

Templeton Growth Fund, Inc.

Advisor Class: TGADX Class A: TEPLX
Commentary | as of December 31, 2025

Key Takeaways

- **Markets:** Global equity markets collectively posted moderate gains in the fourth quarter of 2025, marking a period of consolidation after the stronger advance seen in the third quarter.
- **Contributors:** Stock selection and an overweight in the health care sector, stock selection in the utilities sector and stock selection and an underweight in the consumer discretionary sector contributed to relative performance for the quarter.
- **Detractors:** Stock selection and overweights in the industrials, materials and communication services sectors detracted from relative performance for the quarter.
- **Outlook:** We remain broadly constructive on the longer-term outlook for equity markets, but the strength of 2025's rally suggests that some caution is appropriate in the coming months.

Performance Review

- Global equity markets collectively posted moderate gains in the fourth quarter of 2025, marking a period of consolidation after the stronger advance seen in the third quarter. The fourth quarter unfolded against a backdrop of easing—but uneven—monetary policy expectations, greater stock-return dispersion across regions and sectors, and a rotation away from the most crowded growth investment themes. October experienced an extension of the post-summer stock rally as interest-rate cuts and generally resilient earnings supported risk appetite; November brought a pause as investors reassessed equity valuations and monetary policy timing; and December witnessed a stabilization of sentiment as central banks delivered broadly dovish outcomes while flagging increased data dependence into 2026.
- The fund (Advisor Class without sales charges) outperformed its benchmark, the MSCI All Country World Index-NR, for the quarter, driven by stock selection and an overweight in the health care sector, stock selection in the utilities sector and stock selection and an underweight in the consumer discretionary sector.
- Eli Lilly's shares rose during the quarter as investors responded to continued strength in demand for its glucagon-like peptide-1 (GLP-1) obesity and diabetes treatments. The company reached a significant milestone during the quarter, becoming the first pharmaceutical firm to surpass a \$1 trillion market capitalization on November 21. Sales of Mounjaro and Zepbound remained the key drivers of investor sentiment, supporting expectations for sustained growth across Lilly's metabolic health portfolio. That performance reinforces our investment thesis. Lilly's leadership in GLP-1 therapies positions the company to capture a large, structurally growing market, and we expect continued revenue and profit-margin expansion driven by Mounjaro and Zepbound, manufacturing scale and a deep R&D (research and development) pipeline. We view a premium valuation multiple as reasonable if Lilly delivers the 20%-plus revenue growth we expect over the next few years and converts pipeline optionality, including Orforglipron, into clinical and commercial progress. We continue to monitor the company's competition, regulatory and execution risks, but the combination of sustained commercial momentum and operational advantages supports our conviction in Lilly as a core growth holding.
- Stock selection and overweights in the industrials, materials and communication services sectors detracted from relative performance for the quarter.
- The shares of Universal Music Group fell due to disappointing financial results. However, the company is revamping its streaming model to boost pricing control and profit margins, improve predictability and strengthen its market position. Better communication and potential US listing could add upside to the stock, and we view the company as having solid long-term growth prospects.
- Regionally, stock selection and an underweight in the United States significantly contributed to relative performance for the quarter. Stock selection in the eurozone detracted from relative results.

Outlook

- We remain broadly constructive on the longer-term outlook for equity markets, but the strength of 2025's rally suggests that some caution is appropriate in the coming months.
- European equities' fourth-quarter outperformance reflected both structural sector advantages and a valuation buffer relative to US equities. Political and fiscal noise persisted, particularly in France, but the region's equity markets remained relatively insulated. Stocks were supported by a combination of defensive earnings profiles, sector composition, and improving policy clarity. Despite persistent skepticism, we believe the European economy looks poised for upside surprises in 2026.
- In Japan, the recent change in government has reinforced the policy backdrop for reform and long-term growth. Japan has begun to lift interest rates for the first time in decades, which signals the return of inflation and a normalization of economic conditions after a prolonged deflationary period. This environment is particularly constructive for Japanese banks, which we believe could benefit from steeper yield curves and improving profitability. In our view, a gradual recovery in the yen, following an extended period of weakness, could also support domestic sectors.
- Asia more broadly continues to benefit from a weaker US dollar and improving underlying momentum. We continue to find attractive bottom-up opportunities and expect to increase exposure as opportunities develop.

Top Equity Issuers (% of Total)

Holding	Fund
MICROSOFT CORP	4.53
NVIDIA CORP	4.44
ALPHABET INC	3.95
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	3.15
AMAZON.COM INC	2.90
THERMO FISHER SCIENTIFIC INC	2.58
ELI LILLY & CO	2.48
APPLE INC	2.48
SAMSUNG ELECTRONICS CO LTD	2.29
AIRBUS SE	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
			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
Advisor Class	880199302	TGADX	3.64	23.92	23.92	16.67	8.19	7.18	11.44	3.64	23.92	23.92	16.67	8.19	7.18	11.44	0.78	0.78	—	—	11/29/1954
Class A	880199104	TEPLX	3.53	23.59	23.59	16.37	7.90	6.91	11.31	-2.16	16.80	16.80	14.21	6.69	6.30	11.22	1.03	1.03	5.50	—	11/29/1954
Benchmark	—	—	3.29	22.34	22.34	20.65	11.19	11.72	—	3.29	22.34	22.34	20.65	11.19	11.72	—	—	—	—	—	—

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 franklintonpleton.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.

Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Net expenses are capped under a contractual agreement, which cannot be terminated prior to 12/31/2026 without Board consent. 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. 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

The **yield curve** shows the relationship between yields and maturity dates for a similar class of bonds.

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.

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

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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.franklintonpleton.com. Please read it carefully.