FRANKLIN TEMPLETON INVESTMENTS

**Annual Report and Shareholder Letter**
September 30, 2015

# Franklin Rising Dividends Fund

A SERIES OF FRANKLIN MANAGED TRUST

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# Franklin Templeton Investments

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At Franklin Templeton Investments, we're dedicated to one goal: delivering exceptional asset management for our clients. By bringing together multiple, world-class investment teams in a single firm, we're able to offer specialized expertise across styles and asset classes, all supported by the strength and resources of one of the world's largest asset managers. This has helped us to become a trusted partner to individual and institutional investors across the globe.

Dear Shareholder:

During the 12 months ended September 30, 2015, the U.S. economy grew amid changing but still accommodative monetary policy. In October 2014, the U.S. Federal Reserve ended its expansion of its bond-buying program and considered when to begin normalizing interest rates. U.S. stocks, as measured by the Standard & Poor's® 500 Index, reached all-time highs during the period but ended with a 0.61% decline as investor concerns about events in Greece and China led to market volatility.[1]

We remained encouraged as the U.S. showed signs of continued economic growth and low inflation. In all economic environments we remain committed to our long-term perspective and disciplined investment approach as we conduct diligent, fundamental analysis of securities with a continual emphasis on investment risk management.

Franklin Rising Dividends Fund's annual report includes more detail about prevailing conditions during the period and a discussion about investment decisions. We encourage you to discuss your investment goals with your financial advisor, who can review your overall portfolio, reassess your goals and help you stay focused on the long term. Please remember all securities markets fluctuate, as do mutual fund share prices.

We are grateful for the trust you have placed in Franklin Rising Dividends Fund and look forward to continuing to serve your investment needs.

Sincerely,

Donald G. Taylor, CPA
President and Chief Investment Officer
Franklin Managed Trust

*This letter reflects our analysis and opinions as of September 30, 2015. The information is not a complete analysis of every aspect of any market, country, industry, security or fund. Statements of fact are from sources considered reliable.*

1. Source: Morningstar.
See www.franklintempletondatasources.com for additional data provider information.

**Not FDIC Insured | May Lose Value | No Bank Guarantee**

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Visit **franklintempleton.com** for fund updates, to access your account, or to find helpful financial planning tools.

# Annual Report

# Franklin Rising Dividends Fund

This annual report for Franklin Rising Dividends Fund covers the fiscal year ended September 30, 2015.

## Your Fund's Goal and Main Investments

The Fund seeks long-term capital appreciation. Preservation of capital, while not a goal, is also an important consideration. Under normal market conditions, the Fund invests at least 80% of its net assets in companies that have paid consistently rising dividends.

## Performance Overview

For the 12 months under review, the Fund's Class A shares had a -3.35% cumulative total return. In comparison, the Fund's benchmark, the Standard & Poor's 500 Index (S&P 500®), which is a broad measure of U.S. stock performance, had a -0.61% total return.[1] You can find the Fund's long-term performance data in the Performance Summary beginning on page 6.

*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. Please visit* ***franklintempleton.com*** *or call* ***(800) 342-5236*** *for most recent month-end performance.*

## Economic and Market Overview

U.S. economic growth was mixed during the 12 months under review. Growth expanded in 2014's fourth quarter, slowed in 2015's first quarter and rebounded in 2015's second quarter. Additionally, estimates indicated tepid third-quarter growth despite healthy consumer spending as businesses cut back on inventories, exports declined and governments reduced their spending. Manufacturing and service activities expanded during the 12-month period, contributing to new jobs, and the unemployment rate declined from 5.9% in September 2014 to 5.1% at period-end.[2] Housing market data were generally encouraging as home sales and prices rose amid declining mortgage rates. Retail sales generally rose for the 12-month period as strong employment gains led to broad-based improvement, especially for auto and auto components sales. Inflation, as measured by the Consumer Price Index, remained subdued for the period and declined toward period-end mainly due to a sharp drop in energy prices.

In October 2014, the U.S. Federal Reserve (Fed) ended its expansion of its bond buying program and kept its target interest rate at 0%–0.25% while considering when an increase might be appropriate. Although global financial markets anticipated an increase, in September 2015 the Fed kept interest rates unchanged and said it would continue to monitor developments domestically and abroad. The Fed also raised its forecast for 2015 U.S. economic growth and lowered its unemployment projections.

At times during the period, the U.S. stock market endured some sell-offs when many investors reacted to geopolitical tensions in certain regions, Greece's debt negotiations and ongoing uncertainty over the Fed's timing for raising interest rates. Less robust growth in China as well as devaluation of the renminbi also affected equity markets. In contrast, investor confidence grew during the period as corporate profits remained healthy, the Fed kept its target interest rate low, economic data in Europe improved, China introduced more stimulus measures and Greece reached an agreement with its international creditors. U.S. stocks retreated overall for the 12 months under review as the S&P 500 and the Dow Jones Industrial Average declined from all-time highs reached in May.

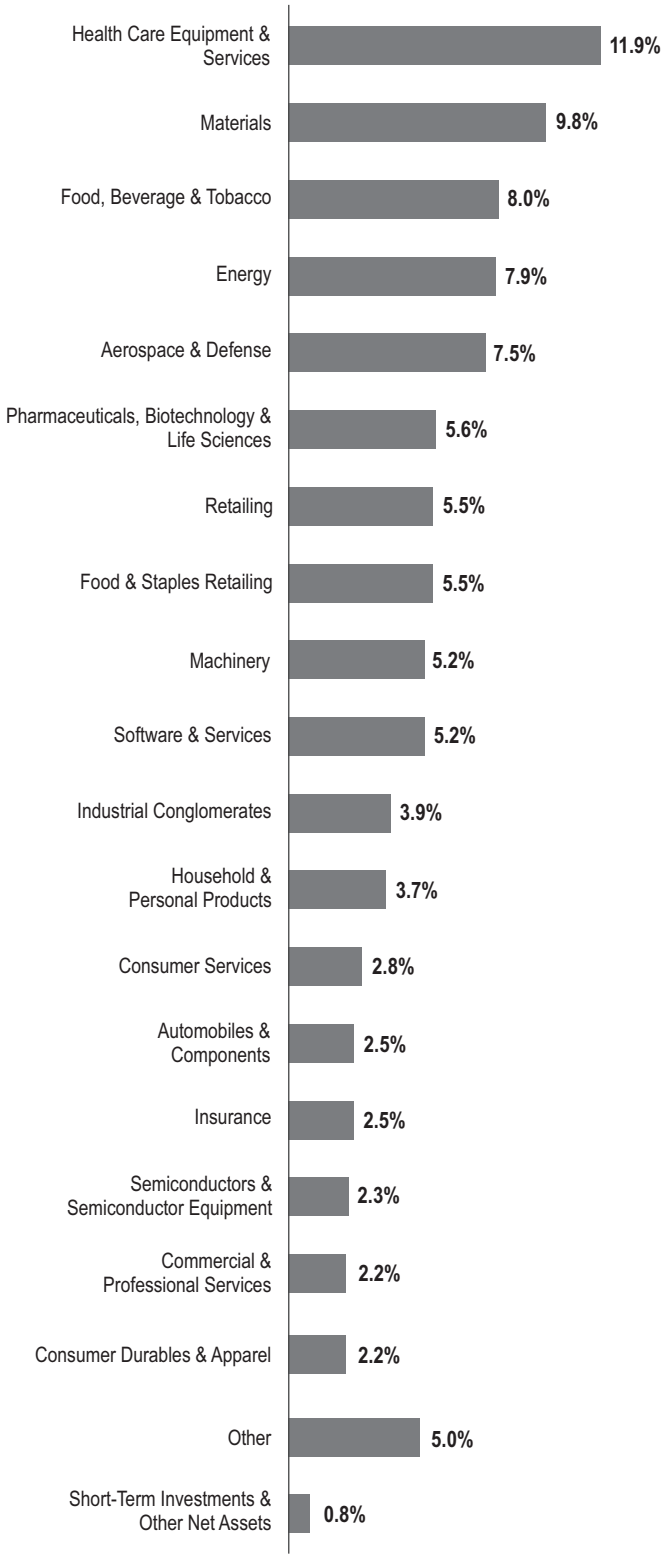
## Investment Strategy

We base our investment strategy on our belief that companies with consistently rising dividends should, over time, also experience stock price appreciation. We select portfolio securities based on several criteria. To be eligible for purchase, stocks generally will pass certain screening criteria, such as consistent and substantial dividend increases, strong balance sheets, and relatively low price/earnings ratios. We seek fundamentally sound companies that meet our standards and attempt to acquire them at what we believe are attractive prices, often when they are out of favor with other investors.

1. Source: Morningstar.
The index is unmanaged and includes reinvested dividends. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.
2. Source: Bureau of Labor Statistics.

**The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 18.**

**Portfolio Breakdown**
Based on Total Net Assets as of 9/30/15




## Manager's Discussion

During the 12 months under review, holdings that helped absolute Fund performance included Walgreens Boots Alliance, Target and Ross Stores. Shares of Walgreens rose after completion of its integration with Alliance Boots, benefiting from positive sentiment around management's strategy to create a global health care company with a consumer-centric beauty focus. We believe that, with the completion of the merger and a series of changes to senior management, the company should be well positioned to leverage its strong brands in a rapidly evolving health care market. Walgreens has raised its dividend for 40 consecutive years. Shares of Target generated strong performance as management announced the closure of its underperforming Canadian business and subsequently laid out a strategic plan to improve performance in the U.S. The company has since reported improving financials. Target's key growth drivers include an improvement in merchandise assortment; a greater focus on private label and health and wellness; exploration of smaller formats and urban stores; and ecommerce. We also view Target's recent plan to sell its pharmacy base to health care-focused CVS (also a Fund holding) as a positive. Target has raised its dividend for 44 consecutive years. Strength in Ross shares was driven by consistently strong earnings results over the past year. We believe the company is well positioned to continue to benefit from low gas prices and an improving employment/wage scenario, particularly for the lower income consumer. Ross has had 21 years of dividend increases.

