

Product Profile

Product Details

Composite Assets	\$3,740,323,324.93
Inception Date	12/31/2003
Base Currency	USD
Investment Style	Growth

Overview

We focus on fundamental bottom-up stock analysis to identify and select quality growth companies with sustainable business models and proven management teams that are focused on the creation of shareholder value. We utilize the recommendations from this analysis to build a concentrated, best-ideas portfolio of 35–40 stocks that is benchmark indifferent, yet diversified, due to the limited overlap of economic exposures to hold companies. Our in-depth research supports our longer-term perspective, seeking to hold companies for three to five years.

Performance Data¹

Average Annual Total Returns (USD%)²

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (12/31/2003)
Franklin Global Plus Equity Composite - GROSS	1.17	9.58	29.23	22.03	20.68	16.36	11.63
Franklin Global Plus Equity Composite - NET	0.96	8.91	28.20	21.11	19.80	15.54	10.85
MSCI World Index-NR	-0.01	13.04	28.82	13.14	13.74	12.68	8.28
MSCI World Growth Index-NR	0.81	12.04	26.09	19.23	18.65	15.60	9.96

Calendar Year Returns (USD %)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Franklin Global Plus Equity Composite - GROSS	44.53	38.47	-11.54	36.02	1.98	2.51	4.53	21.61	23.62	-9.19
Franklin Global Plus Equity Composite - NET	43.40	37.53	-12.16	35.10	1.27	1.80	3.81	20.79	22.77	-9.83
MSCI World Index-NR	15.90	27.67	-8.71	22.40	7.51	-0.87	4.94	26.68	15.83	-5.54

Portfolio Manager Insight

Market Review

Global equity markets, as measured by the MSCI World Index, rose in the third quarter of 2021 in US dollar terms. After advancing through July and August to record highs, markets reversed course in September, nearly erasing the earlier gains. Initially, strong corporate earnings, full US approval for a COVID-19 vaccine and the Chinese central bank's liquidity-boosting measures aided markets. Late in the period, persistent inflation, more hawkish central bank messaging and a continued regulatory crackdown in China all affected investor sentiment.

Performance Review

- Stock selection, the core of our investment process, contributed to performance during the quarter relative to the strategy's benchmark, the MSCI World Index.
- Security selection in the Materials, Industrials and Information Technology sectors contributed to performance relative to the MSCI World Index.
- Stock selection in the Consumer Discretionary sector weighed on relative performance.

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

2. Periods of more than one year are annualized.

- Sector and regional weightings are a result of our stock-selection process and our search for what we believe are attractive, high-quality, sustainable-growth companies. Sector allocations contributed to relative performance during the quarter. A lack of exposure to Consumer Staples and an overweight in Health Care contributed to relative returns. Overweights in Industrials and Consumer Discretionary curbed relative performance.
- Regionally, stock selection in the United States and Europe supported relative returns, while a lack of exposure to Japan curbed relative performance.

Outlook & Strategy

We expect equity markets to remain constrained by the ongoing nature of the COVID-19 pandemic and the incremental waves caused by the highly transmissible COVID-19 Delta variant. Between higher vaccination rates and the advancement of promising new antiviral drugs, however, the pandemic will almost certainly wane, in our view. But the market has yet to express a view on when that might occur.

As we emerge from the pandemic and move past its effects on global supply chains, working environments and business practices, we believe markets will likely continue to exhibit the “one step forward, one step back” behavior that characterized the third quarter.

In the coming months, we will continue to closely monitor the US Federal Reserve’s (Fed) shift toward tightening monetary policy. We anticipate a move by the Fed to reduce its asset purchases sometime over the rest of this year or early 2022, with possible hikes in the discount rate occurring in the middle of next year. Markets often begin to wobble on news of monetary tightening, which can cause headwinds for equities.

We will also keep a close eye on rising inflation. Ideally, it will soon start to become clearer whether we’ve entered an inflationary spiral or are simply enduring a temporary rise resulting from pandemic-induced supply chain issues. Supply constraints on everything from labor to semiconductors have led to wage and price pressure throughout the global supply chain. While bond prices are roughly where they were six months ago, they will likely suffer if higher inflation appears to be more than transitory.

The tug of war between value and growth stocks will almost certainly persist, in our view, but we continue to see long-term opportunities in growth stocks. We believe our strategy of investing in high-quality companies tied to long-term secular growth trends should continue to perform well over an entire market cycle. We believe companies in areas like autonomous driving, cybersecurity, e-commerce, cloud computing and clean technology should remain a bright spot over the longer term. We have confidence that a focused yet highly diversified portfolio, with an emphasis on well-managed companies that have robust competitive advantages and good growth prospects, can provide investors with excellent outcomes over the longer term.

