

Franklin Global Equity Fund

Class A: CFIPX Class I: SMYIX

Commentary | as of March 31, 2026

Key Takeaways

- **Markets:** Global equity markets were mixed in the first quarter of 2026 as leadership rotated sharply over the course of the period. Non-US markets began the year strongly, helped by a weaker US dollar, improving sentiment toward Europe, continued enthusiasm for semiconductor and artificial intelligence (AI) supply chains in parts of Asia and renewed investor interest in lower-valued markets. By contrast, the United States lagged as the market broadened away from the prior concentration in mega-capitalization growth stocks. The quarter became more challenging in March. 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 monetary policy quickly. Investors also had to navigate uneven manufacturing data, lingering trade-policy uncertainty and a more defensive risk backdrop at quarter-end.
- **Contributors:** Stock selection was a major contributor across regions, led by the U.S., where relative results in the Health Care, Information Technology and Energy sectors were notably strong. An overweight to the U.K. also contributed.
- **Detractors:** Stock selection in the U.K. was a leading detractor, especially in Financials. Selection and an underweight in Japan also detracted.
- **Outlook:** The conflict in the Middle East continues to drive equity markets, with the disruption of energy supplies the main reason for the volatility, and Iran retains the ability to impede energy production and transit regardless of US military dominance. We believe energy prices could remain elevated, feeding into inflation expectations, eroding private sector confidence and slowing economic growth.

Performance Review

- Stock selection added value across regions, led by the U.S., where relative results in the Health Care, Information Technology and Energy sectors were notably strong. Selection was also strong in continental Europe and the smaller markets of Canada and developed Asia ex Japan. Selection detracted in the U.K., especially in Financials, and in Japan.
- Region and sector allocation decisions had little impact, with a modest benefit of an overweight to the U.K., which outperformed the benchmark for the period, being offset by the impact of an underweight to Japan.

Outlook

- The conflict in the Middle East continues to drive equity markets, with the disruption of energy supplies the main reason for the volatility, and Iran retains the ability to impede energy production and transit regardless of US military dominance. A complete resolution of hostilities could be unlikely, in our view, meaning risks could remain, albeit reduced from current levels. As a result, we believe energy prices could remain elevated, feeding into inflation expectations, eroding private sector confidence and slowing economic growth.
- While financial markets now expect most central banks to raise interest rates two or three times to combat higher inflation, it is more likely, in our view, that higher energy prices could destroy demand, weaken real incomes and profit margins and thus ease inflation pressures.
- Mega-cap growth stocks remain expensive, in our analysis, and capital expenditure concerns and AI replacement fears further complicate the picture. That said, we believe corporate fundamentals remain generally strong.
- Against this background, we are confident that investors could 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 should serve investors well in this environment.

Morningstar Rating™

Overall Rating as of March 31, 2026

★★★★★ (5-Star) Class A

★★★★★ (5-Star) Class I

As of 03/31/2026 the fund's Class A and Class I shares received a 5 star overall Morningstar rating™, measuring risk-adjusted returns against 298, 292 and 207 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.	5.75
Apple Inc.	4.22
Microsoft Corp	3.11
Alphabet Inc. Class A	2.56
Alphabet Inc. Class C	2.35
Amazon.Com, Inc.	2.22
Meta Platforms Inc. (FB)	1.86
APA CORP	1.22
Suncor Energy Inc.	1.21
MasterCard Inc.	1.16

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
Class A	52469H487	CFIPX	-2.27	-2.27	22.66	19.88	12.17	12.23	6.72	-7.64	-7.64	15.92	17.63	10.85	11.56	6.54	1.22	1.22	5.50	—	3/1/1991
Class I	52469H453	SMYIX	-2.25	-2.25	22.95	20.24	12.54	12.60	9.96	-2.25	-2.25	22.95	20.24	12.54	12.60	9.96	0.96	0.95	—	—	5/20/2003
Benchmark	—	—	-3.57	-3.57	18.90	16.77	10.27	11.80	—	-3.57	-3.57	18.90	16.77	10.27	11.80	—	—	—	—	—	

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.

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.

Important data provider notices and terms available at 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.

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 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.

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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.