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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.



**FRANKLIN
TEMPLETON**

FTF ClearBridge US Value Fund

Franklin Templeton Funds

W (acc)
30 September 2025

Product Commentary

Performance Review¹

- US stocks kept their momentum going in the third quarter, with the S&P 500 Index and tech-heavy Nasdaq Composite Index setting fresh records. Confidence improved as tariffs landed better than feared, Congress passed the One Big Beautiful Bill Act in July, and the US Federal Reserve delivered a 25-basis-point cut in September while signalling more to come. Strong earnings from mega-capitalisation stocks in communication services, information technology (IT) and consumer discretionary sectors added fuel to the rally.
- For the quarter, the fund's W (acc) shares returned 5.91%, and its benchmark, the Russell 1000 Value Index, returned 7.22%.

QUARTERLY KEY PERFORMANCE DRIVERS

	Stocks	Sectors
HELPED	Newmont	Health Care (Stock Selection)
	Talen Energy	Information Technology (Stock Selection)
	UCB	Consumer
HURT	Charter Communications	Financials (Stock Selection)
	Novo Nordisk	Communication Services (Stock Selection)
	Corebridge Financial	Materials (Stock Selection)

- Stock selection within the health care sector was the greatest contributor to relative performance and included three of our top five contributors: UCB, Argenx and Elanco Animal Health. Neurology and immunology disease treatment company UCB was bolstered by renewed confidence in its leading product as a key rival drug reported inferior efficacy results; autoimmune disease treatment company Argenx continued to see strong uptake of its myasthenia gravis and chronic inflammatory demyelinating polyneuropathy treatments; and Elanco raised its full-year guidance and expectations for margin expansion thanks to new product drivers and innovation. However, health care performance was tempered by our holding in Novo Nordisk, whose shares declined following management's lowering of full-year guidance; it cited weaker US sales driven by increased competition and continued availability of compounded Wegovy. Combined with an unexpected management transition at a critical junction for the company, we exited the position in favour of more compelling opportunities.
- Stock selection in the financials sector was the leading detractor from returns, largely due to declines in holdings Corebridge Financial and Fiserv. Despite solid second-quarter earnings driven by better-than-expected spreads and stronger variable investment income, retirement solutions and insurance products company Corebridge came under pressure after an announced secondary offering for 30 million shares by parent company AIG. Payments and fintech company Fiserv declined due to softer-than-expected earnings, margin pressures and a reduction in full-year guidance tied to weaker consumer spending and slower merchant activity.
- Newmont (NEM), in the materials sector, engages in the production and exploration of gold properties, as well as the exploration for copper, silver, zinc, lead and other metals. The company's stock rose as gold prices climbed, its divestment of non-core assets unlocked cash, and stronger free cash flow (FCF) and balance sheet improvements bolstered investor confidence.
- Talen Energy (TLN), in the utilities sector, is an independent power producer primarily serving the Pennsylvania-New Jersey-Maryland region. The company's share price rose following the announcement of a power purchase agreement with Amazon, largely seen as supportive of Talen's nuclear strategy, and announced plans to acquire two gas power plants that are expected to further bolster the company's market position and FCF.
- Charter Communications (CHTR), in the communication services sector, operates as a broadband connectivity and cable operator company serving residential and commercial customers. Despite some positive catalysts—including strong mobile line additions and improving video losses—the company's shares came under pressure following disappointing broadband subscriber trends and investor scepticism over Charter's pending merger with Cox Communications.

Outlook & Strategy

- Capital flows are dominating today's markets. With inelastic buyers distorting risk signals, valuation discipline and resilient diversification are essential to harness long-term potential while avoiding manufactured risks. Valuation-wise, we are still finding stocks with FCF yields in the high single to low double digits—a powerful compounding advantage with indexes selling well below 3% FCF yields. We are finding these where the potential valuation energy is the greatest, including bond proxies, especially within health care, that have fallen out of favour as the market arced from extreme fear to greed. We are also finding attractive FCF yields in the material and energy sectors, which are cheap hedges against inflation and other mounting policy risks.

