FRANKLIN TEMPLETON

Franklin Growth Opportunities Fund

Advisor Class: FRAAX Class A: FGRAX | **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 towards value shares before reversing in September. Strong corporate earnings supported sentiment, although market breadth narrowed and small-cap stocks weakened late in the period.
- **Detractors**: Allocation decisions hampered relative returns during the period. Stock selection in the information technology (IT) and communication services sectors detracted from performance, as did an overweight to the industrials sector.
- **Contributors**: Stock selection was beneficial during the quarter. Selection in the health care and consumer discretionary sectors contributed to performance.
- **Outlook**: Our view on US equities and the US economy remains positive despite heightened geopolitical risks. The US economy is relatively insulated from rising energy prices, but we are monitoring its potential impact on inflation and consumer spending. The current environment remains attractive for active managers, but as investors we remain selective, staying disciplined in our focus on owning high-quality franchises with durable competitive advantages, often supported by secular tailwinds. We expect corporate earnings growth along with broader economic growth to remain robust into 2027, providing support to valuations and our overall positive market outlook.

Top Equity Issuers (% of Total)

Holding	Fund
NVIDIA CORP	10.09
ALPHABET INC	6.49
APPLE INC	5.86
MICROSOFT CORP	4.96
AMAZON.COM INC	4.08
META PLATFORMS INC	3.48
ADVANCED MICRO DEVICES INC	3.44
SPACE EXPLORATION TECHNOLOGIES CORP	3.11
BROADCOM INC	2.97
ELI LILLY & CO	2.49

Performance Review

- The Fund underperformed its benchmark, the Russell 3000 Growth Index, for the quarter ended September 30, 2026.
- An underweight in US-based semiconductor firm NVIDIA detracted from relative performance. Its stock outperformed as demand for AI infrastructure remained exceptionally strong. Investors responded positively to continued hyperscaler spending, robust data-center growth, strong profitability and confidence that the company's Blackwell platform and evolving AI product roadmap would support continued earnings growth.
- An underweight in software and cloud services provider Microsoft held back relative returns. Its stock outperformed as accelerating Azure cloud growth, rising AI adoption and strong Copilot uptake demonstrated increasing monetization of its AI investments. Better-than-expected earnings, expanding cloud demand and growing confidence in the profitability of its AI strategy led investors to reassess the company's growth prospects favorably.
- Natera, a genetic testing and molecular diagnostics company, aided relative returns as the company reported strong second-quarter earnings. Higher revenues were driven by increased testing volumes and improved pricing. The company raised its full-year revenue forecast, reflecting continued momentum across its genetic testing business.
- 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.

Outlook

- Overall, our view on US equities remains positive despite heightened geopolitical risks and rising rates. The US economy is relatively insulated from rising energy and commodity prices, but we are monitoring its potential impact on inflation and consumer spending. In an environment where investors should be selective, our focus is on owning high-quality franchises with durable competitive advantages, often supported by secular tailwinds.
- US economic growth and year-to-date market performance has been supported by strong profit margins and corporate earnings growth in the technology sector. We expect earnings growth to remain robust through year-end providing support to valuations and the overall market.
- We are closely monitoring the evolving conflict in Iran. While hostilities appear to have settled, the Strait of Hormuz remains a key variable, with any significant disruption to energy supplies potentially impacting the global growth and inflation outlook. We have limited direct exposure to the energy sector but are monitoring how a sustained rise in energy prices could impact the portfolio and impact the broader US economy.
- The US Opportunities strategy has an active, fundamentally driven quality bias and employs a multi-cap approach to maintain a diversified portfolio. While we own many mega-cap leaders, we remain underweight relative to highly concentrated benchmarks. We view this positioning as balanced and complimentary to many of the concentrated passive indexes.
- In 2026, we are focused on structural themes shaped by artificial intelligence, and automation, which are now producing measurable productivity gains not only in the information technology sector but in the health care, financials, industrials and consumer sectors. We are also monitoring potential risks for the US economy, including inflation, regulatory pressures, geopolitical friction, infrastructure bottlenecks and unfavorable policy shifts. We expect to see an innovation-led expansion underpinned by quality fundamentals in an environment where we believe disciplined, active management has an advantage.

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	354713729	FRAAX	0.19	11.17	9.43	20.46	6.90	14.33	10.63	0.19	11.17	9.43	20.46	6.90	14.33	10.63	0.64	0.64	—	—	6/23/1999
Class A	354713687	FGRAX	0.10	10.94	9.14	20.16	6.62	14.04	10.32	-5.40	4.85	3.14	17.91	5.42	13.40	10.09	0.89	0.89	5.50	—	6/23/1999
Benchmark 1	—	—	0.45	6.36	7.58	23.83	13.11	17.62	—	0.45	6.36	7.58	23.83	13.11	17.62	—	—	—	—	—	—
Benchmark 2	—	—	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(s)

Benchmark 1=Russell 3000 Growth Index

Benchmark 2=S&P 500 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 6/23/1999. Performance quotations have been calculated as follows: (a) for Advisor Class periods prior to 6/23/1999, 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.
Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Net expenses are capped under a contractual agreement, which cannot be terminated prior to 08/31/2027 without Board consent. Actual expenses may be higher and may impact portfolio returns.

What are the Risks?

All investments involve risks, including possible loss of principal. The **investment style** may become out of favor, which may have a negative impact on performance. 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 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.

Important Information

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 **Russell 3000 Growth Index** measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. The **S&P 500 Index** features 500 leading U.S. publicly traded companies, with a primary emphasis on market capitalization.

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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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