FRANKLIN TEMPLETON

Franklin U.S. Opportunities Fund

A (acc) USD: AEDFXA56C032 | **Commentary | as of 30 June 2026**

Key Takeaways

- **Markets:** US equities rebounded strongly during the second quarter of 2026, recovering from a weak start to the year as investor confidence improved despite ongoing geopolitical uncertainty. Sentiment was supported by robust corporate earnings, particularly from companies exposed to AI infrastructure, with continued increases in capital expenditure reinforcing confidence that the AI investment cycle remained intact. At its two meetings during the quarter, the US Federal Reserve left interest rates on hold. The easing of Middle East tensions and a decline in oil prices helped alleviate inflation concerns, encouraging a broad recovery in risk assets. The Nasdaq Composite Index outperformed the S&P 500 Index and Dow Jones Industrial Average. By investment style, growth investing surpassed value in each cap segment, while across the overall market, small-cap stocks performed better than their large- and mid-cap counterparts.
- **Contributors:** The fund fared better than its benchmark in the second quarter, with stock selection in the information technology (IT) sector being the overwhelming leading contributor to relative returns. Selection in the communications services and consumer staples sectors was also additive.
- **Detractors:** Conversely, allocation decisions had a negative impact on relative returns. Underweights in the IT, health care and materials sectors all held back relative performance.
- **Outlook:** Our view on US equities and the US economy remains positive despite heightened geopolitical risks. The US economy is relatively insulated from rising energy prices, but we are monitoring its potential impact on inflation and consumer spending. In an environment where investors should be selective, our focus is on owning high-quality franchises with durable competitive advantages, often supported by secular tailwinds. We expect corporate earnings growth to remain robust into 2027, providing support to valuations and our overall positive market outlook.

Performance Review

Past performance does not predict future returns.

- The fund's A (acc) USD shares outperformed the Russell 3000 Growth Index benchmark in the second quarter. In the IT sector, Micron Technology was a leading contributor to outperformance. Shares of the memory chipmaker continued to rise sharply during the period as their products are in high demand to support AI applications. The company passed $1 trillion in market capitalisation during the quarter, supported by long-term chip supply agreements with their customers.
- In the communication services sector, an off-benchmark holding in Space Exploration Technologies (SpaceX) contributed positively to relative returns. Our privately-held shares increased in value following the company's IPO, reflecting strong investor demand and optimism regarding the company's future growth potential.
- Conversely, Insmed, a commercial-stage biotech focused on rare diseases, held back relative returns in the health care sector. The company's shares fell after narrowly missing revenue projections. Investors have also raised concerns about the launch visibility of Insmed's new lung inflammation drug BRINSUPRI.

Outlook

- Overall, our view on US equities remains positive despite heightened geopolitical risks. The US economy is relatively insulated from rising energy prices, but we are monitoring its potential impact on inflation and consumer spending. In an environment where investors should be selective, our focus is on owning high-quality franchises with durable competitive advantages, often supported by secular tailwinds.
- US economic growth and year-to-date market performance has been supported by strong profit margins and corporate earnings growth. We expect earnings growth to remain robust through year-end providing support to valuations and the overall market.
- We are closely monitoring the evolving conflict in Iran. While hostilities appear to have settled, the Strait of Hormuz remains a key variable, with any significant disruption to energy supplies potentially impacting the global growth and inflation outlook. We have limited direct exposure to the energy sector but are monitoring how a sustained rise in energy prices could impact the portfolio and impact the broader US economy.
- The US Opportunities strategy has an active, fundamentally driven quality bias and employs a multi-cap approach to maintain a diversified portfolio. While we own many mega-cap leaders, we remain underweight relative to highly concentrated benchmarks. We view this positioning as balanced and complimentary to many of the concentrated passive indexes.
- In 2026, we are focused on structural themes shaped by AI, and automation, which are now producing measurable productivity gains not only in the IT sector but in the health care, financials, industrials and consumer sectors. We are also monitoring potential risks for the US economy, including inflation, regulatory pressures, geopolitical friction, infrastructure bottlenecks and unfavourable policy shifts. We expect to see an innovation-led expansion underpinned by quality fundamentals in an environment where we believe disciplined, active management has an advantage.

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 U.S. Opportunities Fund (the "Underlying Master Fund"). The investment objective of the Underlying Master Fund is capital appreciation. The Underlying Master Fund invests principally in equity securities of US companies demonstrating accelerating growth, increasing profitability, or above-average growth or growth potential as compared with the overall economy.

Fund Overview

ISIN	AEDFXA56C032
Bloomberg	FRUOPAU UH
Morningstar Peer Group	Global Equity
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	12.02	—	—	—	—	—	—	—	—	—
Russell 3000 Growth Index (USD)	18.24	—	—	—	—	—	—	—	—	—
S&P 500 Index (USD)	22.32	—	—	—	—	—	—	—	—	—

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	3.24	20.83	10.41	12.02	—	—	30.50	—	—	14.88	29/07/2024
Russell 3000 Growth Index (USD)	-2.66	17.05	5.88	18.24	—	—	41.72	—	—	19.92	—
S&P 500 Index (USD)	-0.95	15.20	10.21	22.32	—	—	40.69	—	—	19.47	—

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

Benchmark(s) and Type

Russell 3000 Growth Index	Comparator
S&P 500 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?

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:

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: **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. **Securities Lending risk:** the risk that default or insolvency of the borrower of securities lent by a Fund may lead to losses if collateral received realizes less than the values of securities lent. 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.

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.

The Franklin Templeton group ("**FT**"), and in particular, Franklin Templeton Investments (ME) Ltd. shall not be liable to any user of this document or to any other person or entity for the inaccuracy of information or any errors or omissions in its contents, regardless of the cause of such inaccuracy, error or omission. Any opinions expressed are the author's at publication date and they are subject to change without prior notice. Any research and analysis contained in this marketing material has been procured by FT for its own purposes and is provided to you only incidentally.

Data from third party sources may have been used in the preparation of this document and FT has not independently verified, validated or audited such data. References to particular industries, sectors or companies are for general information and are not necessarily indicative of the Fund's holding at any one time.

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.

Issued by Franklin Templeton Investments (ME) Limited, authorized and regulated by the Dubai Financial Services Authority. Dubai office: Franklin Templeton, Level 2, East Wing, Gate Building, Dubai International Financial Centre, P.O. Box 506613, Dubai, U.A.E., Tel.: +9714-4284100 Fax:+9714-4284140.

Indices are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges. Important data provider notices and terms available at www.franklintempletondatasources.com.