FRANKLIN TEMPLETON

Templeton Foreign Fund

Advisor Class: TFFAX Class A: TEMFX | **Commentary | as of September 30, 2026**

Key Takeaways

- **Markets**: Global equities rose modestly in the third quarter, but the headline result hid sharp shifts in market leadership. The United States and Asia Pacific advanced, while Europe declined and emerging markets ended slightly lower.
- **Detractors**: The fund (Advisor Class shares without sales charges) underperformed its benchmark, the MSCI All Country World ex-US Index-NR, for the quarter, primarily due to holdings in the materials, health care and information technology sectors.
- **Contributors:** Holdings in the financials, industrials and energy sectors contributed to relative performance for the quarter.
- **Outlook:** We believe the combination of attractive valuations, improving earnings, and broader market participation supports a constructive outlook for global equities.

Performance Review

- Global equities rose modestly in the third quarter, but the headline result hid sharp shifts in market leadership. The United States and Asia Pacific advanced, while Europe declined and Emerging Markets ended slightly lower. Japan was a key source of strength in Asia, as markets outside Japan slipped. At the global level, value outperformed growth, momentum fell sharply and large caps proved more resilient than small caps. This showed that gains were concentrated in larger, value-oriented companies rather than spread evenly across the market.
- The fund (Advisor Class shares without sales charges) underperformed its benchmark, the MSCI All Country World ex-US Index-NR, for the quarter, primarily due to holdings in the materials, health care and information technology sectors.
- Booking Holdings, a top detractor, has increasingly shifted from being viewed as an AI laggard to a potential AI beneficiary, leveraging artificial intelligence to improve customer experiences, marketing efficiency, and conversion rates. Shareholder returns are supported by an aggressive buyback program that reduces the share count by roughly 5% annually. Despite these strengths, shares underperformed for the quarter on concerns about the consumer.
- Holdings in the financials, industrials and energy sectors contributed to relative performance for the quarter.
- CNH Industrial, the UK-headquartered agricultural equipment manufacturer, was one of the largest contributors to relative performance during the quarter. The shares initially weakened in July amid renewed Middle East tensions and disappointing results from a competitor, but rebounded strongly after CNH reported better-than-expected second-quarter results and raised its guidance in August. The update increased confidence that the three-year downturn in agricultural equipment demand may be nearing a trough, while higher agricultural commodity prices provided further support through September.
- Geographically, stock selection in Europe was the largest detractor from relative performance for the quarter. Stock selection and an overweight in the UK contributed to relative results.

Outlook

- From our perspective, global equities remain attractive. Many stocks outside the largest US technology companies are still trading at reasonable prices despite solid business fundamentals. Markets such as Europe, Japan and parts of the emerging world offer companies with strong balance sheets, healthy cash flows and shareholder-friendly policies. They are often at lower valuations than their US counterparts. As interest rates move lower and economic growth remains steady, investors may begin looking beyond the market's most expensive stocks, creating opportunities for undervalued companies to outperform. We believe the combination of attractive valuations, improving earnings, and broader market participation supports a constructive outlook for global equities.

Top Equity Issuers (% of Total)

Holding	Fund
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	6.72
ING GROEP NV	3.93
SAMSUNG ELECTRONICS CO LTD	3.89
STANDARD CHARTERED PLC	3.82
SUMITOMO MITSUI FINANCIAL GROUP INC	3.23
STMICROELECTRONICS NV	3.18
CNH INDUSTRIAL NV	3.06
ASTRAZENECA PLC	3.01
BP PLC	2.94
CARREFOUR SA	2.91

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
Advisor Class	880196506	TFFAX	-0.78	9.49	14.04	14.48	9.43	6.93	9.56	-0.78	9.49	14.04	14.48	9.43	6.93	9.56	0.88	0.85	—	—	10/5/1982
Class A	880196209	TEMFX	-0.86	9.29	13.74	14.16	9.17	6.68	9.36	-6.33	3.29	7.48	12.03	7.93	6.08	9.22	1.13	1.10	5.50	—	10/5/1982
Benchmark	—	—	0.48	14.22	20.00	20.54	9.55	9.25	—	0.48	14.22	20.00	20.54	9.55	9.25	—	—	—	—	—	—

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 12/31/2026 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 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 **buyback** is the repurchase of outstanding shares (repurchase) by a company in order to reduce the number of shares on the market.

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.

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.

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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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