FRANKLIN TEMPLETON

Franklin Global Equity Fund

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

Key Takeaways

- **Markets:** Global equities posted modest gains in the third quarter of 2026, although the advance masked a more challenging environment beneath the surface. Hopes for a durable settlement between the United States and Iran faded as negotiations following the June memorandum of understanding lost momentum and military strikes resumed in the Middle East, pushing Brent crude back above US$100 per barrel and reviving inflation concerns. One of the quarter's defining features was a sharp rise in bond yields.
- **Contributors:** Stock selection in the U.S. was the leading contributor, where results in the Energy and Materials sectors were notably strong. Stock selection was also strong in Japan, led by the Industrials sector.
- **Detractors:** Stock selection in US Information Technology was the leading detractor from relative return. Stock selection in developed Asia ex Japan was also notably negative.
- **Outlook:** We currently see heightened volatility in fixed income markets, as higher energy prices and resilient growth push up bond yields. This has pressured equity valuations and resulted in an increasingly positive correlation between stocks and bonds, while also highlighting the importance of additional diversifiers within investment portfolios. From our perspective, consistently strong economic growth and corporate earnings support a positive attitude toward risk, even in the face of uncertainties such as geopolitics, persistent inflation and monetary policy tightening.

Performance Review

- Stock selection was strong for the quarter across regions, led by results in the U.S. and Japan. Within the U.S., results were notably strong in the Energy and Materials sectors and detracted in Information Technology names. Japanese results were led by the Industrials sector. Results were also strong in Australia, New Zealand & Canada, and detracted only in developed Asia ex Japan. Stock selection had little impact in the U. K.
- Region and sector allocation decisions had little impact overall.

Outlook

- We currently see heightened volatility in fixed income markets, as higher energy prices and resilient growth push up bond yields. This has pressured equity valuations and resulted in an increasingly positive correlation between stocks and bonds, while also highlighting the importance of additional diversifiers within investment portfolios. From our perspective, consistently strong economic growth and corporate earnings support a positive attitude toward risk, even in the face of uncertainties such as geopolitics, persistent inflation and monetary policy tightening.
- The energy shock caused by the US-Iran War has captured the attention of markets and policymakers. This event is dovetailing with other exceptional factors such as tariffs and AI capital expenditure to push up headline inflation. This is making it difficult to assess how that shock will be passed on in the cost of everyday items. We believe this "passthrough effect" will be limited and should not result in persistently higher core inflation readings.
- Corporate earnings have impressed since the start of 2026, driven largely by sustained levels of "hyperscaler" capital expenditures. Global earnings growth estimates for the 2026 calendar year exceed 35% and remain close to 20% for the next 12 months. While earnings growth revisions have started to slow, notably in EMs, amid uncertainty about how the AI story will unfold, revisions breadth has improved significantly during the last three months. Increasing adoption of AI among individuals and businesses has begun to divert the flow of capital away from semiconductors toward infrastructure and energy. In addition, businesses in diverse industries are beginning to see AI-related productivity improvements that translate to healthier profit margins and improved earnings.
- Against this background, we see no significant correlation between peak earnings growth and forward earnings expectations. While inflation is currently above 3% and equity valuations are elevated, earnings are still growing, and credit spreads remain tight.

Morningstar Rating™

Overall Rating as of September 30, 2026

★★★★★ **(5-Star)** Class A

★★★★★ **(5-Star)** Class I

As of 09/30/2026 the fund's Class I and Class A shares received a 5 star overall Morningstar rating™, measuring risk-adjusted returns against 298, 290 and 219 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.	6.24
Apple Inc.	5.07
Microsoft Corp	3.48
Alphabet Inc. Class A	2.52
Amazon.Com, Inc.	2.14
Alphabet Inc. Class C	2.09
Micron Technology Inc.	2.08
Meta Platforms Inc. (FB)	1.89
Applied Materials, Inc.	1.40
Visa Inc	1.39

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns and fund expenses (%) - as of September 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	3.92	13.86	17.92	24.56	14.38	13.41	7.08	-1.80	7.61	11.42	22.22	13.03	12.74	6.90	1.22	1.22	5.50	—	3/1/1991
Class I	52469H453	SMYIX	3.97	14.04	18.21	24.91	14.73	13.79	10.47	3.97	14.04	18.21	24.91	14.73	13.79	10.47	0.96	0.95	—	—	5/20/2003
Benchmark	—	—	1.88	11.75	15.24	21.40	11.89	12.81	—	1.88	11.75	15.24	21.40	11.89	12.81	—	—	—	—	—	—

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®, 09/30/2026. 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.

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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.

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