

Performance Review

- After starting 2025 on a strong note, global equities collectively declined during the rest of the first quarter due to investor concerns about US economic growth, President Donald Trump's trade policy and a broadening trade war. On the economic front, global manufacturing activity expanded in March for the third consecutive month, and flash reports for March showed that global services activity continued to grow in several regions during the quarter. As measured by MSCI indexes in US-dollar terms, developed market equities modestly underperformed a global index, while emerging market and frontier market equities significantly outpaced it with positive results. In terms of investment style, global value stocks generated strong gains and substantially outperformed global growth stocks.

QUARTERLY KEY PERFORMANCE DRIVERS

| | Stocks | Sectors | Countries |
|--------|-------------------|--|--|
| HELPED | Deutsche Telekom | Health Care (Stock Selection) | United Kingdom (Overweight, Stock Selection) |
| | Lloyds Banking | Industrials (Stock Selection) | Germany (Overweight) |
| | ING Groep | Energy (Stock Selection, Overweight) | Netherlands (Stock Selection) |
| HURT | Smurfit Westrock | Materials (Stock Selection) | Ireland (Stock Selection) |
| | JD Sports Fashion | Consumer Discretionary (Stock Selection) | China (Underweight) |
| | Ebara | ———— | Spain (Lack of Exposure) |

- Deutsche Telekom is the incumbent telecommunication services operator in Germany. The company is the market leader in an appealing, rational German market that is one of the few in Europe currently experiencing growth. Looking at the longer term, we believe the company's risk/reward profile looks favorable given its defensive characteristics,
- Lloyds Banking Group is a UK-based retail and commercial bank. We believe the bank's asset quality risks are manageable given its existing provisions, high-quality loan book and conservative issuance. There is a pathway to a potentially stronger ROTE (return on tangible equity) that looks reasonable to us, and we believe Lloyds could potentially enhance shareholder returns through dividends and share buybacks.
- JD Sports Fashion is a leading athletic retailer with a dominant UK business and a growing US and European presence. Its valuation continues to look appealing to us compared to our expectation of earnings growth as the company expands in the United States and Europe.

Outlook & Strategy

- The investment environment has changed dramatically over the past few months. Developments since the start of the year lead us to believe that it is reasonably likely that the extraordinary outperformance of US stocks versus the rest of the world since the global financial crisis could be over. This does not mean US stocks are unable to perform well going forward, but it suggests that other regions' equity markets may begin to match or even exceed US stock returns.
- European equities have surged year-to-date, and we believe the rally has room to run as our analysis shows that European stocks remain relatively cheap, and many global investors are only beginning to unwind their long-held underweight positions. Much will depend on how Europe responds to its economic, political and security challenges in the wake of Trump's shift away from long-standing US allies. In our view, there is much room to boost the region's economic competitiveness.
- Emerging market countries (excluding India) have struggled in recent years but now look more attractive to us, as they are supported by the weaker US dollar. Avoiding China has been a straightforward call for us in recent years given the country's long-run structural issues (deflation and real estate). However, we think recent developments could continue to build upon Chinese stocks' strong start to the year. The wild card will be the outcome of any trade deal negotiated with the United States, which could significantly impact market sentiment toward China, in either direction (at the writing of this note, we think the outcome looks bearish).
- We believe the rest of 2025 will likely present a challenging but opportunity-rich environment. The core of our investment process relies on performing a thorough fundamental stock research, taking a long-term view and focusing strongly on valuation. We believe this approach should hold us in good stead as we navigate the continued equity market volatility.

Product Details¹

| | |
|----------------|---|
| Inception Date | 11/30/1999 |
| Benchmark | MSCI All Country World ex-US Index-NR MSCI EAFE Index-NR |

Performance Data^{2,3}**Average Annual Total Returns (USD %)**

| | 3 Mths | YTD | 1 Year | 3 Year | 5 Year | 10 Year | 20 Year | Since Inception (11/30/1999) |
|---|--------|------|--------|--------|--------|---------|---------|---------------------------------|
| Templeton International ADR Equity SMA - Pure GROSS | 6.72 | 6.72 | 11.74 | 11.08 | 14.59 | 5.24 | 5.19 | 4.78 |
| Templeton International ADR Equity SMA - NET | 5.95 | 5.95 | 8.50 | 7.86 | 11.28 | 2.80 | 3.23 | 2.98 |
| MSCI All Country World ex-US Index-NR | 5.23 | 5.23 | 6.09 | 4.48 | 10.92 | 4.98 | 5.22 | 4.42 |
| MSCI EAFE Index-NR | 6.86 | 6.86 | 4.88 | 6.05 | 11.77 | 5.40 | 5.17 | 4.17 |

