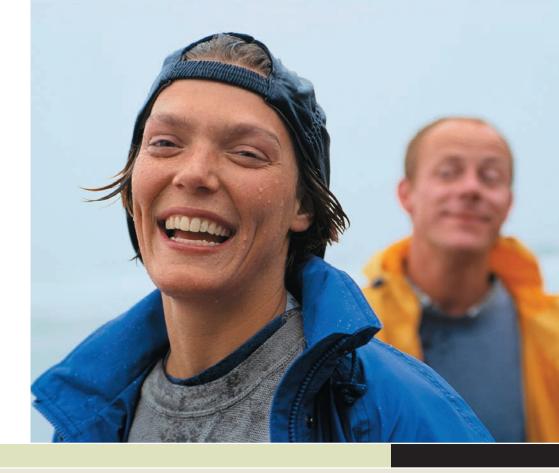
OCTOBER 31, 2013 SEMIANNUAL REPORT AND SHAREHOLDER LETTER

Franklin Flex Cap Growth Fund
Franklin Focused Core Equity Fund
Franklin Growth Opportunities Fund
Franklin Small Cap Growth Fund
Franklin Small-Mid Cap Growth Fund





FRANKLIN STRATEGIC SERIES



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Franklin Templeton Investments

Gain From Our Perspective®

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

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

Franklin. Founded in 1947, Franklin is a recognized leader in fixed income investing and also brings expertise in growth- and value-style U.S. equity investing.

Templeton. Founded in 1940, Templeton pioneered international investing and, in 1954, launched what has become the industry's oldest global fund. Today, with offices in over 25 countries, Templeton offers investors a truly global perspective.

Mutual Series. Founded in 1949, Mutual Series is dedicated to a unique style of value investing, searching aggressively for opportunity among what it believes are undervalued stocks, as well as arbitrage situations and distressed securities.

TRUE DIVERSIFICATION

Because our management groups work independently and adhere to different investment approaches, Franklin, Templeton and Mutual Series funds typically have distinct portfolios. That's why our funds can be used to build truly diversified allocation plans covering every major asset class.

RELIABILITY YOU CAN TRUST

At Franklin Templeton Investments, we continuously seek to provide investors with strong risk-adjusted returns over the long term, as well as the reliable, accurate and personal service that has helped us become one of the most trusted names in financial services.

MUTUAL FUNDS | RETIREMENT PLANS | 529 COLLEGE SAVINGS PLANS | SEPARATELY MANAGED ACCOUNTS

Contents

Shareholder Letter 1	Semiannual Report		Franklin Growth		Financial Highlights and	
	Economic and Market Overview	3	Opportunities Fund	20	Statements of Investments	46
	Franklin Flex Cap		Franklin Small Cap		Financial Statements	88
	Growth Fund	' Growth Find	28	Notes to Financial Statements	97	
	Franklin Focused Core Equity Fund	12	Franklin Small-Mid Cap Growth Fund	37	Shareholder Information	117

Shareholder Letter

Dear Shareholder:

During the six-month period ended October 31, 2013, the U.S. economy showed signs of improvement, supported by encouraging personal income, consumer and business spending, manufacturing, housing, employment and export trends. Political gridlock in Washington, federal spending cuts and concerns about possible changes to quantitative easing policy affected the financial markets. Overall, however, investor confidence improved. In this environment, stocks, as measured by the Standard & Poor's® 500 Index, generated strong gains.¹

We remain encouraged as the U.S. showed signs of continued economic growth during the six-month period. With this economic environment, we believe companies generally could continue to deliver healthy earnings and cash flow, which have historically been favorable for financial markets. Keep in mind in all economic environments we remain committed to our long-term perspective and disciplined investment approach. First and foremost for us, this means conducting diligent, fundamental analysis of securities with a continual emphasis on investment risk management.

Franklin Strategic Series' semiannual report goes into greater detail about prevailing conditions during the period under review. In addition, you will find Fund performance data, financial information and discussions from the portfolio managers. Please remember all securities markets fluctuate, as do mutual fund share prices.

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If you would like more frequent updates, franklintempleton.com provides daily prices, monthly performance figures, portfolio holdings and other information. You can also access your account, buy and sell shares, and find helpful financial planning tools. We hope you will take advantage of these online services.

We believe active management serves investors well. We also see the important role financial advisors serve in markets like these and encourage investors to continue to seek their counsel. While headwinds remain and the global recovery will continue to be uneven, we are confident investors with a well-diversified portfolio and a patient, long-term outlook should be well positioned for the years ahead.

We thank you for investing with Franklin Templeton, welcome your questions and comments, and look forward to serving your investment needs in the years ahead.

Sincerely,

Edward B. Jamieson

President and Chief Executive Officer - Investment Management

Edward B. Jamier

Franklin Strategic Series

This letter reflects our analysis and opinions as of October 31, 2013. 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.

Semiannual Report

Economic and Market Overview

The U.S. economy grew moderately during the six-month period ended October 31, 2013, supported by business investment, consumer spending, inventory gains, exports, and state and local government spending. Solid new and existing home sales accompanied historically low mortgage rates, rising but affordable housing prices, low inventories and multi-year lows in new foreclosures. Manufacturing, a mainstay of economic productivity, expanded for most of the period, and the unemployment rate declined to 7.3% in October from 7.5% in April.1

Federal Reserve Board (Fed) Chairman Ben Bernanke indicated in May that the Fed might reduce monthly purchases of mortgage-backed securities and Treasuries, assuming ongoing U.S. recovery. However, in September, he announced that any tapering of Fed purchases would be postponed until U.S. economic growth strengthened. Because of partisan disagreement about a new health care law, Congress did not authorize some routine federal funding, resulting in a temporary shutdown of non-essential U.S. government services beginning on October 1. On October 17, the partial shutdown ended after Congress agreed to fund the government until January 15, 2014, and raise the debt limit through February 7. Near period-end, the Fed left its monetary policy unchanged as it awaited more evidence of a sustainable economic expansion. The Fed noted that although the government's fiscal policy may have restrained growth, the economy maintained its underlying strength.

Rising corporate profits and generally favorable economic data bolstered investor confidence, helping markets overcome brief periods of sell-offs in reaction to Fed statements and to Washington's fiscal negotiations. U.S. stocks generated strong six-month returns as the Standard & Poor's 500 Index (S&P 500®) and Dow Jones Industrial Average (DJIA) reached alltime highs during the period. Additionally, small- and mid-capitalization stocks, as measured by the Russell 2000® Index and the Russell Midcap® Index, reached record highs during the six-month period and outperformed the S&P 500 and DJIA.2

The foregoing information reflects our analysis and opinions as of October 31, 2013. 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: Bureau of Labor Statistics.
- 2. RUSSELL® is a trademark of the Frank Russell Company.

Franklin Flex Cap Growth Fund

Your Fund's Goal and Main Investments: Franklin Flex Cap Growth Fund seeks capital appreciation. The Fund normally invests predominantly in equity securities of companies that the manager believes have the potential for capital appreciation. The Fund has flexibility to invest in companies located, headquartered or operating inside and outside the U.S., across the entire market capitalization spectrum from small, emerging growth companies to well-established, large cap companies.

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.

We are pleased to bring you Franklin Flex Cap Growth Fund's semiannual report for the period ended October 31, 2013.

Performance Overview

For the six months under review, Franklin Flex Cap Growth Fund – Class A delivered a total return of +18.38%. In comparison, the Fund's narrow benchmark, the Russell 3000® Growth Index, which measures performance of Russell 3000® Index companies with higher price-to-book ratios and higher forecasted growth values, posted a +13.37% total return, and the Russell 1000® Growth Index, which tracks performance of the largest companies in the Russell 3000® Index with higher price-to-book ratios and higher forecasted growth values, generated a +12.83% total return. Additionally, the Fund's broad benchmark, the Standard & Poor's 500 Index (S&P 500), which tracks the broad U.S. stock market, posted a total return of +11.15%.1 You can find the Fund's longterm performance data in the Performance Summary beginning on page 7.

Investment Strategy

We use fundamental, bottom-up research to seek companies meeting our criteria of growth potential, quality and valuation. In seeking sustainable growth characteristics, we look for companies we believe can produce sustainable earnings and cash flow growth, evaluating the long-term market opportunity and competitive structure of an industry to target leaders and emerging leaders. We define quality companies as those with strong and improving competitive

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 51.

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positions in attractive markets. We also believe important attributes of quality are experienced and talented management teams as well as financial strength reflected in the capital structure, gross and operating margins, free cash flow generation and returns on capital employed. Our valuation analysis includes a range of potential outcomes based on an assessment of multiple scenarios. In assessing value, we consider whether security prices fully reflect the balance of the sustainable growth opportunities relative to business and financial risks.

Manager's Discussion

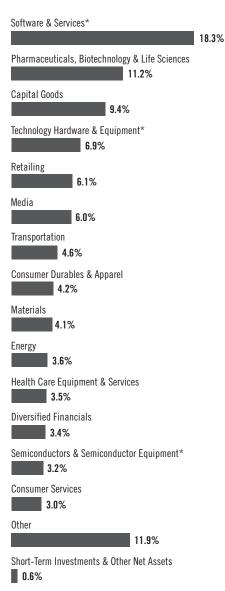
The Fund outperformed its benchmark, the Russell 3000® Growth Index, for the six-month period as nearly all sectors contributed to relative performance. Stock selection in the information technology (IT), consumer staples and consumer discretionary sectors drove relative returns.² In the IT sector, integrated circuits manufacturer NXP Semiconductors was among the top performers, with favorable second- and third-quarter earnings, above-industry revenue growth across segments and operational cost control.³ The company also raised its fourth-quarter outlook. Fuel cards and payment processing services provider FleetCor Technologies also helped IT sector relative performance. Other key contributors included natural and organic foods retailer Whole Foods Market in the consumer staples sector and apparel and footwear manufacturer Under Armour in the consumer discretionary sector. Outside of these sectors, generic pharmaceutical company Actavis performed strongly. The company acquired Warner Chilcott to create a global specialty company with expected operational synergies. The company also raised its full-year 2013 earnings forecast. Commercial banking services provider Signature Bank was another strong performer.

Stock selection in the energy sector detracted from the Fund's performance relative to the benchmark. Oil and gas services firm McDermott International weighed on relative performance as the company reported a second-quarter loss resulting from delays and cost overruns at key projects in the Asia-Pacific and the Middle East regions.^{3, 4} Oil exploration company Cobalt International Energy also dampened performance. In health care, biotechnology firm ARIAD Pharmaceuticals'4 stock price fell after the company suspended trials for its leukemia drug Iclusig amid reports of harmful side effects.⁵ Some other major

- 3. This holding is not an index component.
- 4. No longer held at period-end.
- 5. The health care sector comprises health care equipment and services; and pharmaceuticals, biotechnology and life sciences in the SOI.

Portfolio Breakdown

Franklin Flex Cap Growth Fund Based on Total Net Assets as of 10/31/13



*Significant exposure to a single sector may result in greater volatility for the Fund than a more broadly diversified portfolio. There are specific risks to investing in technology company stocks, which can be subject to abrupt or erratic price movements and have been volatile, especially over the short term.

^{2.} The IT sector comprises semiconductors and semiconductor equipment, software and services, and technology hardware and equipment in the SOI. The consumer staples sector comprises food and staples retailing; and food, beverage and tobacco in the SOI. The consumer discretionary sector comprises automobiles and components, consumer durables and apparel, consumer services, media and retailing in the SOI.

Top 10 Holdings

Franklin Flex Cap Growth Fund 10/31/13

Company Sector/Industry	% of Total Net Assets
Apple Inc. Technology Hardware & Equipment	3.2%
Google Inc. Software & Services	2.9%
MasterCard Inc. Software & Services	2.3%
Gilead Sciences Inc. Pharmaceuticals, Biotechnology & Life Sciences	2.1%
Ecolab Inc. Materials	2.1%
Amazon.com Inc. Retailing	1.8%
Celgene Corp. Pharmaceuticals, Biotechnology & Life Sciences	1.8%
QUALCOMM Inc. Technology Hardware & Equipment	1.7%
Visa Inc. Software & Services	1.7%
Actavis Inc. Pharmaceuticals, Biotechnology & Life Sciences	1.7%

detractors included the Fund's positions in specialty pharmaceutical company Allergan,4 communications infrastructure company American Tower and apparel maker Ralph Lauren.

Thank you for your continued participation in Franklin Flex Cap Growth Fund. We look forward to serving your future investment needs.



Cornal B. Hemm

Conrad B. Herrmann, CFA Lead Portfolio Manager

Matthew J. Moberg, CPA Robert Stevenson, CFA

Portfolio Management Team Franklin Flex Cap Growth Fund

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The foregoing information reflects our analysis, opinions and portfolio holdings as of October 31, 2013, 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.

Performance Summary as of 10/31/13

Franklin Flex Cap Growth Fund

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 does 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.

Price Information

Class A (Symbol: FKCGX)	Change	10/31/13	4/30/13
Net Asset Value (NAV)	+\$9.41	\$60.62	\$51.21
Class C (Symbol: FCIIX)	Change	10/31/13	4/30/13
Net Asset Value (NAV)	+\$8.20	\$53.90	\$45.70
Class R (Symbol: FRCGX)	Change	10/31/13	4/30/13
Net Asset Value (NAV)	+\$9.07	\$58.81	\$49.74
Class R6 (Symbol: FFCRX)	Change	10/31/13	5/1/13
Net Asset Value (NAV)	+\$10.35	\$62.05	\$51.70
Advisor Class (Symbol: FKCAX)	Change	10/31/13	4/30/13
Net Asset Value (NAV)	+\$9.69	\$61.98	\$52.29

Performance¹

Cumulative total return excludes sales charges. Aggregate and average annual total returns 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.

