Franklin Lexington Private Markets Fund

Quarterly Commentary

Fund Overview

Summary

Franklin Lexington Private Markets Fund (the "Fund") provides simplified access to a portfolio of private equity through secondaries, co-investments, and primaries,[1] designed for investors seeking long-term growth opportunities.

Strategy

The Fund's investment objective is to seek long-term capital appreciation. In pursuing its investment objective, the Fund intends to invest in a portfolio of private equity and other private assets (collectively, "Private Assets"). The Fund has the flexibility to invest in Private Assets across asset types, including but not limited to buyout, growth, venture, credit, mezzanine, infrastructure, energy and other real assets (i.e., assets that have physical properties, such as natural resources, infrastructure and commodities), subject to compliance with its investment strategies and restrictions and applicable law, including the 1940 Act. The Fund expects to principally invest in Private Assets by acquiring assets through secondary private equity transactions and through private equity co-investments and, to a lesser degree, primary commitments to private equity funds. During normal market conditions, it is generally not expected that the Fund will hold more than 20% of its net assets in liquid assets for extended periods of time.

Fund Snapshot

Characteristics	Fund
Fund Structure	A 1933 & 1940 Act-registered, continuously offered fund
Fund Inception Date	12/20/2024
Management Fee	1.25% annualized, on net assets of the Fund
NAV Frequency	Monthly
Subscriptions	Monthly
Tax Reporting	1099 tax treatment
Liquidity[2]	Quarterly tender offer of up to 5% of total outstanding shares
Investor Eligibility	Must be a qualified client

Fund Highlights

We are pleased to provide quarterly commentary on Franklin Lexington Private Markets Fund (the "Fund"), highlighting a high-quality portfolio of private equity investments across asset types acquired through secondary transactions and co-investments alongside leading sponsors. Since the Fund's first close on December 20, 2024, we are proud to share that:

The constructed portfolio consists of 257 interests with exposure to approximately 2,150 companies, totaling $2.1 billion of net asset value ("NAV"), which has been compiled across 81 transactions

Partnership transactions account for 52% of the Fund's investment portfolio while general partner ("GP")-led transactions account for 36% and co-investments comprise the remaining 12%.

The Fund is diversified across investment styles with 76% in buyout, 14% in venture, and 10% in growth capital and geographies with 68% in North America, 27% in U.K./Europe, 3% in Asia-Pacific, and 2% in Latin America.

As of June 30, 2026, the Fund's portfolio is 83% private assets and 17% liquid assets.

1. Please refer to important disclosures for descriptions.

2. Franklin Templeton intends to recommend that the Fund conduct quarterly tender offers of up to 5% of the Fund's net assets, subject to the approval of the Fund's board in its sole discretion. There can be no assurance that the Fund will conduct tender offers in any particular period and shareholders may be unable to tender any or all shares for repurchase for an indefinite period of time. Shareholders should not expect to be able to sell their shares regardless of how the Fund performs.

Shares tendered for repurchase within the first year after purchase may be subject to a 2% early repurchase fee.

Not FDIC Insured | No Bank Guarantee | May Lose Value

Market Commentary[1]

The secondary market continued its record-setting expansion during the first half of 2026, delivering the strongest first-half transaction volume on record. We believe this sustained growth reflects the market's continued evolution into an increasingly institutionalized component of the private equity ecosystem, providing liquidity and portfolio management flexibility for investors while offering sponsors effective solutions to manage longer-duration assets.

During the first half of 2026, approximately $121 billion of secondary transaction volume was completed, representing a 19% year-over-year increase and the strongest first half on record. While activity began the year at a more measured pace than 2025, transaction volume accelerated through the second quarter, reflecting continued strength across both limited partner ("LP")-led and general partner ("GP")-led markets.

GP-led transactions remained the primary driver of market growth, accounting for approximately $65 billion, or just over half of total transaction volume, representing a 35% increase year-over-year.[2] Continued demand for high-quality single-asset continuation vehicles fueled much of this activity, reinforcing their increasingly important role as sponsors seek flexible solutions to extend ownership of attractive assets while providing liquidity to existing investors.

LP-led transactions also remained healthy, totaling approximately $56 billion, or 46% of total transaction volume, representing a 4% increase from the prior year.[2] Buyer demand for high-quality LP-led portfolios remained strong throughout the period, supporting resilient pricing and underscoring the continued strength of the secondary market.

The macroeconomic backdrop has remained characterized by elevated uncertainty, driven by ongoing trade negotiations, geopolitical tensions, and continued technological disruption. Rapid advancements in artificial intelligence have, in our view, heightened investor concerns regarding the potential impact of technological disruption on software businesses, leading market participants to more closely evaluate the durability of business models and long-term competitive advantages. While these developments may create challenges for certain segments of the market, we believe they also present meaningful opportunities for value creation as businesses across industries increasingly adopt new technologies to improve productivity and operational efficiency.

