

# Franklin Global Equity Fund

Class A: CFIPX Class I: SMYIX

Commentary | as of March 31, 2025

## Key Takeaways

- **Markets:** After starting 2025 on a strong note, global equities collectively declined during the rest of the first quarter due to investor concerns about US economic growth, President Donald Trump's trade policy and a broadening trade war.
- **Contributors:** Region and sector allocation decisions added value, notably an overweight to Banks in both continental Europe and the UK.
- **Detractors:** Stock selection detracted from relative return overall, especially in the US.
- **Outlook:** Trade policy uncertainty and the potential for trade wars, as well as geopolitical concerns, are impacting investor sentiment globally. Changes in growth prospects and inflation expectations may influence central bank action, which in turn will continue to translate into market volatility.

## Performance Review

- While stock selection was mixed at the region and sector level and modestly detracted overall, stock selection in Australia, New Zealand & Canada and Japan were leading contributors to relative return. Stock selection contributed more modestly in the UK and continental Europe.
- The biggest detractor from relative return for the quarter was stock selection in the US, where results in non-bank financial and consumer discretionary names were the most negative.
- Region and sector allocation decisions added value, notably an overweight to Banks in both continental Europe and the UK.

## Outlook

- Trade policy uncertainty and the potential for trade wars, as well as geopolitical concerns, are impacting investor sentiment globally. Changes in growth prospects and inflation expectations may influence central bank action, which in turn will continue to translate into market volatility.
- The new US administration's "America First" narrative has prompted economies in other global regions, most notably Europe, to stimulate their own economies with wide-ranging fiscal spending initiatives. This proactive approach has shifted the narrative away from US exceptionalism and fueled rising share prices and improved earnings estimates elsewhere.
- The US economy appears to be weakening, albeit from a position of strength, and tariffs are expected to lead to lower growth and higher inflation in the near term. Hawkish rhetoric from the Fed linked to growing concerns about the inflationary impact of tariffs suggest more than three interest-rate cuts over the next year.
- Against this background, we are confident that investors will continue to reward stocks that are attractively valued and invest in companies that have solid growth prospects and the ability to generate cash for their shareholders. We believe that our well-diversified, disciplined strategy will serve investors well in this environment.

## Morningstar Rating™

Overall Rating as of March 31, 2025

★★★★★ (5-Star) Class A

★★★★★ (5-Star) Class I

As of 03/31/2025 the fund's Class A and Class I shares received a 5 star overall Morningstar rating™, measuring risk-adjusted returns against 305, 286 and 191 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.

## Top Equity Issuers (% of Total)

Holding	Fund
Apple Inc	4.89
NVIDIA Corp	4.20
Microsoft Corp	3.47
Alphabet Inc	2.70
Amazon.com Inc	2.69
Meta Platforms Inc	2.29
AbbVie Inc	1.32
Novartis AG	1.09
Roche Holding AG	1.09
Mastercard Inc	1.06

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

Sector	Fund
Information Technology	24.25
Financials	16.55
Health Care	12.52
Consumer Discretionary	10.38
Industrials	8.53
Consumer Staples	8.52
Communication Services	8.18
Energy	3.82
Materials	2.46
Other	3.76

## Average annual total returns and fund expenses (%)

Class	CUSIP	Ticker	Without Sales Charge							With Maximum Sales Charge							Expenses		Sales Charges		Inception Date
			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	
Class A	52469H487	CFIPX	-1.81	-1.81	8.18	9.56	17.96	9.69	6.29	-7.21	-7.21	2.24	7.41	16.58	9.05	6.10	1.27	1.27	5.50	—	3/1/1991
Class I	52469H453	SMYIX	-1.73	-1.73	8.51	9.93	18.37	10.08	9.40	-1.73	-1.73	8.51	9.93	18.37	10.08	9.40	0.99	0.95	—	—	5/20/2003
Benchmark	—	—	-1.79	-1.79	7.04	7.58	16.13	9.50	—	-1.79	-1.79	7.04	7.58	16.13	9.50	—	—	—	—	—	

## 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](http://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 12/31/2026 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.

## 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. 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. Net Returns (NR) include income net of tax withholding when dividends are paid.

Important data provider notices and terms available at [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com). All data is subject to change.

**Morningstar Rating™:** Source: Morningstar®, 03/31/2025. 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 4 and 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 A and Class I shares only. Other share classes may have different Morningstar ratings.

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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](http://www.franklintempleton.com). Please read it carefully.**