Class A	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ²	+18.38%	+31.48%	+96.97%	+109.36%
Average Annual Total Return ³	+11.58%	+23.92%	+13.17%	+7.03%
Value of \$10,000 Investment ⁴	\$11,158	\$12,392	\$18,565	\$19,734
Avg. Ann. Total Return (9/30/13) ⁵		+15.53%	+8.40%	+7.53%
Total Annual Operating Expenses ⁶	0.9	9%		
Class C	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ²	+17.94%	+30.50%	+89.70%	+94.31%
Average Annual Total Return ³	+16.94%	+29.50%	+13.66%	+6.87%
Value of \$10,000 Investment ⁴	\$11,694	\$12,950	\$18,970	\$19,431
Avg. Ann. Total Return (9/30/13) ⁵		+20.66%	+8.88%	+7.36%
Total Annual Operating Expenses ⁶	1.7	'4%		
Class R	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ²	+18.23%	+31.14%	+94.48%	+104.24%
Average Annual Total Return ³	+18.23%	+31.14%	+14.23%	+7.40%
Value of \$10,000 Investment ⁴	\$11,823	\$13,114	\$19,448	\$20,424
Avg. Ann. Total Return (9/30/13) ⁵		+22.26%	+9.42%	+7.89%
Total Annual Operating Expenses ⁶	1.2	24%		
Class R6				Inception (5/1/13)
Cumulative Total Return ²				+20.02%
Aggregate Total Return ⁷				+20.02%
Value of \$10,000 Investment ⁴				\$12,002
Aggregate Total Return (9/30/13) ^{5, 7}				+15.57%
Total Annual Operating Expenses ⁶	0.4	-9%		
Advisor Class ⁸	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ²	+18.53%	+31.83%	+99.46%	+114.25%
Average Annual Total Return ³	+18.53%	+31.83%	+14.81%	+7.92%
Value of \$10,000 Investment ⁴	\$11,853	\$13,183	\$19,946	\$21,425
Avg. Ann. Total Return (9/30/13) ⁵		+22.89%	+9.97%	+8.42%
Total Annual Operating Expenses ⁶	0.7	'4%		

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.

Endnotes

All investments involve risks, including possible loss of principal. Growth stock prices reflect projections of future earnings or revenues, and can, therefore, fall dramatically if the company fails to meet those projections. Smaller, midsized and relatively new or unseasoned companies can be particularly sensitive to changing economic conditions, and their prospects for growth are less certain than those of larger, more established companies. Historically, these securities have exhibited more price volatility than larger company stocks, especially over the short term. To the extent the Fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, it may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. Foreign securities involve special risks, including currency fluctuations and economic and political uncertainties. 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: Prior to 1/1/04, these shares were offered with an initial sales charge; thus actual total returns would have differed. These shares

have higher annual fees and expenses than Class A shares.

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

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

- 2. Cumulative total return represents the change in value of an investment over the periods indicated.
- 3. Average annual total return represents the average annual change in value of an investment over the periods indicated. Six-month return has not been annualized
- 4. These figures represent the value of a hypothetical \$10,000 investment in the Fund over the periods indicated.
- 5. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.
- 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. Aggregate total return represents the change in value of an investment for the period indicated. Since Class R6 shares have existed for less than one year, average annual total return is not available.
- 8. Effective 8/2/04, 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 8/2/04, 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 8/2/04, actual Advisor Class performance is used reflecting all charges and fees applicable to that class. Since 8/2/04 (commencement of sales), the cumulative and average annual total returns of Advisor Class shares were +104.55% and +8.05%.

Your Fund's Expenses

Franklin Flex Cap Growth Fund

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 \div $1,000 = 8.6$.
- 2. Multiply the result by the number under the heading "Expenses Paid During Period." If Expenses Paid During Period were \$7.50, then $8.6 \times 7.50 = 64.50$.

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.

Your Fund's Expenses (continued)

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.

Class A	Beginning Account Value 5/1/13	Ending Account Value 10/31/13	Expenses Paid During Period* 5/1/13–10/31/13
Actual	\$1,000	\$1,183.80	\$5.39
Hypothetical (5% return before expenses)	\$1,000	\$1,020.27	\$4.99
Class C			
Actual	\$1,000	\$1,179.40	\$9.50
Hypothetical (5% return before expenses)	\$1,000	\$1,016.48	\$8.79
Class R			
Actual	\$1,000	\$1,182.30	\$6.77
Hypothetical (5% return before expenses)	\$1,000	\$1,019.00	\$6.26
Class R6			
Actual	\$1,000	\$1,200.20	\$2.66
Hypothetical (5% return before expenses)	\$1,000	\$1,022.79	\$2.45
Advisor Class			
Actual	\$1,000	\$1,185.30	\$4.02
Hypothetical (5% return before expenses)	\$1,000	\$1,021.53	\$3.72

^{*}Expenses are calculated using the most recent six-month expense ratio, annualized for each class (A: 0.98%; C: 1.73%; R: 1.23%; R6: 0.48%; and Advisor: 0.73%), multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Franklin Focused Core Equity Fund

Your Fund's Goal and Main Investments: Franklin Focused Core Equity Fund seeks capital appreciation by normally investing at least 80% of its net assets in equity securities. The Fund invests primarily to predominantly in equity securities of large capitalization companies, which are similar in size to those in the Standard & Poor's 500 Index (S&P 500).

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.

We are pleased to bring you Franklin Focused Core Equity Fund's semiannual report for the period ended October 31, 2013.

Performance Overview

For the six months under review, Franklin Focused Core Equity Fund - Class A delivered a +14.30% cumulative total return. In comparison, the S&P 500, which tracks the broad U.S. stock market, generated a total return of +11.15%. You can find more of the Fund's performance data in the Performance Summary beginning on page 15.

Investment Strategy

We are research-driven, bottom-up, fundamental investors. Our investment approach is opportunistic and contrarian, and we seek to identify mispriced companies using fundamental analysis. We seek to take advantage of price dislocations that result from the market's short-term focus. Our analysis includes the investigation of the valuation for each investment based upon the view that the price paid for the security is a critical factor determining longterm success. We rely on a team of analysts to help provide in-depth industry expertise and use both qualitative and quantitative analysis to evaluate companies. Our analysts identify each company's market opportunity, competitive position, management and financial strength, business and financial risks, and valuation. We choose to invest in those companies that, in our opinion, offer the best trade-off between growth opportunity, business and financial risk, and valuation.

Manager's Discussion

During the six months under review, all sectors represented in the Fund's portfolio contributed to absolute performance as the broad stock market rallied.

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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 61.

Key contributors included investments in the information technology (IT), health care, financials and consumer discretionary sectors.

Internet giant Google and leading specialty glass products maker Corning drove returns in the IT sector. Google's share price rose after the company reported stronger-than-expected third-quarter earnings results, driven largely by its advertising business. Google's Enhanced Campaigns, a new ad-buying system that enabled firms to launch advertising campaigns for desktop and mobile devices, helped revive revenue growth. Corning's share price advanced after the company announced an agreement to take full ownership of South Korean liquid crystal display (LCD) glass manufacturer Samsung Corning Precision Materials, Corning's joint venture with Samsung Electronics subsidiary Samsung Display. Additionally, Corning reached a 10-year LCD glass supply agreement with Samsung Display. Further supporting shares were Corning's pre-announcement of solid third-quarter earnings results and authorization of an additional \$2 billion share repurchase program through the end of 2015.

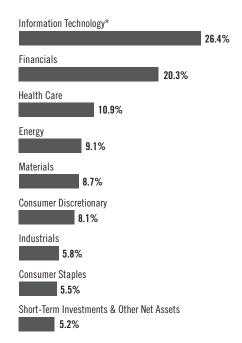
Pharmaceuticals drove performance in the health care sector as Valeant Pharmaceuticals International and Actavis delivered strong returns. Valeant's shares advanced after the specialty pharmaceutical company announced a definitive agreement to acquire eye health company Bausch + Lomb Holdings. The acquisition would make Valeant a global leader in eye health, and the company expected the transaction to result in substantial cost savings and to immediately contribute to earnings. Generic drug maker Actavis acquired Irish drugmaker Warner Chilcott, which focuses on women's health care, gastroenterology, urology and dermatology, in an effort to create a leading global specialty company with operational synergies. Actavis's share price reached a new high near period-end after the company reported double-digit revenue and earnings growth for the third quarter and raised its full-year 2013 earnings guidance, which included Warner Chilcott's business.

In the financials sector, The Hartford Financial Services Group's shares benefited from the insurance and investment services provider's quarterly dividend payment increase of 50% and better-than-expected third-quarter earnings results. Consumer discretionary holding BorgWarner's share price rose as the automotive components manufacturer reported stronger-than-expected secondand third-quarter earnings and raised its full-year 2013 earnings guidance.

Other key individual contributors included LyondellBasell Industries, FedEx and Schlumberger. LyondellBasell's stock price advanced as the chemical and polymer manufacturer continued to generate solid free cash flow and maintain a healthy balance sheet amid a challenging revenue environment resulting largely from weakness in its intermediate chemicals and refining segments. Global express delivery services provider FedEx reported strong earnings results for its

Portfolio Breakdown

Franklin Focused Core Equity Fund Based on Total Net Assets as of 10/31/13



*Significant exposure to a single sector may result in greater volatility for the Fund than a more broadly diversified portfolio. There are specific risks to investing in technology company stocks, which can be subject to abrupt or erratic price movements and have been volatile, especially over the short term.

Top 10 Equity Holdings Franklin Focused Core Equity Fund 10/31/13

10/31/13	
	of Total t Assets
The Hartford Financial Services Group Inc Financials	c. 4.2%
LyondellBasell Industries NV, A Materials	3.9%
Valeant Pharmaceuticals International Ir Health Care	ıc. 3.5%
MasterCard Inc., A Information Technology	3.4%
Anadarko Petroleum Corp. Energy	3.3%
Google Inc., A Information Technology	3.2%
NIKE Inc., B Consumer Discretionary	3.2%
Schlumberger Ltd. <i>Energy</i>	3.1%
QUALCOMM Inc. Information Technology	3.1%
Genesee & Wyoming Inc. Industrials	3.1%

fiscal first-quarter 2014 (ended August 31), driven largely by higher ground shipping revenues. FedEx announced plans to raise domestic express shipping rates and a new share repurchase program of up to 32 million shares. Oilfield services company Schlumberger reported better-than-expected second- and third-quarter earnings as revenues from all regions rose, particularly North America and Latin America.

Although nearly all Fund positions delivered gains and contributed to absolute performance, there were some detractors, notably Axiall and International Business Machines (IBM). Axiall's share price fell after the integrated chemicals and building products company reported a first-quarter loss resulting largely from redemption and other debt costs related to the merger between Georgia Gulf and PPG Industries' chemicals business that created Axiall. The subsequent weakness in caustic soda prices also weighed on Axiall's stock. After reporting secondquarter earnings results that exceeded market expectations, the company lowered its third-quarter profit guidance because of lower operating rates and higher planned outage costs. IBM reported lower-than-expected second- and third-quarter revenues amid weakness in emerging markets and in the hardware business but delivered better-than-expected earnings resulting largely from lower tax rates. Near period-end, the technology giant announced an additional \$15 billion for its share repurchase program, bringing the total funds available for share repurchases to approximately \$20.6 billion.

Thank you for your continued participation in Franklin Focused Core Equity Fund. We look forward to serving your future investment needs.



Brent Loder Lead Portfolio Manager

Chris Anderson

Portfolio Management Team Franklin Focused Core Equity Fund

The foregoing information reflects our analysis, opinions and portfolio holdings as of October 31, 2013, 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.

Performance Summary as of 10/31/13

Franklin Focused Core Equity Fund

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 does 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.

Price Information

Class A (Symbol: FCEQX)	Change	10/31/13	4/30/13
Net Asset Value (NAV)	+\$1.52	\$12.15	\$10.63
Class C (Symbol: n/a)	Change	10/31/13	4/30/13
Net Asset Value (NAV)	+\$1.44	\$11.80	\$10.36
Class R (Symbol: n/a)	Change	10/31/13	4/30/13
Net Asset Value (NAV)	+\$1.50	\$12.06	\$10.56
Class R6 (Symbol: n/a)	Change	10/31/13	5/1/13
Net Asset Value (NAV)	+\$1.73	\$12.27	\$10.54
Advisor Class (Symbol: n/a)	Change	10/31/13	4/30/13
Net Asset Value (NAV)	+\$1.55	\$12.25	\$10.70

Performance¹

Cumulative total return excludes sales charges. Aggregate and average annual total returns 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.

Class A	6-Month	1-Year	5-Year	Inception (12/13/07)
Cumulative Total Return ²	+14.30%	+34.65%	+126.87%	+34.31%
Average Annual Total Return ³	+7.71%	+26.97%	+16.42%	+4.09%
Value of \$10,000 Investment ⁴	\$10,771	\$12,697	\$21,387	\$12,659
Avg. Ann. Total Return (9/30/13) ⁵		+21.14%	+9.62%	+3.38%
Total Annual Operating Expenses ⁶	1.319	% (with waiver)		1.90% (without waiver)
Class C	6-Month	1-Year	5-Year	Inception (12/13/07)
Cumulative Total Return ²	+13.90%	+33.74%	+118.87%	+28.92%
Average Annual Total Return ³	+12.90%	+32.74%	+16.96%	+4.41%
Value of \$10,000 Investment ⁴	\$11,290	\$13,274	\$21,887	\$12,892
Avg. Ann. Total Return (9/30/13) ⁵		+26.64%	+10.13%	+3.70%
Total Annual Operating Expenses ⁶	2.019	% (with waiver)		2.60% (without waiver)
Class R	6-Month	1-Year	5-Year	Inception (12/13/07)
Cumulative Total Return ²	+14.20%	+34.25%	+124.13%	+32.46%
Average Annual Total Return ³	+14.20%	+34.25%	+17.52%	+4.89%
Value of \$10,000 Investment ⁴	\$11,420	\$13,425	\$22,413	\$13,246
Avg. Ann. Total Return (9/30/13) ⁵		+28.15%	+10.64%	+4.19%
Total Annual Operating Expenses ⁶	1.519	% (with waiver)		2.10% (without waiver)
Class R6				Inception (5/1/13)
Cumulative Total Return ²				+16.41%
Aggregate Total Return ⁷				+16.41%
Value of \$10,000 Investment ⁴				\$11,641
Aggregate Total Return (9/30/13) ^{5, 7}				+11.29%
Total Annual Operating Expenses ⁶	0.819	% (with waiver)		1.40% (without waiver)
Advisor Class	6-Month	1-Year	5-Year	Inception (12/13/07)
Cumulative Total Return ²	+14.49%	+35.01%	+129.85%	+36.53%
Average Annual Total Return ³	+14.49%	+35.01%	+18.11%	+5.43%
Value of \$10,000 Investment ⁴	\$11,449	\$13,501	\$22,985	\$13,653
Avg. Ann. Total Return (9/30/13) ⁵		+28.86%	+11.23%	+4.73%
Total Annual Operating Expenses ⁶	1.019	% (with waiver)		1.60% (without waiver)

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.

