



# FRANKLIN TEMPLETON INVESTMENTS

## Franklin Rising Dividends Fund—Class A, C

Blend Equity  
September 30, 2018

### Product Profile

#### Product Details<sup>1</sup>

Fund Assets	\$20,113,665,777.66
Fund Inception Date	01/14/1987
Number of Issuers	69
Investment Style	Blend
Benchmark	S&P 500 Index
Lipper Classification	Multi-Cap Core Funds
Morningstar Category™	Large Blend
Dividend Frequency	Quarterly

#### Inception Date

Class A	01/14/1987
Class C	05/01/1995

#### CUSIP NASDAQ Symbol

Class A	353 825 102	FRDPX
Class C	353 825 409	FRDTX

#### Maximum Sales Charges

Class A	5.50% initial sales charge
Class C	1.00% contingent deferred sales charge (CDSC) in the first year only

#### Total Annual Operating Expenses

Class A	0.9%
Class C	1.65%

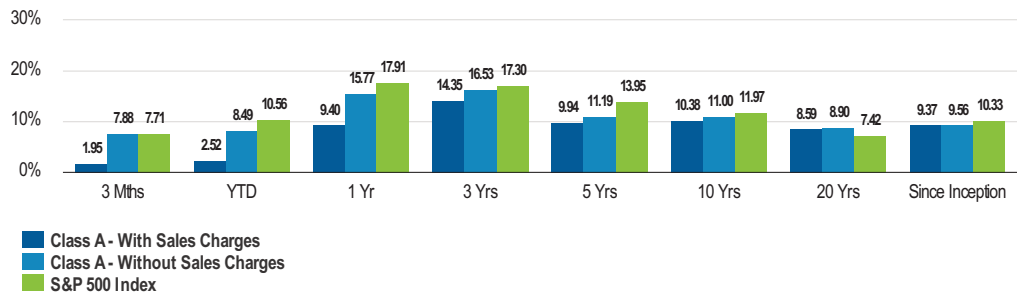
#### Fund Description

The fund seeks long-term capital appreciation by investing at least 80% of its net assets in companies of any size that have paid consistently rising dividends.

#### Performance Data Information<sup>2,3</sup>

##### Average Annual Total Returns<sup>4,5</sup> (%)

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	20 Yrs	Since Inception
Class A - With Sales Charges	1.95	2.52	9.40	14.35	9.94	10.38	8.59	9.37
Class A - Without Sales Charges	7.88	8.49	15.77	16.53	11.19	11.00	8.90	9.56
Class C - With Sales Charges	6.69	6.89	13.92	15.66	10.36	10.17	8.16	9.42
Class C - Without Sales Charges	7.69	7.89	14.92	15.66	10.36	10.17	8.16	9.42
S&P 500 Index	7.71	10.56	17.91	17.30	13.95	11.97	7.42	10.33



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

#### Calendar Year Returns (% Without Sales Charges)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Class A	20.29	14.41	-3.54	9.72	29.30	10.29	7.21	19.08	17.05	-27.22
Class C	19.40	13.53	-4.25	8.89	28.35	9.47	6.40	18.21	16.18	-27.75
S&P 500 Index	21.83	11.96	1.38	13.69	32.39	16.00	2.11	15.06	26.46	-37.00

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

- All holdings are subject to change. Holdings of the same issuers have been combined.
- Effective 05/01/1994, the fund implemented a Rule 12b-1 plan, which affects subsequent performance. Class A: Prior to 9/10/18, these shares were offered at a higher initial sales charge of 5.75%; thus actual returns would have differed. Total returns with sales charges have been restated to reflect the current maximum initial sales charge of 5.50%. Class C: Prior to 01/01/2004, these shares were offered with an initial sales charge; thus actual returns may differ. The fund offers other share classes subject to different fees and expenses, which will affect their performance. Please see the prospectus for details.
- Source for Index: FactSet. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.
- Periods shorter than one year are shown as cumulative total returns.
- Since inception return for the benchmark is calculated to the fund inception date.