Portfolio Characteristics^a

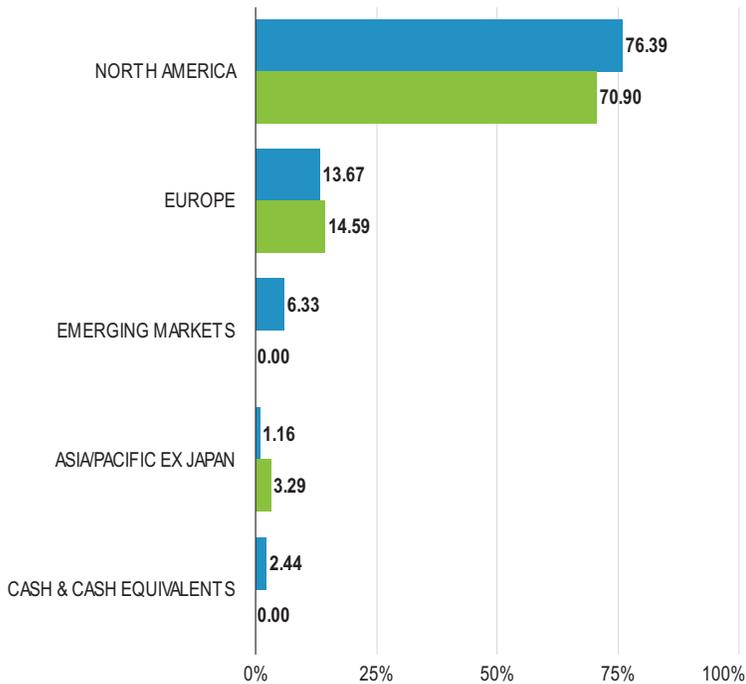
	Portfolio	MSCI World Index-NR
Market Capitalization (Millions in USD)	69,317	338,935
Number of Issuers [*]	39	1561
Return on Equity	19.25%	17.72%
Price to Earnings Growth Ratio	2.11x	1.13x
Estimated 3-5 Yr EPS Growth	21.47%	16.60%
Price to Earnings (12 Month Forward)	38.61x	18.98x

Number of issuers based on a representative portfolio in the composite. Securities will vary among individual accounts in the composite

^{*}Based on a representative portfolio in the composite. Securities will vary among individual accounts in the composite.

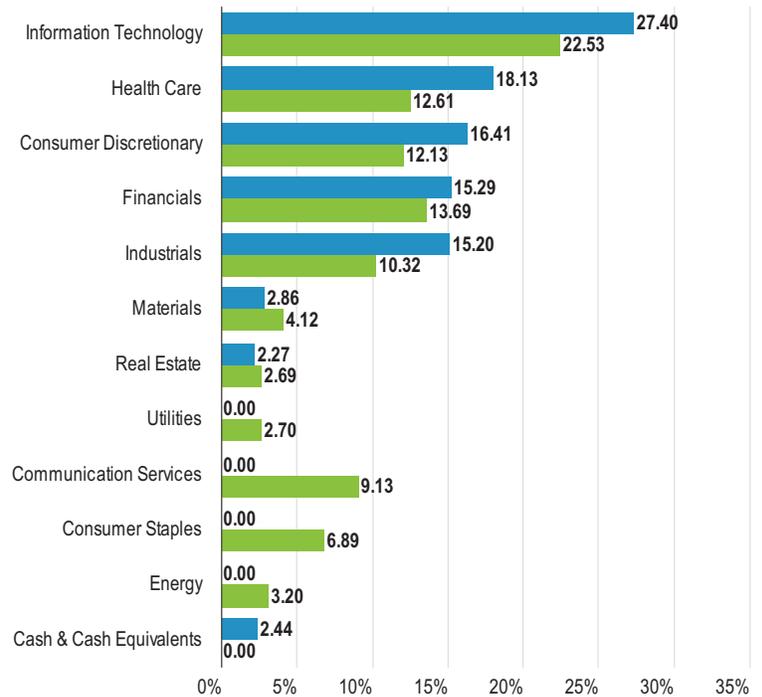
Portfolio Diversification

Geographic Weightings vs. MSCI World Index-NR^b
Percent of Total



● Franklin Global Plus Equity Composite
● MSCI World Index-NR

Sector Weightings vs. MSCI World Index-NR^b
Percent of Total



● Franklin Global Plus Equity Composite
● MSCI World Index-NR

Top Ten Holdings^c

Percent of Total

Top Holdings	Sector	Country	%
SVB FINANCIAL GROUP	Banks	United States	3.74
SYNOPTIS INC	Software & Services	United States	3.37
MERCADOLIBRE INC	Retailing	Argentina	3.28
INTUITIVE SURGICAL INC	Health Care Equipment & Services	United States	3.25
APTIV PLC	Automobiles & Components	United States	3.16
HUMANA INC	Health Care Equipment & Services	United States	3.15
ZSCALER INC	Software & Services	United States	3.10
FLOOR & DECOR HOLDINGS INC	Retailing	United States	3.07
HDFC BANK LTD	Banks	India	3.05
VERISK ANALYTICS INC	Commercial & Professional Services	United States	3.05