Detractors from absolute Fund performance included Schlumberger, Chevron and Dover. Despite better-than-expected performance over the period, shares of Schlumberger, a global oilfield services company, declined in response to weak oil prices. While oil price volatility continues to weigh on the stock, we believe that Schlumberger can capitalize on its market leadership position and sustainable competitive advantages. During the period, Schlumberger announced the acquisition of Cameron International, an oil and gas equipment and services company, which if approved, should allow the company to create an integrated service platform, substantially strengthening its competitive position. Schlumberger increased its dividend in eight of the past 10 years. Chevron shares declined during the period, as lower oil and natural gas prices pressured company earnings. Moreover, uncertainty surrounding global growth prospects and surplus oil inventories weighed on the energy sector broadly. Although Chevron's oil and gas upstream production businesses struggled in the current weak energy price environment, the integrated refining and marketing businesses benefited from lower energy input prices, partially offsetting

**Top 10 Holdings**
9/30/15

| Company<br>*Sector/Industry* | % of Total Net Assets |
|---|---|
| Roper Technologies, Inc.<br>*Industrial Conglomerates* | 3.7% |
| Johnson & Johnson<br>*Pharmaceuticals, Biotechnology & Life Sciences* | 3.2% |
| Air Products and Chemicals Inc.<br>*Materials* | 3.0% |
| Stryker Corp.<br>*Health Care Equipment & Services* | 2.9% |
| Praxair Inc.<br>*Materials* | 2.9% |
| Medtronic PLC<br>*Health Care Equipment & Services* | 2.9% |
| Honeywell International Inc.<br>*Aerospace & Defense* | 2.9% |
| Becton, Dickinson and Co.<br>*Health Care Equipment & Services* | 2.7% |
| United Technologies Corp.<br>*Aerospace & Defense* | 2.7% |
| Microsoft Corp.<br>*Software & Services* | 2.7% |

the upstream earnings headwinds. Chevron has a 27-year history of rising dividends. Dover, a manufacturer of equipment, components and specialty systems, declined during the period. Weak oil prices negatively impacted the company's energy division, and the refrigeration business suffered the loss of a large contract. Management initiated a restructuring program to mitigate the sharp decline in energy activity and expressed cautious optimism that the energy business was stabilizing. Similarly, management expected stronger performance in the refrigeration business in the coming quarters. Dover has a 60-year history of raising its dividend.

We initiated new positions in The Gap, a clothing retailer with nine years of dividend increases; Tiffany, a jewelry retailer (13 years); Linear Technology, a manufacturer and distributor of analog integrated circuits (23 years); EOG Resources, an oil and natural gas producer (15 years); and Roche Holding, a producer of pharmaceutical products and health care researcher (25 years). We made additions to W.W. Grainger, a distributor of maintenance, repair and operating products (44 years); Texas Instruments, a semiconductor designer and manufacturer (12 years); and the aforementioned Schlumberger; among others. We liquidated some positions including International Business Machines, Chubb, California Resources and Superior Uniform Group. We reduced our holdings in Qualcomm, Walgreens, Ross Stores and Target, among others.

Our 10 largest positions on September 30, 2015, represented 29.6% of the Fund's total net assets. It is interesting to note how these 10 companies do, in aggregate, fit the Fund's screening criteria. On average, these 10 companies have raised their dividends 27.1 years in a row and by 362% over the past 10 years. Their most recent year-over-year dividend increases averaged 13.5% with a dividend yield of 2.3% on September 30, 2015, and a dividend payout ratio of 38.7%, based on estimates of calendar year 2015 operating earnings. Their average price/earnings ratio was 17.4 times 2015 estimates versus 16.3 for that of the unmanaged S&P 500.

Thank you for your continued participation in Franklin Rising Dividends Fund. We look forward to serving your future investment needs.

Donald G. Taylor, CPA
Lead Portfolio Manager

Nicholas Getaz, CFA
Bruce C. Baughman, CPA

Portfolio Management Team

*The foregoing information reflects our analysis, opinions and portfolio holdings as of September 30, 2015, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.*

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# Performance Summary as of September 30, 2015

Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses of each class. Capital gain distributions are net profits realized from the sale of portfolio securities. The performance table and graphs do not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares. Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses.

## Net Asset Value

| **Share Class** (Symbol) | **9/30/15** | **9/30/14** | **Change** |
|---|---|---|---|
| **A** (FRDPX) | $47.01 | $49.72 | -$2.71 |
| **C** (FRDTX) | $46.26 | $48.94 | -$2.68 |
| **R** (FRDRX) | $46.87 | $49.56 | -$2.69 |
| **R6** (FRISX) | $46.98 | $49.67 | -$2.69 |
| **Advisor** (FRDAX) | $46.97 | $49.68 | -$2.71 |

## Distributions[1] (10/1/14–9/30/15)

| **Share Class** | **Dividend Income** | **Short-Term Capital Gain** | **Long-Term Capital Gain** | **Total** |
|---|---|---|---|---|
| **A** | $0.6333 | $0.0055 | $0.4903 | $1.1291 |
| **C** | $0.2547 | $0.0055 | $0.4903 | $0.7505 |
| **R** | $0.4966 | $0.0055 | $0.4903 | $0.9924 |
| **R6** | $0.8331 | $0.0055 | $0.4903 | $1.3289 |
| **Advisor** | $0.7624 | $0.0055 | $0.4903 | $1.2582 |

## Performance as of 9/30/15[2]

*Cumulative total return excludes sales charges. Average annual total return and value of $10,000 investment include maximum sales charges.* ***Class A:*** *5.75% maximum initial sales charge;* ***Class C:*** *1% contingent deferred sales charge in first year only;* ***Class R/R6/Advisor Class:*** *no sales charges.*

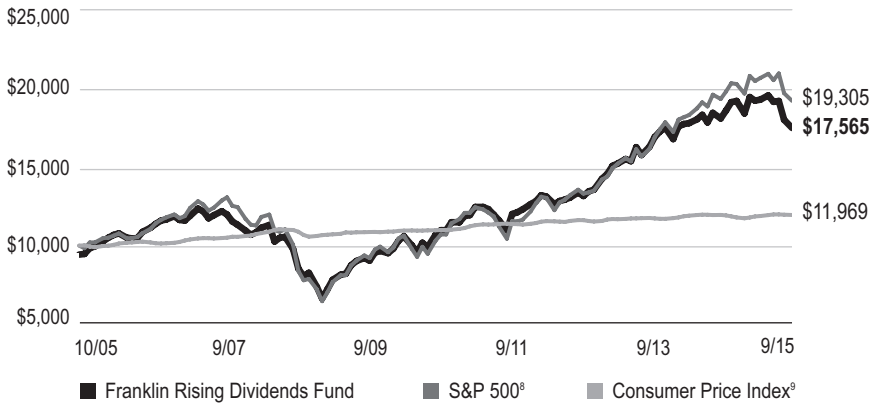
| Share Class | Cumulative Total Return[3] | Average Annual Total Return[4] | Value of $10,000 Investment[5] | Total Annual Fund Operating Expenses[6] |
|---|---|---|---|---|
| **A** | | | | 0.91% |
| 1-Year | -3.35% | -8.90% | $9,110 | |
| 5-Year | +64.12% | +9.11% | $15,467 | |
| 10-Year | +86.36% | +5.80% | $17,565 | |
| **C** | | | | 1.66% |
| 1-Year | -4.07% | -5.01% | $9,499 | |
| 5-Year | +58.10% | +9.59% | $15,810 | |
| 10-Year | +72.96% | +5.63% | $17,296 | |
| **R** | | | | 1.16% |
| 1-Year | -3.58% | -3.58% | $9,642 | |
| 5-Year | +62.09% | +10.14% | $16,209 | |
| 10-Year | +81.74% | +6.16% | $18,174 | |
| **R6** | | | | 0.52% |
| 1-Year | -2.93% | -2.93% | $9,707 | |
| Since Inception (5/1/13) | +17.15% | +6.77% | $11,715 | |
| **Advisor[7]** | | | | 0.66% |
| 1-Year | -3.11% | -3.11% | $9,689 | |
| 5-Year | +66.18% | +10.69% | $16,618 | |
| 10-Year | +91.13% | +6.69% | $19,113 | |

*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to* ***franklintempleton.com*** *or call* ***(800) 342-5236****.*

## Total Return Index Comparison for a Hypothetical $10,000 Investment[2]

Total return represents the change in value of an investment over the periods shown. It includes any applicable maximum sales charge, Fund expenses, account fees and reinvested distributions. The unmanaged index includes reinvestment of any income or distributions. It differs from the Fund in composition and does not pay management fees or expenses. One cannot invest directly in an index.

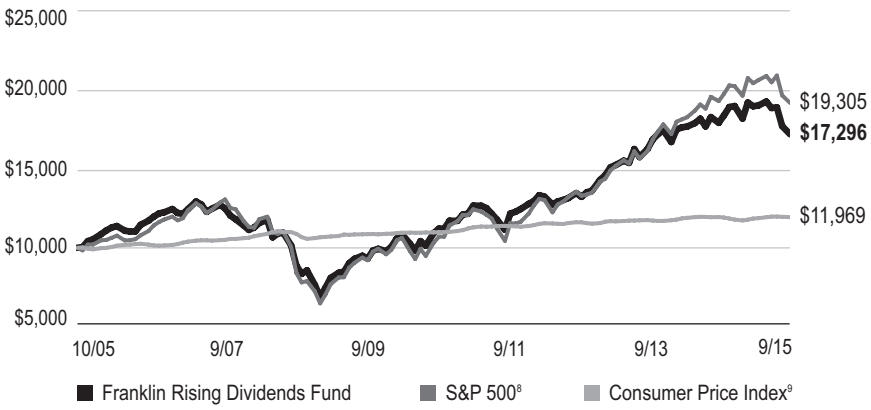
**Class A** (10/1/05–9/30/15)




**Average Annual Total Return**

| Class A | 9/30/15 |
|---|---|
| 1-Year | -8.90% |
| 5-Year | +9.11% |
| 10-Year | +5.80% |

**Class C** (10/1/05–9/30/15)

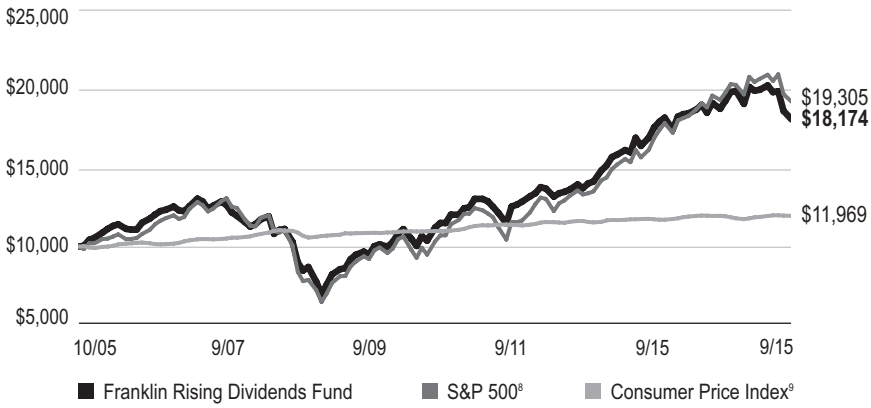



**Average Annual Total Return**

| Class C | 9/30/15 |
|---|---|
| 1-Year | -5.01% |
| 5-Year | +9.59% |
| 10-Year | +5.63% |

## Total Return Index Comparison for a Hypothetical $10,000 Investment[2] (continued)

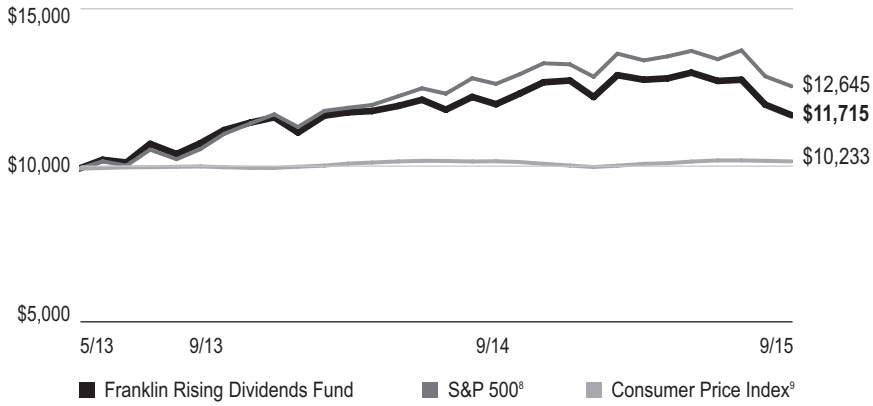
**Class R** (10/1/05–9/30/15)




