FRANKLIN TEMPLETON

# Franklin U.S. Small Cap Equity Fund

**Class I: LMSIX Class A: LMBAX Class C: LMBCX Class FI: LGSCX Class IS: LMBMX** | **Small Cap** | Factsheet as of September 30, 2026

## Investment Overview

The Fund seeks long-term capital appreciation by investing primarily in small capitalization U.S. companies. Managers utilize a systematic and diversified approach to stock selection grounded in underlying stock fundamentals and with positive investor sentiment. Stock selection customized by sectors and continually tested as drivers of return vary across sectors and can change over time.

## Average Annual Total Returns (%)

| | Without Sales Charges | | | | | With Sales Charges | | | | | Inception |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1-Yr | 3-Yr | 5-Yr | 10-Yr | Inception | 1-Yr | 3-Yr | 5-Yr | 10-Yr | Inception | Date |
| Class I | 19.39 | 21.23 | 9.89 | 10.77 | 8.05 | 19.39 | 21.23 | 9.89 | 10.77 | 8.05 | 3/13/2000 |
| Class A | 19.02 | 20.86 | 9.56 | 10.47 | 12.75 | 12.45 | 18.61 | 8.27 | 9.82 | 12.37 | 2/5/2009 |
| Class C | 18.17 | 20.02 | 8.76 | 9.64 | 11.90 | 17.17 | 20.02 | 8.76 | 9.64 | 11.90 | 2/5/2009 |
| Class FI | 19.00 | 20.86 | 9.56 | 10.43 | 9.37 | 19.00 | 20.86 | 9.56 | 10.43 | 9.37 | 1/9/2003 |
| Class IS | 19.54 | 21.38 | 10.04 | 10.93 | 11.02 | 19.54 | 21.38 | 10.04 | 10.93 | 11.02 | 3/23/2012 |
| Benchmark | 16.20 | 17.72 | 6.34 | 9.84 | — | 16.20 | 17.72 | 6.34 | 9.84 | — | — |

## Cumulative Total Returns (% Without Sales Charge)

| | 3-Mo | YTD | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Class I | -3.70 | 16.79 | 20.24 | 9.96 | 18.81 | -15.10 | 30.22 | 11.26 | 20.74 | -15.41 | 8.77 | 19.88 |
| Class A | -3.75 | 16.49 | 19.89 | 9.62 | 18.54 | -15.42 | 30.03 | 10.99 | 20.43 | -15.58 | 8.46 | 19.46 |
| Class C | -3.96 | 15.84 | 19.04 | 8.83 | 17.68 | -16.08 | 28.92 | 10.16 | 19.52 | -16.18 | 7.66 | 18.61 |
| Class FI | -3.75 | 16.53 | 19.75 | 9.66 | 18.47 | -15.37 | 29.85 | 10.94 | 20.42 | -15.73 | 8.49 | 19.51 |
| Class IS | -3.69 | 16.84 | 20.38 | 10.17 | 18.95 | -14.92 | 30.38 | 11.47 | 20.92 | -15.33 | 9.02 | 20.04 |
| Benchmark | -7.23 | 13.71 | 12.81 | 11.54 | 16.93 | -20.44 | 14.82 | 19.96 | 25.52 | -11.01 | 14.65 | 21.31 |

***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.*

Effective August 2, 2021, except as noted below, Class C [including Class C, Class C-1 & Class C-2] shares will automatically convert to Class A shares after the shares have been held for 8 years from their original purchase date. The initial conversion took place on August 16, 2021. Refer to the fund's prospectus or contact your Service Agent for more information.

## Share Class Details

| | | | Sales Charges (%) | | Expenses (%) | |
|---|---|---|---|---|---|---|
| | CUSIP | Ticker | Max | CDSC | Gross | Net |
| Class I | 524686359 | LMSIX | 0.00 | — | 1.01 | 1.00 |
| Class A | 524686433 | LMBAX | 5.50 | — | 1.36 | 1.30 |
| Class C | 524686425 | LMBCX | 0.00 | 1.00 | 2.07 | 2.05 |
| Class FI | 524686342 | LGSCX | 0.00 | — | 1.95 | 1.30 |
| Class IS | 524686391 | LMBMX | 0.00 | — | 0.92 | 0.75 |

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. There is a 1% CDSC on any Class C shares you sell within 12 months of purchase. Maximum sales charges have been updated as of August 15, 2022, please refer the Fund's prospectus for more information.

## Morningstar Rating™

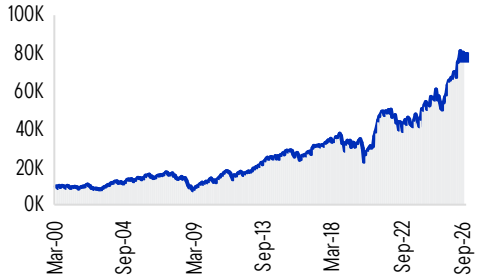
Overall Rating as of September 30, 2026

★★★★★ Class I

As of 09/30/2026 the fund's Class I shares received a 5 star overall Morningstar rating™, measuring risk-adjusted returns against 582, 559 and 456 Small 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.