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

- On the diversification side, one of the most robust ways to diversify a portfolio is to mix the potential energy of value with positive momentum, or kinetic energy. The greatest area of kinetic portfolio diversification is in AI and related infrastructure, where we have reduced our exposure where price and value have converged the most but still maintain a sizeable active bet. The US economy and market are increasingly being led by investment rather than consumption—a structural shift that we believe will persist for many years, albeit with high levels of volatility. Consistent with this framing, we remain very underweight consumption-driven areas, especially the consumer discretionary sector.
- Persistent investment edge in active management requires being different. We are increasingly different in our absolute valuation discipline and how we put portfolios together. We think very few portfolios combine the kind of robust mix of potential value energy with kinetic momentum energy that we have, resulting in a portfolio selling well below its respective index on valuation but with much higher expected growth. We also have a compounding advantage by diversifying across time scales. While capital flows are the dominant driver of markets over the short to intermediate term, valuation remains the dominant long-term signal in driving returns. Given the current level of risk-chasing in markets, we think an absolute value lens is our greatest diversifier and edge.

Fund Details

Inception Date	23/09/2022
Benchmark	Russell 1000 Value Index
IA Sector Peer Group	IA North America

Fund Description

The Fund aims to increase in value through investment growth over periods of five years or more after all fees and costs are deducted. There is no guarantee that the Fund will achieve its objective 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}

Discrete Annual Performance (%) as at 30/09/2025

	9/24 9/25	9/23 9/24	9/22 9/23	9/21 9/22	9/20 9/21	9/19 9/20	9/18 9/19	9/17 9/18	9/16 9/17	9/15 9/16
W (acc)	5.67	16.49	8.97	5.71	47.96	-9.38	4.20	10.05	12.71	34.77
Russell 1000 Value Index GBP	9.04	16.26	4.66	7.06	29.45	-9.47	10.06	12.61	11.46	35.49
Peer Group Average	13.36	20.57	8.10	-2.39	25.27	9.34	7.40	19.65	14.53	30.95

Performance Net of Management Fees as at 30/09/2025 (Dividends Reinvested) (%)^{a,b}

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (02/01/2003)
W (acc)	1.29	5.91	0.11	5.67	10.29	15.98	12.72	7.17
Russell 1000 Value Index	1.86	7.22	3.87	9.04	9.88	12.96	12.04	10.08
Peer Group Average	2.60	8.15	4.52	13.36	13.89	12.56	14.30	10.31
Quartile Ranking	4	4	4	4	3	1	3	3

The W (acc) share class launched on 23/09/2022. Performance data prior to this date was for the X ACC share class launched on 12/18/2012 of a predecessor fund, which had equal or higher annual charges.

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

Investment Team

Samuel Peters, CFA
Years with Firm 20
Years Experience 32

Jean Yu, CFA, Ph.D.
Years with Firm 23
Years Experience 23

Reed Cassady, CFA
Years with Firm 18
Years Experience 18

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 does not offer any capital guarantee or protection and you may not get back the amount invested. The Fund is in its risk/reward category because a concentrated investment (the fund holds fewer investments than many other funds) in shares of US companies from various sectors have historically been subject to large fluctuations in value. 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 the United States, which means that it is more sensitive to local economic, market, political or regulatory events in the United States, 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 as economic, political, market, and issuer-specific changes. Such changes may adversely affect the value of the equities regardless of company-specific performance. **Foreign Currency risk:** the risk of loss arising from exchange-rate fluctuations or due to exchange control regulations. **Liquidity risk:** the risk that arises

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

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).

- We measure performance against the Russell 1000 Value Index (the "Index"), as it is widely available and reflects the performance of investments in similar assets to those in which the Fund will invest. The Index is a measure of the performance of the large-cap value segment of the investment universe of shares in US companies.
- The Fund's performance can also be compared against the Investment Association North America sector average, which 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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There is no guarantee that the Fund will achieve its objective. For a free copy of the latest Prospectus, the SID, the relevant KIID, the annual report and semi-annual report, if published thereafter or for more information about any Franklin Templeton fund, UK investors should contact: Franklin Templeton, Telephone: 0800 305 306, Email: franklintempletonuk@fisglobal.com or write to us at the address below. Alternatively, the information can be downloaded from our website www.franklintempleton.co.uk.

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Source: FTSE.

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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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