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For the purposes of the UK Sustainability Disclosure Requirements, a sustainable investment label helps investors find funds that have a specific sustainability objective. This Fund does not have a UK sustainable investment label because it does not have a specific sustainability objective.



FTF Martin Currie UK Smaller Companies Fund

Franklin Templeton Funds

W (acc)
31 August 2025

Product Commentary

Performance Review¹

- An increasingly split Monetary Policy Committee (MPC) cut the Bank of England bank rate from 4.25% to 4% at their August meeting.
- Government borrowing costs continued to rise as fiscal policy was back in the headlines and inflation hit 3.8%.
- For the month, the fund's W (acc) shares returned -4.14%, and its benchmark, the Numis Smaller Companies ex-Investment Trusts Index, returned -1.20%.

ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Sectors
HELPED	JTC	Financial Services (Stock Selection)
	Robert Walters	Retail (Stock Selection)
	LBG Media	Travel and Leisure (Stock Selection)
HURT	Auction Technology Group	Consumer Products and Services (Stock Selection)
	Mears Group	Energy (Underweight)
	Marshalls	Industrial Goods and Services (Stock Selection)

- At a sector level, stock selection in financial services, retail, and travel & leisure all contributed to relative returns.
- Conversely, stock selection in consumer products & services and industrial goods & services, and an underweight to the energy sector, detracted from relative returns.
- The fund's largest contributor was JTC, as its share rallied 23% over the month. JTC provides administrative services (accounting, regulatory compliance, etc.) to ultra-high net worth private clients and institutional investors, such as fund managers, private equity firms, pension funds and sovereign wealth funds. At the end of the month, it was confirmed that Permira, a private equity firm, had approach the JTC board twice in August with separate cash offers, both of which were rejected. Despite the offers not being accepted, the market reacted well to the reported valuations being placed on JTC and the potential for future bids from Permira or any other interested parties.
- Online auction services group Auction Technology Group was the fund's largest detractor, as its shares fell 31%. Its shares reacted to a cut in its full-year margin guidance to 42%–43%, down from 45%–46%. The downgrade was attributed to a shift in revenue mix, with lower-margin services like shipping making up a greater share. This news overshadowed the announcement of its acquisition of Chairish, a leading list price online marketplace for vintage furniture, décor and art, for a purchase price of \$85 million. The aim of this acquisition is to widen the reach of the group, expanding into new categories, strengthening its competitive position, and to leverage operational synergies.

Outlook & Strategy

- In August, we began taking a position in the diversified defence company Cohort following a 30%, July peak to August trough, selloff in the stock price. This is a quality company that we previously held but sold out of in May 2025 on valuation grounds.
- We sold our position in Pinewood Technologies, a software business for the retail automobile market, over the month. We took a position in the stock in February, when we participated in the placing to enable Pinewood to acquire the artificial intelligence software business Seez. Since then, we have seen Pinewood's share price rise by more than 60%. Based on our forecasts of financial year 2025 profit, the prevailing multiple had reached 52x, and we felt much of the company's value was now reflected in the share price, leaving more downside risk than upside opportunity. This is particularly important given a large part of the implied value of the business hinges on a successful rollout of the US business, which is still at an early stage. As part of our commitment to owning stocks with reasonable valuation characteristics, we decided to exit the stock.
- Ahead of the August MPC meeting, a rate cut to 4.0% was widely anticipated. However, the decision—arriving via a narrow 5-4 split vote—proved more contentious than expected. Members favouring the reduction cited persistent slack in the system, particularly ongoing weaknesses in the labour market, while dissenting members expressed concerns about inflationary pressures. The market is pricing a less-dovish outturn for the rest of the year, with the odds of one further cut in 2025 finely balanced.
- During the month, we also had a bumper gross domestic product data release. For the second quarter, the economy grew 0.3% versus the 0.1% expected, as the service sector continues to show impressive gains and prior data was revised upwards.
- As has been our view for some time, the fundamentals supporting the UK economy and consumer remain intact and should provide a tailwind to growth over the medium term. The saving ratio is currently at 9.6%, which is more than 1% above its long-term average and more than double the current US savings rate of only 4.5%. As a consumer-led economy, this matters. The question is, what will unleash the spending power of the UK economy—perhaps more interest-rate cuts or more clarity on the government's taxation plans? Whatever the solution, if confidence improves and that spending power is unlocked, it will be a big boost to the economy.

1. Please go to <https://www.franklintempleton.co.uk/glossary> for key terms and definitions.

- Government borrowing costs have continued to rise as we approach the autumn budget. In 2024, the Labour Government's inaugural budget resulted in the largest post-war tax increase, with businesses absorbing most of the impact. Chancellor Rachel Reeves now faces the dual challenge of managing rising debt servicing costs and a political inability to cut spending, all within the constraints of self-imposed fiscal rules and Labour's commitment not to raise taxes on "working people." Markets are signalling concern over Labour's ability to satisfy all these demands and, combined with a glut of supply of government debt globally, this has driven the 30-year Gilt yield to highs not seen in this century.

Fund Details

Inception Date	17/10/2011
Benchmark	Numis Smaller Companies ex-Investment Trusts Index
IA Sector Peer Group	IA UK Smaller Companies

Fund Description

The Fund aims to increase in value through investment growth by more than the Numis Smaller Companies ex-Investment Trusts Index over periods of five years after all fees and costs are deducted. There is no guarantee that the Fund will achieve this return over this or any other time period. Capital invested is at risk and you may get back less than you paid in.

