FRANKLIN TEMPLETON

Templeton Institutional Funds

Financial Statements and Other Important Information

Annual | December 31, 2025

Foreign Smaller Companies Series

International Equity Series

Table of Contents

Financial Highlights

Foreign Smaller Companies Series

	Year Ended December 31,				
	2025	2024	2023	2022	2021
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	$15.94	$18.67	$16.35	$21.80	$23.03
Income from investment operations[a]:					
Net investment income[b]	0.34	0.28	0.26	0.31	0.28
Net realized and unrealized gains (losses)	1.20	(0.72)	2.30	(5.38)	2.07
Total from investment operations	1.54	(0.44)	2.56	(5.07)	2.35
Less distributions from:					
Net investment income	(1.25)	(0.63)	(0.24)	(0.32)	(0.28)
Net realized gains	(6.05)	(1.66)	—	(0.06)	(3.30)
Total distributions	(7.30)	(2.29)	(0.24)	(0.38)	(3.58)
Net asset value, end of year	$10.18	$15.94	$18.67	$16.35	$21.80
Total return	9.98%	(2.49)%	15.75%	(23.19)%	10.72%
Ratios to average net assets					
Expenses[c]	1.26%	1.10%	1.09%	1.02%	1.04%
Net investment income	2.04%	1.50%	1.49%	1.76%	1.13%
Supplemental data					
Net assets, end of year (000's)	$23,948	$111,846	$191,256	$353,380	$739,717
Portfolio turnover rate	90.01%	29.65%	36.62%	16.54%	31.09%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

Schedule of Investments, December 31, 2025

Foreign Smaller Companies Series

	Industry	Shares	Value
Common Stocks 98.6%			
Australia 1.9%			
National Storage REIT	Specialized REITs	243,132	$441,846
Austria 2.6%			
DO & CO AG	Commercial Services & Supplies	1,568	381,442
SBO AG	Energy Equipment & Services	7,315	233,533
			614,975
Bahamas 1.9%			
OneSpaWorld Holdings Ltd.	Diversified Consumer Services	21,745	450,991
Brazil 3.1%			
[a]Arcos Dorados Holdings, Inc., A	Hotels, Restaurants & Leisure	49,002	359,675
Dexco SA	Paper & Forest Products	410,344	373,176
			732,851
Canada 3.7%			
[b]Athabasca Oil Corp.	Oil, Gas & Consumable Fuels	74,600	382,090
Canaccord Genuity Group, Inc.	Capital Markets	63,600	512,489
			894,579
China 1.7%			
[c,d]Greentown Service Group Co. Ltd., Reg S	Real Estate Management & Development	668,000	403,891
France 1.6%			
Mersen SA	Electrical Equipment	13,964	389,450
Germany 3.0%			
Jenoptik AG	Electronic Equipment, Instruments & Components	10,275	233,293
[b,c]Montana Aerospace AG, 144A, Reg S	Aerospace & Defense	13,554	482,035
			715,328
Greece 1.0%			
JUMBO SA	Specialty Retail	7,484	245,386
Hong Kong 4.4%			
Luk Fook Holdings International Ltd.	Specialty Retail	104,000	314,020
Techtronic Industries Co. Ltd.	Machinery	30,500	350,845
VTech Holdings Ltd.	Communications Equipment	49,800	392,792
			1,057,657
India 1.0%			
Exide Industries Ltd.	Automobile Components	61,506	248,175
Indonesia 2.2%			
Avia Avian Tbk. PT	Chemicals	17,006,500	513,846
Ireland 1.7%			
Uniphar plc	Health Care Providers & Services	100,226	411,750
Israel 1.1%			
[b]Nayax Ltd.	Electronic Equipment, Instruments & Components	5,349	270,351
Italy 8.4%			
[c]Carel Industries SpA, 144A, Reg S	Building Products	8,337	239,538
[a]Ferretti SpA	Leisure Products	104,272	374,324
Interpump Group SpA	Machinery	8,788	478,040
LU-VE SpA	Building Products	3,968	182,799
[a]Sanlorenzo SpA	Leisure Products	6,933	245,311

Foreign Smaller Companies Series (continued)

	Industry	Shares	Value
Common Stocks (continued)			
Italy (continued)			
[c]Technogym SpA, 144A, Reg S	Leisure Products	25,968	$490,064
			2,010,076
Japan 14.6%			
Aica Kogyo Co. Ltd.	Chemicals	12,900	289,932
Anicom Holdings, Inc.	Insurance	42,200	271,323
Asics Corp.	Textiles, Apparel & Luxury Goods	12,400	297,680
IDOM, Inc.	Specialty Retail	29,600	242,451
[a]Kaneka Corp.	Chemicals	12,900	361,809
Morinaga & Co. Ltd.	Food Products	21,300	360,942
Nichiha Corp.	Building Products	15,400	321,287
[a]Nihon M&A Center Holdings, Inc.	Capital Markets	61,800	283,762
Nissei ASB Machine Co. Ltd.	Machinery	9,900	396,650
[a]Qol Holdings Co. Ltd.	Consumer Staples Distribution & Retail	16,500	225,418
Raito Kogyo Co. Ltd.	Construction & Engineering	14,200	306,789
Roland Corp.	Leisure Products	6,200	141,349
			3,499,392
Mexico 1.5%			
Bolsa Mexicana de Valores SAB de CV	Capital Markets	179,500	369,018
New Zealand 2.0%			
Summerset Group Holdings Ltd.	Health Care Providers & Services	68,463	484,442
Norway 1.5%			
TGS ASA	Energy Equipment & Services	40,170	364,147
Philippines 3.0%			
Century Pacific Food, Inc.	Food Products	714,900	473,906
Puregold Price Club, Inc.	Consumer Staples Distribution & Retail	375,800	242,811
			716,717
Singapore 1.2%			
Stoneweg Europe Stapled Trust	Diversified REITs	150,900	288,721
South Korea 8.7%			
BNK Financial Group, Inc.	Banks	23,338	256,802
iM Financial Group Co. Ltd.	Banks	32,456	349,889
InBody Co. Ltd.	Health Care Equipment & Supplies	17,498	397,350
[b]ISC Co. Ltd.	Semiconductors & Semiconductor Equipment	3,695	285,507
[b]NongShim Co. Ltd.	Food Products	1,319	395,007
Soulbrain Co. Ltd.	Chemicals	2,146	389,755
			2,074,310
Sweden 2.5%			
[b]Karnov Group AB	Interactive Media & Services	30,933	336,111
Rvrc Holding AB	Specialty Retail	36,483	262,481
			598,592
Switzerland 4.7%			
[a]Bucher Industries AG	Machinery	263	121,380
[a]Logitech International SA	Technology Hardware, Storage & Peripherals	2,064	206,854
[c]Medacta Group SA, 144A, Reg S	Health Care Equipment & Supplies	2,319	455,806
[b]Siegfried Holding AG.	Life Sciences Tools & Services	3,592	337,188
			1,121,228
Taiwan 4.0%			
Johnson Health Tech Co. Ltd.	Leisure Products	36,000	172,862