### Average Annual Total Return

| Class R | 9/30/15 |
|---|---|
| 1-Year | -3.58% |
| 5-Year | +10.14% |
| 10-Year | +6.16% |

**Class R6** (5/1/13–9/30/15)

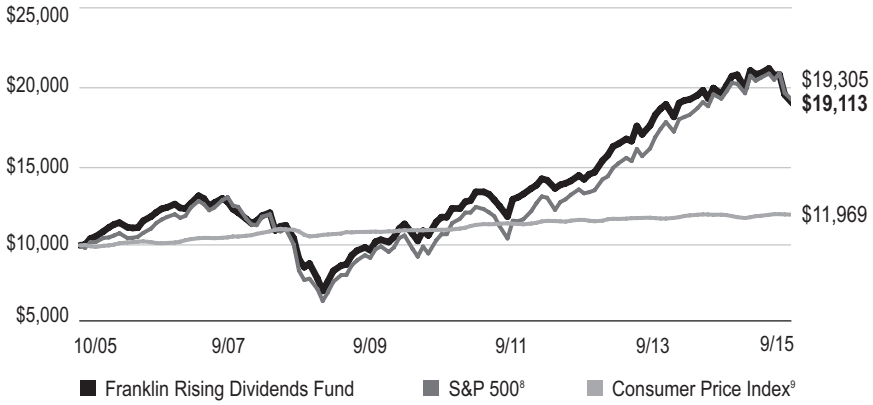



### Average Annual Total Return

| Class R6 | 9/30/15 |
|---|---|
| 1-Year | -2.93% |
| Since Inception (5/1/13) | +6.77% |

## Total Return Index Comparison for a Hypothetical $10,000 Investment[2] (continued)

**Advisor Class** (10/1/05–9/30/15)[7]




### Average Annual Total Return

| Advisor Class[7] | 9/30/15 |
|---|---|
| 1-Year | -3.11% |
| 5-Year | +10.69% |
| 10-Year | +6.69% |

**All investments involve risks, including possible loss of principal. Value securities may not increase in price as anticipated or may decline further in value. While smaller and midsize companies may offer substantial opportunities for capital growth, they also involve heightened risks and should be considered speculative. Historically, smaller and midsize company securities have been more volatile in price than larger company securities, especially over the short term. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.**

**Class C:** These shares have higher annual fees and expenses than Class A shares.

**Class R:** Shares are available to certain eligible investors as described in the prospectus. These shares have higher annual fees and expenses than Class A shares.

**Class R6:** Shares are available to certain eligible investors as described in the prospectus.

**Advisor Class:** Shares are available to certain eligible investors as described in the prospectus.

1. The distribution amount is the sum of the dividend payments to shareholders for the period shown and includes only estimated tax-basis net investment income and capital gain.
2. The Fund has a fee waiver associated with any investment in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year-end. Fund investment results reflect the fee waiver, to the extent applicable; without this reduction, the results would have been lower.
3. Cumulative total return represents the change in value of an investment over the periods indicated.
4. Average annual total return represents the average annual change in value of an investment over the periods indicated.
5. These figures represent the value of a hypothetical $10,000 investment in the Fund over the periods indicated.
6. Figures are as stated in the Fund's current prospectus. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.
7. Effective 10/3/05, the Fund began offering Advisor Class shares, which do not have sales charges or a Rule 12b-1 plan. Performance quotations for this class reflect the following methods of calculation: (a) For periods prior to 10/3/05, a restated figure is used based upon the Fund's Class A performance, excluding the effect of Class A's maximum initial sales charge, but reflecting the effect of the Class A Rule 12b-1 fees; and (b) for periods after 10/3/05, actual Advisor Class performance is used reflecting all charges and fees applicable to that class. Since 10/3/05 (commencement of sales), the cumulative and average annual total returns of Advisor Class shares were +91.25% and +6.70%.
8. Source: Morningstar. The S&P 500 is a market capitalization-weighted index of 500 stocks designed to measure total U.S. equity market performance.
9. Source: Bureau of Labor Statistics, bls.gov/cpi. The Consumer Price Index (CPI) is a commonly used measure of the inflation rate.

See www.franklintempletondatasources.com for additional data provider information.

# Your Fund's Expenses

As a Fund shareholder, you can incur two types of costs:

- Transaction costs, including sales charges (loads) on Fund purchases; and
- Ongoing Fund costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses.

The following table shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a $1,000 investment held for the six months indicated.

## Actual Fund Expenses

The first line (Actual) for each share class listed in the table provides actual account values and expenses. The "Ending Account Value" is derived from the Fund's actual return, which includes the effect of Fund expenses.

You can estimate the expenses you paid during the period by following these steps. *Of course, your account value and expenses will differ from those in this illustration:*

1. Divide your account value by $1,000.
   *If an account had an $8,600 value,*
   *then $8,600 ÷ $1,000 = 8.6.*
2. Multiply the result by the number under the heading "Expenses Paid During Period."
   *If Expenses Paid During Period were $7.50,*
   *then 8.6 x $7.50 = $64.50.*

In this illustration, the estimated expenses paid this period are $64.50.

## Hypothetical Example for Comparison with Other Funds

Information in the second line (Hypothetical) for each class in the table can help you compare ongoing costs of investing in the Fund with those of other mutual funds. This information may not be used to estimate the actual ending account balance or expenses you paid during the period. The hypothetical "Ending Account Value" is based on the actual expense ratio for each class and an assumed 5% annual rate of return before expenses, which does not represent the Fund's actual return. The figure under the heading "Expenses Paid During Period" shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds.

*Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transaction costs, such as sales charges.* Therefore, the second line for each class is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transaction costs were included, your total costs would have been higher. Please refer to the Fund prospectus for additional information on operating expenses.

| Share Class | Beginning Account Value 4/1/15 | Ending Account Value 9/30/15 | Expenses Paid During Period* 4/1/15–9/30/15 |
|---|---|---|---|
| **A** | | | |
| Actual | $1,000 | $ 909.30 | $4.50 |
| Hypothetical (5% return before expenses) | $1,000 | $1,020.36 | $4.76 |
| **C** | | | |
| Actual | $1,000 | $ 905.80 | $8.07 |
| Hypothetical (5% return before expenses) | $1,000 | $1,016.60 | $8.54 |
| **R** | | | |
| Actual | $1,000 | $ 908.10 | $5.69 |
| Hypothetical (5% return before expenses) | $1,000 | $1,019.10 | $6.02 |
| **R6** | | | |
| Actual | $1,000 | $ 911.20 | $2.49 |
| Hypothetical (5% return before expenses) | $1,000 | $1,022.46 | $2.64 |
| **Advisor** | | | |
| Actual | $1,000 | $ 910.40 | $3.30 |
| Hypothetical (5% return before expenses) | $1,000 | $1,021.61 | $3.50 |

*Expenses are calculated using the most recent six-month expense ratio, net of expense waivers, annualized for each class (A: 0.94%; C: 1.69%; R: 1.19%; R6: 0.52%; and Advisor: 0.69%), multiplied by the average account value over the period, multiplied by 183/365 to reflect the one-half year period.

# Financial Highlights

## Franklin Rising Dividends Fund

| | Year Ended September 30, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| **Class A** | | | | | |
| **Per share operating performance** (for a share outstanding throughout the year) | | | | | |
| Net asset value, beginning of year | $49.72 | $45.46 | $37.86 | $31.39 | $30.92 |
| Income from investment operations[a]: | | | | | |
| Net investment income[b] | 0.64 | 0.55 | 0.54 | 0.52 | 0.48 |
| Net realized and unrealized gains (losses) | (2.22) | 4.50 | 7.61 | 6.36 | 0.36 |
| Total from investment operations | (1.58) | 5.05 | 8.15 | 6.88 | 0.84 |
| Less distributions from: | | | | | |
| Net investment income | (0.63) | (0.79) | (0.55) | (0.41) | (0.37) |
| Net realized gains | (0.50) | — | — | — | — |
| Total distributions | (1.13) | (0.79) | (0.55) | (0.41) | (0.37) |
| Net asset value, end of year | $47.01 | $49.72 | $45.46 | $37.86 | $31.39 |
| Total return[c] | (3.35)% | 11.16% | 21.86% | 22.02% | 2.74% |
| **Ratios to average net assets** | | | | | |
| Expenses | 0.92%[d] | 0.91%[d] | 0.93% | 0.96% | 0.99% |
| Net investment income | 1.25% | 1.12% | 1.30% | 1.44% | 1.42% |
| **Supplemental data** | | | | | |
| Net assets, end of year (000's) | $10,220,847 | $10,615,668 | $8,795,238 | $5,777,197 | $3,386,930 |
| Portfolio turnover rate | 8.51% | 4.42% | 0.70% | 2.77% | 4.04% |

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

[d]Benefit of waiver and payments by affiliates and expense reduction rounds to less than 0.01%.

## Franklin Rising Dividends Fund (continued)

| | Year Ended September 30, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| **Class C** | | | | | |
| **Per share operating performance** (for a share outstanding throughout the year) | | | | | |
| Net asset value, beginning of year | $48.94 | $44.62 | $37.20 | $30.87 | $30.46 |
| Income from investment operations[a]: | | | | | |
| Net investment income[b] | 0.25 | 0.18 | 0.23 | 0.24 | 0.22 |
| Net realized and unrealized gains (losses) | (2.18) | 4.42 | 7.49 | 6.28 | 0.38 |
| Total from investment operations | (1.93) | 4.60 | 7.72 | 6.52 | 0.60 |
| Less distributions from: | | | | | |
| Net investment income | (0.25) | (0.28) | (0.30) | (0.19) | (0.19) |
| Net realized gains | (0.50) | — | — | — | — |
| Total distributions | (0.75) | (0.28) | (0.30) | (0.19) | (0.19) |
| Net asset value, end of year | $46.26 | $48.94 | $44.62 | $37.20 | $30.87 |
| Total return[c] | (4.07)% | 10.32% | 20.93% | 21.13% | 1.98% |
| **Ratios to average net assets** | | | | | |
| Expenses | 1.67%[d] | 1.66%[d] | 1.68% | 1.71% | 1.74% |
| Net investment income | 0.50% | 0.37% | 0.55% | 0.69% | 0.67% |
| **Supplemental data** | | | | | |
| Net assets, end of year (000's) | $2,644,955 | $2,775,137 | $2,261,420 | $1,410,361 | $806,172 |
| Portfolio turnover rate | 8.51% | 4.42% | 0.70% | 2.77% | 4.04% |

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

[d]Benefit of waiver and payments by affiliates and expense reduction rounds to less than 0.01%.

