

Franklin Mutual Global Discovery Fund

Class Z: MDISX Class A: TEDIX

Commentary | as of March 31, 2025

Key Takeaways

- **Markets:** After starting 2025 on a strong note, global equities collectively declined the last half of the quarter, as measured by the MSCI World Index in US dollar terms. Investor concerns about US economic growth and President Trump's trade policy weighed on returns.
- **Contributors:** Stock selection in health care, security selection and an underweight in information technology and stock selection in financials contributed to relative returns. Individual contributors included Prudential, BNP Paribas and CVS Health.
- **Detractors:** Stock selection and an overweight in consumer discretionary and an underweight in utilities detracted from relative results. Individual detractors included Global Payments, Kering and Denso.
- **Outlook:** While we believe there are reasons to be optimistic about the markets, we think uncertainty surrounding trade and geopolitics could continue to be destabilizing factors in the near term. Currently, several parts of the US economy, such as employment, remain robust, despite these headwinds. Recent US policy shifts have led European officials to enact changes which we think are creating fertile conditions for improved economic growth and competitiveness. When coupled with already low valuations within the region, we see potential for compelling investment opportunities.

Performance Review

- The Fund (Class Z) outperformed its benchmark, the MSCI World Value Index, for the quarter ended March 31, 2025.
- UK-listed insurer Prudential supported relative results. Full-year 2024 financial reflect stabilization from the sales noise seen coming out of the Covid shutdown, and the insurer is forecasting improving cash flow through 2027. We believe the demerging of its US and UK businesses make it a pure play on the demographic and economic growth potential in Asia.
- France-based BNP Paribas bolstered relative results, as it anticipates improved returns from the buildout of its insurance, wealth and asset management businesses and better performance of its French retail banking business. We believe BNP is one of the best banks in Europe and should deliver predictable and sustainable double-digit returns through the economic cycle.
- US-based Global Payments detracted from relative results, as the company's earnings were noisy and reminded the market of the complex transformation work ahead. Nonetheless, we believe that Global Payments is taking the right steps by consolidating its multiple acquiring platforms, which should help improve its organic growth rate over the long run.
- Luxury goods company Kering hindered relative performance as the company continues to deal with weakness in its Gucci brand as well as disappointment with the choice of a new Gucci creative director. While it may take some time for the impact of the new creative director's vision to be realized, we believe the choice is a sound one. Kering is also addressing broader industry headwinds, such as pricing, quality and innovation.

Outlook

- While we believe there are reasons to be optimistic about the markets, we think uncertainty surrounding trade and geopolitics could continue to be destabilizing factors in the near term.
- Several parts of the US economy, such as employment, remain robust. For the US economy to stay healthy, policies regarding tariffs, taxes and government spending need predictability and clarity. Although the US Federal Reserve kept rates unchanged in March, policymakers acknowledge increased uncertainty around the economic outlook and are guiding towards an interest rate cut later this year.
- The European Central Bank cut rates in March and guided towards "meaningfully less restrictive" policy. The reduced cost of borrowing comes at a time of accelerating loan growth within the region. Despite pockets of strength within the economy, the Bank cut their economic growth forecast for 2025, citing trade and policy uncertainty.
- Recent US policy shifts have led European officials to enact changes which we think are creating fertile conditions for improved economic growth and competitiveness. When coupled with already low valuations within the region, we see potential for compelling investment opportunities.
- We remain focused on identifying opportunities to acquire stocks at attractive valuations based upon our assessment of fundamental value. Our process of finding underappreciated and misunderstood companies with identifiable catalysts to unlock shareholder value may provide meaningful upside potential and possible downside risk management during turbulent periods.

Morningstar Rating™

Overall Rating as of March 31, 2025



(4-Star) Class Z



(3-Star) Class A

As of 03/31/2025 the fund's Class Z shares received a 4 star and Class A shares received a 3 star overall Morningstar rating™, measuring risk-adjusted returns against 149, 136 and 111 Global Large-Stock Value funds over the 3-, 5- and 10-year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics.

Top Holdings (% of Total)

Holding	Fund
BNP PARIBAS SA	2.71
PRUDENTIAL PLC	2.49
CHARTER COMMUNICATIONS INC	2.46
ELEVANCE HEALTH INC	2.44
AERCAP HOLDINGS NV	2.25
ROCHE HOLDING AG	2.19
BP PLC	2.13
DEUTSCHE BANK AG	2.09
SCHLUMBERGER LTD	2.08
SHELL PLC	2.07

Sector Allocation (% of Total)

Sector	Fund
Financials	24.82
Health Care	19.15
Consumer Staples	11.25
Industrials	11.16
Consumer Discretionary	8.18
Communication Services	7.48
Energy	6.82
Materials	3.56
Other	5.43
Cash & Cash Equivalents	2.15

Average annual total returns and fund expenses (%)

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
Class Z	628380404	MDISX	8.57	8.57	6.86	9.81	16.41	6.81	10.62	8.57	8.57	6.86	9.81	16.41	6.81	10.62	0.96	0.96	—	—	12/31/1992
Class A	628380859	TEDIX	8.53	8.53	6.63	9.55	16.13	6.54	10.28	2.55	2.55	0.75	7.50	14.82	5.94	10.08	1.21	1.21	5.50	—	12/31/1992
Benchmark	—	—	4.81	4.81	8.69	7.02	14.99	7.14	—	4.81	4.81	8.69	7.02	14.99	7.14	—	—	—	—	—	—

Benchmark(s)

Benchmark = MSCI World Value 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. Net expenses are capped under a contractual agreement, which cannot be terminated prior to 04/30/2025 without Board consent. Actual expenses may be higher and may impact portfolio returns.

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**. To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. Investments in companies engaged in **mergers, reorganizations or liquidations** also involve special risks as pending deals may not be completed on time or on favorable terms. **Low-rated, high-yield bonds** are subject to greater price volatility, illiquidity and possibility of default. 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

The **MSCI World Index** is a free float-adjusted market-capitalization index that is designed to measure global developed market equity performance. 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.

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 World Value Index** is a market capitalization-weighted index designed to measure the performance of stocks exhibiting overall value style characteristics in developed markets. 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. All data is subject to change.

Morningstar Rating™: Source: Morningstar®, 03/31/2025. For each mutual fund and ETF with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance, and does not take into account the effects of sales charges and loads, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods. The fund's Class Z shares received a Morningstar Rating of 4, 4 and 3 and fund's Class A shares received a Morningstar Rating of 4, 4 and 2 star(s) for the 3-, 5- and 10-year periods, respectively. Franklin Templeton provides this fund's Morningstar Rating™ for Class Z and Class A shares only. Other share classes may have different Morningstar ratings.

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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.