Not FDIC Insured | May Lose Value | No Bank Guarantee

Portfolio Manager Insight<sup>6</sup>

## Performance Review

## QUARTERLY KEY PERFORMANCE DRIVERS

	Stocks	Sectors
Helped	West Pharmaceutical Services, Inc.	Communication Services (Stock Selection, Underweight)
	Dover Corporation	Industrials (Overweight)
	Honeywell International Inc.	Financials (Stock Selection, Underweight)
Hurt	Texas Instruments Incorporated	Information Technology (Stock Selection)
	Analog Devices, Inc.	Energy (Stock Selection, Overweight)
	Schlumberger NV	Health Care (Stock Selection)

- West Pharmaceutical Services, a developer of drug delivery systems, reported positive earnings results in July. The company had previously experienced a disruption in growth as some of its customers experienced one-time challenges, including inventory destocking and product recalls. These problems have normalized, resulting in a return to strong top-line growth, and West Pharmaceutical is aligning its supply chain with that of its customers to avoid similar sharp, unanticipated revenue shortfalls.
- Shares of Dover, a diversified industrial company, rose in response to ongoing strong operational performance. In addition, Dover's new chief executive officer, Rich Tobin, outlined his cost savings plan, as well as his intention to focus on improving performance at the refrigeration and food equipment and the retail fueling and transport business units.
- Texas Instruments, a semiconductor company, saw its shares move lower due to trade war fears and concerns about an inventory correction. In addition, several sell-side analysts downgraded the semiconductor industry on concerns that it may experience a cyclical downturn in the coming quarters.

## Outlook &amp; Strategy

- The current US bull market is now the longest on record while the current US economic expansion appears set to break the record for duration, which would occur in mid-2019. However, we still believe the US economy can enter a more virtuous cycle. Paradoxically, persistent concerns that another downturn may be around the corner, a lingering effect of the global financial crisis, have been a positive factor by helping curb irrational exuberance.
- A reduction in the US corporate tax rate, a tax break on repatriated overseas corporate earnings and other business-friendly provisions have helped stimulate demand and boost earnings enough that companies are increasing capital investments. In our view, additional investment has started to boost labor productivity. If productivity keeps improving, it would be positive for corporate earnings, additional investment, labor markets, and returns to shareholders through dividend increases and share repurchases.
- Although there are some indicators that may suggest the economy is in the late stages of the cycle, we think the bulk of the evidence suggests it is closer to mid-cycle positioning. The US unemployment rate is at a historically low level and wage growth has picked up, but we believe productivity gains and a relatively low US labor force participation rate are supportive of further hiring. We also think the flattening of the US Treasury yield curve is not a warning sign, as the 10-year yield is likely being held down by very low rates in other developed markets. Although trade tensions are a risk, particularly with China, we view the preliminary agreement to revise NAFTA (North American Free Trade Agreement) and a willingness to negotiate with Japan as constructive.
- Value stocks, a category that captures many dividend growers, have historically fared better when US economic growth is running at a solid yet sustainable pace. While growth stocks as a category have continued to perform well, the gains in recent years have been largely driven by just a few high-profile companies in the information technology, communication services (formerly telecommunication services) and consumer discretionary sectors.
- No matter the current financial market and economic climate, we firmly believe companies with consistently rising dividends should, over time, have the potential to realize stock price appreciation. We select portfolio securities based on several criteria: We seek fundamentally sound (e.g., low debt) companies that meet our standards for dividend growth consistency and magnitude, and we attempt to acquire them at what we believe are attractive prices.

6. The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or fund. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of the date of this material and may change without notice. A portfolio manager's assessment of a particular security, investment or strategy is not intended as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy; it is intended only to provide insight into the fund's portfolio selection process. Holdings are subject to change.

Portfolio Characteristics<sup>7,8,9</sup>

	Portfolio	S&P 500 Index
Price to Earnings (12 Month Trailing)	29.17x	23.25x
Price to Book Value	4.11x	3.51x
Price to Cash Flow	17.20x	13.51x
Market Capitalization (Millions in USD)	131,154	247,832