Endnotes

All investments involve risks, including possible loss of principal. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Since the Fund invests in a relatively small number of companies, the Fund is subject to the risk that poor performance by several companies could adversely affect Fund performance more so than a more broadly diversified fund. Special risks are involved with significant exposure to a particular sector, including increased susceptibility related to economic, business or other developments affecting that sector, which may result in increased volatility. The Fund also has the potential to invest in foreign company stocks, which involve exposure to currency volatility and political uncertainty. 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 Fund has an expense reduction contractually guaranteed through at least 8/31/14 and a fee waiver associated with its investments in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year end. Fund investment results reflect the expense reduction and fee waiver, to the extent applicable; without these reductions, the results would have been lower.
- 2. Cumulative total return represents the change in value of an investment over the periods indicated.
- 3. Average annual total return represents the average annual change in value of an investment over the periods indicated. Six-month return has not been annualized.
- 4. These figures represent the value of a hypothetical \$10,000 investment in the Fund over the periods indicated.
- 5. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.
- 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. Aggregate total return represents the change in value of an investment for the period indicated. Since Class R6 shares have existed for less than one year, average annual total return is not available.

Your Fund's Expenses

Franklin Focused Core Equity Fund

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 \div $1,000 = 8.6$.
- 2. Multiply the result by the number under the heading "Expenses Paid During Period." If Expenses Paid During Period were \$7.50, then $8.6 \times 7.50 = 64.50$.

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.

Your Fund's Expenses (continued)

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.

Class A	Beginning Account Value 5/1/13	Ending Account Value 10/31/13	Expenses Paid During Period* 5/1/13–10/31/13
Actual	\$1,000	\$1,143.00	\$ 6.21
Hypothetical (5% return before expenses)	\$1,000	\$1,019.41	\$ 5.85
Class C			
Actual	\$1,000	\$1,139.00	\$10.14
Hypothetical (5% return before expenses)	\$1,000	\$1,015.73	\$ 9.55
Class R			
Actual	\$1,000	\$1,142.00	\$ 7.45
Hypothetical (5% return before expenses)	\$1,000	\$1,018.25	\$ 7.02
Class R6			
Actual	\$1,000	\$1,164.10	\$ 3.98
Hypothetical (5% return before expenses)	\$1,000	\$1,021.53	\$ 3.72
Advisor Class			
Actual	\$1,000	\$1,144.90	\$ 4.76
Hypothetical (5% return before expenses)	\$1,000	\$1,020.77	\$ 4.48

^{*}Expenses are calculated using the most recent six-month expense ratio, net of expense waivers, annualized for each class (A: 1.15%; C: 1.88%; R: 1.38%; R6: 0.73%; and Advisor: 0.88%), multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period. Effective 9/1/13, the expense waivers for Classes A, C, R, R6 and Advisor changed, and the new annualized net expense ratios for each class were: A: 1.30%, C: 2.00%, R: 1.50%, R6: 0.80% and Advisor: 1.00%. Had such expense waivers been in effect for the full period, the expenses paid during the period would have been:

	Class A	Class C	Class R	Class R6	Advisor Class
Actual	\$7.02	\$10.78	\$8.10	\$4.36	\$5.41
Hypothetical (5% return before expenses)	\$6.61	\$10.16	\$7.63	\$4.08	\$5.09

Franklin Growth Opportunities Fund

Your Fund's Goal and Main Investments: Franklin Growth Opportunities Fund seeks capital appreciation by normally investing predominantly in equity securities of companies demonstrating accelerating growth, increasing profitability, or above-average growth or growth potential, when compared with the overall economy.

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.

We are pleased to bring you Franklin Growth Opportunities Fund's semiannual report for the period ended October 31, 2013.

Performance Overview

For the six months under review, Franklin Growth Opportunities Fund – Class A posted a +16.59% cumulative total return. For comparison, the Fund's narrow benchmark, the Russell 3000® Growth Index, which measures performance of Russell 3000® Index companies with higher price-to-book ratios and higher forecasted growth values, generated a +13.37% total return. The Fund's broad benchmark, the Standard & Poor's 500 Index, which tracks the broad U.S. stock market, produced a total return of +11.15%. You can find the Fund's long-term performance data in the Performance Summary beginning on page 23.

Investment Strategy

We use fundamental, bottom-up research to seek companies meeting our criteria of growth potential, quality and valuation. In seeking sustainable growth characteristics, we look for companies we believe can produce sustainable earnings and cash flow growth, evaluating the long-term market opportunity and competitive structure of an industry to target leaders and emerging leaders. We define quality companies as those with strong and improving competitive positions in attractive markets. We also believe important attributes of quality are experienced and talented management teams as well as financial strength reflected in the capital structure, gross and operating margins, free cash flow generation and returns on capital employed. Our valuation analysis includes a

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 68.

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range of potential outcomes based on an assessment of multiple scenarios. In assessing value, we consider whether security prices fully reflect the balance of the sustainable growth opportunities relative to business and financial risks.

Manager's Discussion

The Fund outperformed its benchmark, the Russell 3000® Growth Index, for the six-month-period as holdings across several sectors contributed to relative performance. Stock selection in the information technology (IT), consumer discretionary, consumer staples and health care sectors benefited relative returns.

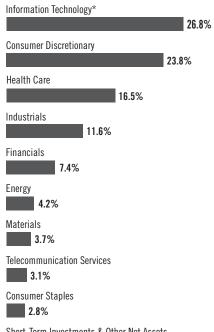
Global payments and technology company MasterCard's share price gained after the IT sector firm reported third-quarter revenues and earnings above expectations, driven by higher global purchase volume. Restaurant operators Chipotle Mexican Grill and Buffalo Wild Wings aided relative consumer discretionary sector performance. Chipotle reported robust same-store sales growth in the third quarter, which helped revenues beat expectations, although higher input costs hurt margins. The company also announced plans to raise prices. The Fund's underweighting in consumer staples and lack of exposure to the tobacco industry in particular helped relative performance. Biotechnology firm Gilead Sciences' stock price rose after rival Vertex announced a U.S. Food and Drug Administration partial hold on Vertex's hepatitis C drug trials. Gilead, a health care firm specializing in developing antiviral and cardiopulmonary drugs, announced an early end to clinical trials for blood cancer drug Idealisib following positive clinical results. Celldex Therapeutics, which develops immunotherapy technologies for cancer treatment, and global specialty pharmaceutical company Actavis were other health care sector contributors.

In contrast, stock selection in the energy and materials sectors detracted from the Fund's performance relative to the benchmark. Oil exploration and production company Cobalt International Energy weighed on relative performance as the company did not find oil at an exploratory Gulf of Mexico well. Chemical manufacturing company Axiall in the materials sector also hindered relative performance as lower sales for its aromatics and building products segments contributed to lower-than-expected earnings.² Outside of these sectors, ARIAD Pharmaceuticals' share price fell after the company suspended trials on its leukemia drug Iclusig amid reports of harmful side effects.² Other key detractors included pharmaceutical company Allergan,² biotechnology firm Amarin^{2, 3} and apparel manufacturer Ralph Lauren.

2. No longer held at period-end.

Portfolio Breakdown

Franklin Growth Opportunities Fund Based on Total Net Assets as of 10/31/13



Short-Term Investments & Other Net Assets

*Significant exposure to a single sector may result in greater volatility for the Fund than a more broadly diversified portfolio. There are specific risks to investing in technology company stocks, which can be subject to abrupt or erratic price movements and have been volatile, especially over the short term.

^{3.} This holding is not an index component.

Top 10 Holdings

Franklin Growth Opportunities Fund 10/31/13

Company Sector/Industry	% of Total Net Assets
Gilead Sciences Inc. Health Care	4.2%
Google Inc., A Information Technology	4.0%
MasterCard Inc. Information Technology	3.6%
SBA Communications Corp. Telecommunication Services	3.1%
Amazon.com Inc. Consumer Discretionary	2.7%
Celgene Corp. Health Care	2.5%
Precision Castparts Corp. Industrials	2.5%
Facebook Inc., A Information Technology	1.9%
Nike Inc., B Consumer Discretionary	1.8%
Actavis PLC Health Care	1.8%

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



CHAMIT BOURSES

Grant Bowers Lead Portfolio Manager

Conrad Herrmann, CFA Andrew J. Schramm, CFA

Portfolio Management Team Franklin Growth Opportunities Fund

The foregoing information reflects our analysis, opinions and portfolio holdings as of October 31, 2013, 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.

Performance Summary as of 10/31/13

Franklin Growth Opportunities Fund

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.

Price Information

Class A (Symbol: FGRAX)	Change	10/31/13	4/30/13
Net Asset Value (NAV)	+\$4.03	\$28.32	\$24.29
Class C (Symbol: FKACX)	Change	10/31/13	4/30/13
Net Asset Value (NAV)	+\$3.54	\$25.43	\$21.89
Class R (Symbol: FKARX)	Change	10/31/13	4/30/13
Net Asset Value (NAV)	+\$3.90	\$27.57	\$23.67
Class R6 (Symbol: FOPPX)	Change	10/31/13	5/1/13
Net Asset Value (NAV)	+\$4.73	\$29.72	\$24.99
Advisor Class (Symbol: FRAAX)	Change	10/31/13	4/30/13
Net Asset Value (NAV)	+\$4.26	\$29.69	\$25.43

Performance¹

Cumulative total return excludes sales charges. Aggregate and average annual total returns 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.

Class A	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ²	+16.59%	+36.44%	+127.59%	+158.46%
Average Annual Total Return ³	+9.90%	+28.59%	+16.49%	+9.31%
Value of \$10,000 Investment ⁴	\$10,990	\$12,859	\$21,447	\$24,355
Avg. Ann. Total Return (9/30/13) ⁵		+19.98%	+12.00%	+9.92%
Total Annual Operating Expenses ⁶	1.2	5%		
Class C	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ²	+16.17%	+35.51%	+119.75%	+140.66%
Average Annual Total Return ³	+15.17%	+34.51%	+17.05%	+9.18%
Value of \$10,000 Investment ⁴	\$11,517	\$13,451	\$21,975	\$24,066
Avg. Ann. Total Return (9/30/13) ⁵		+25.37%	+12.53%	+9.80%
Total Annual Operating Expenses ⁶	1.97%			
Class R	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ²	+16.48%	+36.19%	+125.27%	+153.14%
Average Annual Total Return ³	+16.48%	+36.19%	+17.64%	+9.73%
Value of \$10,000 Investment ⁴	\$11,648	\$13,619	\$22,527	\$25,314
Avg. Ann. Total Return (9/30/13) ⁵		+27.03%	+13.10%	+10.36%
Total Annual Operating Expenses ⁶	1.4	7%		
Class R6				Inception (5/1/13)
Cumulative Total Return ²				+18.93%
Aggregate Total Return ⁷				+18.93%
Value of \$10,000 Investment ⁴				\$11,893
Aggregate Total Return (9/30/13) ^{5, 7}				+15.45%
Total Annual Operating Expenses ⁶	0.7	6%		
Advisor Class	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ²	+16.75%	+36.85%	+130.87%	+166.08%
Average Annual Total Return ³	+16.75%	+36.85%	+18.22%	+10.28%
Value of \$10,000 Investment ⁴	\$11,675	\$13,685	\$23,087	\$26,608
Avg. Ann. Total Return (9/30/13) ⁵		+27.66%	+13.67%	+10.91%
Total Annual Operating Expenses ⁶	0.9	7%		

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.

Endnotes

All investments involve risks, including possible loss of principal. Growth stock prices reflect projections of future earnings or revenues, and can, therefore, fall dramatically if the company fails to meet those projections. Smaller, midsized and relatively new or unseasoned companies can be particularly sensitive to changing economic conditions, and their prospects for growth are less certain than those of larger, more established companies. Historically, these securities have exhibited more price volatility than larger company stocks, especially over the short term. To the extent the Fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, it may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. 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: Prior to 1/1/04, these shares were offered with an initial sales charge; thus actual total returns would have differed. 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 Fund has a fee waiver associated with its investments in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year end. Fund investment results reflect the fee waiver, to the extent applicable; without this reduction, the results would have been

- 2. Cumulative total return represents the change in value of an investment over the periods indicated.
- 3. Average annual total return represents the average annual change in value of an investment over the periods indicated. Six-month return has not
- 4. These figures represent the value of a hypothetical \$10,000 investment in the Fund over the periods indicated.
- 5. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.
- 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. Aggregate total return represents the change in value of an investment for the period indicated. Since Class R6 shares have existed for less than one year, average annual total return is not available.

Your Fund's Expenses

Franklin Growth Opportunities Fund

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 \div $1,000 = 8.6$.
- 2. Multiply the result by the number under the heading "Expenses Paid During Period." If Expenses Paid During Period were \$7.50, then $8.6 \times 7.50 = 64.50$.

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.

Your Fund's Expenses (continued)

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.

Class A	Beginning Account Value 5/1/13	Ending Account Value 10/31/13	Expenses Paid During Period* 5/1/13–10/31/13
Actual	\$1,000	\$1,165.90	\$ 6.61
Hypothetical (5% return before expenses)	\$1,000	\$1,019.11	\$ 6.16
Class C			
Actual	\$1,000	\$1,161.70	\$10.41
Hypothetical (5% return before expenses)	\$1,000	\$1,015.58	\$ 9.70
Class R			
Actual	\$1,000	\$1,164.80	\$ 7.69
Hypothetical (5% return before expenses)	\$1,000	\$1,018.10	\$ 7.17
Class R6			
Actual	\$1,000	\$1,189.30	\$ 4.03
Hypothetical (5% return before expenses)	\$1,000	\$1,021.53	\$ 3.72
Advisor Class			
Actual	\$1,000	\$1,167.50	\$ 4.97
Hypothetical (5% return before expenses)	\$1,000	\$1,020.62	\$ 4.63

^{*}Expenses are calculated using the most recent six-month expense ratio, annualized for each class (A: 1.21%; C: 1.91%; R: 1.41%; R6: 0.73%; and Advisor: 0.91%), multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Franklin Small Cap Growth Fund

Your Fund's Goal and Main Investments: Franklin Small Cap Growth Fund seeks

long-term capital growth by normally investing at least 80% of its net assets in equity securities of smallcapitalization companies, which for this Fund are those with market capitalizations not exceeding that of the highest market capitalization in the Russell 2000® Index or \$1.5 billion, whichever is greater, at the time of purchase.1

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.

We are pleased to bring you Franklin Small Cap Growth Fund's semiannual report for the period ended October 31, 2013.

