

Templeton Growth Fund Inc.

Advisor Class: TGADX Class A: TEPLX

Commentary | as of June 30, 2025

Key Takeaways

- **Markets:** The MSCI All Country World Index of stocks generated positive returns in US-dollar terms for the quarter. Emerging market equities outperformed developed market equities, while global growth stocks outperformed global value stocks.
- **Contributors:** Stock selection in the industrials, information technology and consumer discretionary sectors contributed to performance relative to the MSCI All Country World Index-NR for the second quarter of 2025.
- **Detractors:** Stock selection in the health care and financials sectors and stock selection and an underweight in the communication services sector detracted from relative performance.
- **Outlook:** Our approach prioritizes long-term quality, consistency and compounding, even when it occasionally results in short-term underperformance relative to the fund's benchmark. As always, our primary focus remains on constructing resilient portfolios that we believe can deliver compelling returns through full market cycles.

Performance Review

- The second quarter of 2025 began with US President Donald Trump's early April announcement of "reciprocal" tariffs that were more severe than expected, leading to significant financial market volatility. However, global trade tensions subsequently eased as the United States delayed planned tariff hikes, reducing investor fears of a global recession. The onset of the Israel-Iran conflict in mid-June had minimal impact on global equity markets, although oil price volatility briefly rose due to concerns of a broadening conflict. Against this backdrop, the MSCI All Country World Index of stocks generated positive returns in US-dollar terms as nine out of the 11 global equity sectors advanced, led by the information technology, communication services and industrials sectors. Emerging market equities outperformed developed market equities, while global growth stocks outperformed global value stocks.
- Stock selection in the industrials, information technology and consumer discretionary sectors contributed to performance relative to the MSCI All Country World Index-NR for the second quarter of 2025.
- Contract semiconductor chipmaker Taiwan Semiconductor Manufacturing Company (TSMC) was a top equity contributor for the quarter as its shares recovered from their early-April lows. Despite recent share-price turbulence, our long-term thesis on TSMC remains unchanged. In our view, TSMC commands a significant competitive advantage in terms of technologies, innovations, and business track record. We believe that the company's rock-solid balance sheet and generous shareholder return policy add to the investment case.
- Stock selection in the health care and financials sectors and stock selection and an underweight in the communication services sector detracted from relative performance.
- Ireland-based ICON was a significant underperformer in the health care sector, with its share price declining after it reported weaker-than-expected first-quarter 2025 earnings results, lowered its full-year guidance, and cited delays and cancellations in clinical trial activity—particularly among biotechnology clients—highlighting ongoing softness in the contract research market. Looking ahead, we see optionality around intelligent capital allocation and the prospect that ICON can become a target of strategic and/or private equity.
- Geographically, the combination of stock selection and an underweight in the United States was the largest contributor to relative performance for the quarter. Positioning in Ireland and stock selection Denmark detracted from relative results.

Outlook

- The strong performance of global equities in the second quarter was largely unexpected, particularly given the turbulent start following Trump's April 2 tariff announcements. Like many investors, we could not have predicted such an outcome. However, we believe we effectively leveraged sharp shifts in market sentiment and our analysis of company valuations as a result of our long-term investment approach and focus on resilient businesses.
- Looking ahead, we maintain a positive outlook on the earnings trajectories of our holdings. Solid near- and long-term earnings growth expectations are supported by secular themes such as artificial intelligence adoption and bank deregulation, strong pricing power, favorable shifts in business mix, and cyclical recoveries in selected markets. We believe this anticipated growth is tangible and increasingly evident through expanding order books, profit-margin enhancements and reinvestment strategies.
- Importantly, our aim is not solely to participate in equity market uptrends but also to mitigate downside risks. In our view, many lower-quality businesses appearing "inexpensive" carry hidden vulnerabilities, including poor capital allocation, structural inefficiencies, or sensitivity to market sentiment and execution missteps. Our approach prioritizes long-term quality, consistency and compounding, even when it occasionally results in short-term underperformance relative to the fund's benchmark.
- As always, our primary focus remains on constructing resilient portfolios that we believe can deliver compelling returns through full market cycles.

Top Equity Issuers (% of Total)

Holding	Fund
MICROSOFT CORP	5.13
NVIDIA CORP	4.59
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	2.93
AIRBUS SE	2.59
AMAZON.COM INC	2.45
WELLS FARGO & CO	2.39
ROLLS-ROYCE HOLDINGS PLC	2.35
BAE SYSTEMS PLC	2.20
INFINEON TECHNOLOGIES AG	2.07
SALESFORCE INC	2.03

Sector Allocation (% of Total)

Sector	Fund
Information Technology	23.35
Industrials	22.44
Financials	16.33
Health Care	7.87
Consumer Discretionary	7.84
Communication Services	6.21
Materials	5.17
Consumer Staples	4.21
Energy	2.70
Cash & Cash Equivalents	3.87

Average annual total returns and fund expenses (%) - as of June 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	
Advisor Class	880199302	TGADX	12.36	13.77	12.92	15.05	10.67	5.48	11.39	12.36	13.77	12.92	15.05	10.67	5.48	11.39	0.78	0.78	—	—	11/29/1954
Class A	880199104	TEPLX	12.27	13.60	12.61	14.76	10.39	5.21	11.26	6.10	7.36	6.42	12.62	9.14	4.62	11.17	1.03	1.03	5.50	—	11/29/1954
Benchmark	—	—	11.53	10.05	16.17	17.34	13.65	9.99	—	11.53	10.05	16.17	17.34	13.65	9.99	—	—	—	—	—	—

Benchmark(s)

Benchmark =MSCI All Country World 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. The fund began offering Advisor Class shares on 1/2/1997. Performance quotations have been calculated as follows: (a) for Advisor Class periods prior to 1/2/1997, a restated figure is used based on the fund's Class A performance. The performance was adjusted to take into account differences in class-specific operating expenses and maximum sales charges. (b) For periods after share class offering, performance for the specific share class is used, reflecting the expenses and maximum sales charges applicable to that class. The total annual operating expenses are as of the fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns.

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. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. **Derivative instruments** can be illiquid, may disproportionately increase losses, and have a potentially large 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.

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 All Country World Index** is a market capitalization-weighted index that is designed to measure equity market performance of developed and emerging markets. 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. **MSCI All Country World Index-NR** reflects performance of the MSCI All Country World Index (gross returns) from fund inception through 12/31/2000 and the MSCI All Country World Index-NR thereafter.

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