## Franklin Rising Dividends Fund (continued)

| | Year Ended September 30, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| **Class R** | | | | | |
| **Per share operating performance** (for a share outstanding throughout the year) | | | | | |
| Net asset value, beginning of year | $49.56 | $45.26 | $37.72 | $31.29 | $30.82 |
| Income from investment operations[a]: | | | | | |
| Net investment income[b] | 0.51 | 0.42 | 0.44 | 0.43 | 0.39 |
| Net realized and unrealized gains (losses) | (2.20) | 4.48 | 7.58 | 6.34 | 0.38 |
| Total from investment operations | (1.69) | 4.90 | 8.02 | 6.77 | 0.77 |
| Less distributions from: | | | | | |
| Net investment income | (0.50) | (0.60) | (0.48) | (0.34) | (0.30) |
| Net realized gains | (0.50) | — | — | — | — |
| Total distributions | (1.00) | (0.60) | (0.48) | (0.34) | (0.30) |
| Net asset value, end of year | $46.87 | $49.56 | $45.26 | $37.72 | $31.29 |
| Total return | (3.58)% | 10.86% | 21.55% | 21.74% | 2.47% |
| **Ratios to average net assets** | | | | | |
| Expenses | 1.17%[c] | 1.16%[c] | 1.18% | 1.21% | 1.24% |
| Net investment income | 1.00% | 0.87% | 1.05% | 1.19% | 1.17% |
| **Supplemental data** | | | | | |
| Net assets, end of year (000's) | $243,597 | $332,943 | $277,758 | $179,509 | $80,959 |
| Portfolio turnover rate | 8.51% | 4.42% | 0.70% | 2.77% | 4.04% |

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Benefit of waiver and payments by affiliates and expense reduction rounds to less than 0.01%.

## Franklin Rising Dividends Fund (continued)

| | Year Ended September 30, | | |
|---|---|---|---|
| | 2015 | 2014 | 2013[a] |
| **Class R6** | | | |
| **Per share operating performance** (for a share outstanding throughout the year) | | | |
| Net asset value, beginning of year | $49.67 | $45.50 | $42.07 |
| Income from investment operations[b]: | | | |
| Net investment income[c] | 0.84 | 0.74 | 0.30 |
| Net realized and unrealized gains (losses) | (2.20) | 4.50 | 3.13 |
| Total from investment operations | (1.36) | 5.24 | 3.43 |
| Less distributions from: | | | |
| Net investment income | (0.83) | (1.07) | — |
| Net realized gains | (0.50) | — | — |
| Total distributions | (1.33) | (1.07) | — |
| Net asset value, end of year | $46.98 | $49.67 | $45.50 |
| Total return[d] | (2.93)% | 11.59% | 8.15% |
| **Ratios to average net assets[e]** | | | |
| Expenses | 0.52%[f] | 0.52%[f] | 0.53% |
| Net investment income | 1.65% | 1.51% | 1.70% |
| **Supplemental data** | | | |
| Net assets, end of year (000's) | $553,301 | $597,859 | $497,875 |
| Portfolio turnover rate | 8.51% | 4.42% | 0.70% |

[a]For the period May 1, 2013 (effective date) to September 30, 2013.

[b]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

[c]Based on average daily shares outstanding.

[d]Total return is not annualized for periods less than one year.

[e]Ratios are annualized for periods less than one year.

[f]Benefit of waiver and payments by affiliates and expense reduction rounds to less than 0.01%.

## Franklin Rising Dividends Fund (continued)

| | Year Ended September 30, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| **Advisor Class** | | | | | |
| **Per share operating performance** (for a share outstanding throughout the year) | | | | | |
| Net asset value, beginning of year | $49.68 | $45.48 | $37.87 | $31.39 | $30.89 |
| Income from investment operations[a]: | | | | | |
| Net investment income[b] | 0.77 | 0.67 | 0.65 | 0.61 | 0.55 |
| Net realized and unrealized gains (losses) | (2.22) | 4.50 | 7.60 | 6.35 | 0.38 |
| Total from investment operations | (1.45) | 5.17 | 8.25 | 6.96 | 0.93 |
| Less distributions from: | | | | | |
| Net investment income | (0.76) | (0.97) | (0.64) | (0.48) | (0.43) |
| Net realized gains | (0.50) | — | — | — | — |
| Total distributions | (1.26) | (0.97) | (0.64) | (0.48) | (0.43) |
| Net asset value, end of year | $46.97 | $49.68 | $45.48 | $37.87 | $31.39 |
| Total return | (3.11)% | 11.43% | 22.16% | 22.36% | 2.97% |
| **Ratios to average net assets** | | | | | |
| Expenses | 0.67%[c] | 0.66%[c] | 0.68% | 0.71% | 0.74% |
| Net investment income | 1.50% | 1.37% | 1.55% | 1.69% | 1.67% |
| **Supplemental data** | | | | | |
| Net assets, end of year (000's) | $1,671,632 | $1,900,482 | $1,292,847 | $1,233,135 | $571,399 |
| Portfolio turnover rate | 8.51% | 4.42% | 0.70% | 2.77% | 4.04% |

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Benefit of waiver and payments by affiliates and expense reduction rounds to less than 0.01%.

# Statement of Investments, September 30, 2015

## Franklin Rising Dividends Fund

| | Shares | Value |
|---|---|---|
| **Common Stocks 99.2%** | | |
| **Aerospace & Defense 7.5%** | | |
| General Dynamics Corp. | 2,123,690 | $ 292,963,036 |
| Honeywell International Inc. | 4,629,700 | 438,386,293 |
| United Technologies Corp. | 4,680,174 | 416,488,684 |
| | | 1,147,838,013 |
| **Automobiles & Components 2.5%** | | |
| Johnson Controls Inc. | 9,341,111 | 386,348,351 |
| **Commercial & Professional Services 2.2%** | | |
| ABM Industries Inc. | 1,145,249 | 31,276,750 |
| Brady Corp., A | 2,534,825 | 49,834,660 |
| Cintas Corp. | 1,484,100 | 127,261,575 |
| [a] Matthews International Corp., A | 2,663,292 | 130,421,409 |
| | | 338,794,394 |
| **Consumer Durables & Apparel 2.2%** | | |
| Leggett & Platt Inc. | 1,097,590 | 45,275,588 |
| NIKE Inc., B | 2,369,000 | 291,315,930 |
| | | 336,591,518 |
| **Consumer Services 2.8%** | | |
| McDonald's Corp. | 3,286,654 | 323,834,019 |
| Yum! Brands Inc. | 1,255,000 | 100,337,250 |
| | | 424,171,269 |
| **Diversified Financials 0.2%** | | |
| State Street Corp. | 424,000 | 28,497,040 |
| **Energy 7.9%** | | |
| Chevron Corp. | 3,927,100 | 309,769,648 |
| EOG Resources Inc. | 870,300 | 63,357,840 |
| Exxon Mobil Corp. | 3,390,700 | 252,098,545 |
| Occidental Petroleum Corp. | 3,717,100 | 245,886,165 |
| Schlumberger Ltd. | 4,942,529 | 340,886,225 |
| | | 1,211,998,423 |
| **Food & Staples Retailing 5.5%** | | |
| CVS Health Corp. | 2,543,200 | 245,367,936 |
| Wal-Mart Stores Inc. | 4,492,864 | 291,317,302 |
| Walgreens Boots Alliance Inc. | 3,692,547 | 306,850,656 |
| | | 843,535,894 |
| **Food, Beverage & Tobacco 8.0%** | | |
| Archer-Daniels-Midland Co. | 8,146,200 | 337,659,990 |
| Bunge Ltd. | 4,886,622 | 358,189,393 |
| McCormick & Co. Inc. | 2,276,400 | 187,074,552 |
| PepsiCo Inc. | 3,677,177 | 346,757,791 |
| | | 1,229,681,726 |
| **Health Care Equipment & Services 11.9%** | | |
| Abbott Laboratories | 3,883,000 | 156,174,260 |
| Becton, Dickinson and Co. | 3,163,516 | 419,672,032 |
| DENTSPLY International Inc. | 1,755,000 | 88,750,350 |
| Medtronic PLC | 6,556,700 | 438,905,498 |

## Franklin Rising Dividends Fund (continued)

| | Shares | Value |
|---|---|---|
| **Common Stocks** (continued) | | |
| **Health Care Equipment & Services** (continued) | | |
| Stryker Corp. | 4,804,727 | $ 452,124,811 |
| Teleflex Inc. | 802,053 | 99,623,003 |
| West Pharmaceutical Services Inc. | 3,141,600 | 170,023,392 |
| | | 1,825,273,346 |
| **Household & Personal Products 3.7%** | | |
| Colgate-Palmolive Co. | 3,829,210 | 243,001,666 |
| The Procter & Gamble Co. | 4,558,988 | 327,973,597 |
| | | 570,975,263 |
| **Industrial Conglomerates 3.9%** | | |
| Carlisle Cos. Inc. | 322,529 | 28,182,584 |
| Roper Technologies Inc. | 3,645,509 | 571,251,260 |
| | | 599,433,844 |
| **Insurance 2.5%** | | |
| Aflac Inc. | 1,507,710 | 87,643,182 |
| Arthur J. Gallagher & Co. | 874,700 | 36,107,616 |
| Erie Indemnity Co., A | 1,733,082 | 143,741,821 |
| Old Republic International Corp. | 4,380,950 | 68,518,058 |
| RLI Corp. | 852,718 | 45,645,995 |
| | | 381,656,672 |
| **Machinery 5.2%** | | |
| Donaldson Co. Inc. | 3,007,604 | 84,453,520 |
| Dover Corp. | 5,394,300 | 308,446,074 |
| Hillenbrand Inc. | 1,366,700 | 35,547,867 |
| Pentair PLC (United Kingdom) | 7,271,400 | 371,132,256 |
| | | 799,579,717 |
| **Materials 9.8%** | | |
| Air Products and Chemicals Inc. | 3,558,058 | 453,937,039 |
| [a] Albemarle Corp. | 6,956,000 | 306,759,600 |
| Bemis Co. Inc. | 1,516,389 | 60,003,513 |
| Ecolab Inc. | 1,668,372 | 183,053,776 |
| Nucor Corp. | 1,777,400 | 66,741,370 |
| Praxair Inc. | 4,315,535 | 439,580,395 |
| | | 1,510,075,693 |
| **Media 1.4%** | | |
| [a] John Wiley & Sons Inc., A | 4,412,048 | 220,734,761 |
| **Pharmaceuticals, Biotechnology & Life Sciences 5.6%** | | |
| AbbVie Inc. | 2,775,100 | 150,993,191 |
| Johnson & Johnson | 5,207,000 | 486,073,450 |
| Perrigo Co. PLC | 333,500 | 52,449,545 |
| Pfizer Inc. | 3,083,800 | 96,862,158 |
| Roche Holding AG, ADR (Switzerland) | 1,987,000 | 65,471,650 |
| | | 851,849,994 |

