FRANKLIN TEMPLETON

Franklin Templeton Alternative Completion Portfolios

Commentary | as of September 30, 2026

Key Takeaways

- **Markets:** Global equity markets posted modest gains in the third quarter, despite some weakness in September linked to energy inflation and fiscal deficit concerns. International developed markets with lower exposure to the artificial intelligence (AI) theme performed well earlier in the period, while a resurgence of the AI trade boosted US and emerging market stocks in August. US stocks were supported by strong second-quarter corporate earnings and healthy forward earnings expectations. US value stocks fared better than growth during the quarter, as turbulence caused a broadening of market leadership early in the period.
- **Contributors:** The Alternatives sleeve contributed to absolute and relative performance.
- **Detractors:** The Equity sleeve detracted from absolute and relative performance.
- **Outlook:** Corporate fundamentals remain strong amid earnings growth expectations for the next 12 months. In our opinion, strong earnings expectations and a healthy macro backdrop generally support our "risk-on" approach, despite mildly exuberant sentiment and positioning. Renewed tensions in the Middle East restrain our optimism amid rising inflation expectations, but growth remains strong.

Performance Review

- For the three-month period ended September 30, 2026, Franklin Templeton Alternative Completion Portfolios outperformed its benchmark, the HFRX Global Hedge Fund Index, on both a gross and net of fees basis.
- Alternatives holdings contributed to absolute returns during the period, led by Virtus AlphaSimplex Managed Futures Strategy Fund (Class I), John Hancock Diversified Macro Fund (Class I) and Franklin Systematic Style Premia ETF. Equity positions detracted from absolute returns.
- From a relative performance perspective, selection contributed overall, with Alternatives positions in John Hancock Diversified Macro Fund (Class I) and Franklin Systematic Style Premia ETF leading the way. Positions in Equities detracted from relative performance.

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. In our opinion, consistently strong economic growth and corporate earnings demand a positive attitude toward risk, even in the face of uncertainties such as geopolitics, persistent inflation and monetary policy tightening. As our constructive view on equities holds firm, we also see increasing value in government bonds as markets price in multiple interest-rate rises, pushing yields to attractive levels.

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns (%) - as of September 30, 2026

Composite	3-Mo*	6-Mo*	YTD*	1-Yr	3-Yr	5-Yr	10-Yr	15-Yr	20-Yr	25-Yr	Inception	Inception Date
Net of Fees	1.61	3.51	5.45	6.10	3.52	-0.39	—	—	—	—	-0.71	3/31/2018
Pure Gross of Fees	2.36	5.04	7.80	9.27	6.62	2.60	—	—	—	—	2.27	3/31/2018
Benchmark	-0.82	4.53	3.93	5.40	6.03	2.94	—	—	—	—	3.22	—

*Cumulative total returns

Benchmark(s)

Benchmark =HFRX GLOBAL HEDGE FUND INDEX

The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward).

Franklin Templeton claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.
To obtain specific information on available products and services or a GIPS Report, contact your Franklin Templeton separately managed account sales team at (800) DIAL BEN/342-5236.
Past performance is not a guarantee of future results. An investment in this strategy can lose value. Please visit www.franklintempleton.com for the latest performance figures. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Fees: Periods less than one year are not annualized. Performance results are for the composite which includes all actual, fully discretionary accounts with substantially similar investment policies and objectives managed to the composite's investment strategy. Composite returns are stated in U.S. dollars and assume reinvestment of any dividends, interest income, capital gains, or other earnings. The composite may include account(s) that are gross of fees and pure gross of fees. "Pure" gross-of-fee returns do not reflect the deduction of any expenses, including transaction costs. A traditional (or "true") gross-of-fee return reflects performance after the reduction of transaction costs but before the reduction of the investment advisory fee. The gross-of-fee return may include a blend of "true" gross-of-fee returns for non-wrap accounts and "pure" gross-of-fee returns for wrap accounts. Net-of-fee returns is reduced by a model "wrap fee" (3.0% is the maximum anticipated wrap fee for equity and balanced portfolios) which includes trading expenses as well as investment management, administrative and custodial fees. The model wrap fee used represents the highest anticipated wrap fee applicable to the strategy. Actual fees and account minimums may vary.
For fee schedules, contact your financial professional, or if you enter into an agreement directly with Franklin Templeton Private Portfolio Group, LLC ("FTPPG"), refer to FTPPG's Form ADV Part 2A disclosure document. Management and performance of individual accounts may vary for reasons that include the existence of different implementation practices and model requirements in different investment programs.
The performance shown for the Franklin Templeton Alternative Completion strategy reflects the performance of an account that is invested in the Class IS shares of the Franklin Templeton affiliated mutual funds that are included in the portfolios. Sponsor firms offering the Franklin Templeton Alternative Completion strategy on their platform may request that Franklin Templeton Investment Solutions (FTIS) provide a model portfolio for the Franklin Templeton Alternative Completion strategy utilizing the Class I share of the Franklin Templeton affiliated mutual funds. Because Class IS shares have a lower expense ratio than Class I shares, the performance shown for the strategy is higher than it would have been had Class I shares been utilized.

