FRANKLIN TEMPLETON

Franklin Global Equity Fund

Class A: CFIPX Class I: SMYIX | **Commentary | as of June 30, 2026**

Key Takeaways

- **Markets:** Global equities rebounded strongly in the second quarter of 2026, reversing the weakness seen at the end of the first quarter as markets recovered from the March energy shock. The quarter was shaped initially by the partial unwinding of that shock, with periods of ceasefire optimism and then the signing of a memorandum of understanding between the United States and Iran helping to ease fears around the Strait of Hormuz, lower oil prices and restore risk appetite. Regional performance still diverged, with Asia Pacific emerging as the strongest major region, the United States also delivering a powerful recovery, and Europe lagging as its greater sensitivity to energy prices and weaker macro data continued to weigh on sentiment. Leadership also shifted materially over the quarter. Growth reasserted itself after the first quarter's defensive rotation, driven by renewed enthusiasm for semiconductors, data centres and the broader artificial intelligence complex. By June, however, the rally had become more selective as investors began to question the scale, financing and return profile of the next phase of AI-related capital expenditure. As a result, Q2 was characterised by a strong index-level recovery, but one increasingly shaped by the tension between falling energy prices, tighter policy settings and a more discriminating approach to the AI trade.
- **Contributors:** Stock selection in the U.S. was the leading contributor, where results in the Information Technology and Financials sectors were notably strong. An underweight to the Australia, New Zealand & Canada region also contributed.
- **Detractors:** Stock selection overall was the leading detractor, especially in Japan and the Australia, New Zealand & Canada region. Stock selection in the U.S. Health Care sector was also notably negative. Region and sector allocation decisions also detracted.
- **Outlook:** We have improved our view on equities into July, despite signs of exuberance in some markets, as we believe strong corporate fundamentals justify valuations. Investor appetite for the artificial intelligence (AI) trade has concentrated equity index composition and caused some frothiness in technology stocks, but this appears to be contained, in our view. The broader equity market, notably in the United States, is supported by strong earnings and a resilient macro backdrop, while beneficiaries of AI capital expenditure (capex) continue to justify ambitious earnings growth expectations.

Performance Review

- Stock selection was mixed across regions and detracted overall. Results were strong in the U.S. where results in the in the Information Technology and Financials was notably positive, while Health Care and Consumer Staples detracted. Selection was more modestly positive in the U.K., but detracted in other regions. Selection was especially weak in Japan and Australia, New Zealand & Canada.
- Region and sector allocation decisions detracted, especially overweights to developed Asia ex Japan and the U.K., both which underperformed the benchmark for the period. An underweight to another underperformer in the benchmark, Australia, New Zealand & Canada, partially offset this negative impact.

Outlook

- We have improved our view on equities into July, despite signs of exuberance in some markets, as we believe strong corporate fundamentals justify valuations. Investor appetite for the artificial intelligence (AI) trade has concentrated equity index composition and caused some frothiness in technology stocks, but this appears to be contained, in our view. The broader equity market, notably in the United States, is supported by strong earnings and a resilient macro backdrop, while beneficiaries of AI capital expenditure (capex) continue to justify ambitious earnings growth expectations.
- Falling energy prices are good news for inflation expectations, but core inflation remains persistently high in many regions, prompted a hawkish tilt to monetary policy in most developed economies, even those with weaker macro backdrops such as the eurozone. This is creating a headwind to risk assets but is largely outweighed by strong corporate fundamentals, in our view. Strong trailing earnings growth is so far doing very little to dampen forward earnings expectations, particularly in the United States, where companies continue to justify lofty valuations with impressive earnings guidance. However, there are signs of commoditization in AI adoption, characterized by an unwillingness from customers of 'hyperscalers' such as Meta Platforms and Microsoft to pay for expensive marginal AI gains.
- Against this background, we are confident that investors will continue to reward stocks that are attractively valued and invest in companies that have solid growth prospects and the ability to generate cash for their shareholders. We believe that our well-diversified, disciplined strategy will serve investors well in this environment.

Morningstar Rating™

Overall Rating as of June 30, 2026

★★★★★ **(5-Star)** Class A

★★★★★ **(5-Star)** Class I

As of 06/30/2026 the fund's Class A and Class I shares received a 5 star overall Morningstar rating™, measuring risk-adjusted returns against 293, 287 and 211 Global Large-Stock Blend 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 Securities (% of Total)

Holding	Fund
NVIDIA Corp.	5.82
Apple Inc.	4.69
Alphabet Inc. Class A	2.88
Microsoft Corp	2.69
Micron Technology Inc.	2.54
Alphabet Inc. Class C	2.48
Amazon.Com, Inc.	2.18
Applied Materials, Inc.	2.11
LAM RESEARCH CO USD 0.001	1.88
Western Digital C	1.59

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns and fund expenses (%) - as of June 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
Class A	52469H487	CFIPX	12.11	9.57	23.38	22.38	13.12	13.62	7.02	5.97	3.55	16.61	20.09	11.79	12.95	6.84	1.22	1.22	5.50	—	3/1/1991
Class I	52469H453	SMYIX	12.21	9.69	23.73	22.72	13.47	14.00	10.40	12.21	9.69	23.73	22.72	13.47	14.00	10.40	0.96	0.95	—	—	5/20/2003
Benchmark	—	—	13.76	9.69	21.34	19.24	11.47	13.14	—	13.76	9.69	21.34	19.24	11.47	13.14	—	—	—	—	—	—

Benchmark(s)

Benchmark =MSCI 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 12/31/2027 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice.
Maximum sales charges have been updated as of August 15, 2022, please refer the Fund's prospectus for more information.

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. **Large-capitalization companies** may fall out of favor with investors based on market and economic conditions. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. **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. Active and frequent trading** may increase a shareholder's tax liability and transaction costs. **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. 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.

Forward earnings are an estimate of a next period's earnings of a company.

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 **MSCI World Index** is a free float-adjusted market-capitalization index that is designed to measure global developed market equity performance.

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.

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.

Morningstar Rating™: Source: Morningstar®, 06/30/2026. 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 5, 5 and 5 and fund's Class I shares received a Morningstar Rating of 5, 5 and 5 star(s) for the 3-, 5- and 10-year periods, respectively. Franklin Templeton provides this fund's Morningstar Rating™ for Class A and Class I 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.

Franklin Distributors, LLC. Member FINRA/SIPC.

© Franklin Templeton. All rights reserved.

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.

FRANKLIN TEMPLETON