Performance Statistics

Performance Statistics (USD)^{3,4,5}

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)				
Franklin Global Plus Equity Composite	20.73	17.07	15.69	17.50
MSCI World Index-NR	18.21	14.69	13.37	14.97
Tracking Error (%)	7.46	6.57	5.69	5.66
Information Ratio⁶	1.19	1.06	0.65	0.59
Sharpe Ratio				
Franklin Global Plus Equity Composite	1.01	1.15	1.01	0.60
MSCI World Index-NR	0.66	0.86	0.91	0.47

Investment Philosophy

Research-Driven Portfolio

- Concentrated portfolio with approximately 35–40 holdings
- Benchmark Indifferent

Longer-Term Investment Horizon

- Investment Horizon of 3 to 5 years
- Typical holding period of 4+ years

Seek to Manage Risk by Limiting Economic Overlap among Holdings

- Select companies whose earnings streams are not highly correlated
- Has typically resulted in a diversified portfolio across MSCI Global Industry Classification Standard (GICS) sectors and industries

Global Opportunity Set

- Search without borders
- Average allocation to emerging markets has been less than 10%

Investment Process

STOCK SELECTION DISCIPLINE

Growth



Free cash flow analysis to assess:

- Sustainable business model
- Long-term competitive advantage
- Value-generating reinvestment record

Quality



Framework to assess:

- Financial transparency and accounting quality
- Corporate governance including share, board and management structure and compensation metrics
- Environmental management, social and labor practices

Valuation



Common discount cash flow/dividend model to assess:

- Relative attractiveness of company
- Valuation support under different scenarios

3. Risk statistics are calculated using gross of fees composite performance.

4. Information Ratio and Tracking Error information are displayed for the product versus the MSCI World Index-NR.

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

6. Information Ratio is a way to evaluate a manager's ability to outperform a benchmark in relation to the risk that manager is assuming, with risk defined as deviation from the benchmark. This measure is calculated by dividing the portfolio's excess return (portfolio return less the benchmark return) by the tracking error (derived by taking the standard deviation of the monthly differences between the portfolio return and the benchmark return over time).

For Institutional / Professional Investors Only. Not For Distribution To Retail Investors.

Investment Team

Portfolio Manager	Years with Firm	Years Experience
John Remmert	19	34
Don Huber, CFA	19	40
Franklin Global Large Cap Team	Number of Members	Average Years Experience
Research Analysts	8	18
Additional Resources		
Franklin US Equity Team	Global Portfolio Compliance	Global Trading Platform
Investment Risk Management Group	Research Associates	
Attention - Product Managers		
No Data Found.		

What Are The Risks?**Important Information**

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The Franklin Global Plus Equity Composite consists of global equity accounts with country restrictions that are equal to or less than 5% of the primary benchmark. All portfolios are managed on a fully discretionary basis with an investment objective that seeks to outperform the MSCI World Index - NR on a gross of fees basis by investing in equity securities on a global basis. Franklin employs a bottom-up fundamental approach to stock selection, utilizing in-depth analysis to select companies based on growth, quality and valuation investment criteria. Franklin uses foreign currency forward contracts in conjunction with the normal settlement of security trades in currencies other than the base currency of each account.

Total returns are presented in U.S. dollars both gross and net of investment advisory fees, are inclusive of commissions and transaction costs, and assume reinvestment of any dividends, interest income, capital gains, or other earnings. Periods greater than one year are shown as average annual total returns. Performance data is shown rounded to the nearest hundredth. **Past performance is not an indicator or a guarantee of future performance.**

The MSCI World (Net Dividends) Index is a free float-adjusted market capitalization weighted equity index comprised of securities in MSCI's developed market country-specific indexes. The benchmark is used for comparative purposes only and is provided to represent the investment environment existing during the time periods shown. Effective 12/31/2015, the historical benchmarks were changed from MSCI World Index to MSCI World (Net Dividends) Index and from MSCI World Growth Index to MSCI World Growth (Net Dividends) Index for all historical periods. The net dividends indices are more representative of the composite strategy, taking into account the impact of foreign withholding taxes. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

All investments are subject to certain risks, including possible loss of principal. Generally, investments offering the potential for higher returns are accompanied by a higher degree of risk. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments. Investments in emerging markets involve heightened risks related to the same factors and are less liquid. Securities markets can fluctuate significantly in response to industry, financial or economic developments, and unexpected events, such as the spread of deadly diseases or disasters, can cause investor fear and panic, which can adversely affect companies, sectors and the market in general. Investors should review their investment objectives, risk tolerance and liquidity needs before choosing a manager. There is no guarantee that investment strategies will work under all market conditions and investors should evaluate their ability to invest for the long term, especially during periods of market downturns.

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Source: FactSet. Important data provider notices and terms available at www.franklintempletondatasources.com.

- a. Source: FactSet. Price ratio calculations for weighted average use harmonic means. Any exceptions to this are noted.
- b. Percentage may not equal 100% due to rounding. All holdings are subject to change.
- c. Holdings of the same issuers have been combined. Top ten holdings information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change. The portfolio manager reserves the right to withhold release of information with respect to holdings that would otherwise be included.

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Franklin Templeton Institutional
One Franklin Parkway
San Mateo, CA 94403-1906
Tel: (800) 321-8563
ftinstitutional.com

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