Foreign Smaller Companies Series (continued)

	Industry	Shares	Value
Common Stocks (continued)			
Taiwan (continued)			
Primax Electronics Ltd.	Electronic Equipment, Instruments & Components	115,000	$280,429
Tripod Technology Corp.	Electronic Equipment, Instruments & Components	50,000	504,569
			957,860
Thailand 0.5%			
I-TAIL Corp. PCL.	Food Products	234,300	112,079
United Kingdom 12.5%			
Coats Group plc	Textiles, Apparel & Luxury Goods	223,746	254,290
Fevertree Drinks plc	Beverages	22,200	244,158
Johnson Service Group plc	Commercial Services & Supplies	65,052	118,377
Man Group plc	Capital Markets	173,862	533,930
Oxford Instruments plc	Electronic Equipment, Instruments & Components	9,025	247,466
Rathbones Group plc	Capital Markets	19,572	506,903
Savills plc	Real Estate Management & Development	35,503	476,648
Vesuvius plc	Machinery	59,495	317,334
[b,c]Watches of Switzerland Group plc, 144A	Specialty Retail	45,789	290,223
			2,989,329
United States 2.6%			
Axis Capital Holdings Ltd.	Insurance	2,015	215,786
[a,b]IMAX Corp.	Entertainment	11,239	415,394
			631,180
Total Common Stocks (Cost $16,867,063)			**23,608,167**
Total Investments (Cost $16,867,063) 98.6%			**$23,608,167**
Other Assets, less Liabilities 1.4%			**339,758**
Net Assets 100.0%			**$23,947,925**

See Abbreviations on page 28.

[a] A portion or all of the security is on loan at December 31, 2025. See Note 1(e).
[b] Non-income producing.
[c] Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. Regulation S securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At December 31, 2025, the aggregate value of these securities was $2,361,557, representing 9.9% of net assets.
[d] A portion or all of the security purchased on a delayed delivery basis. See Note 1(c).

Financial Highlights

International Equity Series

	Year Ended December 31,				
	2025	2024	2023	2022	2021
Primary Shares					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	$10.21	$10.91	$10.19	$11.96	$15.22
Income from investment operations[a]:					
Net investment income[b]	0.20	0.24	0.49[c]	0.26	0.26
Net realized and unrealized gains (losses)	2.92	0.67	1.77	(1.40)	0.55
Total from investment operations	3.12	0.91	2.26	(1.14)	0.81
Less distributions from:					
Net investment income	(0.22)	(0.30)	(0.90)	(0.10)	(1.46)
Net realized gains	(3.78)	(1.31)	(0.64)	(0.53)	(2.61)
Total distributions	(4.00)	(1.61)	(1.54)	(0.63)	(4.07)
Net asset value, end of year	$9.33	$10.21	$10.91	$10.19	$11.96
Total return	31.09%	8.40%	22.84%	(9.23)%	5.75%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.20%	0.97%	0.92%	0.87%	0.94%
Expenses net of waiver and payments by affiliates	1.16%	0.92%	0.88%	0.83%	0.91%
Net investment income	1.72%	2.02%	4.31%[c]	2.35%	1.64%
Supplemental data					
Net assets, end of year (000's)	$57,987	$101,210	$127,735	$196,051	$386,291
Portfolio turnover rate	56.42%	30.90%	18.18%[d]	46.42%	44.73%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Net investment income per share includes approximately $0.23 per share related to an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 2.34%.
[d]Excludes the value of portfolio activity as a result of in-kind transactions.

International Equity Series (continued)

	Year Ended December 31,				
	2025	2024	2023	2022	2021
Service Shares					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	$10.55	$11.23	$10.45	$12.24	$15.48
Income from investment operations[a]:					
Net investment income[b]	0.21	0.22	0.49[c]	0.20	0.24
Net realized and unrealized gains (losses)	2.98	0.69	1.84	(1.38)	0.58
Total from investment operations	3.19	0.91	2.33	(1.18)	0.82
Less distributions from:					
Net investment income	(0.19)	(0.28)	(0.91)	(0.08)	(1.45)
Net realized gains	(3.78)	(1.31)	(0.64)	(0.53)	(2.61)
Total distributions	(3.97)	(1.59)	(1.55)	(0.61)	(4.06)
Net asset value, end of year	$9.77	$10.55	$11.23	$10.45	$12.24
Total return	30.80%	8.21%	22.68%	(9.29)%	5.69%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.44%	1.19%	0.86%	1.01%	1.04%
Expenses net of waiver and payments by affiliates	1.40%	1.15%	0.82%	0.97%	1.00%
Net investment income	1.75%	1.82%	4.26%[c]	1.71%	1.52%
Supplemental data					
Net assets, end of year (000's)	$132	$129	$136	$123	$521
Portfolio turnover rate	56.42%	30.90%	18.18%[d]	46.42%	44.73%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Net investment income per share includes approximately $0.23 per share related to an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 2.29%.
[d]Excludes the value of portfolio activity as a result of in-kind transactions.

