

# Franklin International Growth Fund

### Advisor Class: FNGZX Class A: FNGAX

## Commentary | as of September 30, 2025

# **Key Takeaways**

- Markets: International equities collectively moved higher over the third quarter of 2025, though lagging the gains seen in other regions. Despite some volatility during the quarter, investors welcomed easing trade tensions, optimism surrounding artificial intelligence (AI) advancements as well as the US Federal Reserve's policy interest-rate cut and its signaling of potential further monetary easing.
- Contributors: Stock selection in the energy and health care sectors bolstered returns relative to the MSCI EAFE Index-NR.
- Detractors: Stock selection in the materials and consumer discretionary sectors hindered relative returns.
- Outlook: We believe we are entering a more constructive economic and market environment, with potential inflection points including a more favorable interest-rate environment and improved market breadth.

#### **Performance Review**

- In materials, SIG Group, a Switzerland-based aseptic packaging provider, weighed on relative performance due to several
  challenges during the period. The company issued a profit warning, shifting from expected growth to contraction, affected by
  Chinese dairy oversupply and lower aseptic filler utilization. Leadership changes, currency headwinds and the suspension of
  the company's dividend further dampened investor sentiment and confidence.
- In the consumer discretionary sector, leading Latin American e-commerce and fintech firm MercadoLibre gave up some of
  its significant stock price gains from the first half of the year. In signs of a more competitive landscape in Brazil, the company
  expanded its free shipping policy to expand downmarket, raising concerns about the potential impact to its gross profit, while
  late in the quarter Amazon Brazil announced that it would be temporarily waiving shipping fees and new seller commissions.
  A deterioration in Argentina's economy—a recent driver of MercadoLibre's growth—further weighed on its stock price.
- In contrast, among energy companies, Secure Waste Infrastructure, a Canada-based operator of regulated waste processing
  infrastructure, saw strong stock price gains towards the end of the quarter. The potential expansion of liquefied natural gas
  production and its export from western Canada appeared to offer Secure new revenue opportunities, while the company's
  pricing power and competitive position further added to positive investor sentiment.

### Outlook

- We believe we are entering a more constructive economic and market environment, as headwinds that have affected our strategy look set to diminish. These potential inflection points include a more favorable interest-rate environment and improved market breadth—with mid- and small-cap equities now trading at meaningful discounts to large caps, an easing of monetary policy and normalization of financing conditions could see these valuations narrow.
- Looking ahead, US trade policy seems likely to drive further volatility in coming months, as new country and industry tariffs
  come into effect. Our view here is unchanged, in that we expect events to remain fluid and uncertain until the back and forth
  between trading partners becomes more settled. The extent of tariff-related concerns about slowing economic growth or
  recession, higher inflation and supply chain disruptions remains highly uncertain. However, we are mindful that economic
  data is backward-looking and while inventory management has afforded many companies the capacity to mitigate tariff
  impacts, that flexibility will likely be only temporary. Elsewhere, the US government shutdown and political turmoil in France,
  both of which have the potential to increase market volatility, are situations we continue to monitor closely.

# **Top Equity Issuers (% of Total)**

Holding	Fund
INTERROLL HOLDING AG	4.07
CYBERARK SOFTWARE LTD	4.03
MTU AERO ENGINES AG	4.03
CTS EVENTIM AG & CO KGAA	3.94
DISCO CORP	3.90
ICG PLC	3.85
MERCADOLIBRE INC	3.66
ARGENX SE	3.48
NOVA LTD	3.45
DSV A/S	3.40

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

			Without Sales Charge						With Maximum Sales Charge								ses	Sales Charges		Inception	
Class	CUSIP	Ticker	3-Мо	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	353533698	FNGZX	-2.38	12.80	3.64	14.70	0.68	7.64	4.83	-2.38	12.80	3.64	14.70	0.68	7.64	4.83	0.95	0.87	_	_	6/3/2008
Class A	353533730	FNGAX	-2.46	12.62	3.38	14.43	0.43	7.37	4.55	-7.84	6.43	-2.29	12.30	-0.70	6.77	4.21	1.20	1.12	5.50	_	6/3/2008
Benchmark	_	_	4.77	25.14	14.99	21.70	11.16	8.17	_	4.77	25.14	14.99	21.70	11.16	8.17	_	_	_	_	_	_

### Benchmark(s)

Benchmark = 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 11/30/2025 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. The investment style may become out of favor, which may have a negative impact on performance. 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. 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 EAFE Index is a free float-adjusted market capitalization-weighted index designed to measure developed market equity performance, excluding the U.S. and Canada. 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.

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