FRANKLIN TEMPLETON

Franklin Growth Fund

Advisor Class: FCGAX Class A: FKGRX | **Commentary | as of September 30, 2026**

Key Takeaways

- **Markets:** US equities rose in the third quarter, with market leadership shifting from large-cap growth and semiconductor stocks toward value shares before reversing in September. Rising crude oil prices boosted the energy sector, while higher interest rates weighed on rate-sensitive sectors such as utilities and real estate. Strong corporate earnings supported sentiment, although market breadth narrowed and small-cap stocks weakened late in the period.
- **Contributors:** Stock selection contributed to relative returns. Stock selection in the financials sector and stock selection and an underweight in the consumer discretionary sector contributed to performance.
- **Detractors:** Allocation decisions held back relative returns. A decision not to hold any companies in the energy sector and overweight in the industrials sector were the leading detractors.
- **Outlook:** We continue to closely monitor the geopolitical instability driven by the conflict in the Middle East and the potential disruption to overall global logistics and inflation driving higher capital costs. While headline risks continue to influence market sentiment and create uncertainty, we continue to stay true to our process. We look for indiscriminate selling on quality stocks to add to our portfolio, and we trim positions when market expectations become too exuberant.

Performance Review

- The fund outperformed its benchmark, the S&P 500 Index, for the quarter ended September 30, 2026.
- Software and cloud services provider Microsoft outperformed as accelerating Azure cloud growth, rising AI adoption and strong Copilot uptake reinforced confidence in the company's ability to monetize its AI investments. The company's disciplined approach to AI capital investment also drove outperformance during the period.
- An underweight in electric vehicle and energy company Tesla contributed to relative performance. Investor sentiment weakened during the quarter amid concerns about slowing electric-vehicle demand, intensifying competition from Chinese manufacturers and ongoing pressure on vehicle pricing and profit margins. However, we are watching Tesla's potential structural advantages such as its positioning as the likely leader in autonomous vehicles, energy storage, and robotics going forward.
- An underweight in consumer technology company Apple detracted from relative returns. Outperformance was driven by the continued robust iPhone demand, accelerating services growth and a rebound in Mac sales. The company delivered double-digit revenue growth across all geographic regions, while new AI features and an expanding installed device base further strengthened confidence.
- Curtiss-Wright, a US-based aerospace and energy equipment maker, produces mission-critical systems and nuclear power components. The company delivered solid overall results and gave a constructive longer-term outlook. However, the stock had a negative impact on relative performance driven by weakness in Defense Electronics from order timing and competition, plus caution on nuclear build timelines given the lack of recent announcements.

Outlook

- While the recent conflict in the Middle East has driven inflationary expectations higher, introducing volatility in the equity markets, we still believe the US economy is well positioned. Economic growth should be supported by large tech capital expenditures, as well as increased productivity gains from AI. We also continue to see resiliency in the US consumer and labor markets. We are closely tracking the fast-changing situation in the Middle East and the geopolitical dynamics as a result. The duration of the conflict continues to remains a key question, but we believe we are well-positioned to weather the storm.
- Our view on US equities remains positive but selective given increased volatility. In an environment where growth is available but not abundant, our focus is on owning high-quality market leaders, focusing on specific company archetypes where growth, scale or durability are underappreciated. We seek companies with durable competitive advantages, often supported by secular tailwinds.
- While the market continues to debate whether AI investment will generate adequate returns, we believe usage is broadening and the infrastructure build-out remains robust. Periodic volatility around return-on-investment concerns or funding conditions are not unexpected, and we would look to use such dislocations opportunistically.
- From a sector perspective, we continue to favor technology, where robust AI infrastructure investment continues and adoption is gaining traction throughout various industries. Industrials also appear attractive, as manufacturing recovers after years of slow activity; while ongoing geopolitical issues have been boosting defense spending, with the aerospace industry seeing renewed demand. Of course, some of this is dependent on the duration of the conflict in the Middle East and potential long-term impacts. Within health care, we anticipate a shift back to more stable conditions, with improved regulatory clarity and strengthening fundamentals in many of our overweight holdings. Risks we are watching include inflation, labor dynamics and geopolitical tensions.

Top Equity Issuers (% of Total)

Holding	Fund
NVIDIA CORP	9.20
MICROSOFT CORP	7.25
ALPHABET INC	6.55
AMAZON.COM INC	5.13
APPLE INC	3.63
BROADCOM INC	3.27
META PLATFORMS INC	2.86
AMPHENOL CORP	2.38
ASML HOLDING NV	1.82
MASTERCARD INC	1.71

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns and fund expenses (%) - as of September 30, 2026

			Without Sales Charge							With Maximum Sales Charge							Expenses		Sales Charges		Inception
Class	CUSIP	Ticker	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	Date
Advisor Class	353496839	FCGAX	3.27	9.06	10.84	19.08	9.26	14.23	10.74	3.27	9.06	10.84	19.08	9.26	14.23	10.74	0.52	0.52	—	—	3/31/1948
Class A	353496508	FKGRX	3.20	8.85	10.57	18.78	8.98	13.95	10.62	-2.48	2.86	4.48	16.56	7.76	13.30	10.54	0.78	0.78	5.50	—	3/31/1948
Benchmark 1	—	—	2.30	12.75	15.74	22.88	13.79	15.33	—	2.30	12.75	15.74	22.88	13.79	15.33	—	—	—	—	—	—
Benchmark 2	—	—	0.92	6.30	7.50	24.26	13.66	18.16	—	0.92	6.30	7.50	24.26	13.66	18.16	—	—	—	—	—	—

Benchmark(s)

Benchmark 1=S&P 500 Index

Benchmark 2=Russell 1000 Growth Index

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.*
The fund began offering Advisor Class shares on 12/31/1996. Performance quotations have been calculated as follows: (a) for Advisor Class periods prior to 12/31/1996, a restated figure is used based on the fund's Class A performance. The performance was adjusted to take into account differences in class-specific operating expenses and maximum sales charges. (b) For periods after share class offering, performance for the specific share class is used, reflecting the expenses and maximum sales charges applicable to that class.
The total annual operating expenses are as of the fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns.

What are the Risks?

All investments involve risks, including possible loss of principal. 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. 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**. 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

Capital Expenditure (capex) are funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment.

Duration is a measure of the sensitivity of a bond's price to changes in interest rates.

Important Information

Effective February 1, 2023, the Russell 1000 Growth Index was added as an additional benchmark for the fund.

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 **S&P 500 Index** features 500 leading U.S. publicly traded companies, with a primary emphasis on market capitalization. The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe.

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Important data provider notices and terms available at www.franklintempletondatasources.com. All data is subject to change.

Holdings are provided for informational purposes only and should not be construed as a recommendation to purchase or sell any security.

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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.

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