Schedule of Investments, December 31, 2025

International Equity Series

	Industry	Shares	Value
Common Stocks 93.7%			
Canada 4.3%			
Manulife Financial Corp.	Insurance	29,000	$1,053,047
Royal Bank of Canada	Banks	8,400	1,432,018
			2,485,065
China 3.9%			
[a]Alibaba Group Holding Ltd.	Broadline Retail	76,400	1,402,777
BYD Co. Ltd., H	Automobiles	69,500	849,343
			2,252,120
Denmark 1.2%			
Novo Nordisk A/S, B	Pharmaceuticals	14,315	726,035
France 5.7%			
LVMH Moet Hennessy Louis Vuitton SE	Textiles, Apparel & Luxury Goods	1,556	1,172,813
Veolia Environnement SA	Multi-Utilities	31,305	1,089,335
Vinci SA	Construction & Engineering	7,504	1,055,686
			3,317,834
Germany 7.6%			
Daimler Truck Holding AG	Machinery	16,936	733,541
Deutsche Telekom AG	Diversified Telecommunication Services	27,795	904,757
Fresenius Medical Care AG	Health Care Providers & Services	12,596	601,655
Infineon Technologies AG	Semiconductors & Semiconductor Equipment	21,129	921,879
SAP SE	Software	2,728	662,818
[b]Siemens Energy AG	Electrical Equipment	4,228	593,140
			4,417,790
Hong Kong 1.9%			
AIA Group Ltd.	Insurance	109,400	1,126,064
India 2.2%			
HDFC Bank Ltd.	Banks	115,388	1,274,679
Japan 11.2%			
Ebara Corp.	Machinery	65,600	1,546,177
Japan Post Bank Co. Ltd.	Banks	68,400	962,872
Mitsubishi Electric Corp.	Electrical Equipment	55,858	1,628,644
Mizuho Financial Group, Inc.	Banks	30,800	1,124,032
[c]Toyota Motor Corp., ADR	Automobiles	5,700	1,220,142
			6,481,867
Netherlands 11.6%			
[c]Akzo Nobel NV	Chemicals	16,205	1,127,552
ASM International NV	Semiconductors & Semiconductor Equipment	1,237	748,874
[d]Euronext NV, 144A, Reg S	Capital Markets	8,215	1,234,041
Heineken NV	Beverages	15,108	1,246,514
ING Groep NV	Banks	48,052	1,350,657
[b]Magnum Ice Cream Co. NV (The)	Food Products	4,514	71,647
Universal Music Group NV	Entertainment	36,442	950,037
			6,729,322
Norway 1.8%			
Norsk Hydro ASA	Metals & Mining	138,503	1,069,129
Portugal 1.4%			
Galp Energia SGPS SA, B	Oil, Gas & Consumable Fuels	47,987	826,352
South Korea 2.9%			
Samsung Electronics Co. Ltd.	Technology Hardware, Storage & Peripherals	19,986	1,675,125

International Equity Series (continued)

	Industry	Shares	Value
Common Stocks (continued)			
South Korea (continued)			
Sweden 1.5%			
Securitas AB, B	Commercial Services & Supplies	53,130	$844,933
Switzerland 3.6%			
Adecco Group AG	Professional Services	23,879	687,715
[c]UBS Group AG	Capital Markets	30,605	1,417,318
			2,105,033
Taiwan 3.6%			
Taiwan Semiconductor Manufacturing Co. Ltd.	Semiconductors & Semiconductor Equipment	42,298	2,079,255
United Kingdom 15.3%			
AstraZeneca plc	Pharmaceuticals	12,942	2,395,038
Barratt Redrow plc	Household Durables	165,299	849,172
[c]JD Sports Fashion plc	Specialty Retail	744,524	843,909
Lloyds Banking Group plc	Banks	502,815	665,081
SSE plc	Electric Utilities	61,766	1,810,850
Standard Chartered plc	Banks	41,465	1,011,764
Unilever plc	Personal Care Products	20,065	1,310,991
			8,886,805
United States 14.0%			
BP plc	Oil, Gas & Consumable Fuels	295,654	1,724,244
CNH Industrial NV	Machinery	67,896	626,001
CRH plc	Construction Materials	12,228	1,519,470
[b,c]ICON plc	Life Sciences Tools & Services	4,323	787,737
Sanofi SA	Pharmaceuticals	11,937	1,154,967
Shell plc	Oil, Gas & Consumable Fuels	39,053	1,439,191
Smurfit WestRock plc	Containers & Packaging	23,342	895,438
			8,147,048
Total Common Stocks (Cost $39,142,111)			**54,444,456**
Escrows and Litigation Trusts 0.0%			
[b,e]Hemisphere Properties India Ltd., Escrow Account		2,094,964	—
Total Escrows and Litigation Trusts (Cost $–)			**—**
Total Long Term Investments (Cost $39,142,111)			**54,444,456**

Short Term Investments 6.2%

	Shares	Value
Money Market Funds 1.2%		
United States 1.2%		
[f,g]Franklin Institutional U.S. Government Money Market Fund, 3.681%	695,616	695,616
Total Money Market Funds (Cost $695,616)		**695,616**

International Equity Series (continued)

Short Term Investments (continued)

	Shares	Value
[h]Investments from Cash Collateral Received for Loaned Securities 5.0%		
Money Market Funds 5.0%		
[f,g]Franklin Institutional U.S. Government Money Market Fund, 3.681%	2,933,669	$2,933,669
Total Investments from Cash Collateral Received for Loaned Securities (Cost $2,933,669)		**2,933,669**
Total Short Term Investments (Cost $3,629,285)		**3,629,285**
Total Investments (Cost $42,771,396) 99.9%		**$58,073,741**
Other Assets, less Liabilities 0.1%		**45,080**
Net Assets 100.0%		**$58,118,821**

[a] Variable interest entity (VIE). See Note 8 regarding investments made through a VIE structure. At December 31, 2025, the value of this security was $1,402,777, representing 2.4% of net assets.
[b] Non-income producing.
[c] A portion or all of the security is on loan at December 31, 2025. See Note 1(e).
[d] Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. Regulation S securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At December 31, 2025, the value of this security was $1,234,041, representing 2.1% of net assets.
[e] Fair valued using significant unobservable inputs. See Note 10 regarding fair value measurements.
[f] See Note 3(d) regarding investments in affiliated management investment companies.
[g] The rate shown is the annualized seven-day effective yield at period end.
[h] See Note 1(e) regarding securities on loan.

International Equity Series (continued)

At December 31, 2025, the Fund had the following futures contracts outstanding. See Note 1(d).

Futures Contracts

Description	Type	Number of Contracts	Notional Amount*	Expiration Date	Value/ Unrealized Appreciation (Depreciation)
Equity contracts					
MSCI EAFE Index	Long	27	$3,917,835	3/20/26	$36,576
Total Futures Contracts					$36,576

*As of period end.

See Note 7 regarding other derivative information.

See Abbreviations on page 28.