## Franklin Rising Dividends Fund (continued)

| | Shares | Value |
|---|---|---|
| **Common Stocks** (continued) | | |
| **Retailing 5.5%** | | |
| The Gap Inc. | 4,511,600 | $ 128,580,600 |
| Ross Stores Inc. | 5,613,750 | 272,098,463 |
| Target Corp. | 4,274,091 | 336,199,998 |
| Tiffany & Co. | 1,456,100 | 112,440,042 |
| | | 849,319,103 |
| **Semiconductors & Semiconductor Equipment 2.3%** | | |
| Linear Technology Corp. | 2,119,700 | 85,529,895 |
| Texas Instruments Inc. | 5,291,000 | 262,010,320 |
| | | 347,540,215 |
| **Software & Services 5.2%** | | |
| Accenture PLC, A | 3,865,500 | 379,824,030 |
| Microsoft Corp. | 9,361,900 | 414,357,694 |
| | | 794,181,724 |
| **Technology Hardware & Equipment 1.2%** | | |
| [b] Knowles Corp. | 2,524,400 | 46,524,692 |
| QUALCOMM Inc. | 2,514,300 | 135,093,339 |
| | | 181,618,031 |
| **Trading Companies & Distributors 0.8%** | | |
| W.W. Grainger Inc. | 574,300 | 123,480,243 |
| **Transportation 1.4%** | | |
| United Parcel Service Inc., B | 2,182,300 | 215,371,187 |
| **Total Common Stocks (Cost $12,055,633,000)** | | 15,218,546,421 |
| **Short Term Investments (Cost $131,132,658) 0.9%** | | |
| **Money Market Funds 0.9%** | | |
| [b,c] Institutional Fiduciary Trust Money Market Portfolio | 131,132,658 | 131,132,658 |
| **Total Investments (Cost $12,186,765,658) 100.1%** | | 15,349,679,079 |
| **Other Assets, less Liabilities (0.1)%** | | (15,346,793) |
| **Net Assets 100.0%** | | $ 15,334,332,286 |

See Abbreviations on page 30.

[a] See Note 7 regarding holdings of 5% voting securities.
[b] Non-income producing.
[c] See Note 3(f) regarding investments in Institutional Fiduciary Trust Money Market Portfolio.

# Financial Statements

## Statement of Assets and Liabilities

September 30, 2015

### Franklin Rising Dividends Fund

| | |
|---|---|
| Assets: | |
| Investments in securities: | |
| Cost - Unaffiliated issuers | $11,371,940,478 |
| Cost - Non-controlled affiliated issuers (Note 7) | 683,692,522 |
| Cost - Sweep Money Fund (Note 3f) | 131,132,658 |
| Total cost of investments | $12,186,765,658 |
| Value - Unaffiliated issuers | $14,560,630,651 |
| Value - Non-controlled affiliated issuers (Note 7) | 657,915,770 |
| Value - Sweep Money Fund (Note 3f) | 131,132,658 |
| Total value of investments | 15,349,679,079 |
| Receivables: | |
| Capital shares sold | 15,839,374 |
| Dividends | 20,000,493 |
| Other assets | 227,614 |
| Total assets | 15,385,746,560 |
| Liabilities: | |
| Payables: | |
| Capital shares redeemed | 30,894,367 |
| Management fees | 6,396,902 |
| Distribution fees | 9,330,281 |
| Transfer agent fees | 4,090,321 |
| Accrued expenses and other liabilities | 702,403 |
| Total liabilities | 51,414,274 |
| Net assets, at value | $15,334,332,286 |
| Net assets consist of: | |
| Paid-in capital | $11,541,505,969 |
| Undistributed net investment income | 12,906,246 |
| Net unrealized appreciation (depreciation) | 3,162,913,421 |
| Accumulated net realized gain (loss) | 617,006,650 |
| Net assets, at value | $15,334,332,286 |

**Statement of Assets and Liabilities** (continued)
September 30, 2015

**Franklin Rising Dividends Fund**

| | |
|---|---|
| **Class A:** | |
| Net assets, at value | $10,220,847,259 |
| Shares outstanding | 217,416,021 |
| Net asset value per share[a] | $47.01 |
| Maximum offering price per share (net asset value per share ÷ 94.25%) | $49.88 |
| **Class C:** | |
| Net assets, at value | $ 2,644,955,232 |
| Shares outstanding | 57,178,927 |
| Net asset value and maximum offering price per share[a] | $46.26 |
| **Class R:** | |
| Net assets, at value | $ 243,596,992 |
| Shares outstanding | 5,197,530 |
| Net asset value and maximum offering price per share | $46.87 |
| **Class R6:** | |
| Net assets, at value | $ 553,301,096 |
| Shares outstanding | 11,778,146 |
| Net asset value and maximum offering price per share | $46.98 |
| **Advisor Class:** | |
| Net assets, at value | $ 1,671,631,707 |
| Shares outstanding | 35,587,206 |
| Net asset value and maximum offering price per share | $46.97 |

[a]Redemption price is equal to net asset value less contingent deferred sales charges, if applicable.

## Statement of Operations
for the year ended September 30, 2015

### Franklin Rising Dividends Fund

| | |
|---|---|
| Investment income: | |
| Dividends: | |
| Unaffiliated issuers | $ 356,450,828 |
| Non-controlled affiliated issuers (Note 7) | 12,576,581 |
| Total investment income | 369,027,409 |
| Expenses: | |
| Management fees (Note 3a) | 84,935,629 |
| Distribution fees: (Note 3c) | |
| Class A | 28,020,640 |
| Class C | 29,282,420 |
| Class R | 1,544,856 |
| Transfer agent fees: (Note 3e) | |
| Class A | 17,057,779 |
| Class C | 4,456,645 |
| Class R | 470,250 |
| Class R6 | 2,781 |
| Advisor Class | 2,921,848 |
| Custodian fees (Note 4) | 151,078 |
| Reports to shareholders | 1,324,879 |
| Registration and filing fees | 691,729 |
| Professional fees | 236,861 |
| Trustees' fees and expenses | 556,549 |
| Other | 236,173 |
| Total expenses | 171,890,117 |
| Expense reductions (Note 4) | (12) |
| Expenses waived/paid by affiliates (Note 3f and 3g) | (227,864) |
| Net expenses | 171,662,241 |
| Net investment income | 197,365,168 |
| Realized and unrealized gains (losses): | |
| Net realized gain (loss) from: | |
| Investments | 618,277,230 |
| Foreign currency transactions | (135,940) |
| Net realized gain (loss) | 618,141,290 |
| Net change in unrealized appreciation (depreciation) on investments | (1,350,007,553) |
| Net realized and unrealized gain (loss) | (731,866,263) |
| Net increase (decrease) in net assets resulting from operations | $ (534,501,095) |

## Statements of Changes in Net Assets

### Franklin Rising Dividends Fund

| | Year Ended September 30, | |
|---|---|---|
| | 2015 | 2014 |
| Increase (decrease) in net assets: | | |
| Operations: | | |
| Net investment income | $ 197,365,168 | $ 158,626,994 |
| Net realized gain (loss) | 618,141,290 | 177,366,191 |
| Net change in unrealized appreciation (depreciation) | (1,350,007,553) | 1,200,159,972 |
| Net increase (decrease) in net assets resulting from operations | (534,501,095) | 1,536,153,157 |
| Distributions to shareholders from: | | |
| Net investment income: | | |
| Class A | (137,566,769) | (164,179,512) |
| Class C | (14,665,982) | (15,088,950) |
| Class R | (2,976,663) | (3,937,165) |
| Class R6 | (10,085,356) | (12,368,352) |
| Advisor Class | (28,389,858) | (32,617,726) |
| Net realized gains: | | |
| Class A | (106,307,434) | — |
| Class C | (28,159,254) | — |
| Class R | (3,267,663) | — |
| Class R6 | (5,872,904) | — |
| Advisor Class | (18,856,271) | — |
| Total distributions to shareholders | (356,148,154) | (228,191,705) |
| Capital share transactions: (Note 2) | | |
| Class A | 204,062,954 | 949,385,444 |
| Class C | 26,363,619 | 282,762,651 |
| Class R | (78,456,446) | 27,411,213 |
| Class R6 | (14,412,368) | 52,630,051 |
| Advisor Class | (134,665,006) | 476,798,468 |
| Total capital share transactions | 2,892,753 | 1,788,987,827 |
| Net increase (decrease) in net assets | (887,756,496) | 3,096,949,279 |
| Net assets: | | |
| Beginning of year | 16,222,088,782 | 13,125,139,503 |
| End of year | $ 15,334,332,286 | $ 16,222,088,782 |
| Undistributed net investment income included in net assets: | | |
| End of year | $ 12,906,246 | $ 9,361,646 |

# Notes to Financial Statements

## Franklin Rising Dividends Fund

### 1. Organization and Significant Accounting Policies

Franklin Managed Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of one fund, Franklin Rising Dividends Fund (Fund) and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). The Fund offers five classes of shares: Class A, Class C, Class R, Class R6, and Advisor Class. Each class of shares differs by its initial sales load, contingent deferred sales charges, voting rights on matters affecting a single class, its exchange privilege and fees primarily due to differing arrangements for distribution and transfer agent fees.

The following summarizes the Fund's significant accounting policies.

**a. Financial Instrument Valuation**

The Fund's investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Fund calculates the net asset value (NAV) per share as of 4 p.m. Eastern time each day the New York Stock Exchange (NYSE) is open for trading. Under compliance policies and procedures approved by the Fund's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation and Liquidity Oversight Committee (VLOC). The VLOC provides administration and oversight of the Fund's valuation policies and procedures, which are approved annually by the Board. Among other things, these procedures allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Over-the-counter securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Investments in open-end mutual funds are valued at the closing NAV.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the VLOC convenes on a regular basis to review such financial instruments and considers a number of factors, including significant unobservable valuation inputs, when arriving at fair value. The VLOC primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The VLOC employs various methods for calibrating these valuation approaches including a regular review of key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

**b. Income Taxes**

It is the Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. The Fund intends to distribute to shareholders substantially all of its taxable income and net realized gains to relieve it from federal income and excise taxes. As a result, no provision for U.S. federal income taxes is required.

The Fund recognizes the tax benefits of uncertain tax positions only when the position is "more likely than not" to be sustained upon examination by the tax authorities based on the technical merits of the tax position. As of September 30, 2015, and for all open tax years, the Fund has determined that no liability for unrecognized tax benefits is required in the Fund's financial statements related to uncertain tax positions taken on a tax return (or expected to be taken on future tax returns). Open tax years are those that remain subject to examination and are based on each tax jurisdiction's statute of limitation.

## Franklin Rising Dividends Fund (continued)

### 1. Organization and Significant Accounting Policies (continued)

**c. Security Transactions, Investment Income, Expenses and Distributions**

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Estimated expenses are accrued daily. Dividend income is recorded on the ex-dividend date. Distributions to shareholders are recorded on the ex-dividend date and are determined according to income tax regulations (tax basis). Distributable earnings determined on a tax basis may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

Realized and unrealized gains and losses and net investment income, not including class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class. Differences in per share distributions, by class, are generally due to differences in class specific expenses.

