

This is a marketing communication.

For the purposes of the UK Sustainability Disclosure Requirements, a sustainable investment label helps investors find funds that have a specific sustainability objective. This Fund does not have a UK sustainable investment label because it does not have a specific sustainability objective.



# FTF ClearBridge US Equity Income Fund

Franklin Templeton Funds

W (inc)  
31 December 2025

## Product Commentary

### Performance Review<sup>1</sup>

- 2025 marked the third consecutive year of this artificial intelligence (AI)-driven cycle. The market-capitalisation-weighted S&P 500 Index rose 17.9% in the year, while the equal-weighted S&P 500 Index gained just 11.4%. The “Magnificent Seven,” this market’s nucleus, rose 24.9% in 2025. While performance comparisons will vary based on the time period, cap-weighted and equal-weighted indexes have produced similar returns over long periods of time.
- For the quarter, the fund’s W (inc) shares returned 2.02%, and its benchmark, the S&P 500 Index, returned 2.75%.

### QUARTERLY KEY PERFORMANCE DRIVERS

	Stocks	Sectors
HELPED	Industria de Diseno Textil, SA Unsponsored ADR	Consumer Staples (Stock Selection)
	AstraZeneca PLC	Consumer Discretionary (Underweight and Stock Selection)
	Freeport-McMoRan, Inc.	Financials (Stock Selection)
HURT	Alphabet Inc. Class C	Communication Services (Stock Selection)
	Eli Lilly and Company	Real Estate (Overweight and Stock Selection)
	T-Mobile US, Inc.	Information Technology (Stock Selection)

- The S&P 500 managed a 2.7% gain in the fourth quarter, while the portfolio captured roughly half of that.
- On the plus side, consumer staples holdings such as Nestle, Coca-Cola and Unilever and a health care overweight shined as concerns of a tech bubble grew.
- On the downside, we are underweight Alphabet and Apple, two Magnificent Seven stocks that performed well, and overweight Oracle, which gave back some of its large gains from earlier in 2025. Increasing competitive dynamics in the wireless industry also weighed on T-Mobile.
- 2025 marked the third consecutive year of this AI-driven cycle. The market-cap-weighted S&P 500 Index rose 17.9% in the year, while the equal-weighted S&P 500 Index gained just 11.4%. The Magnificent Seven, this market’s nucleus, rose 24.9% in 2025. Since ChatGPT launched three years ago, the cap-weighted S&P 500 has delivered nearly twice the gains of its equal-weighted peer. The Magnificent Seven, meanwhile, has surged a staggering 332%.
- While performance comparisons will vary based on the time period, cap-weighted and equal-weighted indexes have produced similar returns over long periods of time.
- In 2025, and throughout the last three years, the portfolio has enjoyed healthy gains, in part due to its investments in AI participants like Alphabet, Broadcom, Meta Platforms, Microsoft and Oracle.
- We have not gained as much as the cap-weighted S&P 500, our benchmark, however, as we maintain diversification to prevent the portfolio from becoming overly concentrated.
- Market conditions in 2025 provided opportunities in companies we have long followed and admired such as: Automatic Data Processing (a fourth-quarter addition), Inditex, L3Harris, Marsh & McLennan, Old Dominion Freight Lines and TE Connectivity. We also took advantage of situations in select existing holdings to significantly increase our positions in Air Products, ExxonMobil and Union Pacific. All represent high-quality franchises in attractive industries underwritten based on reasonable cash returns. It is an eclectic bunch, sourced from bottom-up analysis, not a trend-following, top-down approach.
- Given our approach to investing—conservative, diversified and risk-averse—AI is not central to our portfolio. Indeed, no one sector or trend will ever be central to the portfolio.
- In momentum-driven, concentrated markets, diversification inherently impacts relative performance comparisons. Of course, it also limits losses when that trade, inevitably, unwinds.

### Outlook & Strategy

- We anticipate the AI debate will carry over in 2026 and we will continue to participate in AI in a measured and disciplined way. Yet, as other investors continue to myopically focus on AI, we expect to find additional idiosyncratic opportunities in overlooked corners of the market. We believe these seeds will bear fruit in the years to come. The portfolio, meanwhile, continues to trade at a significant discount to the broader market while exhibiting robust dividend growth on average. With market concentration and valuations at or near all-time highs, we remain committed to diversification and valuation discipline. These principles have served investors well in the past; we believe they will continue to serve us well in the years ahead.

1. Please go to <https://www.franklintonet.com/glossary> for key terms and definitions.

## Fund Details

Inception Date	23/09/2022
Benchmark	S&P 500 Index
IA Sector Peer Group	IA North America

## Fund Description

The Fund aims to generate income and increase in value through investment growth, over periods of five years or more after all fees and costs are deducted. There is no guarantee that the Fund will achieve its objective over this or any other time period. Capital invested is at risk and you may get back less than you paid in.