What are the Risks?

All investments involve risks, including possible loss of principal. These models include funds which engage in a variety of investment strategies involving certain risks. The model's risks are directly related to the risks of the underlying funds and may include, but is not limited to, the risks as described below. Model allocation strategies are not designed to maximize return or predict the highest performing fund or group of funds within each class in the model. There are expenses associated with the underlying funds in addition to any fees charged by the sponsor firm. **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. **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. **Low-rated, high-yield bonds** are subject to greater price volatility, illiquidity and possibility of default. **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. Derivative instruments can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance. **Short selling** is a speculative strategy. Unlike the possible loss on a security that is purchased, there is no limit on the amount of loss on an appreciating security that is sold short. **Real estate investment trusts (REITs)** are closely linked to the performance of the real estate markets. REITs are subject to illiquidity, credit and interest rate risks, and risks associated with small- and mid-cap investments. **Asset-backed, mortgage-backed or mortgage-related securities** are subject to prepayment and extension risks. The managers' **environmental social and governance (ESG) strategies** may limit the types and number of investments available and, as a result, may forgo favorable market opportunities or underperform strategies that are not subject to such criteria. There is no guarantee that the strategy's ESG directives will be successful or will result in better performance. **Diversification** does not guarantee a profit or protect against a loss. The **allocation** of assets among different strategies, asset classes and investments may not prove beneficial or produce the desired results.

Glossary

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 portfolio. 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 portfolio's selection process. Holdings are subject to change.

These materials are being provided for illustrative and informational purposes only. The information contained herein is obtained from multiple sources that are believed to be reliable. However, such information has not been verified, and may be different from the information included in documents and materials created by the sponsor firm in whose investment program a client participates. Some sponsor firms may require that these materials be preceded or accompanied by investment profiles or other documents or materials prepared by such sponsor firms, which will be provided upon a client's request. For additional information, documents and/or materials, please speak to your Financial Professional or contact your sponsor firm.

Franklin Templeton (FT) is not undertaking to provide impartial advice. Nothing herein is intended to provide fiduciary advice. FT has a financial interest.

Monthly reporting HFRX Index constituents are comprised of private hedge funds. The **HFRX Global Hedge Fund Index** is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies, including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry.

Source: Hedge Fund Research, Inc. The HFR indices are being used under license from Hedge Fund Research, Inc., which does not endorse or approve of any of the contents of this report. Unlike most asset class indexes, the HFR Index reflect fees and expenses.

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

Separately Managed Accounts (SMAs) are investment services provided by Franklin Templeton Private Portfolio Group, LLC (FTPPG), a federally registered investment advisor. Client portfolios are managed based on investment instructions or advice provided by affiliated subadvisors of Franklin Templeton. Management is implemented by FTPPG, the designated subadvisor or, in the case of certain programs, the program sponsor or its designee.

Not FDIC Insured | No Bank Guarantee | May Lose Value

© Franklin Templeton. All rights reserved.

FRANKLIN TEMPLETON