



# Compounding in action Franklin Income Fund

Why staying the course may make sense  
over the long term

December 2025

How can you use the power of compounding to help offset short-term volatility? By reinvesting distributions from funds that pay dividends or capital gains, you'll accumulate more shares, which in turn may generate more distributions.

Let's assume on March 31, 1998, you invested \$100,000 in Franklin Income Fund—Advisor Class, when its net asset value (NAV) hit a 25-year high of \$2.56 per share. Over the years that followed, the market experienced the collapse of the dot-com bubble in the early 2000s and the housing and credit crisis in 2008/2009. Franklin Income Fund's NAV fell to an all-time low in March 2009. You may have asked yourself, "Why should I stay invested?"

Over time, however, the benefits would have become clearer. Even though the fund's NAV as of December 31, 2025, was still lower than its all-time high, the reinvested dividends and capital gain distributions would have turned that \$100,000 initial investment into **\$642,665**.<sup>1</sup> That's a cumulative total return of **543%**.<sup>1</sup> What's more, by staying invested, you would have increased your total shares owned by **566%** and the monthly dividend income by **727%**.<sup>2</sup>

## Franklin Income Fund—Advisor Class total shares owned grew by 566%

### Hypothetical \$100,000 Investment Assuming Reinvestment of Dividends and Capital Gains<sup>1</sup>

March 31, 1998–December 31, 2025



	3/31/1998–12/31/2025	
	Beginning Value	Ending Value
NAV per Share	\$2.56	\$2.47
Account Value	\$100,000	\$642,665
Total Shares Owned <sup>2</sup>	39,063	260,188
Monthly Dividend Income <sup>2</sup>	\$597	\$4,931
Average Annual Total Return		6.93%
Cumulative Total Return		542.67%

**Performance data quoted represents past performance, which does not guarantee future results.** Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Returns with sales charge reflect a deduction of the stated maximum sales charge. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. All classes of shares may not be available to all investors or through all distribution channels. For current month-end performance, please visit [franklintempleton.com](http://franklintempleton.com).

**This flyer must be preceded or accompanied by a Franklin Income Fund summary prospectus and/or prospectus.**

1. Source: Franklin Templeton, as of 12/31/25.

2. Number of shares will vary, depending upon current market conditions; past distributions are not indicative of future trends. Includes dividend income and, when applicable, capital gains distribution.

## Franklin Income Fund

### Average Annual Total Returns (%)

Periods Ended December 31, 2025

	1 Year	5 Years	10 Years	15 Years	20 Years	Since Inception (8/31/48)
Advisor Class (FRIAX) <sup>3</sup>	12.02	7.88	7.76	6.89	6.68	9.88
Class A without Sales Charge (FKIQX) <sup>4</sup>	12.17	7.66	7.47	6.67	6.46	9.77
Class A with 3.75% Sales Charge (FKIQX) <sup>4,5</sup>	7.96	6.84	7.06	6.40	6.26	9.72
Blended 50% MSCI USA High Dividend Yield Index + 25% Bloomberg High Yield Very Liquid Index + 25% Bloomberg US Aggregate Index <sup>1</sup>	10.07	5.72	7.28	7.78	7.33	—

Total Annual Operating Expenses <sup>6</sup>	Gross	Net	30-Day SEC Yield <sup>7</sup>	With Waiver	Without Waiver	Distribution Rate <sup>8</sup>
Advisor Class	0.47%	0.46%	Advisor Class	3.54%	3.54%	Advisor Class
Class A	0.72%	0.71%	Class A	3.16%	3.16%	Class A

**Maximum initial sales charge – Advisor Class shares: none; Class A shares: 3.75%.**

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### Stay the course with Franklin Templeton

Staying the course and maintaining a long-term investment perspective through short-term volatility has historically been an effective way to build wealth. Talk to your financial professional to learn more about Franklin Income Fund.

#### What are the risks?

**All investments involve risks, including possible loss of principal. Low-rated, high-yield bonds** are subject to greater price volatility, illiquidity and possibility of default. **Fixed income securities** involve interest rate, credit, inflation and reinvestment risks, and possible loss of principal. As interest rates rise, the value of fixed income securities falls. **Changes in the credit rating** of a bond, or in the credit rating or financial strength of a bond's issuer, insurer or guarantor, may affect the bond's value. **Equity securities** are subject to price fluctuation and possible loss of principal.

**International investments** are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets**. The manager may consider **environmental, social and governance (ESG) criteria** in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. These and other risks are discussed in the fund's prospectus.

*This flyer must be preceded or accompanied by a Franklin Income Fund summary prospectus and/or prospectus. Please read a prospectus carefully before you invest or send money. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. The fund's performance will be updated each quarter with standardized performance figures and ranking information, if quoted.*

3. Effective 12/31/96, the fund began offering Advisor Class shares. For periods prior to the fund's Advisor Class inception date, a restated figure is used based on the fund's oldest share class, Class A1 performance, excluding the effect of Class A1's maximum initial sales charge but reflecting the effect of the Class A1 Rule 12b-1 fees; and for periods after the fund's Advisor Class inception date, actual Advisor Class performance is used, reflecting all charges and fees applicable to that class.

4. Effective 9/10/18 Class A shares closed to new investors, were renamed Class A1 shares, and a new Class A share with a different expense structure became available. Class A performance shown has been calculated as follows: (a) for periods prior to 9/10/18, a restated figure is used based on the fund's Class A1 performance and including any Rule 12b-1 rate differential as exists between Class A1 and Class A; and (b) for periods after 9/10/18, actual Class A performance is used, reflecting all charges and fees applicable to that class.

5. Prior to 3/1/19, these shares were offered at a higher initial sales charge of 4.25%; thus actual returns would have differed. Total returns with sales charges have been restated to reflect the current maximum initial sales charge of 3.75%.

6. Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 1/31/26 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice.

7. 30-Day SEC Yield is calculated using the net income (interest and dividends) per share earned over a trailing 30-day period (annualized), divided by the fund's share price at the end of that period. It may not equal the fund's actual income distribution rate, which reflects the fund's past dividends paid to shareholders.

8. Distribution Rate is calculated by annualizing the most recent distribution amount paid, divided by the NAV as of the date indicated. The Distribution Rate calculation includes income and return of capital, and excludes special distributions. The Distribution Rate is not guaranteed, subject to change and is not a quotation of fund performance.

The **MSCI USA High Dividend Yield Index** is designed to reflect the performance of mid- and large-cap equities (excluding REITs) with higher dividend income, which is sustainable and persistent, than average dividend yields of securities in the MSCI USA Index. The **Bloomberg US High Yield Very Liquid Index (VLI)** is a component of the US Corporate High Yield Index designed to track a more liquid component of the US dollar-denominated, high-yield, fixed-rate corporate bond market. The **Bloomberg US Aggregate Bond Index** is comprised of investment-grade, US dollar-denominated government, corporate, and mortgage- and asset-backed issues having at least one year to maturity.

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#### Fund Symbols:

Advisor: FRIAX  
Class A: FKIQX  
Class A1: FKINX  
Class C: FCISX  
Class R: FISRX  
Class R6: FNCFX