Statements of Assets and Liabilities

December 31, 2025

	Foreign Smaller Companies Series	International Equity Series
Assets:		
Investments in securities:		
Cost - Unaffiliated issuers	$16,867,063	$39,142,111
Cost - Non-controlled affiliates (Note 3d)	—	3,629,285
Value - Unaffiliated issuers (Includes securities loaned of $1,544,771 and $3,899,016, respectively)	$23,608,167	$54,444,456
Value - Non-controlled affiliates (Note 3d)	—	3,629,285
Cash	114,106	—
Foreign currency, at value (cost $66 and $181, respectively)	66	180
Receivables:		
Investment securities sold	129,873	—
Capital shares sold	9,203	14,357
Dividends	150,415	3,523,503
European Union tax reclaims (Note 1f)	266,105	213,361
Affiliates	—	26,071
Deposits with brokers for:		
Futures contracts	—	129,580
Total assets	24,277,935	61,980,793
Liabilities:		
Payables:		
Investment securities purchased	110,510	—
Capital shares redeemed	114,176	793,288
Management fees	20,007	—
Transfer agent fees	1,427	1,537
Professional fees	60,209	68,961
Trustees' fees and expenses	607	33
Variation margin on futures contracts	—	21,112
Payable upon return of securities loaned (Note 1e)	—	2,933,669
Deferred taxes on unrealized appreciation	—	17,493
Accrued expenses and other liabilities	23,074	25,879
Total liabilities	330,010	3,861,972
Net assets, at value	$23,947,925	$58,118,821
Net assets consist of:		
Paid-in capital	$15,439,711	$42,362,981
Total distributable earnings (losses)	8,508,214	15,755,840
Net assets, at value	$23,947,925	$58,118,821
Shares outstanding	2,352,110	
Net asset value per share[a]	$10.18	

	International Equity Series
Primary Shares:	
Net assets, at value	$57,987,265
Shares outstanding	6,212,485
Net asset value per share[a]	$9.33
Service Shares:	
Net assets, at value	$131,556
Shares outstanding	13,459
Net asset value per share[a]	$9.77

[a]Net asset value per share may not recalculate due to rounding.

Statements of Operations

for the year ended December 31, 2025

	Foreign Smaller Companies Series	International Equity Series
Investment income:		
Dividends: (net of foreign taxes of $193,459 and $110,735, respectively)		
Unaffiliated issuers	$1,798,910	$1,851,906
Non-controlled affiliates (Note 3d)	—	64,532
Interest:		
Unaffiliated issuers	35,487	3,424
Income from securities loaned:		
Unaffiliated entities (net of fees and rebates)	(1,089)	(10,871)
Non-controlled affiliates (Note 3d)	6,739	11,896
Other income (Note 1f)	242,412	5,901
Total investment income	2,082,459	1,926,788
Expenses:		
Management fees (Note 3a)	598,417	518,313
Transfer agent fees: (Note 3c)		
Primary Shares	—	20,543
Service Shares	—	152
Transfer agent fees (Note 3c)	14,156	—
Sub-transfer agent fees: (Note 3c)		
Service Shares	—	227
Custodian fees	—	1,311
Reports to shareholders fees	4,778	10,482
Registration and filing fees	21,089	35,111
Professional fees	95,603	115,146
Trustees' fees and expenses	12,164	11,633
European Union tax reclaims filing fees (Note 1f)	21,149	48,730
Other	29,431	43,405
Total expenses	796,787	805,053
Expenses waived/paid by affiliates (Note 3d and 3e)	(498)	(28,673)
Net expenses	796,289	776,380
Net investment income	1,286,170	1,150,408
Realized and unrealized gains (losses):		
Net realized gain (loss) from:		
Investments: (net of foreign taxes of $– and $169,356, respectively)		
Unaffiliated issuers	24,822,796	26,841,525
Foreign currency transactions	48,417	(158,158)
Futures contracts	—	555,532
Net realized gain (loss)	24,871,213	27,238,899
Net change in unrealized appreciation (depreciation) on:		
Investments:		
Unaffiliated issuers	(19,444,027)	(9,109,072)
Translation of other assets and liabilities denominated in foreign currencies	38,785	432,413
Futures contracts	—	109,809
Change in deferred taxes on unrealized appreciation	—	(17,493)
Net change in unrealized appreciation (depreciation)	(19,405,242)	(8,584,343)
Net realized and unrealized gain (loss)	5,465,971	18,654,556
Net increase (decrease) in net assets resulting from operations	$6,752,141	$19,804,964

Statements of Changes in Net Assets

	Foreign Smaller Companies Series		International Equity Series	
	Year Ended December 31, 2025	Year Ended December 31, 2024	Year Ended December 31, 2025	Year Ended December 31, 2024
Increase (decrease) in net assets:				
Operations:				
Net investment income	$1,286,170	$2,344,330	$1,150,408	$2,139,105
Net realized gain (loss)	24,871,213	22,718,087	27,238,899	15,847,240
Net change in unrealized appreciation (depreciation)	(19,405,242)	(25,802,371)	(8,584,343)	(9,814,782)
Net increase (decrease) in net assets resulting from operations.	6,752,141	(739,954)	19,804,964	8,171,563
Distributions to shareholders:				
Primary Shares	—	—	(18,443,166)	(13,938,011)
Service Shares	—	—	(49,690)	(19,030)
Distributions to shareholders	(10,939,760)	(14,138,493)	—	—
Total distributions to shareholders	(10,939,760)	(14,138,493)	(18,492,856)	(13,957,041)
Capital share transactions: (Note 2)				
Primary Shares	—	—	(44,544,785)	(20,748,019)
Service Shares	—	—	12,424	1,583
Capital share transactions (Note 2)	(83,710,712)	(64,531,610)	—	—
Total capital share transactions	(83,710,712)	(64,531,610)	(44,532,361)	(20,746,436)
Net increase (decrease) in net assets	(87,898,331)	(79,410,057)	(43,220,253)	(26,531,914)
Net assets:				
Beginning of year	111,846,256	191,256,313	101,339,074	127,870,988
End of year	$23,947,925	$111,846,256	$58,118,821	$101,339,074

Notes to Financial Statements

1. Organization and Significant Accounting Policies

Templeton Institutional Funds (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of two separate funds (Funds). The Funds follow the accounting and reporting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, Financial Services – Investment Companies (ASC 946) and apply the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP), including, but not limited to, ASC 946. International Equity Series offers Primary and Service Shares. Each class of shares may differ by its initial sales load, contingent deferred sales charges, voting rights on matters affecting a single class, its exchange privilege and fees due to differing arrangements for distribution and transfer agent fees.