**d. Accounting Estimates**

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

**e. Guarantees and Indemnifications**

Under the Trust's organizational documents, its officers and trustees are indemnified by the Trust against certain liabilities arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust, on behalf of the Fund, enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Currently, the Trust expects the risk of loss to be remote.

### 2. Shares of Beneficial Interest

At September 30, 2015, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

| | Year Ended September 30, | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| | Shares | Amount | Shares | Amount |
| **Class A Shares:** | | | | |
| Shares sold | 38,499,980 | $ 1,973,293,037 | 54,274,939 | $ 2,623,736,117 |
| Shares issued in reinvestment of distributions | 4,479,831 | 229,113,788 | 3,136,758 | 152,510,709 |
| Shares redeemed | (39,088,763) | (1,998,343,871) | (37,359,342) | (1,826,861,382) |
| Net increase (decrease) | 3,891,048 | $ 204,062,954 | 20,052,355 | $ 949,385,444 |
| **Class C Shares:** | | | | |
| Shares sold | 10,098,859 | $ 510,023,884 | 13,652,743 | $ 649,203,690 |
| Shares issued in reinvestment of distributions | 746,497 | 37,722,860 | 273,799 | 13,139,102 |
| Shares redeemed | (10,372,575) | (521,383,125) | (7,905,384) | (379,580,141) |
| Net increase (decrease) | 472,781 | $ 26,363,619 | 6,021,158 | $ 282,762,651 |
| **Class R Shares:** | | | | |
| Shares sold | 1,238,091 | $ 63,147,445 | 2,376,189 | $ 114,752,696 |
| Shares issued in reinvestment of distributions | 113,274 | 5,792,953 | 75,881 | 3,681,854 |
| Shares redeemed | (2,871,445) | (147,396,844) | (1,871,695) | (91,023,337) |
| Net increase (decrease) | (1,520,080) | $ (78,456,446) | 580,375 | $ 27,411,213 |

## Franklin Rising Dividends Fund (continued)

| | Year Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | | 2014 | | |
| | Shares | | Amount | Shares | | Amount |
| **Class R6 Shares:** | | | | | | |
| Shares sold | 1,024,522 | $ | 52,361,224 | 1,879,292 | $ | 91,630,704 |
| Shares issued in reinvestment of distributions | 282,913 | | 14,446,269 | 250,063 | | 12,136,881 |
| Shares redeemed | (1,564,916) | | (81,219,861) | (1,034,866) | | (51,137,534) |
| Net increase (decrease) | (257,481) | $ | (14,412,368) | 1,094,489 | $ | 52,630,051 |
| **Advisor Class Shares:** | | | | | | |
| Shares sold | 7,658,976 | $ | 391,825,067 | 18,144,499 | $ | 881,378,289 |
| Shares issued in reinvestment of distributions | 823,330 | | 42,060,063 | 583,206 | | 28,359,342 |
| Shares redeemed | (11,151,010) | | (568,550,136) | (8,900,621) | | (432,939,163) |
| Net increase (decrease) | (2,668,704) | $ | (134,665,006) | 9,827,084 | $ | 476,798,468 |

## 3. Transactions with Affiliates

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton Investments. Certain officers and trustees of the Fund are also officers and/or directors of the following subsidiaries:

| Subsidiary | Affiliation |
|---|---|
| Franklin Advisory Services, LLC (Advisory Services) | Investment manager |
| Franklin Templeton Services, LLC (FT Services) | Administrative manager |
| Franklin Templeton Distributors, Inc. (Distributors) | Principal underwriter |
| Franklin Templeton Investor Services, LLC (Investor Services) | Transfer agent |

### a. Management Fees

The Fund pays an investment management fee to Advisory Services based on the average daily net assets of the Fund as follows:

| Annualized Fee Rate | Net Assets |
|---|---|
| 0.750% | Up to and including $500 million |
| 0.625% | Over $500 million, up to and including $1 billion |
| 0.500% | Over $1 billion, up to and including $5 billion |
| 0.490% | Over $5 billion, up to and including $10 billion |
| 0.480% | In excess of $10 billion |

### b. Administrative Fees

Under an agreement with Advisory Services, FT Services provides administrative services to the Fund. The fee is paid by Advisory Services based on the Fund's average daily net assets, and is not an additional expense of the Fund.

## Franklin Rising Dividends Fund (continued)

### 3. Transactions with Affiliates (continued)

**c. Distribution Fees**

The Board has adopted distribution plans for each share class, with the exception of Class R6 and Advisor Class shares, pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's Class A reimbursement distribution plan, the Fund reimburses Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to the maximum annual plan rate. Under the Class A reimbursement distribution plan, costs exceeding the maximum for the current plan year cannot be reimbursed in subsequent periods. In addition, under the Fund's Class C and R compensation distribution plans, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to the maximum annual plan rate for each class. The plan year, for purposes of monitoring compliance with the maximum annual plan rates, is February 1 through January 31.

The maximum annual plan rates, based on the average daily net assets, for each class, are as follows:

| | |
|---|---|
| Class A | 0.25% |
| Class C | 1.00% |
| Class R | 0.50% |

**d. Sales Charges/Underwriting Agreements**

Front-end sales charges and contingent deferred sales charges (CDSC) do not represent expenses of the Fund. These charges are deducted from the proceeds of sales of Fund shares prior to investment or from redemption proceeds prior to remittance, as applicable. Distributors has advised the Fund of the following commission transactions related to the sales and redemptions of the Fund's shares for the year:

| | |
|---|---|
| Sales charges retained net of commissions paid to unaffiliated broker/dealers | $6,771,109 |
| CDSC retained | $ 356,960 |

**e. Transfer Agent Fees**

Each class of shares, except for Class R6, pays transfer agent fees to Investor Services for its performance of shareholder servicing obligations and reimburses Investor Services for out of pocket expenses incurred, including shareholding servicing fees paid to third parties. These fees are allocated daily based upon their relative proportion of such classes' aggregate net assets. Class R6 pays Investor Services transfer agent fees specific to that class.

For the year ended September 30, 2015, the Fund paid transfer agent fees of $24,909,303, of which $8,255,733 was retained by Investor Services.

**f. Investments in Institutional Fiduciary Trust Money Market Portfolio**

The Fund invests in Institutional Fiduciary Trust Money Market Portfolio (Sweep Money Fund), an affiliated open-end management investment company. Management fees paid by the Fund are waived on assets invested in the Sweep Money Fund, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by the Sweep Money Fund. Prior to October 1, 2013, the waiver was accounted for as a reduction to management fees.

**g. Waiver and Expense Reimbursements**

Investor Services has contractually agreed in advance to waive or limit its fees so that the Class R6 transfer agent fees do not exceed 0.01% until January 31, 2016. There were no Class R6 transfer agent fees waived during the year ended September 30, 2015.

## Franklin Rising Dividends Fund (continued)

### 4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the year ended September 30, 2015, the custodian fees were reduced as noted in the Statement of Operations.

### 5. Income Taxes

The tax character of distributions paid during the years ended September 30, 2015 and 2014, was as follows:

| | 2015 | 2014 |
|---|---|---|
| Distributions paid from: | | |
| Ordinary income | $195,486,299 | $228,191,705 |
| Long term capital gain | 160,661,855 | — |
| | $356,148,154 | $228,191,705 |

At September 30, 2015, the cost of investments, net unrealized appreciation (depreciation), undistributed ordinary income and undistributed long term capital gains for income tax purposes were as follows:

| | |
|---|---|
| Cost of investments | $12,186,931,896 |
| Unrealized appreciation | $ 3,753,737,111 |
| Unrealized depreciation | (590,989,928) |
| Net unrealized appreciation (depreciation) | $ 3,162,747,183 |
| Undistributed ordinary income | $ 13,383,134 |
| Undistributed long term capital gains | 616,695,998 |
| Distributable earnings | $ 630,079,132 |

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatment of wash sales.

### 6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the year ended September 30, 2015, aggregated $1,437,621,399 and $1,414,698,651 respectively.

### 7. Holdings of 5% Voting Securities of Portfolio Companies

The 1940 Act defines "affiliated companies" to include investments in portfolio companies in which a fund owns 5% or more of the outstanding voting securities. Investments in "affiliated companies" for the Fund for the year ended September 30, 2015, were as shown below.

| Name of Issuer | Number of Shares Held at Beginning of Year | Gross Additions | Gross Reductions | Number of Shares Held at End of Year | Value at End of Year | Investment Income | Realized Gain (Loss) |
|---|---|---|---|---|---|---|---|
| **Non-Controlled Affiliates** | | | | | | | |
| Albemarle Corp. | 6,007,525 | 948,475 | — | 6,956,000 | $306,759,600 | $ 7,456,535 | $ — |
| John Wiley & Sons Inc., A | 3,970,548 | 441,500 | — | 4,412,048 | 220,734,761 | 3,754,059 | — |
| Matthews International Corp., A | 2,463,292 | 200,000 | — | 2,663,292 | 130,421,409 | 1,365,987 | — |
| **Total Affiliated Securities** (Value is 4.29% of Net Assets) | | | | | $657,915,770 | $12,576,581 | $ — |

## Franklin Rising Dividends Fund (continued)

### 8. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton Investments, are borrowers in a joint syndicated senior unsecured credit facility totaling $2 billion (Global Credit Facility) which matures on February 12, 2016. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.07% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the year ended September 30, 2015, the Fund did not use the Global Credit Facility.

### 9. Fair Value Measurements

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's financial instruments and are summarized in the following fair value hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of financial instruments)

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

For movements between the levels within the fair value hierarchy, the Fund has adopted a policy of recognizing the transfers as of the date of the underlying event which caused the movement.

At September 30, 2015, all of the Fund's investments in financial instruments carried at fair value were valued using Level 1 inputs. For detailed categories, see the accompanying Statement of Investments.

### 10. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

## Abbreviations

**Selected Portfolio**

**ADR** American Depositary Receipt

# Report of Independent Registered Public Accounting Firm

## Franklin Rising Dividends Fund

### To the Shareholders and Board of Trustees of Franklin Managed Trust

We have audited the accompanying statement of assets and liabilities of Franklin Rising Dividends Fund, a series of shares of Franklin Managed Trust, including the statement of investments, as of September 30, 2015, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the periods indicated thereon. These financial statements and financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Trust is not required to have, nor were we engaged to perform an audit of the Trust's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of September 30, 2015, by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Franklin Rising Dividends Fund at September 30, 2015, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania
November 16, 2015

# Tax Information (unaudited)

## Franklin Rising Dividends Fund

Under Section 852(b)(3)(C) of the Internal Revenue Code (Code), the Fund hereby reports the maximum amount allowable but no less than $160,661,855 as a long term capital gain dividend for the fiscal year ended September 30, 2015.

Under Section 871(k)(2)(C) of the Code, the Fund hereby reports the maximum amount allowable but no less than $1,801,671 as a short term capital gain dividend for purposes of the tax imposed under Section 871(a)(1)(A) of the Code for the fiscal year ended September 30, 2015.

