

Franklin Global Equity Fund

Class A: CFIPX Class I: SMYIX

Commentary | as of June 30, 2025

Key Takeaways

- **Markets:** The second quarter of 2025 began with US President Donald Trump's announcement of "reciprocal" tariffs that were more sweeping than many had expected, leading to significant financial market volatility. However, global trade tensions eased during the rest of the quarter as the United States delayed planned tariff hikes, reducing investor fears of a global recession.
- **Contributors:** Stock selection in the US, especially in Health Care and Energy, as well as stock selection in the UK were leading contributors.
- **Detractors:** Stock selection detracted from relative return in Japan and continental Europe. Region and sector allocation decisions also detracted.
- **Outlook:** Leading indicators of economic growth appear to have strengthened during the past month, suggesting that the global economy may avoid a recession. However, significant trade and geopolitical uncertainty remains, and has yet to be fully reflected in asset prices. Equity markets are likely to become choppy in the near term as factors such as energy price volatility and tariff deadlines increase the possibility of corrections.

Performance Review

- Stock selection was mixed at the region and sector level but added value overall, especially in the US led by the Health Care sector. Selection detracted in US Information Technology. Selection also added value in the UK but detracted in Japan and continental Europe. Stock selection has little impact in other regions.
- Region and sector allocation decisions detracted, especially the overweight to the UK and a small allocation to Emerging Markets which are not in the benchmark.
- In the US, the benefit of an underweight to Energy was more than offset by the negative impact of an overweight to Health Care.

Outlook

- Leading indicators of economic growth appear to have strengthened during the past month, suggesting that the global economy may avoid a recession. However, significant trade and geopolitical uncertainty remains, and has yet to be fully reflected in asset prices.
- While investors seemed to look through the impact of the Israel-Iran conflict in the Middle East, a continuation or broadening of the conflict could also increase market volatility.
- Hard US economic data for employment, growth and inflation looks resilient, and the US tax bill will likely give some support to the US economy offsetting any drag on US growth from tariffs. This upturn in data supports the market's rally through June-end, but is offset by current valuations and elevated sentiment.
- Equity markets are likely to become choppy in the near term as factors such as energy price volatility and tariff deadlines increase the possibility of corrections. In addition, while investors seemed to look through the impact of the Israel-Iran conflict in the Middle East, a continuation or broadening of the conflict could also increase market volatility.
- 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 may serve investors well in this environment.

Morningstar Rating™

Overall Rating as of June 30, 2025

★★★★★ (5-Star) Class A

★★★★★ (5-Star) Class I

As of 06/30/2025 the fund's Class A and Class I shares received a 5 star overall Morningstar rating™, measuring risk-adjusted returns against 313, 297 and 200 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.

Top Equity Issuers (% of Total)

| Holding | Fund |
|---------------------------|------|
| NVIDIA Corp | 5.38 |
| Microsoft Corp | 4.75 |
| Apple Inc | 3.97 |
| Alphabet Inc | 2.91 |
| Amazon.com Inc | 2.72 |
| Meta Platforms Inc | 2.58 |
| Netflix Inc | 1.57 |
| Broadcom Inc | 1.17 |
| General Electric Co | 1.17 |
| Palantir Technologies Inc | 1.17 |

Sector Allocation (Equity as a % of Total)

| Sector | Fund |
|------------------------|-------|
| Information Technology | 26.54 |
| Financials | 15.58 |
| Consumer Discretionary | 10.71 |
| Health Care | 10.62 |
| Industrials | 9.54 |
| Communication Services | 9.54 |
| Consumer Staples | 7.92 |
| Energy | 3.44 |
| Materials | 2.18 |
| Other | 2.93 |

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

| Class | CUSIP | Ticker | Without Sales Charge | | | | | | | With Maximum Sales Charge | | | | | | | Expenses | | Sales Charges | | Inception |
|-----------|-----------|--------|----------------------|------|-------|-------|-------|-------|-----------|---------------------------|------|-------|-------|-------|-------|-----------|----------|------|----------------|------|-----------|
| | | | 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 | 11.45 | 9.44 | 16.20 | 20.10 | 16.25 | 10.83 | 6.57 | 5.33 | 3.41 | 9.82 | 17.75 | 14.87 | 10.18 | 6.39 | 1.27 | 1.27 | 5.50 | — | 3/1/1991 |
| Class I | 52469H453 | SMYIX | 11.51 | 9.58 | 16.49 | 20.46 | 16.63 | 11.21 | 9.83 | 11.51 | 9.58 | 16.49 | 20.46 | 16.63 | 11.21 | 9.83 | 0.99 | 0.95 | — | — | 5/20/2003 |
| Benchmark | — | — | 11.47 | 9.47 | 16.26 | 18.31 | 14.55 | 10.66 | — | 11.47 | 9.47 | 16.26 | 18.31 | 14.55 | 10.66 | — | — | — | — | — | — |

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 12/31/2026 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.

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. 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®, 06/30/2025. 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/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 4 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.

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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.