FRANKLIN TEMPLETON

Franklin International Growth Fund

Advisor Class: FNGZX Class A: FNGAX | **Commentary | as of September 30, 2026**

Key Takeaways

- **Markets:** International equities delivered mixed returns during the third quarter, as regional divergence outweighed a broadly resilient global growth backdrop. Japanese equities led developed markets, supported by robust corporate earnings, accelerating share buybacks and ongoing corporate governance reforms, while European equities underperformed, weighed down by a more aggressive European Central Bank tightening cycle and skepticism that regional earnings growth could match that seen in the United States and parts of Asia.
- **Contributors:** Stock selection in the health care and information technology sectors bolstered relative returns.
- **Detractors:** Stock selection in the industrials and communication services sectors hindered relative returns.
- **Outlook:** In our view, productivity improvements and new capabilities enabled by AI should provide a favorable backdrop for growth stocks.

Performance Review

- DSV, a Denmark-based logistics company, had a negative impact on relative performance as softer shipping volumes and lower forwarding rates weighed on margins and reduced conversion of cost savings. Investor caution around macro-sensitive demand and mixed customer activity, alongside capacity imbalances, further dampened sentiment, amid competitive pricing pressure from peers.
- Disco, a Japanese semiconductor equipment provider, underperformed despite continued AI-related demand as investors focused on a more cautious full-year outlook and moderation in growth expectations, after a period of exceptionally strong share-price performance.
- In contrast, Shopify, a Canada-based e-commerce software platform, improved performance as investors responded to stronger-than-expected results and cash generation that reinforced operating leverage. The stock benefitted from raised guidance and improving profitability, while expanding Payments penetration and AI-driven demand, including faster Shop Pay adoption, signaled durable share gains and validated confidence in its product monetization trajectory.
- DBS, a Singapore-based banking group, supported relative performance as investors saw fee-led diversification cushioning net interest income (NII) normalization and clarifying medium-term growth. Strong non-interest income led by wealth fees and treasury sales, management's guidance on NII resilience from hedging and balance sheet growth, and a firmer Asia M&A/IPO pipeline reinforced confidence.

Outlook

- Our core principles and analytical discipline have not shifted, and the research team remains focused on investments that advance the strategy's ambitions over an extended horizon. Portfolio development remains guided by enduring expansion themes and favorable structural forces, not fashionable narratives or overstated risks. New investment candidates emerge from rigorous first-hand analysis and discussions with industry specialists, established operators and challengers. In our view, productivity improvements and new capabilities enabled by AI should provide a positive backdrop for growth stocks.
- We intend to add appropriate holdings, while enhancing portfolio controls and remaining true to our established principles. We are grateful for clients' confidence throughout this rapidly changing period and continue to believe that spreading investments across businesses benefiting from persistent growth trends offers the potential for excess returns over time.

Top Equity Issuers (% of Total)

Holding	Fund
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	4.65
DBS GROUP HOLDINGS LTD	4.46
ARGENX SE	4.40
ASTRAZENECA PLC	4.29
MTU AERO ENGINES AG	4.24
FINECOBANK BANCA FINECO SPA	4.13
BELIMO HOLDING AG	3.80
SWISSQUOTE GROUP HOLDING SA	3.74
FAST RETAILING CO LTD	3.68
MERCADOLIBRE INC	3.59

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	353533698	FNGZX	-2.84	-2.18	-4.16	8.26	-3.19	5.89	4.32	-2.84	-2.18	-4.16	8.26	-3.19	5.89	4.32	0.96	0.87	—	—	6/3/2008
Class A	353533730	FNGAX	-2.88	-2.31	-4.38	7.99	-3.43	5.63	4.04	-8.21	-7.71	-9.64	5.98	-4.52	5.03	3.72	1.21	1.12	5.50	—	6/3/2008
Benchmark	—	—	0.81	10.33	15.69	18.40	9.32	9.07	—	0.81	10.33	15.69	18.40	9.32	9.07	—	—	—	—	—	—

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 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.*
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 11/30/2026 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. 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.

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 EAFE Index** is a free float-adjusted market capitalization-weighted index designed to measure developed market equity performance, excluding the U.S. and Canada.

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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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