## Growth of $10,000

Class I Shares—Inception through September 30, 2026
Excluding Effects of Sales Charges




## Fund Overview

| | |
|---|---|
| Dividend Frequency, if any | Annually |
| Morningstar Category | Small Blend |
| Lipper Classification | Small-Cap Core Funds |
| Turnover (fiscal yr) | 48% |

## Benchmark(s)

Russell 2000 Index

## Fund Characteristics

| | Fund | Benchmark |
|---|---|---|
| Total Net Assets | $145.85 Million | |
| Number of Holdings | 289 | 1,974 |
| Average Market Cap (Millions USD) | $4,128 | $3,821 |
| Price to Book | 3.74x | 2.94x |
| Price to Earnings (12-Month Trailing) | 11.69x | 15.28x |

## Risk Statistics (3-Year—Class I)

| | Fund | Benchmark |
|---|---|---|
| Beta | 0.92 | — |
| R-Squared | 0.96 | — |
| Sharpe Ratio | 0.90 | 0.70 |
| Standard Deviation (%) | 18.24 | 19.54 |
| Alpha (%) | 3.96 | — |
| Information Ratio | 0.92 | — |
| Tracking Error (%) | 3.83 | — |



Not FDIC Insured | No Bank Guarantee | May Lose Value

## Top Equity Securities (% of Total)

| | Fund |
|---|---|
| 10X Genomics Inc | 1.34 |
| MaxLinear Inc | 0.95 |
| Par Pacific Holdings Inc | 0.81 |
| Moog Inc | 0.77 |
| SSR Mining Inc | 0.77 |
| PagerDuty Inc | 0.76 |
| Talos Energy Inc | 0.76 |
| Jackson Financial Inc | 0.75 |
| Acadian Asset Management Inc | 0.74 |
| Kohl's Corp | 0.73 |

## Sector Allocation (Equity as a % of Total)

| | Fund | Benchmark |
|---|---|---|
| Health Care | 20.70 | 20.80 |
| Financials | 18.27 | 18.96 |
| Information Technology | 17.09 | 13.74 |
| Industrials | 12.94 | 13.97 |
| Consumer Discretionary | 11.36 | 8.85 |
| Energy | 7.17 | 6.72 |
| Real Estate | 3.76 | 5.68 |
| Materials | 3.48 | 4.16 |
| Communication Services | 1.94 | 2.46 |
| Other | 3.37 | 4.67 |

## Portfolio Data Information

Holdings are provided for informational purposes only and should not be construed as a recommendation to purchase or sell any security.

## Portfolio Management

| | Years with Firm | Years of Experience |
|---|---|---|
| Brett E Risser | 23 | 26 |
| Chris Floyd, CFA | 26 | 27 |
| Adrian H Chan, CFA | 21 | 23 |

## What should I know before investing?

**All investments involve risks, including possible loss of principal. Equity securities** are subject to price fluctuation and possible loss of principal. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. **Derivative instruments** can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance. **Active and frequent trading** may increase a shareholder's tax liability and transaction costs. To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. These and other risks are discussed in the fund's prospectus.

## Glossary

**Beta:** A measure of the fund's volatility relative to the market, as represented by the stated Index. A beta greater than 1.00 indicates volatility greater than the market. **R-squared** measures the strength of the linear relationship between the fund and its benchmark. R-squared at 1 implies perfect linear relationship and zero implies no relationship exists. **Sharpe Ratio** refers to a risk-adjusted measure calculated using standard deviation and excess returns to determine reward per unit of risk. The higher the ratio, the greater the risk-adjusted performance. **Standard Deviation:** Measure of the degree to which a fund's return varies from the average of its previous returns. The larger the standard deviation, the greater the likelihood (and risk) that a fund's performance will fluctuate from the average return. **Alpha** is the annualized percentage difference between a portfolio's actual returns and its expected performance given its level of market risk, as measured by beta. **Information Ratio:** In investing terminology, the ratio of expected return to risk. Usually, this statistical technique is used to measure a manager's performance against a benchmark. This measure explicitly relates the degree by which an investment has beaten the benchmark to the consistency by which the investment has beaten the benchmark. **Tracking Error** measure of the deviation of the return of a fund compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment fund is managed, the smaller the tracking error. **Turnover** is a measure of the fund's trading activity which represents the portion of the fund's holdings that has changed over a twelve-month period through the fiscal year end. There is no assurance that the fund will maintain its current level of turnover. **Weighted Average Market Capitalization:** A determination of a company's value, calculated by multiplying the total number of company stock shares outstanding by the price per share. For a portfolio, the value represents a weighted average based on the stocks held. **Price to Book:** The price per share of a stock divided by its book value (i.e., net worth) per share. For a portfolio, the value represents a weighted average of the stocks it holds. **Price to Earnings (12-Month Trailing)** is the share price of a stock, divided by its per-share earnings over the past year. For a portfolio, the value represents a weighted average of the stocks it holds.

## Important Information

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The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe.

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

**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 I shares received a Morningstar Rating of 5, 5 and 4 star(s) for the 3-, 5- and 10-year periods, respectively. Franklin Templeton provides this fund's Morningstar Rating™ for 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.***