

Franklin Global Allocation Fund

Advisor Class: FFAAX Class A: FFALX

Commentary | as of September 30, 2025

Key Takeaways

- Markets: Global equity markets advanced through the third quarter of 2025 as tariff anxieties gradually eased, central
 banks tilted more accommodative and technology leadership persisted. July's tone improved on clearer trade signals
 and resilient US earnings; August added gains despite episodic volatility around new tariff measures; and September
 capped the quarter with a US Federal Reserve (Fed) interest-rate cut that steadied rate-sensitive assets and lifted risk
 appetite. The Fed lowered its target rate by 25 basis points (bps), while the European Central Bank held policy steady
 and the Bank of Japan kept rates unchanged but continued edging toward normalization.
- Contributors: Security selection strengthened relative returns across every asset class in the third quarter. Stock
 selection in the health care sector was a key driver of relative results. Security selection also supported relative
 performance in fixed income, including in sovereign emerging market, high-yield and corporate investment-grade
 bonds. From an asset class perspective, the fund's equity overweight, off-benchmark exposure to alternatives, cash
 underweight and slight underweight to fixed income all contributed. Hedging some investments back to the US dollar
 (through currency forwards) also supported relative performance.
- Detractors: Stock selection in the consumer discretionary and information technology (IT) sectors weighed on relative
 results, although the fund's IT sector positions still delivered double digit gains for the quarter. In fixed income, the fund
 was overweight sovereign developed market bonds outside the United States, which detracted as rising yields in
 several countries and political and fiscal uncertainty created headwinds.
- Outlook: We prefer to take a measured approach in assessing the strength of financial markets, examining the
 underlying macroeconomic and corporate environment. Our analysis finds a broadly positive setup for stocks, where
 improving business activity and solid economic growth have provided the platform for a strong second-quarter
 earnings season.

Performance Review

- Over the guarter, Franklin Global Allocation Fund outperformed its benchmark.
- Among underlying equity positions, overweight allocations to US pharmaceutical and health care products company Johnson & Johnson and US pharmaceutical company AbbVie benefited relative returns in the health care sector. In the consumer staples sector, tobacco products producer Altria Group strengthened relative results.
- In contrast, US online travel services provider Booking Holdings detracted from performance in the consumer discretionary sector. In the IT sector, an off-benchmark allocation to Indian multinational technology company Infosys Limited weighed on relative returns
- In fixed income, US corporate bonds rose as spreads narrowed on sustained risk appetite, and this helped the portfolio's high-yield and investment-grade corporate bond allocations contribute to relative returns, along with security selection in those bond sectors.
- The fund held a systematic style premia ETF, and this ETF lifted relative returns.
- During the third quarter, we added Franklin BSP Private Credit Fund, UK Gilts and a position in mobile technology specialist AppLovin to the portfolio. We closed equity positions in Hitachi, Intesa Sanpaolo, Alibaba Group and Beijing Oriental Yuhong Waterproof Technology Company.

Outlook

- We upgraded our view of stocks ahead of the fourth quarter, as we weighed extended equity valuations against a generally
 positive macro environment, strong corporate fundamentals and monetary policy easing.
- The strength of the current global equity rally has surprised many market participants, considering stocks have brushed off tariff uncertainty, inflation concerns and labor market weakness to post gains close to 30% since a post-Liberation Day nadir in early April. US technology stocks have done even better, with the Nasdaq rising almost 50% in the same period.
- Such a powerful advance naturally brings warnings about exuberance. However, we prefer to take a more measured
 approach, examining the underlying macroeconomic and corporate environment for signs of weakness. Our analysis finds a
 broadly positive setup for stocks, where improving business activity and solid economic growth have provided the platform
 for a strong second-quarter earnings season. The US economy grew at an annual rate of 3.8% in the second quarter, a
 healthy clip that has not slowed into the third quarter, according to preliminary estimates.
- Against this background, forward EPS growth forecasts for global stocks have risen into double digits, led by US companies, while there is also a clear improvement in the magnitude and breadth of earnings revisions.
- We still believe that growth will eventually slow and goods inflation will rise against the backdrop of tariff uncertainty, but
 those forecasts have not yet manifested in weaker corporate guidance. This strengthens our conviction in a responsibly
 bullish approach as we move into the final quarter of 2025.
- We prefer a shorter duration profile within fixed income. We see market expectations for Fed easing are too lofty. Markets are
 currently expecting at least three more cuts between October 2025 and June 2026—a move that would, at a minimum, bring
 the federal funds rate down from 4%-4.25% to 3.25%-3.5%. This feels like an ambitious target to us, with core inflation above
 3% and the prospect of further upside pressure from tariffs on the horizon.

Morningstar Rating™

Overall Rating as of September 30, 2025



(4-Star) Advisor Class



(4-Star) Class A

As of 09/30/2025 the fund's Advisor Class and Class A shares received a 4 star overall Morningstar rating™, measuring risk-adjusted returns against 404, 387 and 314 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.

Top Holdings (% of Total)

Issuer	Fund
UNITED STATES TREASURY BOND	3.83
UNITED KINGDOM GILT	3.61
NVIDIA CORP	3.12
BUNDESREPUBLIK DEUTSCHLAND BUNDESANLEIHE	2.86
APPLE INC	2.59
CANADIAN GOVERNMENT BOND	2.37
MICROSOFT CORP	2.27
FRANKLIN SYSTEMATIC STYLE PREMIA ETF	2.07
ALPHABET INC	1.92
JOHNSON & JOHNSON	1.89

Average annual total returns and fund expenses (%) - as of September 30, 2025

			Without Sales Charge						With Maximum Sales Charge							Expenses		Sales Charges		Inception
Class	CUSIP Ticke	r 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	35472P794 FFAA	X 5.42	13.40	12.13	15.90	10.60	7.38	6.71	5.42	13.40	12.13	15.90	10.60	7.38	6.71	0.77	0.74	_	_	8/15/2003
Class A	35472P844 FFAL	X 5.36	13.13	11.83	15.61	10.33	7.11	6.42	-0.46	6.91	5.70	13.45	9.08	6.50	6.15	1.02	0.99	5.50	_	8/15/2003
Benchmark 1	_	- 5.03	12.53	11.71	15.83	8.65	8.25	_	5.03	12.53	11.71	15.83	8.65	8.25	_	_	_	_	_	_
Benchmark 2		- 7.62	18.44	17.27	23.12	13.55	11.91	_	7.62	18.44	17.27	23.12	13.55	11.91	_	_	_	_	_	_

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. 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

A basis point (bp, or bps) is one one-hundredth of one percent (1/100% or 0.01%).

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

The **federal funds rate** is the interest rate at which a depository institution lends funds maintained at the Federal Reserve to another depository institution overnight. Also known as the "fed funds rate".

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 **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. 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. Bloomberg Indices. 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. 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. Net Returns (NR) include income net of tax withholding when dividends are paid.

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

Morningstar Rating™: Source: Morningstar®, 09/30/2025. 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 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 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.

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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.