The following summarizes the Funds' significant accounting policies.

a. Financial Instrument Valuation

The Funds' investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Funds calculate the net asset value (NAV) per share each business day as of 4 p.m. Eastern time or the regularly scheduled close of the New York Stock Exchange (NYSE), whichever is earlier. Under compliance policies and procedures approved by the Trust’s Board of Trustees (the Board), the Board has designated the Funds’ investment manager as the valuation designee and has responsibility for oversight of valuation. The investment manager is assisted by the Funds' administrator in performing this responsibility, including leading the cross-functional Valuation Committee (VC). The Funds may utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities and derivative financial instruments listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Debt securities generally trade in the OTC market rather than on a securities exchange. The Funds' pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value. Securities denominated in a foreign currency are converted into their U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the date that the values of the foreign debt securities are determined.

Investments in open-end mutual funds are valued at the closing NAV.

The Funds have procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the Funds primarily employ a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

1. Organization and Significant Accounting Policies
(continued)

a. Financial Instrument Valuation (continued)

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Funds' business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Funds' portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Funds' portfolio securities to the latest indications of fair value at 4 p.m. Eastern time. At December 31, 2025, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 within the fair value hierarchy (referred to as “market level fair value”). See the Fair Value Measurements note for more information.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Funds' NAV is not calculated, which could result in differences between the value of the Funds' portfolio securities on the last business day and the last calendar day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Funds for financial reporting purposes.

b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Funds may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

The Funds do not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments in the Statements of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

c. Securities Purchased on a When-Issued, Forward Commitment or Delayed Delivery Basis

Certain or all Funds may purchase securities on a when-issued, forward commitment or delayed delivery basis, with payment and delivery scheduled for a future date. These transactions are subject to market fluctuations and are subject to the risk that the value at delivery may be more or less than the trade date purchase price. Although the Funds will generally purchase these securities with the intention of holding the securities, they may sell the securities before the settlement date.

d. Derivative Financial Instruments

Certain or all Funds invested in derivative financial instruments in order to manage risk or gain exposure to various other investments or markets. Derivatives are financial contracts based on an underlying or notional amount, require no initial investment or an initial net investment that is smaller than would normally be required to have a similar response to changes in market factors, and require or permit net settlement. Derivatives contain various risks including the potential inability of the counterparty to fulfill their obligations under the terms of the contract, the potential for an illiquid secondary market, and/or the potential for market movements which expose the Fund to gains or losses in excess of the amounts shown in the Statements of

1. Organization and Significant Accounting Policies
(continued)

d. Derivative Financial Instruments (continued)

Assets and Liabilities. Realized gain and loss and unrealized appreciation and depreciation on these contracts for the period are included in the Statements of Operations.

Collateral requirements differ by type of derivative. Collateral or initial margin requirements are set by the broker or exchange clearing house for exchange traded and centrally cleared derivatives. Initial margin deposited is held at the exchange or at the broker and can be in the form of cash and/or securities.

Certain or all Funds entered into exchange traded futures contracts primarily to manage and/or gain exposure to equity price risk. A futures contract is an agreement between the Fund and a counterparty to buy or sell an asset at a specified price on a future date. Required initial margins are pledged by the Fund, and the daily change in fair value is accounted for as a variation margin payable or receivable in the Statements of Assets and Liabilities. Futures contracts outstanding at period end, if any, are listed in the Funds' Schedules of Investments.

See Note 6 regarding other derivative information.

e. Securities Lending

Certain or all Funds participate in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Funds. Additionally, at December 31, 2025, Foreign Smaller Companies Series and International Equity Series held $1,623,915 and $1,113,969, respectively, in U.S. Government and Agency securities as collateral. These securities are held as collateral in segregated accounts with the Funds' custodian. The Fund cannot repledge or resell these securities held as collateral. As such, the non-cash collateral is excluded from the Statements of Assets and Liabilities. The Fund may receive income from the investment of cash collateral, in addition to lending fees paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statements of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower. Securities on loan outstanding at period end, if any, are listed in the Funds' Schedules of Investments.

f. Income and Deferred Taxes

It is each Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. Each Fund intends to distribute to shareholders substantially all of its taxable income and net realized gains to relieve it from federal income and excise taxes. As a result, no provision for U.S. federal income taxes is required.

The Funds may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which the Funds invest. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Funds invest. In some cases, the Funds may be entitled to reclaim all or a portion of such taxes, and such reclaim amounts, if any, are reflected as a dividend receivable in the Statements of Assets and Liabilities and dividend income in the Statements of Operations. In many cases, however, the Funds may not receive such amounts for an extended period of time, depending on the country of investment. When a capital gain tax is determined to apply, certain or all Funds record an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

As a result of several court cases, in certain countries across the European Union, certain or all Funds filed additional tax reclaims for previously withheld taxes on dividends earned in those countries (EU reclaims). Income recognized, if any, for EU reclaims is reflected as other income in the Statements

1. Organization and Significant Accounting Policies (continued)

f. Income and Deferred Taxes (continued)

of Operations and any related receivable, if any, is reflected as European Union tax reclaims in the Statements of Assets and Liabilities. Any fees associated with these filings are reflected as European Union tax reclaim filing fees and other expenses in the Statements of Operations. When uncertainty exists as to the ultimate resolution of these proceedings, the likelihood of receipt of these EU reclaims, and the potential timing of payment, no amounts are reflected in the financial statements. For U.S. income tax purposes, EU reclaims received by the Funds, if any, reduce the amount of foreign taxes Fund shareholders can use as tax deductions or credits on their income tax returns.

Each Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of December 31, 2025, each Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). The Funds' federal and state income and federal excise tax returns for the prior three fiscal years are subject to examination by the Internal Revenue Service and state departments of revenue.

g. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income (including interest income from payment-in-kind securities, if any) and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Funds. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

Common expenses incurred by the Trust are allocated among the Funds based on the ratio of net assets of each Fund to the combined net assets of the Trust or based on the ratio of number of shareholders of each Fund to the combined number of shareholders of the Trust. Fund specific expenses are charged directly to the Fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, excluding class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class. Differences in per share distributions by class are generally due to differences in class specific expenses.

h. Accounting Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

i. Guarantees and Indemnifications

Under the Trust's organizational documents, its officers and trustees are indemnified by the Trust against certain liabilities arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust, on behalf of the Funds, enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Currently, the Trust expects the risk of loss to be remote.

