

# Franklin International Growth Fund

Advisor Class: FNGZX Class A: FNGAX

Commentary | as of March 31, 2026

## Key Takeaways

- **Markets:** International equities collectively moved lower over the first quarter of 2026 as geopolitical tensions and shifting macroeconomic dynamics weighed on investor sentiment. The conflict in the Middle East emerged as a key destabilizing factor, disrupting energy markets and amplifying inflationary pressures globally.
- **Contributors:** Stock selection in the consumer discretionary sector bolstered relative returns.
- **Detractors:** Stock selection in the communication services and industrials sectors hindered relative returns.
- **Outlook:** Looking forward to first-quarter earnings which kick off in April, we would expect companies to proceed with caution, regardless of headlines. We are early in the year, with much of 2026 ahead, so we do not expect very bullish commentary relative to January guidance.

## Performance Review

- Germany-based live entertainment and ticketing services provider CTS Eventim weakened after the company issued conservative guidance for 2026 alongside full-year results that met expectations. Uncertainty surrounding a structural income change due to the expiration of a long-term ticketing contract overshadowed strong end-markets and a stable competitive environment.
- Swiss industrial-equipment firm Interroll weighed on returns after its full-year sales came in below consensus estimates. Although the report highlighted some positive developments, these were largely outweighed by difficulties caused by excess capacity and changes in management, as well as tough market conditions and unfavorable currency shifts.
- In contrast, Nova, an Israel-based metrology solutions provider for the semiconductor industry, rose as the demand outlook remained strong for memory chips, advanced packages and processors to support data centers. The company's fourth-quarter results showed continued market share gains and pointed to continued momentum into 2026.

## Outlook

- Looking forward to first-quarter earnings which kick off in April, we would expect companies to proceed with caution, regardless of headlines. We are early in the year, with much of 2026 ahead, so we do not expect very bullish commentary relative to January guidance. Markets are hopeful the Strait of Hormuz will reopen in a timely manner, but it may take some time to return to normal volumes and repair damage to infrastructure in the region. We continue to believe a diversified approach with companies exposed to secular growth stories will generate long-term alpha.
- Our investment philosophy and research process remain robust and consistent despite the unfavorable macro bias towards value and hard assets. Our analyst team remains focused on identifying unique opportunities that align with the long-term goals of the growth strategy. We believe portfolio holdings are positioned to innovate alongside AI, use the productivity gains to their benefit, and be positively received as winners in the next chapter of technological innovation. Over recent years, there have been many layers driving market volatility, including a post-Covid long tail of deceleration, interest rate increases, tariff uncertainty and geopolitical tensions. Some are finally moving in more positive directions, and others have stabilized. We believe productivity gains and innovation from AI are broadly helpful for growth-style securities overall, as evidenced by resilient consumer demand and solid business investment.
- The portfolio continues to evolve in response to secular growth drivers and meaningful structural tailwinds, rather than in response to hype cycles or exaggerated concerns. Our analysts have accelerated idea generation while maintaining extensive primary research capabilities. We remain engaged with industry experts, incumbents and disruptors, and will continue adding new ideas to the portfolio that fit our investment criteria. We remain active in our risk management approach and will continue to implement ongoing process enhancements while staying true to the underlying philosophy.

## Top Equity Issuers (% of Total)

Holding	Fund
LONZA GROUP AG	4.21
DSV A/S	3.96
MTU AERO ENGINES AG	3.88
ASTRAZENECA PLC	3.75
ARGENX SE	3.74
ALCON AG	3.53
SECURE WASTE INFRASTRUCTURE CORP	3.45
FINCOBANK BANCA FINECO SPA	3.43
EXOSENS SAS	3.32
FAST RETAILING CO LTD	3.30

## Average annual total returns and fund expenses (%) - as of March 31, 2026

Class	CUSIP	Ticker	Without Sales Charge							With Maximum Sales Charge							Expenses		Sales Charges		Inception Date
			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	
Advisor Class	353533698	FNGZX	-9.34	-9.34	2.39	1.16	-3.74	5.76	4.00	-9.34	-9.34	2.39	1.16	-3.74	5.76	4.00	0.96	0.87	—	—	6/3/2008
Class A	353533730	FNGAX	-9.37	-9.37	2.11	0.89	-3.99	5.50	3.72	-14.38	-14.38	-3.50	-0.99	-5.07	4.90	3.39	1.21	1.12	5.50	—	6/3/2008
Benchmark	—	—	-1.24	-1.24	21.27	13.61	7.91	8.38	—	-1.24	-1.24	21.27	13.61	7.91	8.38	—	—	—	—	—	

## 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](http://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.

## 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.

Important data provider notices and terms available at [www.franklintempletondatasources.com](http://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.

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](http://www.franklintempleton.com). Please read it carefully.**