## Performance Data<sup>2,3</sup>

### Discrete Annual Performance (%) as at 31/12/2025

	12/24 12/25	12/23 12/24	12/22 12/23	12/21 12/22	12/20 12/21	12/19 12/20	12/18 12/19	12/17 12/18	12/16 12/17	12/15 12/16
W (inc)	5.62	17.79	8.33	2.95	27.68	3.15	25.02	-0.33	8.51	34.75
S&P 500 Index GBP	9.76	27.26	19.16	-7.79	29.89	14.74	26.41	1.56	11.29	33.55
Peer Group Average	6.80	22.03	16.65	-10.10	25.26	16.46	24.56	-1.15	10.49	30.07

### Performance Net of Management Fees as at 31/12/2025 (Dividends Reinvested) (%)<sup>a,b</sup>

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (17/10/2011)
W (inc)	-0.31	2.02	5.62	5.62	10.46	12.12	12.78	12.87
S&P 500 Index	-1.43	2.75	9.76	9.76	18.51	14.80	15.88	16.44
Peer Group Average	-1.14	2.12	6.80	6.80	14.98	11.35	13.44	13.90
Quartile Ranking	1	3	3	3	3	3	3	3

The W (inc) share class launched on 23/09/2022. Performance data prior to this date was for the X INC share class launched on 17/10/2011 of a predecessor fund, which had equal or higher annual charges.

Please refer to the "How We Measure Performance" section for more details about the benchmark.

## Investment Team

John Baldi  
Years with Firm 21  
Years Experience 28

Michael Clarfeld, CFA  
Years with Firm 19  
Years Experience 26

## What Are the Key Risks?

The value of shares in the Fund and income received from it can go down as well as up and investors may not get back the full amount invested. Performance may also be affected by currency fluctuations. Currency fluctuations may affect the value of overseas investments. There is no guarantee that the Fund will meet its objective. The Fund does not offer any capital guarantee or protection and you may not get back the amount invested. The Fund is in its risk/reward category because investments in shares of US companies from various sectors have historically been subject to relatively large fluctuations in value. As a result, the performance of the Fund can fluctuate considerably over time. Risks materially relevant not adequately captured by the indicator: **Concentration risk:** the risk that arises when a fund invests in relatively few holdings, few sectors or a restricted geographic area. Performance may be more volatile than a fund with a greater number of securities. **Single Country/Region Risk:** This fund invests primarily in the United States, which means that it is more sensitive to local economic, market, political or regulatory events in the United States, and will be more affected by these events than other funds that invest in a broader range of regions. **Equity risk:** prices of equities may be affected by factors such as economic, political, market, and issuer-specific changes. Such changes may adversely affect the value of the equities regardless of company-specific performance. **Foreign Currency risk:** the risk of loss arising from exchange-rate fluctuations or due to exchange control regulations. **Liquidity risk:** the risk that arises when adverse market conditions affect the ability to sell assets when necessary. Such risk may be triggered by (but not limited to) unexpected events such as environmental disasters or pandemics. Reduced liquidity may have a negative impact on the price of the assets.

## How We Measure Performance

We measure performance and price shares in the Fund in British pounds (GBP).

- We measure performance against the S&P 500 Index (the "Index"), as it is widely available and reflects the performance of investments in similar assets to those in which the Fund will invest. The Index is a measure of the performance of 500 large companies listed in the United States.
- The Fund's performance can also be compared against the Investment Association North America sector average, which reflects the performance of the Fund's competitors.

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Subscriptions to shares of the Fund can only be made on the basis of the current prospectus, the relevant Key Investor Information Document ("KIID") or Supplementary Information Document (SID) accompanied by the latest available audited annual report and the latest semi-annual report if published thereafter, which can be found on our website ([www.franklintempleton.co.uk](http://www.franklintempleton.co.uk)) or from the address below. US Persons (as more fully defined in the latest Fund prospectus) are not eligible to invest in the Fund. Shares of the Fund are available for sale and distribution in the UK.

An investment in the Fund entails risks which are described in the Fund's prospectus and the relevant KIID. The value of shares in the Fund and any income received from them can go down as well as up, and investors may not get back the full amount invested. Past performance is not an indicator, not a guarantee, of future performance. Where a fund invests in a specific sector or geographical area, the returns may be more volatile than a more diversified fund.

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a. Source for all information is Franklin Templeton. Benchmark related data provided by FactSet. Past performance is not an indicator or a guarantee of future performance. Portfolio holdings are subject to change. Periods greater than one year are shown as average annual total returns. Sales charges and other commissions, taxes and other relevant costs paid by investor are not included.

b. When performance for either the portfolio or its benchmark has been converted, different foreign exchange closing rates may be used between the portfolio and its benchmark.



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