Performance Overview

For the six months under review, Franklin Small Cap Growth Fund – Class A delivered a +25.32% cumulative total return. In comparison, the Russell 2000® Growth Index, which measures performance of small companies with higher price-to-book ratios and higher forecasted growth values, posted a +19.93% total return.² The Standard & Poor's 500 Index, which tracks the broad U.S. equity stock market, produced a total return of +11.15%.2 You can find the Fund's long-term performance data in the Performance Summary beginning on page 32.

Investment Strategy

We use fundamental, bottom-up research to seek companies meeting our criteria of growth potential, quality and valuation. In seeking sustainable growth characteristics, we look for companies we believe can produce sustainable earnings and cash flow growth, evaluating the long-term market opportunity and competitive structure of an industry to target leaders and emerging leaders. We define quality companies as those with strong and improving competitive positions in attractive markets. We also believe important attributes of quality are experienced and talented management teams as well as financial strength reflected in the capital structure, gross and operating margins, free cash flow

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 76.

^{1.} The Russell 2000® Index is market capitalization weighted and measures performance of the 2,000 smallest companies in the Russell 3000® Index, which represent a small amount of the total market capitalization of the Russell 3000® Index.

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generation and returns on capital employed. Our valuation analysis includes a range of potential outcomes based on an assessment of multiple scenarios. In assessing value, we consider whether security prices fully reflect the balance of the sustainable growth opportunities relative to business and financial risks.

Manager's Discussion

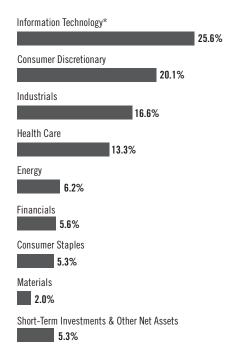
During the six months under review, all sectors represented in the Fund's portfolio contributed to performance relative to the Russell 2000® Growth Index. Key contributors included stock selection and weightings in the information technology (IT), industrials, energy and financials sectors.

In the IT sector, Yelp drove relative results as its share price delivered tripledigit gains for the six-month period. The online urban guide reported strong revenues and a lower-than-expected loss for the second quarter and raised its full-year 2013 revenue guidance. In the third quarter, revenue growth continued to be strong, driven by a marked increase in monthly unique users and higher mobile phone usage, although a rise in marketing costs led to a higherthan-expected loss. The company also announced plans for a \$250 million secondary public offering to raise additional working capital and potentially fund acquisitions. Power-supply chip manufacturer Volterra Semiconductor and enterprise e-commerce solutions provider Demandware also helped the Fund's relative performance. Volterra's share price surged after Maxim Integrated Products announced a definitive agreement to acquire the company. The acquisition was completed in October. Demandware's shares rallied after the company announced an agreement with beauty products company L'Oreal to help promote sales of 25 L'Oreal brands globally. Demandware generated strong second-quarter revenues but continued to report a net loss as it increased investments in an effort to expand its business.

In the industrials sector, Astronics, a provider of advanced technologies to the global aerospace and defense industries, was a major contributor to relative performance. The company generated strong revenue and net income growth during the first half of 2013, resulting largely from robust sales in its aerospace segment. In the energy sector, American natural gas and oil producer Sanchez Energy benefited from higher oil prices and investor optimism about its prospects in the Eagle Ford Shale in South Texas and the emerging Tuscaloosa Marine Shale in Louisiana and Mississippi. Investment banking advisory firm Evercore Partners was among the top contributors in the financials sector. The company, which advises firms involved in mergers, acquisitions and restructurings, reported robust third-quarter revenues and increased its quarterly dividend as it gained market share in its advisory business. Other key individual contributors included medical device company DexCom and for-profit education

Portfolio Breakdown

Franklin Small Cap Growth Fund Based on Total Net Assets as of 10/31/13



*Significant exposure to a single sector may result in greater volatility for the Fund than a more broadly diversified portfolio. There are specific risks to investing in technology company stocks, which can be subject to abrupt or erratic price movements and have been volatile, especially over the short term.

Top 10 Holdings Franklin Small Cap Growth Fund 10/31/13

Company Sector/Industry	% of Total Net Assets
Shutterfly Inc. Consumer Discretionary	1.7%
Bottomline Technologies Inc. <i>Information Technology</i>	1.6%
Tenneco Inc. Consumer Discretionary	1.5%
FARO Technologies Inc. Information Technology	1.5%
Virtus Investment Partners Inc. Financials	1.5%
Imax Corp. Consumer Discretionary	1.5%
The Advisory Board Co. <i>Industrials</i>	1.5%
Yelp Inc. <i>Information Technology</i>	1.5%
H.B. Fuller Co. Materials	1.5%
Mobile Mini Inc. Industrials	1.5%

services provider Grand Canyon Education. DexCom, a manufacturer of continuous glucose monitoring systems, generated strong product revenue and total revenue, which included development grants, in the second quarter. Grand Canyon Education reported double-digit revenue and earnings growth for the eighth quarter in a row as enrollments increased.

Although the Fund delivered strong gains for the six-month period, there were some disappointments. An off-benchmark investment in Amarin hindered relative returns as the biopharmaceutical company's share price fell after the U.S. Food and Drug Administration advisory panel denied approval to expand the use of its fish-oil drug Vascepa to heart-disease patients. Our position in HeartWare International also hurt relative returns as the medical device company reported weaker-than-expected second-quarter earnings. Mattress Firm Holding's share price fell after the mattress maker and retailer reported lowerthan-expected revenues and earnings for its fiscal second quarter (ended July 30) and lowered its earnings guidance for its fiscal year ending on January 28, 2014. Ixia's share price declined after the maker of comprehensive network testing products announced it would not meet its second-quarter revenue guidance. However, the company reported solid third-quarter revenue and earnings, resulting largely from healthy spending by its enterprise, federal and service provider clients. Ixia announced its definitive agreement to acquire Net Optics, a leading provider of total application and network visibility solutions. An offbenchmark position in CIBER hampered relative results as the IT services provider reported soft revenue and earnings results for the second and third quarters. The company gained several key clients during the period, including a global leader in automobile rentals and a large, Japan-based retail chain.

Thank you for your continued participation in Franklin Small Cap Growth Fund. We look forward to serving your future investment needs.



Michael P. McCarthy, CFA Lead Portfolio Manager

Bradley T. Carris, CFA

Portfolio Management Team Franklin Small Cap Growth Fund

The foregoing information reflects our analysis, opinions and portfolio holdings as of October 31, 2013, 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.

Performance Summary as of 10/31/13

Franklin Small Cap Growth Fund

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 does 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.

Price Information

Class A (Symbol: FSGRX)	Change	10/31/13	4/30/13
Net Asset Value (NAV)	+\$3.61	\$17.87	\$14.26
Class C (Symbol: FCSGX)	Change	10/31/13	4/30/13
Net Asset Value (NAV)	+\$3.16	\$15.86	\$12.70
Class R (Symbol: FSSRX)	Change	10/31/13	4/30/13
Net Asset Value (NAV)	+\$3.48	\$17.29	\$13.81
Class R6 (Symbol: FSMLX)	Change	10/31/13	5/1/13
Net Asset Value (NAV)	+\$4.14	\$18.78	\$14.64
Advisor Class (Symbol: FSSAX)	Change	10/31/13	4/30/13
Net Asset Value (NAV)	+\$3.82	\$18.76	\$14.94

Performance¹

Cumulative total return excludes sales charges. Aggregate and average annual total returns 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.

Class A	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ²	+25.32%	+48.82%	+185.67%	+148.17%
Average Annual Total Return ³	+18.11%	+40.30%	+21.90%	+8.87%
Value of \$10,000 Investment ⁴	\$11,811	\$14,030	\$26,915	\$23,393
Avg. Ann. Total Return (9/30/13) ⁵		+34.13%	+16.13%	+9.85%
Total Annual Operating Expenses ⁶	1.36%			
Class C	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ²	+24.88%	+47.80%	+175.99%	+130.57%
Average Annual Total Return ³	+23.88%	+46.80%	+22.51%	+8.71%
Value of \$10,000 Investment ⁴	\$12,388	\$14,680	\$27,599	\$23,057
Avg. Ann. Total Return (9/30/13) ⁵		+40.40%	+16.69%	+9.70%
Total Annual Operating Expenses ⁶	2.06%			
Class R	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ²	+25.20%	+48.52%	+182.96%	+142.71%
Average Annual Total Return ³	+25.20%	+48.52%	+23.12%	+9.27%
Value of \$10,000 Investment ⁴	\$12,520	\$14,852	\$28,296	\$24,271
Avg. Ann. Total Return (9/30/13) ⁵		+42.03%	+17.29%	+10.26%
Total Annual Operating Expenses ⁶	1.5	66%		
Class R6				Inception (5/1/13)
Cumulative Total Return ²				+28.28%
Aggregate Annual Total Return ⁷				+28.28%
Value of \$10,000 Investment ⁴				\$12,828
Aggregate Total Return (9/30/13) ^{5, 7}				+25.34%
Total Annual Operating Expenses ⁶	0.82%			
Advisor Class	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ²	+25.57%	+49.26%	+190.05%	+154.93%
Average Annual Total Return ³	+25.57%	+49.26%	+23.74%	+9.81%
Value of \$10,000 Investment ⁴	\$12,557	\$14,926	\$29,005	\$25,493
Avg. Ann. Total Return (9/30/13) ⁵		+42.76%	+17.89%	+10.80%
Total Annual Operating Expenses ⁶	1.0	06%		

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.

Endnotes

All investments involve risks, including possible loss of principal. Smaller, midsized and relatively new or unseasoned companies can be particularly sensitive to changing economic conditions, and their prospects for growth are less certain than those of larger, more established companies. Historically, these securities have exhibited more price volatility than larger company stocks, especially over the short term. Growth stock prices reflect projections of future earnings or revenues, and can, therefore, fall dramatically if the company fails to meet those projections. To the extent the Fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, it may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. From time to time, the trading market for a particular security or type of security in which the Fund invests may become less liquid or even illiquid. 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: Prior to 1/1/04, these shares were offered with an initial sales charge; thus actual total returns would have differed. 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 Fund has a fee waiver associated with its investments in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year end. Fund investment results reflect the fee waiver, to the extent applicable; without this reduction, the results would have

- 2. Cumulative total return represents the change in value of an investment over the periods indicated.
- 3. Average annual total return represents the average annual change in value of an investment over the periods indicated. Six-month return has not been annualized
- 4. These figures represent the value of a hypothetical \$10,000 investment in the Fund over the periods indicated.
- 5. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.
- 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. Aggregate total return represents the change in value of an investment for the period indicated. Since Class R6 shares have existed for less than one year, average annual total return is not available.

Your Fund's Expenses

Franklin Small Cap Growth Fund

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 \div $1,000 = 8.6$.
- 2. Multiply the result by the number under the heading "Expenses Paid During Period." If Expenses Paid During Period were \$7.50, then $8.6 \times 7.50 = 64.50$.

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.

Your Fund's Expenses (continued)

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.

Class A	Beginning Account Value 5/1/13	Ending Account Value 10/31/13	Expenses Paid During Period* 5/1/13–10/31/13
Actual	\$1,000	\$1,253.20	\$ 6.87
Hypothetical (5% return before expenses)	\$1,000	\$1,019.11	\$ 6.16
Class C			
Actual	\$1,000	\$1,248.80	\$10.83
Hypothetical (5% return before expenses)	\$1,000	\$1,015.58	\$ 9.70
Class R			
Actual	\$1,000	\$1,252.00	\$ 8.00
Hypothetical (5% return before expenses)	\$1,000	\$1,018.10	\$ 7.17
Class R6			
Actual	\$1,000	\$1,282.80	\$ 4.20
Hypothetical (5% return before expenses)	\$1,000	\$1,021.53	\$ 3.72
Advisor Class			
Actual	\$1,000	\$1,255.70	\$ 5.17
Hypothetical (5% return before expenses)	\$1,000	\$1,020.62	\$ 4.63

^{*}Expenses are calculated using the most recent six-month expense ratio, annualized for each class (A: 1.21%; C: 1.91%; R: 1.41%; R6: 0.73%; and Advisor: 0.91%), multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Franklin Small-Mid Cap Growth Fund

Your Fund's Goal and Main Investments: Franklin Small-Mid Cap Growth Fund seeks long-term capital growth by normally investing at least 80% of its net assets in equity securities of smallcap and mid-cap companies. The Fund defines small-cap companies as those within the market capitalization range of companies in the Russell 2500™ Index at the time of purchase, and mid-cap companies as those within the market capitalization range of the Russell Midcap® Index at the time of purchase.1

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.

We are pleased to bring you Franklin Small-Mid Cap Growth Fund's semiannual report for the period ended October 31, 2013.

Performance Overview

For the six months under review, Franklin Small-Mid Cap Growth Fund – Class A delivered a +16.34% cumulative total return. In comparison, the Russell Midcap® Growth Index, which measures performance of companies in the Russell Midcap® Index with higher price-to-book ratios and higher forecasted growth values, generated a +13.75% total return.² Also in comparison, the Standard & Poor's 500 Index, which tracks the broad U.S. stock market, produced a total return of +11.15.2 You can find the Fund's long-term performance data in the Performance Summary beginning on page 41.

Investment Strategy

We use fundamental, bottom-up research to seek companies meeting our criteria of growth potential, quality and valuation. In seeking sustainable growth characteristics, we look for companies we believe can produce sustainable earnings and cash flow growth, evaluating the long-term market opportunity and competitive structure of an industry to target leaders and emerging leaders. We define quality companies as those with strong and improving competitive

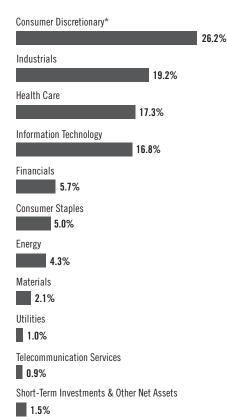
The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 84.

^{1.} The Russell 2500™ Index is market capitalization weighted and measures performance of the 2,500 smallest companies in the Russell 3000® Index, which represent a modest amount of the Russell 3000® Index's total market capitalization. The Russell Midcap® Index is market capitalization weighted and measures performance of the smallest companies in the Russell 1000® Index, which represent a modest amount of the Russell 1000® Index's total market capitalization.

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Portfolio Breakdown

Franklin Small-Mid Cap Growth Fund Based on Total Net Assets as of 10/31/13



*Significant exposure to a single sector may result in greater volatility for the Fund than a more broadly diversified portfolio.

positions in attractive markets. We also believe important attributes of quality are experienced and talented management teams as well as financial strength reflected in the capital structure, gross and operating margins, free cash flow generation and returns on capital employed. Our valuation analysis includes a range of potential outcomes based on an assessment of multiple scenarios. In assessing value, we consider whether security prices fully reflect the balance of the sustainable growth opportunities relative to business and financial risks.