Calendar Year Returns (USD %)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-------|-------|--------|-------|-------|-------|--------|-------|------|-------|
| Templeton International ADR Equity SMA - Pure GROSS | 12.31 | 22.12 | -9.14 | 8.47 | 3.48 | 16.59 | -17.25 | 22.57 | 2.22 | -2.74 |
| Templeton International ADR Equity SMA - NET | 9.06 | 18.61 | -11.82 | 5.32 | 0.46 | 14.90 | -18.67 | 20.07 | 0.57 | -4.12 |
| MSCI All Country World ex-US Index-NR | 5.53 | 15.62 | -16.00 | 7.82 | 10.65 | 21.51 | -14.20 | 27.19 | 4.50 | -5.66 |
| MSCI EAFE Index-NR | 3.82 | 18.24 | -14.45 | 11.26 | 7.82 | 22.01 | -13.79 | 25.03 | 1.00 | -0.81 |

The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward). Please visit www.franklintempleton.com for the latest performance figures. Past performance is not a guarantee of future results. An investment in this strategy can lose value.

Performance data represents past performance, which does not guarantee future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate with market conditions, and you may have a gain or loss when you sell your shares. Periods less than one year are not annualized. Performance results are for the composite which includes all actual, fully discretionary accounts with substantially similar investment policies and objectives managed to the composite's investment strategy. Composite returns are stated in U.S. dollars and assume reinvestment of any dividends, interest income, capital gains, or other earnings. The composite may include account(s) that are gross of fees and pure gross of fees. "Pure" gross-of-fee returns do not reflect the deduction of any expenses, including transaction costs. A traditional (or "true") gross-of-fee return reflects performance after the reduction of transaction costs but before the reduction of the investment advisory fee. The gross-of-fee return may include a blend of "true" gross-of-fee returns for non-wrap accounts and "pure" gross-of-fee returns for wrap accounts. Net-of-fee returns is reduced by a model "wrap fee" (3.0% is the maximum anticipated wrap fee for equity and balanced portfolios) which includes trading expenses as well as investment management, administrative and custodial fees. The model wrap fee used represents the highest anticipated wrap fee applicable to the strategy. Actual fees and account minimums may vary.

Franklin Templeton claims compliance with the Global Investment Performance Standards (GIPS®). Due to the integration of GIPS firms, predecessor firms may have a different claim of compliance date. Performance presented prior to January 1, 2000 is not in compliance.

Investment Team

Heather Abdinoor, CFA
Years with Firm 28
Years Experience 30

Matthew Nagle, CFA
Years with Firm 21
Years Experience 26

Peter Nori, CFA
Years with Firm 38
Years Experience 38

1. A composite is an aggregation of one or more portfolios into a single group that represents a particular investment objective or strategy. The composite return is the asset-weighted average of the performance results of all the fully discretionary portfolios in the composite. The composite return information provided herein includes the returns of Franklin Templeton, high-net-worth individual and institutional client portfolios and with respect to any periods prior to the inception of Franklin Templeton, reflects the performance of any such other portfolios.

2. Source for Index: FactSet. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

3. Net Returns (NR) include income net of tax withholding when dividends are paid.

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The primary benchmark for this composite is the MSCI All Country World ex-U.S.- NR Index, which is a free float-adjusted market capitalization weighted equity index comprised of securities in MSCI's developed and emerging market country-specific indexes, excluding the U.S. The secondary benchmark is MSCI EAFE-NR index, which is a free float-adjusted market capitalization weighted equity index comprised of securities in MSCI's developed market country-specific indexes, excluding the U.S. and Canada. Returns for the benchmark include dividends or income reinvested after withholding taxes.

All investments involve risks, including possible loss of principal. To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. **Equity securities** are subject to price fluctuation and possible loss of principal. The **investment style** may become out of favor, which may have a negative impact on performance. **Active management** does not ensure gains or protect against market declines. **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**. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. 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.

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Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

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