Under Section 854(b)(1)(A) of the Code, the Fund hereby reports 100% of the ordinary income dividends as income qualifying for the dividends received deduction for the fiscal year ended September 30, 2015.

Under Section 854(b)(1)(B) of the Code, the Fund hereby reports the maximum amount allowable but no less than $353,686,397 as qualified dividends for purposes of the maximum rate under Section 1(h)(11) of the Code for the fiscal year ended September 30, 2015. Distributions, including qualified dividend income, paid during calendar year 2015 will be reported to shareholders on Form 1099-DIV by mid-February 2016. Shareholders are advised to check with their tax advisors for information on the treatment of these amounts on their individual income tax returns.

# Board Members and Officers

The name, year of birth and address of the officers and board members, as well as their affiliations, positions held with the Trust, principal occupations during at least the past five years and number of portfolios overseen in the Franklin Templeton Investments fund complex, are shown below. Generally, each board member serves until that person's successor is elected and qualified.

## Independent Board Members

| Name, Year of Birth and Address | Position | Length of Time Served | Number of Portfolios in Fund Complex Overseen by Board Member* | Other Directorships Held During at Least the Past 5 Years |
|---|---|---|---|---|
| **Edward I. Altman, Ph.D. (1941)**<br>c/o Franklin Mutual Advisers, LLC<br>101 John F. Kennedy Parkway<br>Short Hills, NJ 07078-2789 | Trustee | Since April 2015 | 17 | None |
| **Principal Occupation During at Least the Past 5 Years:**<br>Max L. Heine Professor of Finance and Director of The Credit and Debt Markets Research Program, Salomon Center, Stern School of Business, New York University; editor and author of numerous financial publications; financial consultant; an adviser to numerous financial and publishing organizations; and **formerly,** Vice Director, Salomon Center, Stern School of Business, New York University. | | | | |
| **Ann Torre Bates (1958)**<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Trustee | Since April 2015 | 42 | Navient Corporation (loan management, servicing and asset recovery) (2014-present), Ares Capital Corporation (specialty finance company) (2010-present), United Natural Foods, Inc. (distributor of natural, organic and specialty foods) (2013-present), Allied Capital Corporation (financial services) (2003-2010) and SLM Corporation (Sallie Mae) (1997-2014). |
| **Principal Occupation During at Least the Past 5 Years:**<br>Director of various companies; and **formerly,** Executive Vice President and Chief Financial Officer, NHP Incorporated (manager of multifamily housing) (1995-1997); and Vice President and Treasurer, US Airways, Inc. (until 1995). | | | | |
| **Burton J. Greenwald (1929)**<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Trustee and Vice Chairman of the Board | Trustee since 2001 and Vice Chairman of the Board since April 2015 | 17 | Franklin Templeton Emerging Markets Debt Opportunities Fund PLC and Fiduciary International Ireland Limited (1999-2015). |
| **Principal Occupation During at Least the Past 5 Years:**<br>Managing Director, B.J. Greenwald Associates (management consultants to the financial services industry); and **formerly,** Chairman, Fiduciary Trust International Funds; Executive Vice President, L.F. Rothschild Fund Management, Inc.; President and Director, Merit Mutual Funds; President, Underwriting Division and Director, National Securities & Research Corporation; Governor, Investment Company Institute; and Chairman, ICI Public Information Committee. | | | | |
| **Keith E. Mitchell (1954)**<br>c/o Franklin Mutual Advisers, LLC<br>101 John F. Kennedy Parkway<br>Short Hills, NJ 07078-2789 | Trustee | Since April 2015 | 17 | None |
| **Principal Occupation During at Least the Past 5 Years:**<br>Director of various boards of asset management firms; and **formerly**, Managing Member, Mitchell, Hartley & Bechtel Advisers, LLC (formerly, Mitchell Advisers, LLC) (advisory firm) (2003-2015) and Managing Director, Putman Lovell NBF. | | | | |

## Independent Board Members (continued)

| Name, Year of Birth and Address | Position | Length of Time Served | Number of Portfolios in Fund Complex Overseen by Board Member* | Other Directorships Held During at Least the Past 5 Years |
|---|---|---|---|---|
| **David W. Niemiec (1949)**<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Trustee | Since 2011 | 42 | Emeritus Corporation (assisted living) (1999-2010) and OSI Pharmaceuticals, Inc. (pharmaceutical products) (2006-2010). |
| **Principal Occupation During at Least the Past 5 Years:**<br>Advisor, Saratoga Partners (private equity fund); and **formerly,** Managing Director, Saratoga Partners (1998-2001) and SBC Warburg Dillon Read (investment banking) (1997-1998); Vice Chairman, Dillon, Read & Co. Inc. (investment banking) (1991-1997); and Chief Financial Officer, Dillon, Read & Co. Inc. (1982-1997). | | | | |
| **Charles Rubens II (1930)**<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Trustee | Since 1986 | 17 | None |
| **Principal Occupation During at Least the Past 5 Years:**<br>Private investor and president of non-profit organizations; and **formerly,** an executive of Time, Inc.; and Trustee of Colorado College. | | | | |
| **Jan Hopkins Trachtman (1947)**<br>c/o Franklin Mutual Advisers, LLC<br>101 John F. Kennedy Parkway<br>Short Hills, NJ 07078-2789 | Trustee | Since April 2015 | 17 | None |
| **Principal Occupation During at Least the Past 5 Years:**<br>President and Founder, The Jan Hopkins Group (communications consulting firm); President, Economic Club of New York; serves on Advisory Board of Knight Bagehot Fellowship; and **formerly,** Anchor/Correspondent, CNN Financial News (until 2003); Managing Director and Head of Client Communications, Citigroup Private Bank (until 2005); Off-Air Reporter, ABC News' World News Tonight; and Editor, CBS Network News. | | | | |
| **Robert E. Wade (1946)**<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Trustee and Chairman of the Board | Trustee since 2004 and Chairman of the Board since April 2015 | 42 | El Oro Ltd (investments). |
| **Principal Occupation During at Least the Past 5 Years:**<br>Attorney at law engaged in private practice (1972-2008) and member of various boards. | | | | |
| **Gregory H. Williams (1943)**<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Trustee | Since 2008 | 17 | None |
| **Principal Occupation During at Least the Past 5 Years:**<br>Private investor; Consultant; and **formerly,** President, University of Cincinnati (2009-2012); President, The City College of New York (2001-2009); Dean, College of Law, Ohio State University (1993-2001); and Associate Vice President, Academic Affairs and Professor of Law, University of Iowa (1977-1993). | | | | |

## Interested Board Members and Officers

| Name, Year of Birth and Address | Position | Length of Time Served | Number of Portfolios in Fund Complex Overseen by Board Member* | Other Directorships Held During at Least the Past 5 Years |
|---|---|---|---|---|
| ****Gregory E. Johnson (1961)**<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Trustee | Since April 2015 | 161 | None |
| **Principal Occupation During at Least the Past 5 Years:**<br>Chairman of the Board, Member – Office of the Chairman, Director and Chief Executive Officer, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 45 of the investment companies in Franklin Templeton Investments; Vice Chairman, Investment Company Institute; and **formerly,** President, Franklin Resources, Inc. (1994-2015). | | | | |
| ****Jennifer M. Johnson (1964)**<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Trustee | Since April 2015 | 10 | None |
| **Principal Occupation During at Least the Past 5 Years:**<br>Co-President, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of three of the investment companies in Franklin Templeton Investments; and **formerly,** Chief Operating Officer and Executive Vice President, Franklin Resources, Inc. (1994-2015); Executive Vice President of Operations and Technology, Franklin Resources, Inc. (2005-2010); Senior Vice President, Franklin Resources, Inc. (2003-2005). | | | | |
| ****William J. Lippman (1925)**<br>55 Challenger Road, Suite 501<br>Ridgefield Park, NJ 07660 | Trustee | Since 1986 | 7 | None |
| **Principal Occupation During at Least the Past 5 Years:**<br>Director or trustee, as the case may be, of two of the investment companies in Franklin Templeton Investments; and **formerly,** President, Franklin Advisory Services, LLC (1999-2014); and Director, Templeton Worldwide, Inc. (1994-2014). | | | | |
| **Alison E. Baur (1964)**<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Vice President | Since 2012 | Not Applicable | Not Applicable |
| **Principal Occupation During at Least the Past 5 Years:**<br>Deputy General Counsel, Franklin Templeton Investments; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 45 of the investment companies in Franklin Templeton Investments. | | | | |
| **Laura F. Fergerson (1962)**<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Chief Executive Officer – Finance and Administration | Since 2009 | Not Applicable | Not Applicable |
| **Principal Occupation During at Least the Past 5 Years:**<br>Senior Vice President, Franklin Templeton Services, LLC; Vice President, Franklin Advisers, Inc. and Franklin Templeton Institutional, LLC; and officer of 45 of the investment companies in Franklin Templeton Investments. | | | | |
| **Aliya S. Gordon (1973)**<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Vice President | Since 2009 | Not Applicable | Not Applicable |
| **Principal Occupation During at Least the Past 5 Years:**<br>Senior Associate General Counsel, Franklin Templeton Investments; and officer of 45 of the investment companies in Franklin Templeton Investments. | | | | |

## Interested Board Members and Officers (continued)

| Name, Year of Birth and Address | Position | Length of Time Served | Number of Portfolios in Fund Complex Overseen by Board Member* | Other Directorships Held During at Least the Past 5 Years |
|---|---|---|---|---|
| **Steven J. Gray (1955)**<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Secretary and Vice President | Secretary since 2005 and Vice President since 2009 | Not Applicable | Not Applicable |
| **Principal Occupation During at Least the Past 5 Years:**<br>Senior Associate General Counsel, Franklin Templeton Investments; Vice President, Franklin Templeton Distributors, Inc. and Franklin Alternative Strategies Advisers, LLC; and officer of 45 of the investment companies in Franklin Templeton Investments. | | | | |
| **Selena L. Holmes (1965)**<br>100 Fountain Parkway<br>St. Petersburg, FL 33716-1205 | Vice President – AML Compliance | Since 2012 | Not Applicable | Not Applicable |
| **Principal Occupation During at Least the Past 5 Years:**<br>Director, Global Compliance Monitoring; Chief Compliance Officer, Franklin Alternative Strategies Advisers, LLC; Vice President, Franklin Templeton Companies, LLC; and officer of 45 of the investment companies in Franklin Templeton Investments. | | | | |
| **Rupert H. Johnson, Jr. (1940)**<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Vice President | Since 1991 | Not Applicable | Not Applicable |
| **Principal Occupation During at Least the Past 5 Years:**<br>Vice Chairman, Member – Office of the Chairman and Director, Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; Senior Vice President, Franklin Advisory Services, LLC; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 43 of the investment companies in Franklin Templeton Investments. | | | | |
| **Robert G. Kubilis (1973)**<br>300 S.E. 2nd Street<br>Fort Lauderdale, FL 33301-1923 | Treasurer, Chief Financial Officer and Chief Accounting Officer | Since 2012 | Not Applicable | Not Applicable |
| **Principal Occupation During at Least the Past 5 Years:**<br>Treasurer, U.S. Fund Administration & Reporting, Franklin Templeton Investments; and officer of five of the investment companies in Franklin Templeton Investments. | | | | |
| **Kimberly H. Novotny (1972)**<br>300 S.E. 2nd Street<br>Fort Lauderdale, FL 33301-1923 | Vice President | Since 2013 | Not Applicable | Not Applicable |
| **Principal Occupation During at Least the Past 5 Years:**<br>Associate General Counsel, Franklin Templeton Investments; Vice President, Fiduciary Trust International of the South; Vice President, Templeton Investment Counsel, LLC; Assistant Secretary, Franklin Resources, Inc.; and officer of 45 of the investment companies in Franklin Templeton Investments. | | | | |
| **Robert C. Rosselot (1960)**<br>300 S.E. 2nd Street<br>Fort Lauderdale, FL 33301-1923 | Chief Compliance Officer | Since 2013 | Not Applicable | Not Applicable |
| **Principal Occupation During at Least the Past 5 Years:**<br>Director, Global Compliance, Franklin Templeton Investments; Vice President, Franklin Templeton Companies, LLC; officer of 45 of the investment companies in Franklin Templeton Investments; and **formerly,** Senior Associate General Counsel, Franklin Templeton Investments (2007-2013); and Secretary and Vice President, Templeton Group of Funds (2004-2013). | | | | |