Manager's Discussion

During the six months under review, nearly all sectors represented in the Fund's portfolio contributed to absolute performance as the broad stock market rallied. Relative to the Russell Midcap® Growth Index, key contributors to the Fund's performance included stock selection in the information technology (IT), consumer discretionary and financials sectors.

In the IT sector, our off-benchmark positions in integrated circuits manufacturer NXP Semiconductors and satellite equipment manufacturer ViaSat performed well. NXP Semiconductors reported strong earnings for the second and third quarters, resulting from solid revenue growth across nearly all segments and improved operational cost control. In May, ViaSat reported stronger-thanexpected fourth-quarter and fiscal-year 2013 (ended March 29) earnings results and announced a satellite-building contract with Boeing, which could potentially lower ViaSat's reliance on government contracts. The company continued to generate robust revenue growth in its June quarter, driven by the broadband satellite services and commercial products segments, as well as continued demand for government systems despite the challenging federal spending environment. Fuel cards and payment processing services provider FleetCor Technologies also helped relative returns.

In the consumer discretionary sector, our off-benchmark position in Buffalo Wild Wings drove relative results. The restaurant operator and franchisor delivered strong third-quarter earnings, supported by double-digit revenue growth and higher operating margins resulting from lower chicken wing costs and better cost control. The company raised its earnings guidance for full-year 2013.

In the financials sector, Signature Bank contributed to relative returns as the full-service commercial bank continued to generate strong revenue and earnings growth in the third quarter, led by robust deposit and loan growth. The bank, which operates in the New York metropolitan area, continued to benefit from its client-centric model, which includes hiring seasoned private-client banking teams. Other individual contributors included an off-benchmark investment in Celldex Therapeutics and our position in Actavis. The share price of Celldex Therapeutics, which develops immunotherapy technologies for cancer treatment, advanced as investors remained upbeat about the progress of its pipeline drugs, which could potentially treat different cancer indications. Generic drug maker Actavis acquired Irish drugmaker Warner Chilcott, which focuses on women's health care, gastroenterology, urology and dermatology, in an effort to create a leading global specialty company with operational synergies. Actavis's share price reached a new high near period-end after the company reported double-digit revenue and earnings growth for the third quarter and raised its full-year 2013 earnings guidance, which included Warner Chilcott's business.

In contrast, key detractors from the Fund's relative performance included stock selection in the energy and health care sectors. In the energy sector, an offbenchmark position in McDermott International hurt relative returns. The oil and gas equipment and services company reported a net loss for the second quarter resulting from impairment charges related to certain key projects that were causing delays and cost overruns. In the health care sector, our position in ARIAD Pharmaceuticals and off-benchmark investment in Amarin weighed on relative returns. ARIAD Pharmaceuticals' share price fell after the biotechnology company suspended trials on its leukemia drug Iclusig amid reports of harmful side effects. The Food and Drug Administration (FDA) halted marketing of the drug in the U.S. Amarin's stock price declined after the FDA advisory panel denied approval to expand the use of the biopharmaceutical firm's fish-oil drug Vascepa to heart-disease patients. We sold the Fund's holdings in McDermott International, ARIAD Pharmaceuticals and Amarin during the period. Other individual detractors included our positions in fashion apparel manufacturer Ralph Lauren and power producer Calpine.

Top 10 Holdings Franklin Small-Mid Cap Growth Fund 10/31/13

Company Sector/Industry	% of Total Net Assets
GNC Holdings Inc., A Consumer Discretionary	1.6%
AMETEK Inc. Industrials	1.6%
Roper Industries Inc. <i>Industrials</i>	1.4%
Jarden Corp. Consumer Discretionary	1.3%
Wolverine World Wide Inc. Consumer Discretionary	1.3%
Affiliated Managers Group Inc. Financials	1.3%
Mead Johnson Nutrition Co., A Consumer Staples	1.3%
Actavis PLC Health Care	1.3%
Chipotle Mexican Grill Inc. Consumer Discretionary	1.3%
NXP Semiconductors NV Information Technology	1.2%

Thank you for your continued participation in Franklin Small-Mid Cap Growth Fund. We look forward to serving your future investment needs.



Edward B. Jamein

Edward B. Jamieson Lead Portfolio Manager

Michael P. McCarthy, CFA James Cross, CFA

Portfolio Management Team Franklin Small-Mid Cap Growth Fund

The foregoing information reflects our analysis, opinions and portfolio holdings as of October 31, 2013, 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.

Performance Summary as of 10/31/13

Franklin Small-Mid Cap Growth Fund

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 does 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.

Price Information

Class A (Symbol: FRSGX)	Change	10/31/13	4/30/13
Net Asset Value (NAV)	+\$6.21	\$44.22	\$38.01
Class C (Symbol: FRSIX)	Change	10/31/13	4/30/13
Net Asset Value (NAV)	+\$5.22	\$38.02	\$32.80
Class R (Symbol: FSMRX)	Change	10/31/13	4/30/13
Net Asset Value (NAV)	+\$5.93	\$42.54	\$36.61
Class R6 (Symbol: FMGGX)	Change	10/31/13	5/1/13
Net Asset Value (NAV)	+\$7.17	\$46.13	\$38.96
Advisor Class (Symbol: FSGAX)	Change	10/31/13	4/30/13
Net Asset Value (NAV)	+\$6.53	\$46.09	\$39.56

Performance Summary (continued)

Performance¹

Cumulative total return excludes sales charges. Aggregate and average annual total returns 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.

Class A	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ²	+16.34%	+34.88%	+131.31%	+129.39%
Average Annual Total Return ³	+9.65%	+27.12%	+16.86%	+8.02%
Value of \$10,000 Investment ⁴	\$10,965	\$12,712	\$21,797	\$21,620
Avg. Ann. Total Return (9/30/13) ⁵		+20.58%	+11.37%	+8.59%
Total Annual Operating Expenses ⁶	0.9	8%		
Class C	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ²	+15.91%	+33.87%	+122.85%	+112.88%
Average Annual Total Return ³	+14.91%	+32.87%	+17.38%	+7.85%
Value of \$10,000 Investment ⁴	\$11,491	\$13,287	\$22,285	\$21,288
Avg. Ann. Total Return (9/30/13) ⁵		+25.94%	+11.85%	+8.42%
Total Annual Operating Expenses ⁶	1.7	3%		
Class R	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ²	+16.20%	+34.52%	+128.47%	+123.65%
Average Annual Total Return ³	+16.20%	+34.52%	+17.97%	+8.38%
Value of \$10,000 Investment ⁴	\$11,620	\$13,452	\$22,847	\$22,365
Avg. Ann. Total Return (9/30/13) ⁵		+27.60%	+12.41%	+8.96%
Total Annual Operating Expenses ⁶	1.2	3%		
Class R6				Inception (5/1/13)
Cumulative Total Return ²				+18.40%
Aggregate Annual Total Return ⁷				+18.40%
Value of \$10,000 Investment ⁴				\$11,840
Aggregate Total Return (9/30/13) ^{5, 7}				+15.53%
Total Annual Operating Expenses ⁶	0.4	-8%		
Advisor Class	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ²	+16.51%	+35.22%	+134.35%	+135.26%
Average Annual Total Return ³	+16.51%	+35.22%	+18.57%	+8.93%
Value of \$10,000 Investment ⁴	\$11,651	\$13,522	\$23,435	\$23,526
Avg. Ann. Total Return (9/30/13) ⁵		+28.23%	+12.97%	+9.51%
Total Annual Operating Expenses ⁶	0.7	3%		

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.

Performance Summary (continued)

Endnotes

All investments involve risks, including possible loss of principal. Growth stock prices reflect projections of future earnings or revenues, and can, therefore, fall dramatically if the company fails to meet those projections. Smaller, midsized and relatively new or unseasoned companies can be particularly sensitive to changing economic conditions, and their prospects for growth are less certain than those of larger, more established companies. Historically, these securities have exhibited more price volatility than larger company stocks, especially over the short term. To the extent the Fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, it may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. From time to time, the trading market for a particular security or type of security in which the Fund invests may become less liquid or even illiquid. 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: Prior to 1/1/04, these shares were offered with an initial sales charge; thus actual total returns would have differed. 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 Fund has a fee waiver associated with its investments in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year end. Fund investment results reflect the fee waiver, to the extent applicable; without this reduction, the results would have

- 2. Cumulative total return represents the change in value of an investment over the periods indicated.
- 3. Average annual total return represents the average annual change in value of an investment over the periods indicated. Six-month return has not been annualized
- 4. These figures represent the value of a hypothetical \$10,000 investment in the Fund over the periods indicated.
- 5. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.
- 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. Aggregate total return represents the change in value of an investment for the period indicated. Since Class R6 shares have existed for less than one year, average annual total return is not available.

Your Fund's Expenses

Franklin Small-Mid Cap Growth Fund

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 \div $1,000 = 8.6$.
- 2. Multiply the result by the number under the heading "Expenses Paid During Period." If Expenses Paid During Period were \$7.50, then $8.6 \times 7.50 = 64.50$.

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.

Your Fund's Expenses (continued)

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.

Class A	Beginning Account Value 5/1/13	Ending Account Value 10/31/13	Expenses Paid During Period* 5/1/13–10/31/13
Actual	\$1,000	\$1,163.40	\$5.23
Hypothetical (5% return before expenses)	\$1,000	\$1,020.37	\$4.89
Class C			
Actual	\$1,000	\$1,159.10	\$9.31
Hypothetical (5% return before expenses)	\$1,000	\$1,016.59	\$8.69
Class R			
Actual	\$1,000	\$1,162.00	\$6.59
Hypothetical (5% return before expenses)	\$1,000	\$1,019.11	\$6.16
Class R6			
Actual	\$1,000	\$1,184.00	\$2.59
Hypothetical (5% return before expenses)	\$1,000	\$1,022.84	\$2.40
Advisor Class			
Actual	\$1,000	\$1,165.10	\$3.87
Hypothetical (5% return before expenses)	\$1,000	\$1,021.63	\$3.62

^{*}Expenses are calculated using the most recent six-month expense ratio, annualized for each class (A: 0.96%; C: 1.71%; R: 1.21%; R6: 0.47%; and Advisor: 0.71%), multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Financial Highlights

	Six Months Ende	.3		Year Ended Ap		
Class A Per share operating performance	(unaudited)	2013	2012	2011	2010	2009
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$51.21	\$51.12	\$52.42	\$43.55	\$32.46	\$45.77
Income from investment operations ^a :						
Net investment income (loss) ^b	(0.01)	0.04 ^c	(0.05)	(0.11)	(0.06)	(0.03)
Net realized and unrealized gains (losses)	9.42	1.69	0.67	8.98	11.15	(13.28)
Total from investment operations	9.41	1.73	0.62	8.87	11.09	(13.31)
Less distributions from:						
Net investment income	_	(0.01)	_	_	_	_
Net realized gains		(1.63)	(1.92)		_	
Total distributions		(1.64)	(1.92)			
Redemption feesd		_	_	_	_	e
Net asset value, end of period	\$60.62	\$51.21	\$51.12	\$52.42	\$43.55	\$32.46
Total return ^f	18.38%	3.70%	1.86%	20.37%	34.17%	(29.08)%
Ratios to average net assets ^g						
Expenses before waiver and payments by affiliates	0.98%	0.99%	0.98%	0.98%	1.01%	1.00%
Expenses net of waiver and payments by affiliates	0.98% ^h	0.99%	0.98%	0.98%	0.99% ^h	1.00% ^h
Net investment income (loss)	(0.04)%	0.09%	(0.10)%	(0.23)%	(0.16)%	(0.08)%
Supplemental data						
Net assets, end of period (000's)	\$2,140,698	\$2,080,349	\$2,094,119	\$2,233,642	\$1,899,703	\$1,370,025
Portfolio turnover rate	17.65%	63.09%	49.59%	51.32%	47.70%	35.95%

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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

bBased on average daily shares outstanding.

Net investment income per share includes approximately \$0.07 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been (0.06)%

^dEffective September 1, 2008, the redemption fee was eliminated.

eAmount rounds to less than \$0.01 per share.

Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

gRatios are annualized for periods less than one year.

^hBenefit of expense reduction rounds to less than 0.01%.

Financial Highlights (continued)

	Six Months Ended October 31, 2013 Year Ended April 30,					
Class C	(unaudited)	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$45.70	\$46.14	\$47.88	\$40.08	\$30.10	\$42.76
Income from investment operations ^a :						
Net investment income (loss) ^b	(0.20)	(0.29) ^c	(0.37)	(0.41)	(0.32)	(0.28)
Net realized and unrealized gains (losses)	8.40	1.48	0.55	8.21	10.30	(12.38)
Total from investment operations	8.20	1.19	0.18	7.80	9.98	(12.66)
Less distributions from net realized gains		(1.63)	(1.92)	_		
Redemption feesd		_	_	_	_	е
Net asset value, end of period	\$53.90	\$45.70	\$46.14	\$47.88	\$40.08	\$30.10
Total return ^f	17.94%	2.92%	1.10%	19.46%	33.16%	(29.61)%
Ratios to average net assets ^g						
Expenses before waiver and payments by affiliates	1.73%	1.74%	1.73%	1.73%	1.76%	1.74%
Expenses net of waiver and payments by affiliates	1.73% ^h	1.74%	1.73%	1.73%	1.74% ^h	1.74% ^h
Net investment income (loss)	(0.79)%	(0.66)% ^c	(0.85)%	(0.98)%	(0.91)%	(0.82)%
Supplemental data						
Net assets, end of period (000's)	\$343,062	\$298,253	\$323,249	\$352,282	\$315,013	\$243,308
Portfolio turnover rate	17.65%	63.09%	49.59%	51.32%	47.70%	35.95%

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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

bBased on average daily shares outstanding.

Net investment income per share includes approximately \$0.07 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been (0.81)%.

^dEffective September 1, 2008, the redemption fee was eliminated.

eAmount rounds to less than \$0.01 per share.

Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

gRatios are annualized for periods less than one year.

^hBenefit of expense reduction rounds to less than 0.01%.