2. Shares of Beneficial Interest

At December 31, 2025, there were an unlimited number of shares authorized (without par value). Transactions in the Funds' shares were as follows:

	Foreign Smaller Companies Series	
	Shares	Amount
Year ended December 31, 2025		
Shares sold	312,508	$4,972,218
Shares issued in reinvestment of distributions	1,014,696	10,268,719
Shares redeemed	(5,991,881)	(98,951,649)
Net increase (decrease)	(4,664,677)	$(83,710,712)
Year ended December 31, 2024		
Shares sold	916,450	$16,451,068
Shares issued in reinvestment of distributions	855,958	13,996,485
Shares redeemed	(4,997,817)	(94,979,163)
Net increase (decrease)	(3,225,409)	$(64,531,610)

	International Equity Series	
	Shares	Amount
Primary Shares:		
Year ended December 31, 2025		
Shares sold	1,061,783	$12,083,748
Shares issued in reinvestment of distributions	1,808,573	17,030,276
Shares redeemed	(6,573,690)	(73,658,809)
Net increase (decrease)	(3,703,334)	$(44,544,785)
Year ended December 31, 2024		
Shares sold	1,526,338	$18,049,589
Shares issued in reinvestment of distributions	1,322,254	13,421,021
Shares redeemed	(4,639,729)	(52,218,629)
Net increase (decrease)	(1,791,137)	$(20,748,019)
Service Shares:		
Year ended December 31, 2025		
Shares sold	227	$2,760
Shares issued in reinvestment of distributions	5,043	49,690
Shares redeemed	(4,060)	(40,026)
Net increase (decrease)	1,210	$12,424
Year ended December 31, 2024		
Shares sold	123	$1,479
Shares issued in reinvestment of distributions	1,814	19,030
Shares redeemed	(1,766)	(18,926)
Net increase (decrease)	171	$1,583

3. Transactions with Affiliates

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton. Certain officers and trustees of the Trust are also officers and/or directors of the following subsidiaries:

Subsidiary	Affiliation
Templeton Investment Counsel, LLC (TIC)	Investment manager
Franklin Templeton Investments Corp. (FTIC)	Subadvisor
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Distributors, LLC (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

Foreign Smaller Companies Series pays an investment management fee, calculated daily and paid monthly, to TIC based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.950%	Up to and including $500 million
0.930%	Over $500 million, up to and including $1 billion
0.910%	Over $1 billion, up to and including $5 billion
0.890%	Over $5 billion, up to and including $10 billion
0.870%	Over $10 billion, up to and including $15 billion
0.850%	In excess of $15 billion

International Equity Series pays an investment management fee, calculated daily and paid monthly, to TIC based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.775%	Up to and including $500 million
0.755%	Over $500 million, up to and including $1 billion
0.735%	Over $1 billion, up to and including $5 billion
0.715%	Over $5 billion, up to and including $10 billion
0.695%	Over $10 billion, up to and including $15 billion
0.675%	In excess of $15 billion

For the year ended December 31, 2025, each Fund's gross effective investment management fee rate based on average daily net assets was as follows:

	Foreign Smaller Companies Series	International Equity Series
Gross effective investment management fee rate	0.950%	0.775%

Under a subadvisory agreement, FTIC, an affiliate of TIC, provides subadvisory services to Foreign Smaller Companies Series. The subadvisory fee is paid by TIC based on the Fund's average daily net assets, and is not an additional expense of the Fund.

3. Transactions with Affiliates (continued)

b. Administrative Fees

Under an agreement with TIC, FT Services provides administrative services to the Funds. The fee is paid by TIC based on each of the Funds' average daily net assets, and is not an additional expense of the Funds.

c. Transfer Agent Fees

Each class of shares pays transfer agent fees, calculated monthly and paid monthly, to Investor Services for its performance of shareholder servicing obligations. The fees are based on a fixed margin earned by Investor Services and are allocated to the Funds based upon relative assets and relative transactions. In addition, each class reimburses Investor Services for out of pocket expenses incurred and reimburses shareholder servicing fees paid to third parties. These fees paid to third parties are accrued and allocated daily based upon their relative proportion of such classes' aggregate net assets.

For the year ended December 31, 2025, the Funds paid transfer agent fees as noted in the Statements of Operations of which the following amounts were retained by Investor Services:

	Foreign Smaller Companies Series	International Equity Series
Transfer agent fees	$14,582	$20,504

International Equity Series' Service shares may pay up to 0.15% of average daily net assets for sub-transfer agency fees as noted in the Statements of Operations.

d. Investments in Affiliated Management Investment Companies

Certain or all Funds invest in one or more affiliated management investment companies. As defined in the 1940 Act, an investment is deemed to be a “Controlled Affiliate” of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund’s outstanding shares or has the power to exercise control over management or policies of such fund. The Funds do not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Funds are waived on assets invested in the affiliated management investment companies, as noted in the Statements of Operations, in an amount not to exceed the management and administrative fees, if applicable, paid directly or indirectly by each affiliate. During the year ended December 31, 2025, investments in affiliated management investment companies were as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income
Foreign Smaller Companies Series								
Non-Controlled Affiliates								
								Income from securities loaned
Franklin Institutional U.S. Government Money Market Fund, 3.681%	$218,982	$6,507,654	$(6,726,636)	$—	$—	$—	—	$6,739
Total Affiliated Securities	$218,982	$6,507,654	$(6,726,636)	$—	$—	$—		$6,739

3. Transactions with Affiliates (continued)

d. Investments in Affiliated Management Investment Companies (continued)

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income
International Equity Series								
Non-Controlled Affiliates								
								Dividends
Franklin Institutional U.S. Government Money Market Fund, 3.681%	$4,241,876	$28,681,877	$(32,228,137)	$—	$—	$695,616	695,616	$64,532
Non-Controlled Affiliates								
								Income from securities loaned
Franklin Institutional U.S. Government Money Market Fund, 3.681%	$—	$7,440,351	$(4,506,682)	$—	$—	$2,933,669	2,933,669	$11,896
Total Affiliated Securities	$4,241,876	$36,122,228	$(36,734,819)	$—	$—	$3,629,285		$76,428

e. Waiver and Expense Reimbursements

TIC has contractually agreed in advance to limit the investment management fees for International Equity Series to 0.74% of the average daily net assets of the Fund until April 30, 2026. Total expenses waived or paid are not subject to recapture subsequent to the Fund's fiscal year end.

