during the third quarter due to strong performance in its cloud computing and e-commerce
 segments, driven by growth in Al-related products and services.
- Regionally, stock selection and an overweight in the eurozone detracted significantly from quarterly performance. Stock selection in Japan contributed to relative results.

Outlook

- In broad terms, global equity markets have continued to shrug off geopolitical risks and macroeconomic uncertainty, driving
 many equity indexes to new highs. We see no immediate reason for this positive trend to reverse, though we remain vigilant
 in monitoring global developments. The key question for US and global equities is whether the market broadens beyond the
 current Al-focused leadership. Our view is that it is possible, and the portfolio should be reasonably well positioned for such a
 rotation. We remain selective in the IT sector, with financials and health care among our preferred sectors.
- In the Asia Pacific (APAC) region, we similarly maintain a bottom-up selective approach even as our outlook on APAC
 potentially improves. While not yet expensive, we believe regional valuations have increased and risk/reward adjustments
 remain key. Potential venues where we see mispricing opportunities include underappreciated non-Al technology companies
 in Taiwan, along with South Korean stocks.
- In Europe, we believe the combination of policy support, structural investment and attractive valuations underpin a
 constructive outlook. Market breadth is another key feature, in our view, offering a more diversified potential opportunity set
 across industries and sectors such as luxury, health care, industrials and electrification technologies.

Top Equity Issuers (% of Total)

Holding	Fund
ASTRAZENECA PLC	3.48
MIZUHO FINANCIAL GROUP INC	3.32
DEUTSCHE TELEKOM AG	3.29
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	3.27
ALIBABA GROUP HOLDING LTD	3.00
BP PLC	2.98
CRH PLC	2.83
MITSUBISHI ELECTRIC CORP	2.69
BNP PARIBAS SA	2.63
EBARA CORP	2.63

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

Class	CUSIP	Ticker	3-Mo*	6-Mo*	YTD*	1-Yr	3-Yr	5-Yr	10-Yr	Inception	Gross Expenses	Net Expenses	Inception Date
Primary Shares	880210505	TFEQX	4.05	16.09	25.88	17.41	26.36	14.57	7.50	7.72	1.03	0.98	10/18/1990
Service Shares	880210869	TFESX	4.08	16.02	25.71	17.23	26.20	14.43	7.35	4.87	1.25	1.20	9/18/2006
Benchmark 1	_	_	6.89	19.75	26.02	16.45	20.67	10.26	8.23	_	_	_	_
Benchmark 2	_	_	4.77	17.10	25.14	14.99	21.70	11.16	8.17	_	_	_	_

^{*}Cumulative total returns

Benchmark(s)

Benchmark 1=MSCI All Country World ex US Index-NR

Benchmark 2=MSCI EAFE 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 analized. 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 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. 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. The investment style may become out of favor, which may have a negative impact on performance. 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

A basis point (bp, or bps) is one one-hundredth of one percent (1/100% or 0.01%).

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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