Financial Highlights (continued)

	Six Months Ended		Ye	ar Ended Apri	I 30,	
Class R	(unaudited)	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$49.74	\$49.82	\$51.27	\$42.70	\$31.91	\$45.10
Income from investment operations ^a :						
Net investment income (loss) ^b	(80.0)	(0.08)°	(0.16)	(0.21)	(0.16)	(0.12)
Net realized and unrealized gains (losses)	9.15	1.63	0.63	8.78	10.95	(13.07)
Total from investment operations	9.07	1.55	0.47	8.57	10.79	(13.19)
Less distributions from net realized gains		(1.63)	(1.92)	_		
Redemption feesd		_	_	_	_	е
Net asset value, end of period	\$58.81	\$49.74	\$49.82	\$51.27	\$42.70	\$31.91
Total return ^f	18.23%	3.43%	1.60%	20.07%	33.81%	(29.25)%
Ratios to average net assets ^g						
Expenses before waiver and payments by affiliates	1.23%	1.24%	1.23%	1.23%	1.26%	1.25%
Expenses net of waiver and payments by affiliates	1.23% ^h	1.24%	1.23%	1.23%	1.24% ^h	1.25% ^h
Net investment income (loss)	(0.29)%	(0.16)% ^c	(0.35)%	(0.48)%	(0.41)%	(0.33)%
Supplemental data						
Net assets, end of period (000's)	\$63,775	\$63,134	\$76,340	\$72,532	\$60,904	\$43,940
Portfolio turnover rate	17.65%	63.09%	49.59%	51.32%	47.70%	35.95%

^aThe 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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

Net investment income per share includes approximately \$0.07 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been (0.31)%.

^dEffective September 1, 2008, the redemption fee was eliminated.

eAmount rounds to less than \$0.01 per share.

fTotal return is not annualized for periods less than one year.

gRatios are annualized for periods less than one year.

^hBenefit of expense reduction rounds to less than 0.01%.

Financial Highlights (continued)

	Period Ended October 31, 2013 ^a
Class R6	(unaudited)
Per share operating performance (for a share outstanding throughout the period)	
Net asset value, beginning of period	\$51.70
Income from investment operations ^b :	
Net investment income ^c	0.13
Net realized and unrealized gains (losses)	10.22
Total from investment operations	10.35
Net asset value, end of period	\$62.05
Total returnd	20.02%
Ratios to average net assets ^e	
Expenses	0.48% ^f
Net investment income	0.46%
Supplemental data	
Net assets, end of period (000's)	\$359,963
Portfolio turnover rate	17.65%

^aFor the period May 1, 2013 (effective date) to October 31, 2013.

bThe 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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

 $^{{}^{\}varsigma}Based$ on average daily shares outstanding.

dTotal return is not annualized for periods less than one year.

eRatios are annualized for periods less than one year.

[†]Benefit of expense reduction rounds to less than 0.01%.

Financial Highlights (continued)

	Six Months End October 31, 20		Y	ear Ended Ap	ril 30,	
Advisor Class	(unaudited)	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$52.29	\$52.12	\$53.26	\$44.14	\$32.82	\$46.15
Income from investment operations ^a :						
Net investment income ^b	0.06	0.18	0.07	0.01	0.04	0.07
Net realized and unrealized gains (losses)	9.63	1.71	0.71	9.11	11.28	(13.40)
Total from investment operations	9.69	1.89	0.78	9.12	11.32	(13.33)
Less distributions from:						
Net investment income	_	(0.09)	_	_	_	_
Net realized gains		(1.63)	(1.92)			
Total distributions		(1.72)	(1.92)	_	_	
Redemption feesd		_	_	_	_	е
Net asset value, end of period	\$61.98	\$52.29	\$52.12	\$53.26	\$44.14	\$32.82
Total return ^f	18.53%	3.94%	2.13%	20.66%	34.49%	(28.88)%
Ratios to average net assets ^g						
Expenses before waiver and payments by affiliates	0.73%	0.74%	0.73%	0.73%	0.76%	0.75%
Expenses net of waiver and payments by affiliates	0.73% ^h	0.74%	0.73%	0.73%	0.74% ^h	0.75% ^h
Net investment income	0.21%	0.34%	0.15%	0.02%	0.09%	0.17%
Supplemental data						
Net assets, end of period (000's)	\$574,667	\$836,225	\$1,162,624	\$1,233,168	\$856,298	\$364,798
Portfolio turnover rate	17.65%	63.09%	49.59%	51.32%	47.70%	35.95%

^aThe 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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

Net investment income per share includes approximately \$0.07 per share received in the form of special dividends. Excluding these amounts, the ratio of net investment income to average net assets would have been 0.19%.

dEffective September 1, 2008, the redemption fee was eliminated.

eAmount rounds to less than \$0.01 per share.

fTotal return is not annualized for periods less than one year.

gRatios are annualized for periods less than one year.

hBenefit of expense reduction rounds to less than 0.01%.

Statement of Investments, October 31, 2013 (unaudited)

Franklin Flex Cap Growth Fund	Shares	Value
Common Stocks 99.0%		
Automobiles & Components 0.9%		
BorgWarner Inc.	260,000	\$ 26,813,800
^a Tesla Motors Inc	40,000	6,397,600
		33,211,400
Pauls 1 00/		
Banks 1.8%	350,000	25 627 000
a Signature Bank/New York NY Wells Fargo & Co.	350,000 600,000	35,637,000 25,614,000
wens raigo & co.	600,000	
		61,251,000
Capital Goods 9.4%		
^a Chart Industries Inc.	100,000	10,747,000
Danaher Corp	489,800	35,309,682
^a DigitalGlobe Inc.	291,600	9,278,712
Fastenal Co	360,000	17,928,000
^a HD Supply Holdings Inc.	225,000	4,542,750
Honeywell International Inc	205,000	17,779,650
^a Jacobs Engineering Group Inc.	225,000	13,684,500
^a The Keyw Holding Corp.	150,000	1,725,000
The Manitowoc Co. Inc.	1,250,000	24,325,000
Pall Corp	425,000	34,221,000
Precision Castparts Corp.	215,000	54,491,750
^a Proto Labs Inc	225,000	18,868,500
Rockwell Automation Inc.	175,000	19,321,750
Roper Industries Inc.	200,000	25,362,000
a,b Solarcity Corp.	76,600	4,081,248
^a United Rentals Inc	575,000	37,139,250
		328,805,792
Commercial & Professional Services 1.7%		
^a IHS Inc., A	150,000	16,357,500
Nielsen Holdings NV	575,000	22,678,000
^a Stericycle Inc	175,000	20,335,000
		59,370,500
		39,370,300
Consumer Durables & Apparel 4.2%		
^a Lululemon Athletica Inc. (Canada)	155,400	10,730,370
a Michael Kors Holdings Ltd.	388,800	29,918,160
NIKE Inc., B	500,000	37,880,000
Ralph Lauren Corp.	150,000	24,846,000
a TRI Pointe Homes Inc.	700,000	11,144,000
^a Under Armour Inc., A	400,000	32,460,000
		146,978,530
Consumer Services 3.0%		
^a Bally Technologies Inc.	275,000	20,113,500
a Chipotle Mexican Grill Inc.	54,100	28,509,077
^a Chuy's Holdings Inc.	244,900	9,208,240

Franklin Flex Cap Growth Fund	Shares	Value
Common Stocks (continued)		
Consumer Services (continued)		
Las Vegas Sands Corp	168,500	\$ 11,832,070
a,b Noodles & Co.	146,900	6,432,751
Wynn Resorts Ltd.	175,000	29,093,750
	,	
		105,189,388
Diversified Financials 3.4%		
BlackRock Inc.	70,000	21,056,700
Discover Financial Services	375,000	19,455,000
Evercore Partners Inc.	180,000	9,084,600
Financial Engines Inc.	200,000	11,174,000
^a Intercontinental Exchange Inc.	125,000	24,091,250
T. Rowe Price Group Inc.	450,000	34,834,500
		119,696,050
Energy 3.6%		
Anadarko Petroleum Corp.	132,200	12,597,338
^a Cobalt International Energy Inc.	500,000	11,605,000
^a Diamondback Energy Inc.	140,700	7,267,155
^a FMC Technologies Inc.	250,000	12,637,500
National Oilwell Varco Inc.	215,000	17,453,700
Noble Energy Inc.	325,000	24,352,250
Oceaneering International Inc.	115,000	9,876,200
Schlumberger Ltd	298,700	27,994,164
		123,783,307
Food & Staples Retailing 1.3%		
^a Fairway Group Holdings Corp.	155,500	3,798,865
^a Sprouts Farmers Markets LLC	36,200	1,667,372
Whole Foods Market Inc.	610,000	38,509,300
	,,,,,,,,	43,975,537
Food, Beverage & Tobacco 3.0%		
^a Boston Beer Inc., A	70,000	16,071,300
Mead Johnson Nutrition Co., A	275,000	22,456,500
^a Monster Beverage Corp.	310,000	17,741,300
PepsiCo Inc.	350,000 900,000	29,431,500 18,009,000
^a WhiteWave Foods Co., A	900,000	
		103,709,600_
Health Care Equipment & Services 3.5%		
Abbott Laboratories	775,000	28,326,250
^a Cerner Corp.	500,000	28,015,000
^a DaVita HealthCare Partners Inc.	350,000	19,673,500
^a Envision Healthcare Holdings Inc.	157,300	4,569,565
^a Express Scripts Holding Co.	325,000	20,319,000
McKesson Corp.	125,000	19,542,500
^{a,b} Veeva Systems Inc.	75,000	2,918,250
		123,364,065

Franklin Flex Cap Growth Fund	Shares	Value
Common Stocks (continued)		
Insurance 1.4%		
ACE Ltd.	325,000	\$ 31,018,000
Aflac Inc.	275,000	17,869,500
	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
		48,887,500
Materials 4.1%		
Airgas Inc.	218,700	23,853,609
Cytec Industries Inc.	225,000	18,695,250
Ecolab Inc	700,000	74,200,000
Praxair Inc	200,000	24,942,000
		141,690,859
M. J. C 00/		
Media 6.0%	170.000	00 000 000
a Charter Communications Inc., A	170,000	22,820,800
^a Directory Communications Inc. C	400,000	24,996,000
a Discovery Communications Inc., C	625,000	51,693,750
a Imax Corp. (Canada)	510,200	14,872,330
Sirius XM Radio Inc.	11,000,000	41,470,000
The Walt Disney Co	760,000	52,128,400
		207,981,280
Pharmaceuticals, Biotechnology & Life Sciences 10.8%		
^a Actavis PLC (Ireland)	375,000	57,967,500
^a Alnylam Pharmaceuticals Inc.	200,000	11,522,000
^a Biogen Idec Inc	200,000	48,838,000
Bristol-Myers Squibb Co.	700,000	36,764,000
^a Celgene Corp	425,000	63,108,250
^a Celldex Therapeutics Inc.	825,000	18,900,750
^a Gilead Sciences Inc.	1,050,000	74,539,500
alllumina Inc	232,800	21,769,128
^a Pharmacyclics Inc	85,000	10,084,400
^a Quintiles Transnational Holdings Inc.	400,000	16,796,000
^a Waters Corp	150,000	15,138,000
		375,427,528
Real Estate 0.5%	005.000	17.050.750
American Tower Corp	225,000	17,853,750
Retailing 6.1%		
^a Amazon.com Inc	175,000	63,705,250
Dick's Sporting Goods Inc.	525,000	27,935,250
^a Dollar General Corp	300,000	17,334,000
^a HomeAway Inc	390,000	11,563,500
Lithia Motors Inc.	125,000	7,856,250
^a LKQ Corp.	350,000	11,560,500
^a Netflix Inc	12,500	4,031,000
^a Priceline.com Inc	27,000	28,453,410
^a Shutterfly Inc	100,000	4,914,000
Tractor Supply Co	342,600	24,444,510
^a TripAdvisor Inc	123,400	10,206,414
		212,004,084

Semiconductors & Semiconductor Equipment 3.2% Cavium Inc. 275,000 \$11,085,256 Microchip Technology Inc. 675,000 28,989,000 NXP Semiconductors NV (Netherlands) 925,000 38,961,000 Xilinx Inc. 750,000 34,065,000 Software & Services 18.3% 300,000 26,235,000 Alliance Data Systems Corp. 80,000 11,393,600 BoadShff Inc. 380,000 11,939,600 BroadShff Inc. 290,000 37,951,200 Electronic Ats Inc. 300,000 7,875,000 Facebook Inc., A 825,000 41,464,507 Facebook Inc., A 825,000 41,464,507 Facebook Inc., A 825,000 25,953,757 Frietgye Inc. 38,200 1,445,877 Freetgye Inc. 38,200 1,445,877 Freetgye Inc. 38,200 25,953,757 Fortinet Inc. 425,000 8,546,756 Google Inc. A 99,000 10,2027,42 Guidewire Software Inc. 300,000 15,216,000 L	Franklin Flex Cap Growth Fund	Shares	Value
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	RingCentral Inc., A		1,402,128
36 390 128	SBA Communications Corp.	400,000	34,988,000
			36,390,128

Statement of Investments, October 31, 2013 (unaudited) (continued)

Franklin Flex Cap Growth Fund	Shares	Value
Common Stocks (continued)		
Transportation 4.6%		
Canadian Pacific Railway Ltd. (Canada)	145,000	\$ 20,745,149
Expeditors International of Washington Inc.	291,600	13,206,564
^a Genesee & Wyoming Inc	290,000	28,953,600
^a Hub Group Inc., A	625,000	22,956,250
Kansas City Southern	200,000	24,304,000
^a Kirby Corp	82,500	7,300,425
^a Spirit Airlines Inc	300,000	12,945,000
Union Pacific Corp	200,000	30,280,000
		160,690,988
Utilities 0.3%		
^a Calpine Corp.	450,000	9,076,500
Total Common Stocks (Cost \$2,069,133,208)	.00,000	3,448,632,538
		3,446,032,336
Preferred Stocks (Cost \$9,999,998) 0.4%		
Pharmaceuticals, Biotechnology & Life Sciences 0.4%		
a,c FibroGen Inc., pfd., E	2,227,171	12,962,135
Total Investments before Short Term Investments (Cost \$2,079,133,206)		3,461,594,673
Short Term Investments 1.6%		
Money Market Funds (Cost \$46,348,578) 1.3%		
a,d Institutional Fiduciary Trust Money Market Portfolio	46,348,578	46,348,578
eInvestments from Cash Collateral Received for Loaned Securities		
(Cost \$10,755,800) 0.3%		
Money Market Funds 0.3%		
fBNY Mellon Overnight Government Fund, 0.047%	10,755,800	10,755,800
Total Investments (Cost \$2,136,237,584) 101.0%		3,518,699,051
Other Assets, less Liabilities (1.0)%		(36,534,612)
·		
Net Assets 100.0%		\$3,482,164,439

See Abbreviations on page 116.