## Portfolio Diversification

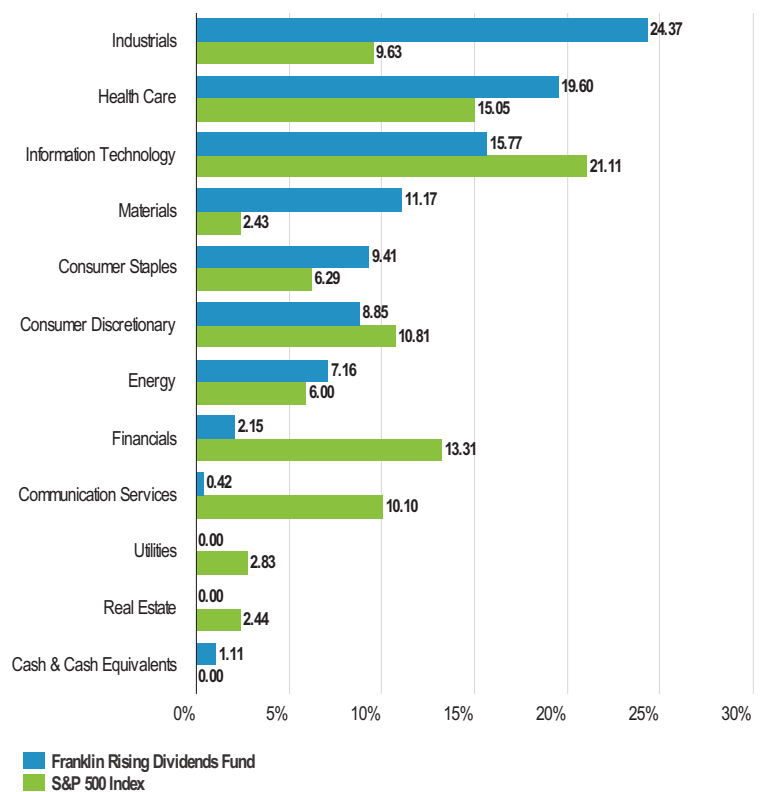
Top Ten Holdings<sup>10</sup>

Percent of Total

Top Holdings	Sector	%
MICROSOFT CORP	Software & Services	5.91
ROPER TECHNOLOGIES INC	Capital Goods	5.22
BECTON DICKINSON AND CO	Health Care Equipment & Services	3.72
STRYKER CORP	Health Care Equipment & Services	3.68
HONEYWELL INTERNATIONAL INC	Capital Goods	3.57
ALBEMARLE CORP	Materials	3.51
ACCENTURE PLC	Software & Services	3.40
PRAXAIR INC	Materials	3.20
TEXAS INSTRUMENTS INC	Semiconductors & Semiconductor Equipment	2.98
MEDTRONIC PLC	Health Care Equipment & Services	2.97

Sector Weightings vs. S&P 500 Index<sup>11,12</sup>

Percent of Total



7. The portfolio characteristics listed are based on the fund's underlying holdings, and do not necessarily reflect the fund's characteristics. Due to data limitations all equity holdings are assumed to be the primary equity issue (usually the ordinary or common shares) of each security's issuing company. This methodology may cause small differences between the portfolio's reported characteristics and the portfolio's actual characteristics. In practice, Franklin Templeton's portfolio managers invest in the class or type of security which they believe is most appropriate at the time of purchase. The market capitalization figures for both the portfolio and the benchmark are at the security level, not aggregated up to the main issuer. Source: Factset. Price ratio calculations for weighted average use harmonic means. Any exceptions to this are noted. The Estimated 3-5 Year EPS Growth uses simple weighted average means. There can be no assurance that the Estimated 3-5 Year EPS Growth will be realized. Information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change.

8. Source: FactSet. Price ratio calculations for weighted average use harmonic means. Any exceptions to this are noted.

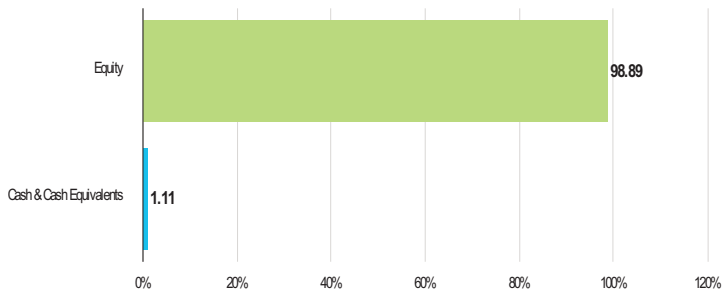
9,12. Source for Index: FactSet. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

10. Holdings of the same issuers have been combined. Top ten holdings information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change. The information provided is not a recommendation to purchase, sell, or hold any particular security. The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included.

11. Information is historical and may not reflect current or future portfolio characteristics. Percentage may not equal 100% due to rounding. All holdings are subject to change.

