FRANKLIN TEMPLETON INVESTMENTS

FRANKLIN UTILITIES FUND

AS OF 12/31/13

SECTOR

FUND DESCRIPTION

The fund seeks capital appreciation and current income by investing at least 80% of its net assets in the securities of public utility companies, with a focus on companies operating in the U.S. electric sector.

FUND DATA[1]

Total Net Assets-All Share Classes: $4.9 billion

Number of Holdings: 57

Inception: 9/30/48

Beta[2]: 0.91

Dividends: Quarterly in March, June, September and December

Symbol by Class:

A	C	R	R6	Advisor
FKUTX	FRUSX	FRURX	FUFRX	FRUAX

MAXIMUM SALES CHARGES

Class A: 4.25% initial sales charge

Class C: 1% contingent deferred sales charge (CDSC) in the first year only

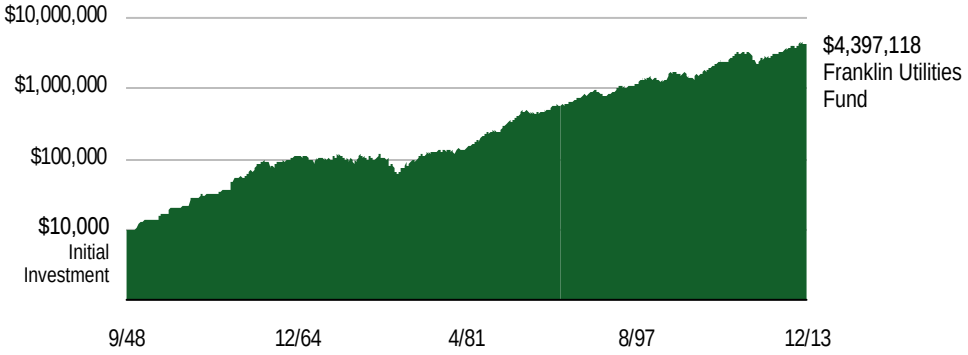
TOTAL ANNUAL OPERATING EXPENSES[5]

Class A: 0.76%; Class C: 1.26%

Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund's investment return and principal value will change with market conditions, and you may have a gain or a loss when you sell your shares. Please call Franklin Templeton Investments at (800) DIAL BEN/342-5236 or visit franklintempleton.com for the most recent month-end performance.

GROWTH OF A $10,000 INVESTMENT–CLASS A (Without Sales Charge)

September 30, 1948–December 31, 2013



If the sales charge had been included, the return would have been lower.

AVERAGE ANNUAL TOTAL RETURNS *(As of December 31, 2013)*

With Maximum Sales Charges[3]

Class	Inception Date	1 Yr	5 Yrs	10 Yrs	Since Inception
A	9/30/48	8.91%	10.81%	9.35%	9.70%
C	5/1/95	12.19%	11.23%	9.29%	8.57%

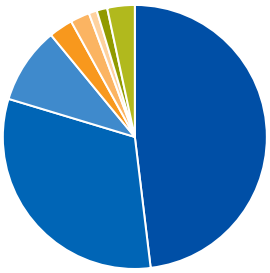
Without Sales Charges

1 Yr	5 Yrs	10 Yrs	Since Inception
13.71%	11.78%	9.83%	9.78%
13.19%	11.23%	9.29%	8.57%

YIELDS *(As of December 31, 2013)*

Class	30-Day Standardized Yield[4]
A	3.06%
C	2.71%

PORTFOLIO BREAKDOWN[1,6]



- Electric Utilities 47.99%
- Multi-Utilities 31.79%
- Oil & Gas Storage & Transportation 8.98%
- Water Utilities 3.30%
- Integrated Telecommunication Services 2.33%
- Gas Utilities 0.80%
- Fixed Income 1.51%
- Cash 3.31%

TOP 10 HOLDINGS[1]

Duke Energy Corp	4.97%	American Electric Power Co Inc	3.89%
Nextera Energy Inc	4.69%	PG&E Corp	3.52%
Dominion Resources Inc	4.60%	Southern Co	3.42%
Sempra Energy	4.37%	National Grid PLC	2.92%
Edison International	4.14%	Exelon Corp	2.72%

1. As of 12/31/13. Holdings are subject to change. For updated information, please call Franklin Templeton Investments at (800) DIAL BEN/342-5236 or visit franklintempleton.com. The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included in the top 10 holdings list.

