FRANKLIN TEMPLETON

Franklin Gulf Wealth Bond Fund

A (acc) USD: AEDFXA56C040 | **Commentary | as of 30 June 2026**

Key Takeaways

- **Markets:** Geopolitical events continued to dominate the second quarter of 2026. However, towards the end of the period, the easing of Middle East tensions and a decline in oil prices helped improve investor sentiment. Global aggregate bond indexes registered small positive total returns in US-dollar terms over the quarter. The US Federal Reserve kept rates unchanged during the period, although rising inflationary pressures have raised the possibility of a rate hike by the central bank before year-end. As widely expected, the European Central Bank raised interest rates by 25 basis points in June, the first hike since the late cycle in 2023 and one year after the last cut, as rising energy-driven inflation outweighed concerns about slowing economic growth. Against this backdrop, the Gulf Cooperation Council (GCC) market was also up.
- **Contributors:** Security selection, asset allocation, yield-curve effects, currency positioning.
- **Detractors:** US-dollar duration exposure to the longer end of the curve.
- **Outlook:** The high-quality bias in our portfolio remains appropriate in an environment where uncertainty remains high.

Performance Review

Past performance does not predict future returns.

- In the second quarter of 2026, the fund's security selection contributed significantly to performance, notably in quasi-sovereigns (QatarEnergy and Abu Dhabi National Oil Company), sovereigns (Qatar) and, to a lesser extent, corporate financials (Aldar).
- Its asset allocation enhanced returns, owing to overweight exposures to financials and corporate industrials, as well as an underweight position in sovereigns.
- Yield-curve effects lifted results, particularly US-dollar duration exposure to shorter- and medium-dated issues and Egyptian-pound duration exposure, notably carry. However, US-dollar duration exposure to the longer end of the curve subtracted value.
- The fund's currency positioning added value, owing to its exposure to the Egyptian pound.

Outlook

- The high-quality bias in our portfolio remains appropriate in an environment where uncertainty remains high, volatility is rising and risk premiums are adjusting higher for longer. Historically, higher-quality credit has outperformed high-yield during periods of geopolitical and macro uncertainty, particularly where stagflation risks are increasing.
- We will continue to monitor developments closely and adjust positioning as warranted by changes in the macro or geopolitical backdrop. Portfolios will continue to prioritise liquidity and quality.
- GCC bonds have demonstrated their defensive characteristics with modest drawdowns and a swift recovery following the geopolitical shock, which, in our view, and considering the recent ceasefire, appears to be longer lasting with an increasing impact on regional and global economies.

Investment Overview

The Protected Cell is dedicated to investing in one or more share classes (each, an "Underlying Share Class") of Franklin Templeton Investment Funds – Franklin Gulf Wealth Bond Fund (the "Underlying Master Fund"). The investment objective of the Underlying Master Fund is to to maximise, consistent with prudent investment management, total investment return consisting of a combination of interest income, capital appreciation and currency gains in the long term. The Underlying Master Fund seeks to achieve its objective by investing primarily in fixed or floating-rate debt securities and obligations issued by government, government-related or corporate entities located in Gulf Cooperation Council (GCC) member countries.

Fund Overview

ISIN	AEDFXA56C040
Bloomberg	FRAGAUS UH
Morningstar Peer Group	Bond & Sukuk
Umbrella	Franklin Templeton Investments Feeder Funds
Fund Base Currency	USD
Fund Inception Date	29/07/2024
Share Class Inception Date	29/07/2024

Past performance does not predict future returns.