**Asset Allocation**

Percent of Total

**Supplemental Performance Statistics****Supplemental Risk Statistics<sup>13,14</sup>**

Class A

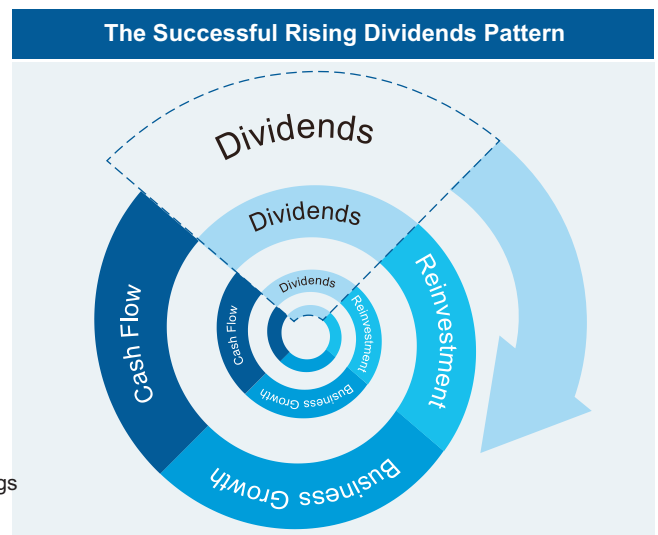
	3 Yrs	5 Yrs	10 Yrs
<b>Standard Deviation (%)</b>	8.82	9.55	12.87
<b>Beta (%)</b>	3.12	2.82	3.88
<b>Information Ratio</b>	-0.25	-0.98	-0.25
<b>Beta</b>	0.92	0.96	0.87
<b>Sharpe Ratio</b>	1.78	1.12	0.83

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**Investment Philosophy****Investment Philosophy and Process****Investment Criteria**

The Fund Invests Primarily in Companies that Have:

- Consistent dividend increases
  - At least 8 out of 10 years
  - No dividend decreases during that time
- Substantial dividend increases
  - At least double over last 10 years
- Reinvested earnings
  - Paid out less than 65% of current earnings in dividends
- Strong balance sheets
  - Long-term debt less than 50% of total capitalization
  - Investment-grade senior debt
- Attractive prices
  - Prices at the time of purchase either in the lower half of the stock's Price/Earnings ratio range for the past 10 years or less than the average current market Price/Earnings ratio of the stocks comprising the Standard & Poor's 500® Stock Index



13. Beta, Information Ratio and Tracking Error information are measured against the S&P 500 Index.

14. Information Ratio is a way to evaluate a manager's ability to outperform a benchmark in relation to the risk that manager is assuming, with risk defined as deviation from the benchmark. This measure is calculated by dividing the portfolio's excess return (portfolio return less the benchmark return) by the tracking error (derived by taking the standard deviation of the monthly differences between the portfolio return and the benchmark return over time).

## Investment Team

Portfolio Manager	Years with Firm	Years Experience
Donald Taylor, CIO Rising Dividends Strategies	22	36
Nicholas Getaz, CFA, Portfolio Manager/Research Analyst	7	18

## Additional Resources

Franklin US Equity Team

**Beta:** A measure of the magnitude of a portfolio's past share-price fluctuations in relation to the ups and downs of the overall market (or appropriate market index). The market (or index) is assigned a beta of 1.00, so a portfolio with a beta of 1.20 would have seen its share price rise or fall by 12% when the overall market rose or fell by 10%.

**Information Ratio:** In investing terminology, the ratio of expected return to risk. Usually, this statistical technique is used to measure a manager's performance against a benchmark. This measure explicitly relates the degree by which an investment has beaten the benchmark to the consistency by which the investment has beaten the benchmark.

**Market Capitalization:** A determination of a company's value, calculated by multiplying the total number of company stock shares outstanding by the price per share. Market capitalization is expressed in millions of USD.

**Price to Book Value:** The price per share of a stock divided by its book value (i.e., net worth) per share. For a portfolio, the value represents a weighted average of the stocks it holds.

**Price to Cash Flow:** Supplements price/earnings ratio as a measure of relative value for a stock. For a portfolio, the value represents a weighted average of the stocks it holds.

**Price to Earnings (12-mo Trailing):** The share price of a stock, divided by its per-share earnings over the past year. For a portfolio, the value represents a weighted average of the stocks it holds.

**Sharpe Ratio:** To calculate a Sharpe ratio, an asset's excess returns (its return in excess of the return generated by risk-free assets such as Treasury bills) are divided by the asset's standard deviation.

**Standard Deviation:** A measure of the degree to which returns vary from the average of its previous returns. The larger the standard deviation, the greater the likelihood (and risk) that performance will fluctuate from the average return.

**Tracking Error:** Measure of the deviation of the return of a product compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment is managed, the smaller the tracking error.

**What Are The Risks?**

All investments involve risks, including possible loss of principal. Value securities may not increase in price as anticipated or may decline further in value. For stocks paying dividends, dividends are not guaranteed, and can increase, decrease or be totally eliminated without notice. 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. These and other risks are detailed in the fund's prospectus.

**Important Legal Information**

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

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