FRANKLIN TEMPLETON

Franklin Templeton Strategic Real Return 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 United States 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 portfolio's Alternatives sleeve was the leading contributor.
- **Detractors:** The portfolio's Fixed Income sleeve detracted.
- **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

- In the third quarter of 2026, Franklin Templeton Strategic Real Return Portfolios outperformed its benchmark, the Bloomberg US Treasury: US TIPS Index on both a net of fees and gross basis.
- The Alternatives and Equity portfolio sleeves were key drivers of absolute returns over the period. Within Alternatives, positive contributions from Invesco Optimum Yield Diversified Commodity Strategy No K-1 ETF were partially offset by negative contributions from iShares Global Infrastructure ETF and Vanguard Real Estate ETF. Within Equity, Franklin Global Equity Fund (Class IS) was the leading contributor to absolute performance. On a relative basis, overweight allocations to the Alternatives and Equity sleeves contributed positively to performance.
- Conversely, the portfolio's Fixed Income sleeve detracted from absolute returns, primarily driven by Western Asset Inflation Indexed Plus Bond Fund (Class IS). On a relative basis, security selection within Fixed Income detracted from 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-PRELIMINARY

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	1.89	4.20	8.86	9.40	9.35	4.23	4.94	3.24	—	—	3.35	2/28/2010
Pure Gross of Fees	2.35	5.15	10.34	11.40	11.35	6.15	6.87	5.13	—	—	5.25	2/28/2010
Benchmark	-3.24	-2.37	-2.12	-1.99	3.75	0.00	2.15	2.07	—	—	2.84	—

*Cumulative total returns

Benchmark(s)

Benchmark =Bloomberg U.S. Treasury: U.S. TIPS

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

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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 Composite returns referenced above represent Pure Gross composite performance of the portfolio reduced by an annual fee of 1.84%, the maximum fee charged by Primerica Advisors to clients invested in the strategy through the Lifetime Investment Program wrap fee program. The Net of fee composite returns presented in the strategy GIPS report are calculated by reducing each monthly composite pure gross rate of return by the highest "bundled" fee charged (3.00%) annually, prorated to a monthly ratio.
The composite is comprised of accounts that are separately managed accounts (SMAs) managed in accordance with the strategy.
For investors that access strategies through the Primerica Advisors Lifetime Investment Program, Primerica Advisors or its service providers, not Franklin Templeton Private Portfolio Group, LLC (FTPPG), is responsible for implementing the strategy in your account. Gross performance of the strategy, as implemented by Primerica Advisors, will vary from FTPPG's composite performance. Net performance for individual investors will vary based on the fees charged by Primerica Advisors, as well as Primerica Advisors' management of its program and each client's account.

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.

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The **Bloomberg U.S. TIPS Index** is an unmanaged index that measures the performance of intermediate (one to ten year) U.S. Treasury inflation-protected securities.

Source: Bloomberg Indices.

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