2. Source: © 2014 Thomson Reuters, 12/31/13. Beta measures a fund's market-related risk over a three-year period relative to the DJ U.S. Utilities Index. A beta lower than 1.00 indicates historically lower volatility than the index; higher than 1.00 indicates historically higher volatility.

3. Class A. Effective 5/1/94, the fund implemented a Rule 12b-1 plan, which affects subsequent performance. Class C: Prior to 1/1/04, these shares were offered with an initial sales charge; thus actual returns would have differed. The fund offers other share classes, subject to different fees and expenses, which will affect their performance.

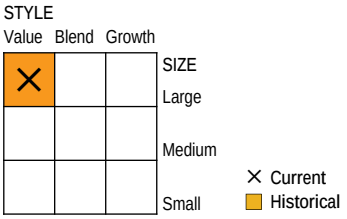
NOT FDIC INSURED I MAY LOSE VALUE I NO BANK GUARANTEE

PORTFOLIO MANAGERS[7]

John Kohli, CFA, CPA
Since 1998; joined Franklin Templeton in 1992

Blair Schmicker, CFA
Since 2009; joined Franklin Templeton in 2007

MORNINGSTAR STYLE BOX™[8]



WHAT ARE THE RISKS?

All investments involve risks, including possible loss of principal. In addition to other factors, securities issued by utility companies have been historically sensitive to interest rate changes. When interest rates fall, utility securities prices, and thus a utilities fund's share price, tend to rise; when interest rates rise, their prices generally fall. These and other risks specific to the public utilities industry are described more fully in the fund's prospectus.

Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. To obtain a summary prospectus and/or prospectus, which contains this and other information, talk to your financial advisor, call us at (800) DIAL BEN/342-5236 or visit franklintempleton.com. Please carefully read a prospectus before you invest or send money.

MANAGER'S PERSPECTIVE

"Established in 1948, Franklin Utilities Fund is the oldest mutual fund in the U.S. investing primarily in companies operating in the public utilities industry, which includes electricity, gas, water and communications services. We look to invest in regulated utilities companies whose earnings and cash flows appear more predictable due to the regulatory nature of their operations. Our investment process is rooted in fundamental, bottom-up research. We search for companies that are financially strong and well positioned for the long term. Throughout the fund's 60-year history, we've remained committed to our investment approach, providing investors with current income and relatively low volatility through various economic conditions."

—John Kohli, Portfolio Manager

CALENDAR YEAR TOTAL RETURNS—CLASS A (Without Sales Charge)

2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
13.71%	5.65%	19.44%	6.85%	13.82%	-25.60%	16.42%	23.89%	10.74%	23.14%

2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
19.30%	-10.48%	-8.09%	41.61%	-15.00%	7.57%	24.90%	2.03%	30.68%	-11.69%

If the sales charge had been included, the returns would have been lower.

GAIN FROM OUR PERSPECTIVE®

Franklin Templeton's distinct multi-manager structure combines the specialized expertise of three world-class investment management groups—Franklin, Templeton and Mutual Series.

Specialized Expertise

Each of our portfolio management groups operates autonomously, relying on its own research and staying true to the unique investment disciplines that underlie its success.

- Franklin. Founded in 1947, Franklin is a recognized leader in fixed income investing and also brings expertise in growth- and value-style U.S. equity investing.
- Templeton. Founded in 1940, Templeton pioneered international investing and, in 1954, launched what has become the industry's oldest global fund. Today, with offices in over 25 countries, Templeton offers investors a truly global perspective.
- Mutual Series. Founded in 1949, Mutual Series is dedicated to a unique style of value investing, searching aggressively for opportunity among what it believes are undervalued stocks, as well as arbitrage situations and distressed securities.

4. The 30-Day Standardized Yield reflects an estimated yield to maturity. It should be regarded as an estimate of the fund's rate of investment income, and it may not equal the fund's actual income distribution rate, which reflects the fund's past dividends paid to shareholders.

5. The fund has a fee waiver associated with its investments in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year end. Fund investment results reflect the fee waiver; without this reduction, the results would have been lower.

6. Due to rounding, the sum of portfolio holdings may not equal 100%.

7. CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.

8. Source: Morningstar®, 9/30/13. The style box reveals a fund's investment style. The vertical axis shows the market capitalization of the stocks owned and the horizontal axis shows investment style (value, blend, or growth). Placement is determined by fund portfolio holding figures most recently entered into Morningstar's database and corresponding market conditions. Shaded areas show the past 3 years of quarterly data. Past performance does not guarantee future results. © 2014 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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