## Interested Board Members and Officers (continued)

| Name, Year of Birth and Address | Position | Length of Time Served | Number of Portfolios in Fund Complex Overseen by Board Member* | Other Directorships Held During at Least the Past 5 Years |
|---|---|---|---|---|
| **Karen L. Skidmore (1952)**<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Vice President | Since 2006 | Not Applicable | Not Applicable |
| **Principal Occupation During at Least the Past 5 Years:**<br>Senior Associate General Counsel, Franklin Templeton Investments; and officer of 45 of the investment companies in Franklin Templeton Investments. | | | | |
| ****Donald G. Taylor (1954)**<br>55 Challenger Road, Suite 501<br>Ridgefield Park, NJ 07660 | President and Chief Executive Officer – Investment Management | Since October 2014 | Not Applicable | Not Applicable |
| **Principal Occupation During at Least the Past 5 Years:**<br>President and Chief Investment Officer, Franklin Advisory Services, LLC; and officer of two of the investment companies in Franklin Templeton Investments. | | | | |
| **Navid Tofigh (1972)**<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Vice President | Since November 2015 | Not Applicable | Not Applicable |
| **Principal Occupation During at Least the Past 5 Years:**<br>Associate General Counsel, Franklin Templeton Investments; and officer of 45 of the investment companies in Franklin Templeton Investments. | | | | |
| **Craig S. Tyle (1960)**<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Vice President | Since 2005 | Not Applicable | Not Applicable |
| **Principal Occupation During at Least the Past 5 Years:**<br>General Counsel and Executive Vice President, Franklin Resources, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 45 of the investment companies in Franklin Templeton Investments. | | | | |

## Interested Board Members and Officers (continued)

| Name, Year of Birth and Address | Position | Length of Time Served | Number of Portfolios in Fund Complex Overseen by Board Member* | Other Directorships Held During at Least the Past 5 Years |
|---|---|---|---|---|
| **Lori A. Weber (1964)**<br>300 S.E. 2nd Street<br>Fort Lauderdale, FL 33301-1923 | Vice President | Since 2011 | Not Applicable | Not Applicable |

**Principal Occupation During at Least the Past 5 Years:**
Senior Associate General Counsel, Franklin Templeton Investments; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; and officer of 45 of the investment companies in Franklin Templeton Investments.

*We base the number of portfolios on each separate series of the U.S. registered investment companies within the Franklin Templeton Investments fund complex. These portfolios have a common investment manager or affiliated investment managers.

**Gregory E. Johnson is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director of Franklin Resources, Inc. (Resources), which is the parent company of the Fund's investment manager and distributor. Jennifer M. Johnson is considered to be an interested person of the Fund under the federal securities laws due to her position as officer and director of Resources.

**William J. Lippman is considered to be an interested person of the Fund under the federal securities laws due to his position as a shareholder of Franklin Resources, Inc., which is the parent company of the Fund's investment manager and distributor, and his longstanding former position as an officer of the Fund's investment manager and director of another subsidiary of Resources.

Note 1: Rupert H. Johnson, Jr. is the uncle of Gregory E. Johnson and Jennifer M. Johnson. Gregory E. Johnson and Jennifer M. Johnson are siblings.

Note 2: Officer information is current as of the date of this report. It is possible that after this date, information about officers may change.

**The Sarbanes-Oxley Act of 2002 and Rules adopted by the Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated David W. Niemiec as an audit committee financial expert. The Board believes that Mr. Niemiec qualifies as such an expert in view of his extensive business background and experience. Mr. Niemiec has served as a member of the Fund Audit Committee since 2013, currently serves as an Advisor to Saratoga Partners and was formerly its Managing Director from 1998 to 2001. Mr. Niemiec was formerly a director of Emeritus Corporation from 1999 to 2010 and OSI Pharmaceuticals, Inc. from 2006 to 2010, Managing Director of SBC Warburg Dillon Read from 1997 to 1998, and was Vice Chairman from 1991 to 1997 and Chief Financial Officer from 1982 to 1997 of Dillon, Read & Co. Inc. As a result of such background and experience, the Board believes that Mr. Niemiec has acquired an understanding of generally accepted accounting principles and financial statements, the general application of such principles in connection with the accounting estimates, accruals and reserves, and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Mr. Niemiec is an independent Board member as that term is defined under the applicable U.S. Securities and Exchange Commission Rules and Releases.**

**The Statement of Additional Information (SAI) includes additional information about the board members and is available, without charge, upon request. Shareholders may call (800) DIAL BEN/342-5236 to request the SAI.**

# Meeting of Shareholders

## Meeting of Shareholders, April 7, 2015, and reconvened on May 18, 2015 (unaudited)

A Special Joint Meeting of Shareholders of Franklin Managed Trust (the "Trust"), Franklin Alternative Strategies Funds, Franklin Mutual Series Funds and Franklin Value Investors Trust was held at the offices of Franklin Templeton Investments, One Franklin Parkway, San Mateo, California on April 7, 2015, and reconvened on May 18, 2015. The purpose of the meeting with respect to the Fund was to elect Trustees of the Trust and to approve the use of a "manager of managers" structure whereby the Fund's investment manager would be able to hire and replace subadvisers without shareholder approval. At the meeting, the following persons were elected by the shareholders to serve as Independent Trustees of the Trust: Edward I. Altman, Ann Torre Bates, Burton J. Greenwald, Keith Mitchell, David W. Niemiec, Charles Rubens II, Jan Hopkins Trachtman, Robert E. Wade and Gregory H. Williams. Gregory E. Johnson, Jennifer M. Johnson and William J. Lippman were elected by the shareholders to serve as Interested Trustees. Shareholders also approved the use of a "manager of managers" structure. No other business was transacted at the meeting with respect to the Fund.

The results of the voting at the meeting are as follows:

Proposal 1. The Election of Trustees:

| Name | For | % of Outstanding Shares | % of Shares Present | Withheld | % of Outstanding Shares | % of Shares Present |
|---|---|---|---|---|---|---|
| Edward I. Altman | 220,515,093.508 | 65.949% | 97.422% | 5,834,253.084 | 1.745% | 2.578% |
| Ann Torre Bates | 220,614,971.764 | 65.979% | 97.467% | 5,734,374.828 | 1.715% | 2.533% |
| Burton J. Greenwald | 220,338,329.665 | 65.896% | 97.344% | 6,011,016.927 | 1.798% | 2.656% |
| Keith Mitchell | 220,741,043.514 | 66.016% | 97.522% | 5,608,303.078 | 1.678% | 2.478% |
| David W. Niemiec | 220,625,249.857 | 65.982% | 97.471% | 5,724,096.735 | 1.712% | 2.529% |
| Charles Rubens II | 220,266,722.611 | 65.874% | 97.313% | 6,082,623.981 | 1.820% | 2.687% |
| Jan Hopkins Trachtman | 220,569,035.133 | 65.965% | 97.446% | 5,780,311.459 | 1.729% | 2.554% |
| Robert E. Wade | 220,565,265.132 | 65.964% | 97.445% | 5,784,081.460 | 1.730% | 2.555% |
| Gregory H. Williams | 220,595,320.107 | 65.973% | 97.458% | 5,754,026.485 | 1.721% | 2.542% |
| Gregory E. Johnson | 220,557,508.339 | 65.961% | 97.441% | 5,791,838.253 | 1.733% | 2.559% |
| Jennifer M. Johnson | 220,653,633.642 | 65.990% | 97.484% | 5,695,712.950 | 1.704% | 2.516% |
| William J. Lippman | 220,459,815.930 | 65.932% | 97.398% | 5,889,530.662 | 1.762% | 2.602% |

Proposal 3. To approve the use of a "manager of managers" structure whereby the Fund's investment manager would be able to hire and replace subadvisers without shareholder approval.

| | Shares Voted | % of Outstanding Shares | % of Shares Present |
|---|---|---|---|
| For | 117,271,142.129 | 35.071% | 67.654% |
| Against | 10,288,940.704 | 3.077% | 5.936% |
| Abstain | 5,636,171.349 | 1.686% | 3.252% |
| Broker Non-Votes | 40,141,323.000 | 12.005% | 23.158% |

# Shareholder Information

## Proxy Voting Policies and Procedures

The Trust's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Trust uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Trust's complete Policies online at franklintempleton.com. Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Trust's proxy voting records are also made available online at franklintempleton.com and posted on the U.S. Securities and Exchange Commission's website at sec.gov and reflect the most recent 12-month period ended June 30.

## Quarterly Statement of Investments

The Trust files a complete statement of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year on Form N-Q. Shareholders may view the filed Form N-Q by visiting the Commission's website at sec.gov. The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

## Householding of Reports and Prospectuses

You will receive the Fund's financial reports every six months as well as an annual updated summary prospectus (prospectus available upon request). To reduce Fund expenses, we try to identify related shareholders in a household and send only one copy of the financial reports and summary prospectus. This process, called "householding," will continue indefinitely unless you instruct us otherwise. If you prefer not to have these documents householded, please call us at (800) 632-2301. At any time you may view current prospectuses/summary prospectuses and financial reports on our website. If you choose, you may receive these documents through electronic delivery.

FRANKLIN TEMPLETON
INVESTMENTS

**Annual Report and Shareholder Letter**
**Franklin Rising Dividends Fund**

**Investment Manager**
Franklin Advisory Services, LLC

**Distributor**
Franklin Templeton Distributors, Inc.
(800) DIAL BEN® / 342-5236
franklintempleton.com

**Shareholder Services**
(800) 632-2301

Authorized for distribution only when accompanied or preceded by a summary prospectus and/or prospectus. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. A prospectus contains this and other information; please read it carefully before investing.

To help ensure we provide you with quality service, all calls to and from our service areas are monitored and/or recorded.

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