

# Franklin Global Allocation Fund

Advisor Class: FFAAX Class A: FFALX

Commentary | as of March 31, 2026

## Key Takeaways

- **Markets:** Non-US markets began the year strongly, helped by a weaker US dollar, improving sentiment toward Europe and renewed investor interest in lower-valued markets. The United States lagged as the market broadened away from the prior concentration in large growth stocks. The quarter became more challenging in March as the escalation of the Iran conflict drove a sharp rise in oil and gas prices, reigniting inflation concerns and reducing confidence that central banks would be able to ease policy quickly.
- **Contributors:** Security selection benefited relative performance across every major asset class in the first quarter, as it also did in the fourth quarter of 2025. In terms of stock selection, the largest sector contributions came in health care, financials and consumer staples. Security selection also lifted relative returns in fixed income, led by sovereign international and emerging market bonds. Hedging some investments back to the US dollar (through currency forwards) also supported relative performance.
- **Detractors:** In terms of asset allocation, the fund's equity overweight and modest underweight to fixed income dampened relative results. Although overall stock selection in equity supported returns, selection in the utilities and materials sectors weighed on relative returns. In fixed income, selection in mortgage-backed securities detracted from relative performance.
- **Outlook:** Our approach to global stocks and bonds remains cautious moving into April, as conflict in the Middle East continues to drive markets. Headlines and developments continue to change often.

## Performance Review

- Over the quarter, Franklin Global Allocation Fund performed better than its blended benchmark.
- On a regional basis, stock selection strengthened relative returns in North America, Asia, Europe and Latin America. In contrast, selection detracted in two regions where the Fund has small exposure: Australia/New Zealand and the Middle East/Africa.
- In fixed income, global bonds lifted relative performance, with Canadian and Australian government bonds and UK Gilts key contributors. Concerns over domestic growth and the possible recessions in these countries supported these bonds, as did a flight from equities to bonds amid geopolitical tensions.
- In contrast, security selection in mortgage-backed bonds weakened relative returns, as did an overweight allocation to international sovereign bonds.
- The fund's systematic-style premia ETF delivered positive returns and diversification benefits. The value and sentiment factors were key contributors.
- During the first quarter, we increased exposure to the Franklin BSP Lending Fund in alternatives.

## Outlook

- The disruption of energy supplies is a main reason for tensions in financial markets. A complete resolution of hostilities is unlikely, in our view, meaning some challenges will likely remain, albeit reduced from current levels. As a result, we believe energy prices will remain elevated, feeding into inflation expectations, eroding private sector confidence and slowing economic growth.
- With geopolitical events, outcomes are much more difficult to predict than events tied to traditional factors such as growth, inflation and policy. Although macro indicators remain resilient, we have seen some weakening recently that supports our neutral view for equities. Softer leading economic indicators and purchasing managers' index (PMI) data point to slowing growth, and sticky core inflation remains a concern. With that said, from a macro perspective, we favor core US equities as a defensive measure.
- Near quarter-end, we lowered our views of emerging markets (EMs) and Japan to neutral. These markets are more vulnerable to recent developments in the Middle East given greater reliance on natural gas, oil and other raw materials from the region to power their economies. However, several factors inform our ongoing optimism toward these regions, despite reduced exposure.
- In Japan, Prime Minister Sanae Takaichi has embarked on an ambitious program of fiscal stimulus, designed to boost the economy. Earnings have also risen along with higher inflation, which has allowed Japanese companies to raise consumer prices. As inflation has stabilized and moderated in the last few months, those companies have established and maintained healthier profit margins.
- In EMs, earnings expectations continue to accelerate, helped by improved corporate governance, greater policy support and the critical role Asia plays in the production of AI hardware.
- Set against these positives is vulnerability to an energy price shock due to a heavy reliance on imports from the Middle East. Japan imports 93% of its crude oil through the Strait of Hormuz, while many EM countries also import a large share of oil via the same route.
- Market expectations for monetary policy have pivoted around the energy price adjustment, as expectations for rate cuts have been priced out in most major economies. We think this repricing may have a negative impact on growth by adding to borrowing costs and influencing business and consumer sentiment.