^aNon-income producing.

 $^{^{\}mathrm{b}}\mathrm{A}$ portion or all of the security is on loan at October 31, 2013. See Note 1(c).

^cSee Note 8 regarding restricted securities.

dSee Note 7 regarding investments in the Institutional Fiduciary Trust Money Market Portfolio.

 $^{{}^{\}mathrm{e}}\mathrm{See}$ Note 1(c) regarding securities on loan.

^fThe rate shown is the annualized seven-day yield at period end.

Financial Highlights

	Six Months Endo		Ye	il 30,		
Class A	(unaudited)	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$10.63	\$ 9.47	\$10.35	\$ 9.03	\$6.27	\$8.69
Income from investment operations ^a :						
Net investment income ^b	0.01	0.07	0.02	0.06	0.02	0.06
Net realized and unrealized gains (losses)	1.51	1.16	(0.31)	1.29	2.74	(2.36)
Total from investment operations	1.52	1.23	(0.29)	1.35	2.76	(2.30)
Less distributions from:						
Net investment income	_	_	(0.11)	(0.03)	с	(0.10)
Net realized gains		(0.07)	(0.48)	_	_	(0.02)
Total distributions	_	(0.07)	(0.59)	(0.03)	с	(0.12)
Net asset value, end of period	\$12.15	\$10.63	\$ 9.47	\$10.35	\$9.03	\$6.27
Total return ^d	14.30%	13.08%	(2.17)%	14.92%	44.05%	(26.07)%
Ratios to average net assets ^e						
Expenses before waiver and payments by affiliates	1.67%	1.89%	1.81%	1.87%	2.04%	3.99%
Expenses net of waiver and payments by affiliates	1.15%	1.19%	1.21%	1.10%	1.09% ^f	1.17% ^f
Net investment income	0.22%	0.76%	0.25%	0.61%	0.21%	0.91%
Supplemental data						
Net assets, end of period (000's)	\$29,822	\$19,029	\$26,253	\$14,481	\$10,974	\$4,889
Portfolio turnover rate	25.13%	74.50%	51.85%	63.80%	42.73%	83.29%

aThe 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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

bBased on average daily shares outstanding.

cAmount rounds to less than \$0.01 per share.

dTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

eRatios are annualized for periods less than one year.

[†]Benefit of expense reduction rounds to less than 0.01%.

Financial Highlights (continued)

	Six Months Ende		Year Ended April 30,			
Class C	(unaudited)	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$10.36	\$ 9.29	\$10.14	\$ 8.90	\$6.24	\$8.67
Income from investment operations ^a :						
Net investment income (loss) ^b	(0.03)	0.01	(0.04)	(0.01)	(0.05)	c
Net realized and unrealized gains (losses)	1.47	1.13	(0.29)	1.25	2.71	(2.33)
Total from investment operations	1.44	1.14	(0.33)	1.24	2.66	(2.33)
Less distributions from:						
Net investment income	_	_	(0.04)	_	с	(0.08)
Net realized gains		(0.07)	(0.48)			(0.02)
Total distributions		(0.07)	(0.52)	_	с	(0.10)
Net asset value, end of period	\$11.80	\$10.36	\$ 9.29	\$10.14	\$8.90	\$6.24
Total return ^d	13.90%	12.36%	(2.66)%	13.93%	42.65%	(26.56)%
Ratios to average net assets ^e						
Expenses before waiver and payments by affiliates	2.40%	2.59%	2.50%	2.66%	2.84%	4.67%
Expenses net of waiver and payments by affiliates	1.88%	1.89%	1.90%	1.89%	1.89% ^f	1.85% ^f
Net investment income (loss)	(0.51)%	0.06%	(0.44)%	(0.18)%	(0.59)%	0.23%
Supplemental data						
Net assets, end of period (000's)	\$4,489	\$2,502	\$3,265	\$2,095	\$1,853	\$106
Portfolio turnover rate	25.13%	74.50%	51.85%	63.80%	42.73%	83.29%

^aThe 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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

bBased on average daily shares outstanding.

cAmount rounds to less than \$0.01 per share.

dTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

eRatios are annualized for periods less than one year.

[†]Benefit of expense reduction rounds to less than 0.01%.

Financial Highlights (continued)

	Six Months Ende		Year Ended April 30,			
Class R	(unaudited)	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$10.56	\$ 9.43	\$10.30	\$ 9.00	\$6.27	\$8.68
Income from investment operations ^a :						
Net investment income (loss) ^b	c	0.05	0.02	0.03	(0.01)	0.05
Net realized and unrealized gains (losses)	1.50	1.15	(0.32)	1.28	2.74	(2.36)
Total from investment operations	1.50	1.20	(0.30)	1.31	2.73	(2.31)
Less distributions from:						
Net investment income	_	_	(0.09)	(0.01)	_	(0.08)
Net realized gains		(0.07)	(0.48)			(0.02)
Total distributions		(0.07)	(0.57)	(0.01)		(0.10)
Net asset value, end of period	\$12.06	\$10.56	\$ 9.43	\$10.30	\$9.00	\$6.27
Total return ^d	14.20%	12.81%	(2.22)%	14.51%	43.54%	(26.30)%
Ratios to average net assets ^e						
Expenses before waiver and payments by affiliates	1.90%	2.09%	1.99%	2.16%	2.34%	4.21%
Expenses net of waiver and payments by affiliates	1.38%	1.39%	1.39%	1.39%	1.39% ^f	1.39% ^f
Net investment income (loss)	(0.01)%	0.56%	0.07%	0.32%	(0.09)%	0.69%
Supplemental data						
Net assets, end of period (000's)	\$96	\$76	\$41	\$27	\$21	\$6
Portfolio turnover rate	25.13%	74.50%	51.85%	63.80%	42.73%	83.29%

aThe 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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

bBased on average daily shares outstanding.

cAmount rounds to less than \$0.01 per share.

dTotal return is not annualized for periods less than one year.

eRatios are annualized for periods less than one year.

[†]Benefit of expense reduction rounds to less than 0.01%.

Financial Highlights (continued)

Class R6	Six Months Ended October 31, 2013 ^a (unaudited)
Per share operating performance (for a share outstanding throughout the period)	
Net asset value, beginning of period	\$10.54
Income from investment operations ^b :	
Net investment income ^c	0.04
Net realized and unrealized gains (losses)	1.69
Total from investment operations	1.73
Net asset value, end of period	\$12.27
Total return ^d	16.41%
Ratios to average net assets ^e	
Expenses before waiver and payments by affiliates	2.65%
Expenses net of waiver and payments by affiliates	0.73%
Net investment income	0.64%
Supplemental data	
Net assets, end of period (000's)	\$6
Portfolio turnover rate	25.13%

^aFor the period May 1, 2013 (effective date) to October 31, 2013.

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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^cBased on average daily shares outstanding.

dTotal return is not annualized for periods less than one year.

eRatios are annualized for periods less than one year.

Financial Highlights (continued)

	Six Months Ended October 31, 2013 Year Ende			ar Ended Apri	I 30,	
Advisor Class	(unaudited)	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$10.70	\$ 9.50	\$10.37	\$ 9.06	\$6.28	\$8.70
Income from investment operations ^a :						
Net investment income ^b	0.03	0.10	0.06	0.08	0.04	0.08
Net realized and unrealized gains (losses)	1.52	1.17	(0.32)	1.28	2.74	(2.37)
Total from investment operations	1.55	1.27	(0.26)	1.36	2.78	(2.29)
Less distributions from:						
Net investment income	_	_	(0.13)	(0.05)	c	(0.11)
Net realized gains		(0.07)	(0.48)	_	_	(0.02)
Total distributions	_	(0.07)	(0.61)	(0.05)	c	(0.13)
Net asset value, end of period	\$12.25	\$10.70	\$ 9.50	\$10.37	\$9.06	\$6.28
Total return ^d	14.49%	13.46%	(1.80)%	15.08%	44.34%	(25.93)%
Ratios to average net assets ^e						
Expenses before waiver and payments by affiliates	1.40%	1.59%	1.49%	1.66%	1.84%	3.71%
Expenses net of waiver and payments by affiliates	0.88%	0.89%	0.89%	0.89%	0.89% ^f	0.89% ^f
Net investment income	0.49%	1.06%	0.57%	0.82%	0.41%	1.19%
Supplemental data						
Net assets, end of period (000's)	\$5,161	\$4,347	\$3,188	\$1,966	\$1,182	\$167
Portfolio turnover rate	25.13%	74.50%	51.85%	63.80%	42.73%	83.29%

aThe 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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

bBased on average daily shares outstanding.

cAmount rounds to less than \$0.01 per share.

dTotal return is not annualized for periods less than one year.

eRatios are annualized for periods less than one year.

[†]Benefit of expense reduction rounds to less than 0.01%.

Statement of Investments, October 31, 2013 (unaudited)

Franklin Focused Core Equity Fund	Country	Shares	Value
Common Stocks 94.8%			
Consumer Discretionary 8.1%			
BorgWarner Inc.	United States	11,430	\$ 1,178,776
NIKE Inc., B	United States	16,498	1,249,888
The Walt Disney Co.	United States	11,040	757,234
			3,185,898
Consumer Staples 5.5%			
CVS Caremark Corp.	United States	15,970	994,292
Mead Johnson Nutrition Co., A	United States	14,720	1,202,035
		, -	
			2,196,327
Energy 9.1%		10.000	1 017 061
Anadarko Petroleum Corp.	United States	13,830	1,317,861
Marathon Oil Corp.	United States	30,120	1,062,031
Schlumberger Ltd.	United States	13,010	1,219,297
			3,599,189
Financials 20.3%			
BlackRock Inc.	United States	3,437	1,033,884
^a CBRE Group Inc.	United States	49,720	1,154,996
Citigroup Inc.	United States	22,310	1,088,282
Discover Financial Services	United States	17,730	919,832
The Hartford Financial Services Group Inc.	United States	49,220	1,658,714
JPMorgan Chase & Co.	United States	20,213	1,041,778
MetLife Inc.	United States	24,220	1,145,848
			8,043,334
Health Care 10.9%			
a Actavis PLC	Ireland	5,690	879,560
Aetna Inc	United States	14,300	896,610
Roche Holding AG	Switzerland	4,210	1,165,860
a Valeant Pharmaceuticals International Inc.	Canada	13,130	1,388,104
			4,330,134
Industrials 5.8%			
FedEx Corp.	United States	8,120	1,063,720
^a Genesee & Wyoming Inc	United States	12,160	1,214,054
			2,277,774
Information Technology 26.4%			
^a Adobe Systems Inc.	United States	17,140	928,988
Cisco Systems Inc.	United States	40,230	905,175
Corning Inc.	United States	66,000	1,127,940
EMC Corp.	United States	29,270	704,529
^a Google Inc., A	United States	1,220	1,257,308
International Business Machines Corp	United States	3,900	698,919
MasterCard Inc., A	United States	1,850	1,326,635
Maxim Integrated Products Inc.	United States	37,190	1,104,543
Microsoft Corp.	United States	33,190	1,173,266
QUALCOMM Inc.	United States	17,480	1,214,336
			10,441,639

Franklin Focused Core Equity Fund	Country	Shares	Value
Common Stocks (continued)			
Materials 8.7%			
Axiall Corp	United States	18,078	\$ 703,054
LyondellBasell Industries NV, A	United States	20,900	1,559,140
The Mosaic Co	United States	25,740	1,180,179
			3,442,373
Total Common Stocks (Cost \$29,113,041)			37,516,668
Short Term Investments (Cost \$1,596,029) 4.0%			
Money Market Funds 4.0%			
a,b Institutional Fiduciary Trust Money Market Portfolio	United States	1,596,029	1,596,029
Total Investments (Cost \$30,709,070) 98.8%			39,112,697
Other Assets, less Liabilities 1.2%			461,735
Net Assets 100.0%			\$39,574,432

^aNon-income producing.

^bSee Note 7 regarding investments in the Institutional Fiduciary Trust Money Market Portfolio.

Financial Highlights

	Six Months End October 31, 20		Year Ended April 30,			
Class A	(unaudited)	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$24.29	\$23.02	\$24.28	\$19.59	\$13.88	\$20.06
Income from investment operations ^a :						
Net investment income (loss) ^b	(0.07)	(0.12)	(0.16)	(0.15)	(0.14)	(0.14)
Net realized and unrealized gains (losses)	4.10	1.95	0.40	4.84	5.85	(6.04)
Total from investment operations	4.03	1.83	0.24	4.69	5.71	(6.18)
Less distributions from net realized gains		(0.56)	(1.50)	_		
Redemption fees ^c		_	_	_	_	d
Net asset value, end of period	\$28.32	\$24.29	\$23.02	\$24.28	\$19.59	\$13.88
Total return ^e	16.59%	8.29%	1.90%	23.94%	41.14%	(30.81)%
Ratios to average net assets ^f						
Expenses before waiver and payments by affiliates	1.21%	1.25%	1.28%	1.28%	1.31%	1.32%
Expenses net of waiver and payments by affiliates	1.21%	1.25%	1.28%	1.28%	1.24% ^g	1.32% ^g
Net investment income (loss)	(0.55)%	(0.56)%	(0.71)%	(0.73)%	(0.81)%	(0.89)%
Supplemental data						
Net assets, end of period (000's)	\$290,131	\$213,639	\$209,382	\$211,435	\$168,205	\$99,939
Portfolio turnover rate	22.38%	58.76%	63.57%	69.74%	67.27%	90.24%

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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

cEffective September 1, 2008, the redemption fee was eliminated.

dAmount rounds to less than \$0.01 per share.

eTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

fRatios are annualized for periods less than one year.

 $^{{\}ensuremath{\sf gBenefit}}$ of expense reduction rounds to less than 0.01%.

