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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 ClearBridge UK Smaller Companies Fund

Franklin Templeton Funds

W (acc)  
30 November 2025

## Product Commentary

### Performance Review<sup>1</sup>

- The Autumn Statement was met with a positive reception in the markets, as equities, Gilts and sterling all breathed a sigh of relief that the budget had finally arrived and was largely as expected.
- Looking ahead, the outlook remains optimistic that interest rates should continue to move lower, which is supportive for equities. A fourth rate cut in 2025 appears highly probable, supported by easing inflation, and it is reassuring that the budget introduced nothing to disrupt this trajectory. However, the outlook for growth still appears muted, and weakness in the jobs market is something we are closely watching.
- For the month, the fund's W (acc) shares returned -2.31%, and its benchmark, the Numis Smaller Companies ex-Investment Trusts Index, returned 0.40%.

### ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Sectors
HELPED	FDM Group	Technology (Stock Selection)
	Foresight Group Holdings Ltd.	Energy (Underweight)
	GB Group	Banks (Underweight)
HURT	ME Group International	Consumer Products and Services (Stock Selection)
	BOKU, Inc	Industrial Goods and Services (Stock Selection)
	Restore	Basic Resources (Underweight)

- At a sector level, stock selection in technology and no exposure to energy and banks contributed to relative returns.
- Conversely, stock selection in consumer products and services and industrial goods and services and no exposure to basic resources detracted from relative returns.
- FDM Group, global information technology services provider specialising in recruiting, training and deploying tech consultants, was the top-contributing stock as its shares returned 16%. Its shares have been depressed due to heightened end-market pressures due to the escalating trade tensions and macroeconomic uncertainty we witnessed in the first half of the year. In November, there was a positive swing in the share price in reaction to a trading update reporting full-year results are anticipated to be in line with guidance. It also pointed to a pickup in client engagement over the second half of the year and struck a cautiously optimistic tone for future activity levels.
- Conversely, ME Group, provider of instant-service equipment, including photobooths and self-service laundry machines, detracted over November as its shares fell 11.7%. There has been speculation that the company could be acquired as part of the Group exploring strategic options to enhance shareholder value. Over the month, ME Group provided a year-end trading date that didn't provide any additional details, which disappointed the market. At an operational level, the update also highlighted pressure in its photobooth business. In the second half of the year, the business faced structural changes in Germany that mean passport photos must now be taken in the citizens' office or by certified photographers. However, on the positive side, its laundry business continued to perform well, it is the Group's fastest-growing business area, and it delivered double-digit revenue growth over the year.

### Outlook & Strategy

- We re-entered the portfolio's position in Cohort, the diversified defence company, in November. The company operates through six specialist subsidiaries focused on maritime systems, electronic warfare, cybersecurity and secure communications. The company is well-positioned to meet the needs of defence priorities of modern warfare, such as counter-drone technology. We sold out in May as we believed the valuation fairly reflected the near-term prospects for the business but hoped for valuation opportunity to re-enter, its shares have since fallen 37% since their peak, allowing us to re-enter the position.
- In November, we decided to exit our position in Polar Capital, the equity-only asset manager with large franchises in US equities in sectors such as technology and health care. The business has proved to be more resilient than other UK-listed asset managers for fund flows due to the geographical and sector diversification. The company has a high correlation to US equity movements due to its concentration of assets in US equities, and with valuations in some US equities at historical highs we thought it was prudent to remove the exposure from the portfolio. We continue to believe that Polar is an excellently run business and are supportive of the management team, but we decided to reduce our exposure to the US equity markets given years of strong performance and valuation multiple expansion.
- Much of November's focus was on the Autumn Statement, with concerns over a repeat of 2024. Last year's budget was the largest tax-raising in decades, targeting companies through higher National Insurance Contributions and higher national minimum wage. This hit hardest for many domestic companies, as it squeezed company margins and put downwards pressure on UK company growth expectations. The increased taxation burden also helped fuel a secondary inflationary spike as companies passed on some of these additional costs through to the consumer.

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

- Luckily, we've not seen a repeat of this in 2025. On first impressions, the Autumn Statement is less inflationary and generally puts less pressure on employers. The Office for Budgetary Responsibility put real gross domestic product (GDP) growth in 2025 at 1.5%, slightly higher than forecast in the Spring Statement. However, the projections show real GDP growing slightly slower than previously forecast over the medium term. It also projects the United Kingdom will continue to benefit from falling inflation, which we believe will pave the way for further rate cuts and open the door for an injection of consumer confidence. Elevated levels of aggregate savings in the United Kingdom provide a further boost of optimism.
- At the November Monetary Policy Committee meeting, a decision hung in the balance with a 5-4 vote case in favour of rates remaining at 4% over a cut to 3.75%. The looming Autumn Statement no doubt played a part of a "wait-and-see" approach to this decision. However, with the Autumn Statement past, inflations numbers falling, and unemployment increasing to 5%, the probability of a rate cut in December has risen sharply.

## 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<sup>2,3,4,5</sup>

### Discrete Annual Performance (%) as at 30/11/2025

	11/24 11/25	11/23 11/24	11/22 11/23	11/21 11/22	11/20 11/21	11/19 11/20	11/18 11/19	11/17 11/18	11/16 11/17	11/15 11/16
W (acc)	-7.69	12.98	-10.32	-22.85	27.23	9.90	13.91	-7.32	32.09	-4.10
Numis Smaller Companies ex-Investment Trusts Index GBP	11.86	19.42	-0.26	-12.94	24.02	-3.08	9.61	-7.48	21.28	6.27
Peer Group Average	2.54	14.51	-6.81	-21.67	23.91	6.66	11.07	-4.55	28.96	5.57

### Performance Net of Management Fees as at 30/11/2025 (Dividends Reinvested) (%)<sup>a,b</sup>

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (01/07/1991)
W (acc)	-2.31	-1.15	-5.92	-7.69	-2.20	-1.69	3.06	10.45
Numis Smaller Companies ex-Investment Trusts Index	0.40	3.93	11.57	11.86	10.04	7.55	6.18	9.51
Peer Group Average	-1.87	0.44	3.18	2.54	3.05	1.21	5.04	8.98
Quartile Ranking	3	3	4	4	4	4	4	4

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 4  
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

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.

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 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.

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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](http://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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