We also believe the current co-investment environment remains attractive. Capital constraints and private equity overallocation have led many LPs to reduce co-investment activity, while a challenging fundraising environment and elevated cost of debt have increased sponsor demand for third-party equity. Despite ongoing market uncertainty, we believe conditions remain compelling for experienced and disciplined co-investors.

Across the secondary and co-investment markets, we continue to maintain a disciplined and selective approach, carefully underwriting opportunities across transaction types (size, geography, GP-led vs. LP-led, fund life stage, etc.) where we believe we have a competitive advantage. We continue to emphasize asset quality, pricing, and alignment as we evaluate LP-led, GP-led, and co-investment opportunities.

Lexington has consistently pursued a disciplined and flexible investment strategy, maintaining a defensive portfolio construction philosophy that we believe has served us well. With traditional exit routes likely to remain constrained for an extended period, we believe our experience and scale position us well to capitalize on opportunities across the secondary and co-investment markets.

1. Source: Lexington estimates derived from proprietary market study of global secondary transactions completed each year.
2. Evercore H1 2026 Secondary Market Review.

Performance Summary

As of June 30, 2026, the Fund delivered an annualized return, since inception, of 19.03% (Class I shares). The Fund's performance is predominantly driven by asset appreciation across transaction types including LP-leds, GP-leds, and co-investments. While the initial performance of the Fund was largely driven by discount, asset appreciation now comprises over 60% of the return attribution from inception to date. Over time, we expect that asset appreciation will represent approximately 65-80% of the Fund's gross portfolio gain with the remaining 20-35% attributable to purchase discount, in line with the long-term gain attributions of our global secondary funds. Second-quarter performance was consistent with this expectation, as asset appreciation remained the primary driver of returns.

Performance during the second quarter was supported by broad-based asset appreciation across the portfolio, reflecting the benefits of diversification across transaction types, vintages, geographies, and industries. Underlying portfolio companies operating in the software, semiconductor, IT services, and industrials industries were among the notable contributors during the quarter. The Fund also benefited from continued portfolio realizations, with approximately $63 million of distributions received during the period. Together, we believe these results demonstrate the strength of the Fund's diversified portfolio construction and the value of maintaining exposure across a broad range of private equity assets.

We remain focused on a rigorous and disciplined investment process focused on identifying and acquiring high-quality assets that we think are poised for future growth. By acquiring high-quality assets, we believe the Fund's portfolio is constructed to weather market volatility and provide our investors with strong, long-term, risk-adjusted return potential.

Total Return (%)
As of June 30, 2026

Class	NAV	1-Mth	3-Mth	6-Mth	1-Yr	Since Inception[1]
Class I	$32.53	0.37	2.81	5.31	14.96	19.03
Class D	$32.45	0.37	2.79	5.29	14.76	18.84
Class S	$32.13	0.34	2.65	4.97	14.07	18.07
Class M	$32.32	0.34	2.70	5.11	14.46	18.53

Case Study

Project Duck – Partnership Deal

Transaction Summary

- **Seller:** Middle Eastern Endowment
- **# of Interests/Sponsors:** 19+/10
- **# of Companies:** 280+
- **Closing Date (est.):** June 2026
- **Deal Size (FLEX):** $15m

Key Deal Highlights

- **Lexington Angle:** Served as the anchor buyout and venture buyer in a mosaic solution.
- **Strong GP Coverage, High Asset Quality:** High-quality sponsors and underlying interests that Lexington knows well.
- **Asset Selection:** Ability to select an attractive, diversified subset of assets including interests scarcely traded on the secondary market
- **Diversified Portfolio:** Attractive diversified North American, European and Asia/RoW exposure.

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 for periods of less than one year are not annualized.

1. Since inception date is December 20, 2024.

All classes of shares may not be available to all investors or through all distribution channels. For current month-end performance, please visit www.flexpe.com. Expense Ratios (Gross/Net): Class I: 4.79% / 4.76%, Class D: 4.91% / 4.88%, Class S: 5.64% / 5.61%, Class M: 5.18% / 5.15%. See important disclosures for more details.

IMPORTANT DISCLOSURES

Selected case studies in this Presentation may not be representative of all transactions of a given type or of investments generally, and are intended to be illustrative of some investment techniques or transaction types that may be used by the Fund or a Lexington fund. Each deal size is estimated based on NAV plus unfunded commitments at close. Project Duck did not close 100% of the interests in each deal on June 30, 2026 and has interests estimated to close after June 30, 2026. Project Duck represents 1% of the Fund's holdings, calculated as NAV plus unfunded commitments at closing as a percentage of NAV on June 30, 2026 of $2.1 billion. There can be no assurances that the deal sizes shown will not change. To be read in conjunction with the endnotes, including the description of "References to Specific Investments." **Past performance is not indicative of future results.**

References to Specific Investments: Any case studies (or other selected transactions) in this Presentation are presented for informational purposes only and are intended to be illustrative of the types of investments that have been made by the Lexington funds and/or that may be made by the Fund. However, there can be no assurances that any investments of the type included in the case studies or otherwise featured herein will be available to or approved by the investment committee of the Lexington Secondary Funds.