4. Income Taxes

The tax character of distributions paid during the years ended December 31, 2025 and 2024, was as follows:

	Foreign Smaller Companies Series		International Equity Series	
	2025	2024	2025	2024
Distributions paid from:				
Ordinary income	$1,876,418	$4,006,587	$3,806,267	$3,488,464
Long term capital gain	9,063,342	10,131,906	14,686,589	10,468,577
	$10,939,760	$14,138,493	$18,492,856	$13,957,041

4. Income Taxes (continued)

At December 31, 2025, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

	Foreign Smaller Companies Series	International Equity Series
Cost of investments	$18,116,726	$43,679,307
Unrealized appreciation	$6,903,986	$16,079,305
Unrealized depreciation	(1,412,545)	(1,648,295)
Net unrealized appreciation (depreciation)	$5,491,441	$14,431,010
Distributable earnings:		
Undistributed ordinary income	$120,423	$192,462
Undistributed long term capital gains	2,635,997	1,225,010
Total distributable earnings	$2,756,420	$1,417,472

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of foreign currency transactions, wash sales, EU reclaims, passive foreign investment company shares, foreign capital gains tax and derivative financial instruments.

In accordance with U.S. GAAP permanent differences are reclassified among capital accounts to reflect their tax character. At the year ended December 31, 2025, such reclassifications were as follows:

	Foreign Smaller Companies Series	International Equity Series
Paid-in-Capital	$10,493,623	$9,568,838
Total distributable earnings (loss)	$(10,493,623)	$(9,568,838)

The Funds utilized a tax accounting practice to treat a portion of the proceeds from capital shares redeemed as a distribution from net investment income and realized capital gains.

5. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the year ended December 31, 2025, were as follows:

	Foreign Smaller Companies Series	International Equity Series
Purchases	$53,809,567	$36,257,508
Sales	$140,601,104	$94,522,361

5. Investment Transactions (continued)

At December 31, 2025, in connection with securities lending transactions, certain or all Funds loaned investments and received cash collateral as follows:

	Foreign Smaller Companies Series	International Equity Series
Securities lending transactions[a]:		
Equity investments[b]	$—	$2,933,669

[a]The agreements can be terminated at any time.
[b]The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statements of Assets and Liabilities.

6. Shareholder Concentrations

Foreign Smaller Companies Series has a concentration of shareholders holding a significant percentage of shares outstanding. Investment activities of these shareholders could have a material impact on the Fund. At December 31, 2025, the Fund had one unaffiliated shareholder holding 69% of the Fund's outstanding shares.

7. Other Derivative Information

At December 31, 2025, investments in derivative contracts are reflected in the Statements of Assets and Liabilities as follows:

	Asset Derivatives		Liability Derivatives	
Derivative Contracts Not Accounted for as Hedging Instruments	**Statement of Assets and Liabilities Location**	**Fair Value**	**Statement of Assets and Liabilities Location**	**Fair Value**
International Equity Series				
Equity contracts				
	Variation margin on futures contracts	$36,576[a]	Variation margin on futures contracts	$—
Total		$36,576		$—

[a]This amount reflects the cumulative appreciation (depreciation) of futures contracts as reported in the Schedule of Investments. Only the variation margin receivable/payable at year end is separately reported within the Statement of Assets and Liabilities. Prior variation margin movements were recorded to cash upon receipt or payment.

For the year ended December 31, 2025, the effect of derivative contracts in the Statements of Operations was as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Location	Net Realized Gain (Loss) for the Year	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Year
International Equity Series				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Equity contracts				
	Futures contracts	$555,532	Futures contracts	$109,809
Total		$555,532		$109,809

7. Other Derivative Information (continued)

For the year ended December 31, 2025, the average month end notional amount of futures contracts represented $3,199,203.

See Note 1(d) regarding derivative financial instruments.

8. Concentration of Risk

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local, regional and global economic, political and social conditions, which may result in greater market volatility. Political and financial uncertainty in many foreign regions may increase market volatility and the economic risk of investing in foreign securities. In addition, certain foreign securities may not be as liquid as U.S. securities.

Certain investments in Chinese companies are made through a special structure known as a VIE. In a VIE structure, foreign investors, such as the Funds, will only own stock in a shell company rather than directly in the VIE, which must be owned by Chinese nationals (and/or Chinese companies) to obtain the licenses and/or assets required to operate in a restricted or prohibited sector in China. The value of the shell company is derived from its ability to consolidate the VIE into its financials pursuant to contractual arrangements that allow the shell company to exert a degree of control over, and obtain economic benefits arising from, the VIE without formal legal ownership. While VIEs are a longstanding industry practice and are well known by Chinese officials and regulators, the structure historically has not been formally recognized under Chinese law and it is uncertain whether Chinese officials or regulators will withdraw their implicit acceptance of the structure. It is also uncertain whether the contractual arrangements, which may be subject to conflicts of interest between the legal owners of the VIE and foreign investors, would be enforced by Chinese courts or arbitration bodies. Prohibitions of these structures by the Chinese government, or the inability to enforce such contracts, from which the shell company derives its value, would likely cause the VIE-structured holding(s) to suffer significant, detrimental, and possibly permanent losses, and in turn, adversely affect the Funds' returns and net asset value.

9. Credit Facility

The Funds, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling $2.995 billion (Global Credit Facility) which matured on January 30, 2026. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests. Effective January 30, 2026, the Borrowers renewed the Global Credit Facility for a one-year term, maturing January 29, 2027, for a total of $2.995 billion.

Under the terms of the Global Credit Facility, the Funds may, in addition to interest charged on any borrowings made by the Funds and other costs incurred by the Funds, pay their share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon their relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statements of Operations. During the year ended December 31, 2025, the Funds did not use the Global Credit Facility.

10. Fair Value Measurements

The Funds follow a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Funds' own market assumptions (unobservable inputs). These inputs are used in determining the value of the Funds' financial instruments and are summarized in the following fair value hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments

10. Fair Value Measurements (continued)

- Level 2 – other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Funds' own assumptions in determining the fair value of financial instruments)

