

Templeton Foreign Fund

Advisor Class: TFFAX Class A: TEMFX

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 (Advisor Class without sales charges) underperformed its benchmark, the MSCI All Country World
 ex-US Index-NR, for the quarter, primarily due to stock selection in the industrials, utilities and materials sectors.
- Contributors: Stock selection in the financials, consumer discretionary and communication services sectors
 contributed to relative performance for the quarter, as did an overweight in the consumer discretionary sector.
- 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.

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 (Advisor class without sales charges) underperformed its benchmark, the MSCI All Country World ex-US Index-NR, for the quarter, primarily due to stock selection in the industrials, utilities and materials sectors.
- Global agricultural equipment producer CNH Industrial was a top 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, consumer discretionary and communication services sectors contributed to relative
 performance for the guarter, as did an overweight in the consumer discretionary sector.
- 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.
- Geographically, stock selection in Asia ex Japan was the most significant contributor to relative performance for the quarter.
 Stock selection and an overweight in non-eurozone/non-UK Europe detracted from 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 fund 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
CARREFOUR SA	4.43
ALIBABA GROUP HOLDING LTD	4.02
SAMSUNG ELECTRONICS CO LTD	3.96
BP PLC	3.70
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	3.48
BNP PARIBAS SA	3.30
ASTRAZENECA PLC	3.26
CNH INDUSTRIAL NV	3.10
PRUDENTIAL PLC	3.09
SMURFIT WESTROCK PLC	3.0

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

			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
Advisor Class	880196506	TFFAX	5.47	23.63	10.83	21.65	12.12	6.58	9.46	5.47	23.63	10.83	21.65	12.12	6.58	9.46	0.88	0.85	_	_	10/5/1982
Class A	880196209	TEMFX	5.47	23.40	10.56	21.33	11.86	6.32	9.26	-0.32	16.54	4.47	19.04	10.61	5.72	9.11	1.13	1.10	5.50	_	10/5/1982
Benchmark	_	_	6.89	26.02	16.45	20.67	10.26	8.23	_	6.89	26.02	16.45	20.67	10.26	8.23	_	_	_	_	_	_

Benchmark(s)

Benchmark = MSCI All Country World ex US 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.

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 12/31/2025 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. 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.

Glossarv

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.

The MSCI All Country World Index ex US (MSCI ACWI Index ex US) is a market capitalization-weighted index designed to measure equity market performance of developed and emerging markets, excluding the U.S. 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. Net Returns (NR) include income net of tax withholding when dividends are paid.

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

Franklin Distributors, LLC. Member FINRA/SIPC.

© Franklin Templeton. All rights reserved.

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.