## Morningstar Rating™

Overall Rating as of March 31, 2026



**(4-Star) Advisor Class**



**(4-Star) Class A**

As of 03/31/2026 the fund's Class A and Advisor Class shares received a 4 star overall Morningstar rating™, measuring risk-adjusted returns against 408, 394 and 325 Global Moderate Allocation funds over the 3-, 5- and 10- year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics. The number of funds in the category for the Overall Rating are listed under the 3-year period.

## Top Holdings (% of Total)

Issuer	Fund
UNITED STATES TREASURY BOND	3.93
UNITED KINGDOM GILT	3.66
NVIDIA CORP	3.20
APPLE INC	2.89
BUNDESREPUBLIK DEUTSCHLAND BUNDESANLEIHE	2.86
FRANKLIN BSP LENDING FUND	2.58
CANADIAN GOVERNMENT BOND	2.42
ALPHABET INC	2.36
FRANKLIN SYSTEMATIC STYLE PREMIA ETF	2.20
JOHNSON & JOHNSON	2.06

## Average annual total returns and fund expenses (%) - as of March 31, 2026

Class	CUSIP	Ticker	Without Sales Charge							With Maximum Sales Charge							Expenses		Sales Charges		Inception Date
			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	
Advisor Class	35472P794	FFAAX	-1.26	-1.26	14.67	12.02	7.32	7.15	6.61	-1.26	-1.26	14.67	12.02	7.32	7.15	6.61	0.77	0.74	—	—	8/15/2003
Class A	35472P844	FFALX	-1.33	-1.33	14.34	11.75	7.05	6.89	6.32	-6.74	-6.74	8.06	9.65	5.85	6.29	6.06	1.02	0.99	5.50	—	8/15/2003
Benchmark 1	—	—	-1.86	-1.86	13.37	11.69	6.43	7.84	—	-1.86	-1.86	13.37	11.69	6.43	7.84	—	—	—	—	—	
Benchmark 2	—	—	-3.20	-3.20	20.01	16.58	9.49	11.34	—	-3.20	-3.20	20.01	16.58	9.49	11.34	—	—	—	—	—	

## Benchmark(s)

Benchmark 1=Blended Benchmark

Benchmark 2=MSCI All Country World Index-NR

**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](http://franklintempleton.com).

Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 04/30/2026 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice.

## What are the Risks?

**All investments involve risks, including possible loss of principal. Equity securities** are subject to price fluctuation and possible loss of principal. **Fixed income securities** involve interest rate, credit, inflation and reinvestment risks, and possible loss of principal. As interest rates rise, the value of fixed income securities falls. **Low-rated, high-yield bonds** are subject to greater price volatility, illiquidity and possibility of default. 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**. To the extent the portfolio invests in a concentration of **certain securities, regions or industries**, it is subject to increased volatility. To the extent the fund invests in **alternative strategies**, it may be exposed to potentially significant fluctuations in value. 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

**Gilts** are bonds that are issued by the British government, and they are generally considered low-risk investments.

## Important Information

**Effective May 1, 2024, the fund changed the fixed income component of its Blended Benchmark to the Bloomberg Multiverse (100% hedged to USD) Index. Effective February 1, 2021, the fund modified its principal investment goal and strategies.**

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 **MSCI All Country World Index** is a market capitalization-weighted index that is designed to measure equity market performance of developed and emerging markets. The **Blended Benchmark** consists of 60% MSCI All Country World Index-NR, 30% Bloomberg Multiverse (100% hedged to USD) Index and 10% cash and cash equivalents. MSCI All Country World Index is a market capitalization-weighted index designed to measure the equity market performance of developed and emerging markets. The **Bloomberg Multiverse (100% hedged to USD) Index** provides a broad-based measure of the global fixed income bond market.

Important data provider notices and terms available at [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com). All data is subject to change.

Net Returns (NR) include income net of tax withholding when dividends are paid. Source: MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI. Source: Bloomberg Indices.

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

**Morningstar Rating™.** Source: Morningstar®, 03/31/2026. For each mutual fund and ETF with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance, and does not take into account the effects of sales charges and loads, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods. The fund's Class A shares received a Morningstar Rating of 4, 4 and 3 and fund's Advisor Class shares received a Morningstar Rating of 4, 4 and 3 star(s) for the 3-, 5- and 10-year periods, respectively. Franklin Templeton provides this fund's Morningstar Rating™ for Class A and Advisor Class shares only. Other share classes may have different Morningstar ratings. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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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](http://www.franklintempleton.com). Please read it carefully.**