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

A summary of inputs used as of December 31, 2025, in valuing the Funds' assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Foreign Smaller Companies Series				
Assets:				
Investments in Securities:[a]				
Common Stocks:				
Australia	$—	$441,846	$—	$441,846
Austria	381,442	233,533	—	614,975
Bahamas	450,991	—	—	450,991
Brazil	359,675	373,176	—	732,851
Canada	894,579	—	—	894,579
China	—	403,891	—	403,891
France	—	389,450	—	389,450
Germany	—	715,328	—	715,328
Greece	245,386	—	—	245,386
Hong Kong	—	1,057,657	—	1,057,657
India	—	248,175	—	248,175
Indonesia	—	513,846	—	513,846
Ireland	—	411,750	—	411,750
Israel	—	270,351	—	270,351
Italy	—	2,010,076	—	2,010,076
Japan	—	3,499,392	—	3,499,392
Mexico	369,018	—	—	369,018
New Zealand	484,442	—	—	484,442
Norway	—	364,147	—	364,147
Philippines	473,906	242,811	—	716,717
Singapore	—	288,721	—	288,721
South Korea	—	2,074,310	—	2,074,310
Sweden	—	598,592	—	598,592
Switzerland	206,854	914,374	—	1,121,228
Taiwan	—	957,860	—	957,860
Thailand	—	112,079	—	112,079
United Kingdom	595,025	2,394,304	—	2,989,329
United States	631,180	—	—	631,180
Total Investments in Securities	$5,092,498	$18,515,669[b]	$—	$23,608,167
International Equity Series				
Assets:				
Investments in Securities:[a]				
Common Stocks:				
Canada	2,485,065	—	—	2,485,065
China	—	2,252,120	—	2,252,120
Denmark	—	726,035	—	726,035
France	—	3,317,834	—	3,317,834
Germany	—	4,417,790	—	4,417,790
Hong Kong	—	1,126,064	—	1,126,064
India	—	1,274,679	—	1,274,679

10. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
International Equity Series (continued)				
Assets: (continued)				
Investments in Securities:[a] (continued)				
Common Stocks: (continued)				
Japan	$1,220,142	$5,261,725	$—	$6,481,867
Netherlands	71,647	6,657,675	—	6,729,322
Norway	—	1,069,129	—	1,069,129
Portugal	—	826,352	—	826,352
South Korea	—	1,675,125	—	1,675,125
Sweden	—	844,933	—	844,933
Switzerland	1,417,318	687,715	—	2,105,033
Taiwan	—	2,079,255	—	2,079,255
United Kingdom	—	8,886,805	—	8,886,805
United States	1,413,738	6,733,310	—	8,147,048
Escrows and Litigation Trusts	—	—	—[c]	—
Short Term Investments	3,629,285	—	—	3,629,285
Total Investments in Securities	$10,237,195	$47,836,546[d]	$—	$58,073,741
Other Financial Instruments:				
Futures Contracts	$36,576	$—	$—	$36,576
Total Other Financial Instruments	$36,576	$—	$—	$36,576

[a]For detailed categories, see the accompanying Schedule of Investments.
[b]Includes foreign securities valued at $18,515,669, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.
[c]Includes financial instruments determined to have no value.
[d]Includes foreign securities valued at $47,836,546, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

A reconciliation in which Level 3 inputs are used in determining fair value is presented when there are significant Level 3 assets and/or liabilities at the beginning and/or end of the year.

11. Operating Segments

Each Fund operates as a single operating segment, which is an investment portfolio. The chief investment officer to the Fund within the Funds' Investment manager serves as the Chief Operating Decision Maker ("CODM") and is responsible for evaluating each Fund's operating results and allocating resources in accordance with each Fund's investment strategy. Internal reporting provided to the CODM aligns with the accounting policies and measurement principles used in the financial statements.

For information regarding segment assets, segment profit or loss, and significant expenses, refer to the Statements of Assets and Liabilities and the Statements of Operations, along with the related notes to the financial statements. The Schedules of Investments provides details of the Funds' investments that generate returns such as interest, dividends, and realized and unrealized gains or losses. Performance metrics, including portfolio turnover and expense ratios, are disclosed in the Financial Highlights.

12. Subsequent Events

The Funds have evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure other than those already disclosed in the financial statements.

Abbreviations

Selected Portfolio

ADR	American Depositary Receipt
REIT	Real Estate Investment Trust

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Templeton Institutional Funds and Shareholders of Foreign Smaller Companies Series and International Equity Series

Opinions on the Financial Statements

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of Foreign Smaller Companies Series and International Equity Series (constituting Templeton Institutional Funds, hereafter collectively referred to as the "Funds") as of December 31, 2025, the related statements of operations for the year ended December 31, 2025, the statements of changes in net assets for each of the two years in the period ended December 31, 2025, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2025 (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds as of December 31, 2025, the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period ended December 31, 2025 and each of the financial highlights for each of the five years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

These financial statements are the responsibility of the Funds’ management. Our responsibility is to express an opinion on the Funds’ financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Funds in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2025 by correspondence with the custodians, transfer agent and brokers; when replies were not received from a custodian, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinions.

/s/PricewaterhouseCoopers LLP
San Francisco, California
February 19, 2026

We have served as the auditor of one or more investment companies in the Franklin Templeton Group of Funds since 1948.

Tax Information (unaudited)

By mid-February, tax information related to a shareholder's proportionate share of distributions paid during the preceding calendar year will be received, if applicable. Please also refer to www.franklintempleton.com for per share tax information related to any distributions paid during the preceding calendar year. Shareholders are advised to consult with their tax advisors for further information on the treatment of these amounts on their tax returns.

The following tax information for the Funds is required to be furnished to shareholders with respect to income earned and distributions paid during their fiscal year.

The Funds below hereby report the following amounts, or if subsequently determined to be different, the maximum allowable amounts, for the fiscal year ended December 31, 2025:

	Pursuant to:	**Foreign Smaller Companies Series**	**International Equity Series**
Long-Term Capital Gain Dividends Distributed	§852(b)(3)(C)	$19,318,510	$23,926,180
Income Eligible for Dividends Received Deduction (DRD)	§854(b)(1)(A)	$9,360	—
Qualified Dividend Income Earned (QDI)	§854(b)(1)(B)	$1,386,872	$1,671,229
Short-Term Capital Gain Dividends Distributed	§871(k)(2)(C)	—	$3,125,940
Section 163(j) Interest Dividends Earned	§163(j)	$26,734	$52,598

Under Section 853 of the Internal Revenue Code, the Funds below intend to elect to pass through to their shareholders the following amounts, or amounts as finally determined, of foreign taxes paid and foreign source income earned by the Funds during the fiscal year ended December 31, 2025:

	Foreign Smaller Companies Series	**International Equity Series**
Foreign Taxes Paid	$174,308	$120,027
Foreign Source Income Earned	$1,512,294	$1,613,945

Changes In and Disagreements with Accountants

For the period covered by this report

Not applicable.

Results of Meeting(s) of Shareholders

For the period covered by this report

Not applicable.

Remuneration Paid to Directors, Officers and Others

For the period covered by this report

Refer to the financial statements included herein. Remuneration to officers is paid by the Fund's investment manager according to the terms of the agreement.

Board Approval of Management and Subadvisory Agreements

For the period covered by this report

Not applicable.

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