Performance Data^{2,3,4,5}

Discrete Annual Performance (%) as at 31/08/2025

	8/24 8/25	8/23 8/24	8/22 8/23	8/21 8/22	8/20 8/21	8/19 8/20	8/18 8/19	8/17 8/18	8/16 8/17	8/15 8/16
W (acc)	-11.38	24.89	-16.85	-27.61	65.52	1.57	-9.60	13.90	23.36	-0.47
Numis Smaller Companies ex-Investment Trusts Index GBP	4.91	19.78	4.23	-20.77	49.30	-7.15	-7.24	3.49	21.56	3.64
Peer Group Average	-2.89	18.71	-6.21	-27.46	50.88	2.83	-9.36	11.88	26.89	6.12

Performance Net of Management Fees as at 31/08/2025 (Dividends Reinvested) (%)^{a,b}

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (01/07/1991)
W (acc)	-4.14	-1.70	-4.83	-11.38	-2.73	1.97	3.54	10.57
Numis Smaller Companies ex-Investment Trusts Index	-1.20	3.36	7.35	4.91	9.41	9.15	5.69	9.46
Peer Group Average	-1.60	1.65	2.73	-2.89	2.64	3.43	5.21	9.03
Quartile Ranking	4	4	4	4	4	3	4	3

Performance data is based on Rensburg UK Smaller Companies Trust mid price from its launch 01/07/1991 to 17/10/2011 and the net asset value of the FTF Franklin UK Smaller Companies Fund A (inc) shares thereafter. The W (acc) share class launched on 31/05/2012. Performance data prior to that date is for the A (inc) GBP share class launched on 01/07/1991 which has higher annual charges.

Please refer to the "How We Measure Performance" section for more details about the benchmark.

Investment Team

Richard Bullas
Years with Firm 25
Years Experience 25

Dan Green, CFA
Years with Firm 10
Years Experience 15

Marcus Tregoning
Years with Firm 6
Years Experience 15

Courtney Westcarr, CFA
Years with Firm 3
Years Experience 9

What Are the Key Risks?

The value of shares in the Fund and income received from it can go down as well as up and investors may not get back the full amount invested. Performance may also be affected by currency fluctuations. Currency fluctuations may affect the value of overseas investments. There is no guarantee that the Fund will meet its objective. The Fund invests mainly in equity securities of smaller UK companies that are no larger than the largest company in the Numis Smaller Companies ex-Investment Trusts Index. Such securities have historically been subject to price movements, sometimes to a greater extent than securities of larger UK companies, due to company-specific factors or movements in the UK equity markets generally. As a result, the performance of the Fund can fluctuate significantly over relatively short time periods. Risks materially relevant not adequately captured by the indicator: **Concentration risk:** the risk that arises when a fund invests in relatively few holdings, few sectors or a restricted geographic area. Performance may be more volatile than a fund with a greater number of securities. **Single Country/Region Risk:** This fund invests primarily in UK, which means that it is more sensitive to local economic, market, political or regulatory events in UK, and will be more affected by these events than other funds that invest in a broader range of regions. **Equity risk:** prices of equities may be affected by factors such

2. The **Numis Smaller Companies ex-Investment Trusts Index** represents the performance of the bottom 10% by market capitalisation of the UK main listed market, excluding investment trusts. Source: Numis Securities Limited.

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4. Please go to <https://www.franklintempleton.co.uk/glossary> for key terms and definitions.

5. The portfolio is focused on smaller companies with a market cap typically between £100 million and £1 billion.

as economic, political, market, and issuer-specific changes. Such changes may adversely affect the value of the equities regardless of company-specific performance. **Investment in smaller company shares:** The fund buys shares in smaller companies. It may be difficult to sell these shares, in which case the fund may not be able to minimise a loss on such shares. **Liquidity risk:** the risk that arises when adverse market conditions affect the ability to sell assets when necessary. Such risk may be triggered by (but not limited to) unexpected events such as environmental disasters or pandemics. Reduced liquidity may have a negative impact on the price of the assets. For a full discussion of all the risks applicable to this Fund, please refer to the "Risk Factors" section of the current prospectus of Franklin Templeton Funds.

How We Measure Performance

We measure performance and price shares in the Fund in British pounds (GBP).

- The Numis Smaller Companies ex- Investment Trusts Index is the Fund's performance target and constrains the Fund's investment universe. It reflects the performance of smaller companies.
- We may also compare the performance of the Fund to the Investment Association UK Smaller Companies sector average as it reflects the performance of the Fund's competitors.

Important Legal Information

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Subscriptions to shares of the Fund can only be made on the basis of the current prospectus, the relevant Key Investor Information Document ("KIID") or Supplementary Information Document (SID) accompanied by the latest available audited annual report and the latest semi-annual report if published thereafter, which can be found on our website (www.franklintempleton.co.uk) or from the address below. US Persons (as more fully defined in the latest Fund prospectus) are not eligible to invest in the Fund. Shares of the Fund are available for sale and distribution in the UK.

An investment in the Fund entails risks which are described in the Fund's prospectus and the relevant KIID. The value of shares in the Fund and any income received from them can go down as well as up, and investors may not get back the full amount invested. Past performance is not an indicator, not a guarantee, of future performance. Where a fund invests in a specific sector or geographical area, the returns may be more volatile than a more diversified fund.

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a. Source for all information is Franklin Templeton. Benchmark related data provided by FactSet. Past performance is not an indicator or a guarantee of future performance. Portfolio holdings are subject to change. Periods greater than one year are shown as average annual total returns. Sales charges and other commissions, taxes and other relevant costs paid by investor are not included.

b. When performance for either the portfolio or its benchmark has been converted, different foreign exchange closing rates may be used between the portfolio and its benchmark.



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