

Performance Review

- The comeback for growth stocks over the last two quarters has been erratic, with volatility in yields, recovering economic activity and demand for commodities causing investors to maintain some cyclical exposure.
- Beijing's crackdown on several large tech companies and Chinese firms raising foreign capital has elevated our concerns about the country's pivot toward increased regulation and reduced overseas reliance. Privately held companies are Beijing's main target and China is fast becoming a market where we no longer have confidence in how capital will be allocated for shareholders. Political risk in the country has ramped up significantly, causing the cost of capital to rise commensurately.
- For the quarter, the fund's Series F shares returned -0.14%, and its benchmark, the MSCI EAFE Index-NR, returned 1.85%.

QUARTERLY KEY PERFORMANCE DRIVERS

	Stock	Sectors	Countries
HELPED	Atlassian Corp. Plc Class A	Health Care (Stock Selection)	United States
	Recruit Holdings Co., Ltd.	Materials (Stock Selection)	Ireland (Stock Selection)
	ICON Plc	Utilities (Stock Selection)	Australia (Lack of Exposure)
HURT	StoneCo Ltd. Class A	Financials (Stock Selection)	Brazil (Off-benchmark Exposure)
	Zai Lab Ltd. Sponsored ADR	Consumer Discretionary (Stock Selection)	China (Overweight)
	Tencent Holdings Ltd.	Communication Services (Stock Selection)	Japan (Stock Selection, Underweight)

- On a sector basis, stock selection in financials, consumer discretionary, communication services, information technology and energy detracted from performance. Stock selection in health care and materials helped performance.
- On a regional basis, the interaction of stock selection and sector allocation in the U.S., as well as stock selection in the Eurozone and Europe Ex-Eurozone, were beneficial. On the downside, stock selection in the UK, Japan and Asia Ex-Japan detracted from returns. An overweight to Latin America and an underweight to Japan hurt results
- Leading individual contributors included Atlassian, Recruit, ICON, HOYA and Alcon. Detractors included StoneCo, Zai Lab, Tencent, Nintendo and Adidas.
- Brazil is a Fund emerging markets focus and here we were hurt by our payments company StoneCo. The stock sold off primarily due to surprise write-downs in its lending business, which began in the first quarter and have weighed on earnings. We believe the worst of the write-downs are behind us and core company fundamentals remain solid.

Outlook & Strategy

- The Fund experienced weakness among our emerging markets holdings. We see emerging markets as key areas for innovation such as financial payments and e-commerce, which remain at very low penetration levels. However, we also recognize the higher levels of risk inherent in these markets as well, as new government policies have the potential to impact our investment theses. Such a situation is currently playing out in China.
- Despite the near-term weakness, we remain bullish on the fintech space as the preferred way to participate in the financial sector over traditional banks. This worked against us in a rising-rate period that supported the share prices of most banks and insurance companies. However, we continue to see great promise in fintech companies as more consumers and companies across the globe embrace digitalization.
- While this quarter's performance has been disappointing, we are encouraged that the Fund has held serve in Europe, our largest region of investment, and is seeing improving results in Asia Ex Japan. Like China, Japan is a country in flux. Japanese markets experienced heightened volatility in the third quarter due to a change in prime minister and mixed reactions to the Tokyo Olympics.
- Value stocks remain an investor preference, with the best performance in areas such as energy and financials, segments we are notably underweight.

Fund Details

Inception Date	01/03/1989
Benchmark Name	MSCI EAFE Index-NR

Fund Description

This Fund seeks to achieve long-term capital appreciation by investing primarily in equity securities of companies outside Canada and the United States. The Fund may invest in any number of companies from one country or industry.

Performance Data

Performance (%) as of 09/30/2021

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception	Inception Date
Series A	-4.84	-0.42	8.05	20.68	0.05	2.48	5.55	5.43	01/03/1989
Series F	-4.76	-0.14	8.95	22.02	1.17	3.61	6.72	2.70	11/24/2000
MSCI EAFE Index-NR ^a	-2.66	1.85	7.74	19.25	6.90	8.02	10.23	5.09	-

Indicated rates of return include changes in unit or share value and reinvestment of all distributions and dividends and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Please refer to the prospectus for further details. **For details on the respective series inception dates, please consult the Fund Facts or simplified prospectus for the fund.** Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. **Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.**

Investment Team

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Years with Firm 12
Years Experience 35

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Years Experience 24

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Years Experience 34

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Years with Firm 12
Years Experience 25

Important Legal Information

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Series F is available to investors participating in programs that do not require Franklin Templeton to incur distribution costs in the form of trailing commissions to dealers. As a consequence, the management fee on Series F is lower than on Series A.

Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

Effective June 7, 2021, ClearBridge Investments, LLC ("ClearBridge") replaced Franklin Advisers, Inc. as the sub-advisor to Franklin ClearBridge International Growth Fund (formerly Templeton International Stock Fund) and Templeton Global Advisors Limited is no longer a portfolio advisor to the Fund.

Effective June 7, 2021, Templeton International Stock Fund has been renamed Franklin ClearBridge International Growth Fund. The investment objective of the fund remains the same. Certain investment strategies have changed. Please refer to Amendment No.4 to the Simplified Prospectus for the fund, dated May 3, 2021, for further details.

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