BEFORE INVESTING, CAREFULLY CONSIDER THE FUND'S INVESTMENT OBJECTIVES, RISKS, CHARGES AND EXPENSES. YOU CAN FIND THIS AND OTHER INFORMATION IN ITS PROSPECTUS AT WWW.FLEXPE.COM. PLEASE READ THE PROSPECTUS CAREFULLY.

Secondaries: Private equity secondaries are transactions that offer liquidity solutions to owners of interests in private equity and other alternative investment funds. **Co-investment:** Direct equity co-investment refers to an investment structure in which a private equity firm (General Partner) and direct co-investors collectively invest in portfolio companies. **Primaries:** Investments are made directly in newly formed private equity funds to gain exposure to privately held companies.

Redemptions/tender offers: Franklin Templeton intends to recommend that the Fund conduct quarterly tender offers of up to 5% of the Fund's net assets, subject to the approval of the Fund's board in its sole discretion. There can be no assurance that the Fund will conduct tender offers in any particular period and shareholders may be unable to tender any or all shares for repurchase in a periodic repurchase offer or for an indefinite period of time. Shareholders should not expect to be able to sell their shares regardless of how the Fund performs.

Gross expense ratio: The gross expense ratio reflects the total annual operating expenses for the share class shown, prior to the deduction of any waiver or reimbursement. Actual expenses may be higher and may impact portfolio returns.

Net expense ratio: The net expense ratio reflects total expenses after any fee waivers, implemented expense caps or reimbursements and also incentive fees. Management fee payable by the Fund as of October 2, 2025 will be at the annual rate of 1.25%. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice. Expense ratios are as of the most recent prospectus or annual report please see the prospectus for additional details.

Incentive fee: The incentive fee will be charged on a quarterly basis (and at certain other times). The incentive fee is equal to 12.50% of the excess, if any, of (i) the net profits of the Fund for the relevant period over (ii) the then balance, if any, of the sum of the hurdle amount and the loss recovery account. Incentive fees are accrued monthly and paid quarterly. For purposes of calculating incentive fees, such accruals are not deducted from net asset value.

Early repurchase fee: A 2.00% early repurchase fee payable to the Fund may be charged with respect to the repurchase of shares at any time prior to the day immediately preceding the one-year anniversary of a shareholder's purchase of the shares (on a "first in-first out" basis). The early repurchase fee will be retained by the Fund for the benefit of the remaining shareholders.

Sales load: No upfront sales load will be paid with respect to Class S Shares, Class D Shares, Class I Shares or Class M Shares, however, if you buy Class S Shares, Class D Shares or Class M Shares through certain financial intermediaries, they may directly charge you transaction or other fees, including upfront placement fees or brokerage commissions, in such amount as they may determine, provided that selling agents limit such charges to a 3.0% cap on NAV for Class D Shares, a 3.0% cap on NAV Class S Shares and a 3.0% cap on NAV for Class M Shares.

Investment risk: Past performance is no guarantee of future results. All investments involve risk, including loss of principal. Franklin Lexington Private Markets Fund (the "Fund") is subject to a high degree of risk; specific risk considerations are listed below.

Concentration risk: An investment should be considered long-term within a multi-asset portfolio and should not be viewed individually as a complete investment program.

Liquidity risks: The Fund should be viewed as a long-term investment, as it is inherently illiquid and suitable only for investors who can bear the risks associated with the limited liquidity of the Fund. Limited liquidity is provided to shareholders only through the Fund's quarterly repurchase offers for no more than 5% of the Fund's shares outstanding at net asset value. There is no guarantee these repurchases will occur as scheduled, or at all. Shareholders may not be able to sell their shares in the Fund at all or at a favorable price.

Fund distributions: Distributions are not guaranteed and are subject to change.

Private market investment risks: The Fund may be able to invest in private securities that are illiquid and thinly traded, which may limit the manager's ability to sell such securities at their fair market value or when necessary to meet the portfolio's liquidity needs. To the extent the Fund invests in privately held companies, they present certain challenges and involve incremental risks as opposed to investments in public companies, such as dealing with the lack of available information about these companies as well as their general lack of liquidity. There also can be no assurance that companies will list their securities on a securities exchange, as such, the lack of an established, liquid secondary market for some investments may have an adverse effect on the market value of those investments and on an investor's ability to dispose of them at a favorable time or price.

FTFA is the investment manager of the Fund. Lexington Advisors LLC and Franklin Advisers, Inc. are the investment sub-advisers.

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