Discrete Annual Performance (%) - as of 30 June 2026

Class	06/25 06/26	06/24 06/25	06/23 06/24	06/22 06/23	06/21 06/22	06/20 06/21	06/19 06/20	06/18 06/19	06/17 06/18	06/16 06/17
A (acc) USD	5.51	—	—	—	—	—	—	—	—	—
Benchmark (USD)	4.88	—	—	—	—	—	—	—	—	—

Total Returns (%) - as of 30 June 2026

Class	1-Mo*	3-Mo*	YTD*	1-Yr*	3-Yr*	5-Yr*	Inception*	3-Yr	5-Yr	Inception	Inception Date
A (acc) USD	1.61	3.38	0.00	5.51	—	—	7.20	—	—	3.69	29/07/2024
Benchmark (USD)	0.05	2.58	0.30	4.88	—	—	10.07	—	—	5.13	—

*Cumulative total returns. All other time periods are annualised returns.

Benchmark(s) and Type

FTSE MENA Broad Bond GCC Issuers Index	Comparator

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 details provided are in share class currency, include the reinvested dividends gross of tax and are net of management fees. Sales charges, taxes and other locally applied costs have not been deducted. The fund's returns may increase or decrease as a result of changes to foreign exchange rates.

Up to date performance figures can be found on our website.
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.

What are the Risks?

Potential investors should be aware that an investment in the Protected Cell involves a high degree of risk and is suitable only for investors who fully understand and who can bear the risks of such an investment for an indefinite period. Listed below are the 'Certain Risk Factors' relating to an investment in the Protected Cell: **Credit risk:** the risk of loss arising from default that may occur if an issuer fails to make principal or interest payments when due. This risk is higher if the Fund holds low-rated, sub-investment-grade securities. **Derivative Instruments risk:** the risk of loss in an instrument where a small change in the value of the underlying investment may have a larger impact on the value of such instrument. Derivatives may involve additional liquidity, credit and counterparty risks. **Emerging markets risk:** the risk related to investing in countries that have less developed political, economic, legal and regulatory systems, and that may be impacted by political/economic instability, lack of liquidity or transparency, or safekeeping issues. **Foreign Currency risk:** the risk of loss arising from exchange-rate fluctuations or due to exchange control regulations. All potential investors must carefully read the sections entitled "Certain Risk Factors and Potential Conflicts of Interest" in the Prospectus and Supplement for a full discussion of all the risks before making an investment in the Protected Cell.

The Fund does not offer any capital guarantee or protection and you may not get back the amount invested. The Fund is subject to the following risks which are materially relevant:

Complete information on the risks of investing in the Fund are set out in the Fund's prospectus.

Important Information

This feeder fund is dedicated to investing in one or more share classes of the Underlying Master Fund. Any information pertaining to the Underlying Master Fund has been provided for understanding and evaluating feeder fund only, there is no intention to promote the Underlying Master Fund. The Underlying Master Fund is not registered in the UAE for public distribution.

This marketing material is intended to be of general interest only and should not be construed as investment advice nor does it constitute legal or tax advice and it is not an offer for shares or an invitation to apply for shares of the Dubai International Financial Centre-domiciled Franklin Templeton Investments Feeder Funds Open-ended PCC PLC or any of its protected cell (together, the "Fund").

For the avoidance of doubt, if you make a decision to invest, you will be buying shares in the Fund and will not be investing directly in the underlying assets of the Fund. 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. **Past performance does not predict future returns.** Currency fluctuations may affect the value of overseas investments. When investing in a fund denominated in a foreign currency, your performance may also be affected by currency fluctuations.

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No shares of the Fund may be directly or indirectly offered or sold to residents of the United States of America. Shares of the Fund are not available for public distribution in all jurisdictions and prospective investors should consult their financial advisor before deciding to invest.

The Fund may use financial derivatives or other instruments which may entail specific risks more fully described in the Fund's Prospectus and, where available, in the relevant Key Investor Information Document or any other relevant offering document.

Subscriptions to shares of the Fund can only be made on the basis of the current Prospectus of the Fund, the relevant supplement for a protected cell, and the relevant Key Investor Information Document (or any other relevant offering document), accompanied by the latest available audited annual report and the latest interim report if published thereafter. These documents can be found on our website at franklintempletonme.com or obtained, free of charge, from your local FT representative or the address below.

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