Financial Highlights (continued)

	Six Months Ender	Year Ended April 30,				
Class C	(unaudited)	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$21.89	\$20.95	\$22.40	\$18.20	\$12.99	\$18.91
Income from investment operations ^a :						
Net investment income (loss) ^b	(0.15)	(0.26)	(0.29)	(0.27)	(0.24)	(0.23)
Net realized and unrealized gains (losses)	3.69	1.76	0.34	4.47	5.45	(5.69)
Total from investment operations	3.54	1.50	0.05	4.20	5.21	(5.92)
Less distributions from net realized gains		(0.56)	(1.50)	_	_	
Redemption fees ^c		_	_	_	_	d
Net asset value, end of period	\$25.43	\$21.89	\$20.95	\$22.40	\$18.20	\$12.99
Total return ^e	16.17%	7.47%	1.24%	23.08%	40.11%	(31.31)%
Ratios to average net assets ^f						
Expenses before waiver and payments by affiliates	1.91%	1.97%	1.99%	1.98%	2.02%	2.03%
Expenses net of waiver and payments by affiliates	1.91%	1.97%	1.99%	1.98%	1.95% ^g	2.03% ^g
Net investment income (loss)	(1.25)%	(1.28)%	(1.42)%	(1.43)%	(1.52)%	(1.60)%
Supplemental data						
Net assets, end of period (000's)	\$70,083	\$51,719	\$50,453	\$56,658	\$46,227	\$27,519
Portfolio turnover rate	22.38%	58.76%	63.57%	69.74%	67.27%	90.24%

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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

cEffective September 1, 2008, the redemption fee was eliminated.

dAmount rounds to less than \$0.01 per share.

eTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

fRatios are annualized for periods less than one year.

 $^{{\}ensuremath{\sf gBenefit}}$ of expense reduction rounds to less than 0.01%.

Financial Highlights (continued)

	Six Months Ender		Year Ended April 30,			
Class R	(unaudited)	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$23.67	\$22.49	\$23.81	\$19.25	\$13.67	\$19.80
Income from investment operationsa:						
Net investment income (loss) ^b	(0.10)	(0.17)	(0.20)	(0.19)	(0.17)	(0.17)
Net realized and unrealized gains (losses)	4.00	1.91	0.38	4.75	5.75	(5.96)
Total from investment operations	3.90	1.74	0.18	4.56	5.58	(6.13)
Less distributions from net realized gains		(0.56)	(1.50)		_	
Redemption fees ^c		_	_	_	_	d
Net asset value, end of period	\$27.57	\$23.67	\$22.49	\$23.81	\$19.25	\$13.67
Total return ^e	16.48%	8.03%	1.73%	23.69%	40.82%	(30.96)%
Ratios to average net assets ^f						
Expenses before waiver and payments by affiliates	1.41%	1.47%	1.49%	1.48%	1.52%	1.54%
Expenses net of waiver and payments by affiliates	1.41%	1.47%	1.49%	1.48%	1.45% ^g	1.54% ^g
Net investment income (loss)	(0.75)%	(0.78)%	(0.92)%	(0.93)%	(1.02)%	(1.11)%
Supplemental data						
Net assets, end of period (000's)	\$40,703	\$34,399	\$33,783	\$29,053	\$17,010	\$7,320
Portfolio turnover rate	22.38%	58.76%	63.57%	69.74%	67.27%	90.24%

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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

cEffective September 1, 2008, the redemption fee was eliminated.

dAmount rounds to less than \$0.01 per share.

eTotal return is not annualized for periods less than one year.

fRatios are annualized for periods less than one year.

 $^{{\}ensuremath{\sf gBenefit}}$ of expense reduction rounds to less than 0.01%.

Financial Highlights (continued)

Class R6	Six Months Ended October 31, 2013 ^a (unaudited)
Per share operating performance (for a share outstanding throughout the period)	(unaudited)
Net asset value, beginning of period	\$24.99
Income from investment operations ^b :	
Net investment income (loss) ^c	(0.01)
Net realized and unrealized gains (losses)	4.74
Total from investment operations	4.73
Net asset value, end of period	\$29.72
Total return ^d	18.93%
Ratios to average net assets ^e	
Expenses	0.73%
Net investment income (loss)	(0.07)%
Supplemental data	
Net assets, end of period (000's)	\$125,929
Portfolio turnover rate	22.38%

^aFor the period May 1, 2013 (effective date) to October 31, 2013.

bThe 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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

 $^{{}^{\}varsigma}Based$ on average daily shares outstanding.

dTotal return is not annualized for periods less than one year.

eRatios are annualized for periods less than one year.

Financial Highlights (continued)

	Six Months End October 31, 20	Y	Year Ended April 30,			
Advisor Class	(unaudited)	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$25.43	\$23.99	\$25.16	\$20.24	\$14.30	\$20.60
Income from investment operations ^a :						
Net investment income (loss) ^b	(0.03)	(0.06)	(0.10)	(0.09)	(0.09)	(0.10)
Net realized and unrealized gains (losses)	4.29	2.06	0.43	5.01	6.03	(6.20)
Total from investment operations	4.26	2.00	0.33	4.92	5.94	(6.30)
Less distributions from net realized gains		(0.56)	(1.50)	_	_	
Redemption feesc		_	_	_	_	d
Net asset value, end of period	\$29.69	\$25.43	\$23.99	\$25.16	\$20.24	\$14.30
Total returne	16.75%	8.62%	2.20%	24.31%	41.54%	(30.58)%
Ratios to average net assets ^f						
Expenses before waiver and payments by affiliates	0.91%	0.97%	0.99%	0.98%	1.02%	1.04%
Expenses net of waiver and payments by affiliates	0.91%	0.97%	0.99%	0.98%	0.95%g	1.04% ^g
Net investment income (loss)	(0.25)%	(0.28)%	(0.42)%	(0.43)%	(0.52)%	(0.61)%
Supplemental data						
Net assets, end of period (000's)	\$92,729	\$182,954	\$154,708	\$172,528	\$245,727	\$141,010
Portfolio turnover rate	22.38%	58.76%	63.57%	69.74%	67.27%	90.24%

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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

cEffective September 1, 2008, the redemption fee was eliminated.

dAmount rounds to less than \$0.01 per share.

eTotal return is not annualized for periods less than one year.

fRatios are annualized for periods less than one year.

 $^{{\}ensuremath{\sf gBenefit}}$ of expense reduction rounds to less than 0.01%.

Statement of Investments, October 31, 2013 (unaudited)

Franklin Growth Opportunities Fund	Shares	Value
Common Stocks 99.9%		
Consumer Discretionary 23.8%		
^a Amazon.com Inc.	46,100	\$ 16,781,783
a AMC Networks Inc., A	91,200	6,392,208
^a Buffalo Wild Wings Inc.	45,000	6,416,100
^a Chipotle Mexican Grill Inc.	17,500	9,221,975
^a Dollar General Corp	93,000	5,373,540
^a Groupon Inc., A	277,300	2,531,749
Harman International Industries Inc.	51,700	4,188,734
Las Vegas Sands Corp.	132,900	9,332,238
^a Liberty Media Corp., A	59,700	9,128,727
^a Lululemon Athletica Inc. (Canada)	77,900	5,378,995
a Michael Kors Holdings Ltd.	67,300	5,178,735
a Netflix Inc.	9,700	3,128,056
NIKE Inc., B	150,000	11,364,000
^a Priceline.com Inc.	6,000	6,322,980
Ralph Lauren Corp.	37,700	6,244,628
a Shutterfly Inc.	53,600	2,633,904
Starbucks Corp.	116,300	9,426,115
^a Tile Shop Holdings Inc.	158,000	3,528,140
Time Warner Inc.	90,400	6,214,096
a Ulta Salon Cosmetics & Fragrance Inc.	28,000	3,607,800
^a Under Armour Inc., A	80,900	6,565,035
The Walt Disney Co.	125,800	8,628,622
The Halt Dishey out	123,000	
		147,588,160
Consumer Staples 2.8%		
^a Boston Beer Inc., A	19,200	4,408,128
Mead Johnson Nutrition Co., A	59,300	4,842,438
^a Monster Beverage Corp	137,600	7,874,848
		17,125,414
		17,125,414
Energy 4.2%		
Anadarko Petroleum Corp.	48,600	4,631,094
a Antero Resources Corp.	28,500	1,609,965
^a Cameron International Corp	61,600	3,379,376
^a Cobalt International Energy Inc	164,100	3,808,761
^a FMC Technologies Inc	69,560	3,516,258
^a Key Energy Services Inc.	337,700	2,640,814
Schlumberger Ltd	71,280	6,680,362
		26,266,630
Financials 7 49/		
Financials 7.4%	41 600	0 010 504
^a Affiliated Managers Group Inc.	41,600	8,213,504
Aon PLC	38,400	3,037,056
Bank of America Corp.	353,000	4,927,880
BlackRock Inc.	34,680	10,432,091
^a CBRE Group Inc.	149,700	3,477,531
JPMorgan Chase & Co.	137,800	7,102,212

Franklin Growth Opportunities Fund	Shares	Value
Common Stocks (continued)		
Financials (continued)		
^a Realogy Holdings Corp.	67,100	\$ 2,760,494
^a Signature Bank/New York NY	55,800	5,681,556
		45,632,324
Health Care 16.5%		
^a Actavis PLC (Ireland)	71,900	11,114,302
^a Alnylam Pharmaceuticals Inc.	78,700	4,533,907
^a Biogen Idec Inc.	27,600	6,739,644
^a Celgene Corp.	105,900	15,725,091
^a Celldex Therapeutics Inc	290,500	6,655,355
The Cooper Cos. Inc.	31,100	4,018,431
^a Gilead Sciences Inc	362,720	25,749,493
a HMS Holdings Corp.	179,900	3,801,287
^a Jazz Pharmaceuticals PLC	70,400	6,388,096
^a Medivation Inc.	133,800	8,009,268
Perrigo Co.	44,566	6,145,205
^a Sagent Pharmaceuticals Inc	135,100	2,930,319
^a Surgical Care Affiliates Inc	22,100	580,125
		102,390,523
Industrials 11.6%		
Allegiant Travel Co.	47,671	4,970,655
Cummins Inc.	32,300	4,102,746
^a DigitalGlobe Inc	125,100	3,980,682
Flowserve Corp	103,700	7,204,039
^a Hexcel Corp.	97,300	4,116,763
a IHS Inc., A	43,100	4,700,055
Kansas City Southern	85,600	10,402,112
Precision Castparts Corp	61,330	15,544,089
Rockwell Automation Inc	32,800	3,621,448
Towers Watson & Co.	28,100	3,226,161
^a United Rentals Inc.	61,600	3,978,744
^a Verisk Analytics Inc., A	88,900	6,091,428
		71,938,922
Information Technology 26.8%		
^a Adobe Systems Inc	88,500	4,796,700
Apple Inc	12,800	6,686,080
ARM Holdings PLC (United Kingdom)	402,600	6,360,866
^a BroadSoft Inc.	87,000	2,846,640
aeBay Inc.	104,200	5,492,382
^a F5 Networks Inc	47,500	3,871,725
^a Facebook Inc., A	234,200	11,770,892
a Google Inc., A	24,090	24,826,672
^a LinkedIn Corp., A	26,500	5,927,255
MasterCard Inc., A	31,400	22,516,940
a NetSuite Inc.	56,100	5,659,368

Statement of Investments, October 31, 2013 (unaudited) (continued)

Franklin Growth Opportunities Fund	Shares	Value
Common Stocks (continued)		
Information Technology (continued)		
QUALCOMM Inc.	89,780	\$ 6,237,017
^a Salesforce.com Inc.	141,100	7,529,096
^a Semtech Corp.	109,600	3,409,656
^a ServiceNow Inc.	121,600	6,640,576
^a Silicon Laboratories Inc.	90,100	3,623,822
^a Stratasys Ltd	47,200	5,344,456
^a Trimble Navigation Ltd	261,480	7,470,484
a Via Sat Inc.	77,900	5,150,748
Visa Inc., A	48,900	9,617,163
^a Workday Inc	41,700	3,122,079
^a Yahoo! Inc.	219,800	7,238,014
		166,138,631
Materials 3.7%		
Airgas Inc.	58,200	6,347,874
LyondellBasell Industries NV, A	76,700	5,721,820
Monsanto Co.	55,300	5,799,864
The Sherwin-Williams Co	25,400	4,775,200
		22,644,758
Telecommunication Services 3.1%		
^a SBA Communications Corp	222,460	19,458,575
Total Common Stocks (Cost \$406,416,229)		619,183,937
Short Term Investments (Cost \$8,932,838) 1.5% Money Market Funds 1.5%		
a,b Institutional Fiduciary Trust Money Market Portfolio	8,932,838	8,932,838
Total Investments (Cost \$415,349,067) 101.4%		628,116,775
Other Assets, less Liabilities (1.4)%		(8,541,349)
Net Assets 100.0%		\$619,575,426

See Abbreviations on page 116.

^aNon-income producing.

bSee Note 7 regarding investments in the Institutional Fiduciary Trust Money Market Portfolio.

Financial Highlights

	Six Months End October 31, 20		Year Ended April 30,			
Class A	(unaudited)	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$14.26	\$12.84	\$13.02	\$10.02	\$ 6.41	\$9.09
Income from investment operations ^a :						
Net investment income (loss) ^b	(0.06)	(0.09)	(0.07)	(0.10)	(0.09)	(80.0)
Net realized and unrealized gains (losses)	3.67	1.87	(0.11)	3.10	3.70	(2.53)
Total from investment operations	3.61	1.78	(0.18)	3.00	3.61	(2.61)
Less distributions from net realized gains		(0.36)	_	_	_	(0.07)
Redemption fees ^c		_	_	_	_	d
Net asset value, end of period	\$17.87	\$14.26	\$12.84	\$13.02	\$10.02	\$6.41
Total return ^e	25.32%	14.35%	(1.38)%	29.94%	56.32%	(28.54)%
Ratios to average net assets ^f						
Expenses before waiver and payments by affiliates	1.21%	1.33%	1.37%	1.37%	1.37%	1.34%
Expenses net of waiver and payments by affiliates	1.21% ^g	1.33%	1.37%	1.37%	1.35%	1.34% ^g
Net investment income (loss)	(0.78)%	(0.68)%	(0.60)%	(0.94)%	(1.06)%	(1.07)%
Supplemental data						
Net assets, end of period (000's)	\$603,834	\$327,882	\$244,570	\$270,271	\$197,461	\$123,037
Portfolio turnover rate	19.03%	41.02%	50.08%	63.07%	61.32%	43.04%

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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

cEffective September 1, 2008, the redemption fee was eliminated.

dAmount rounds to less than \$0.01 per share.

eTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

fRatios are annualized for periods less than one year.

 $^{{\}ensuremath{\sf gBenefit}}$ of expense reduction rounds to less than 0.01%.

Financial Highlights (continued)

	Six Months Ende		Year Ended April 30,			
Class C	(unaudited)	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$12.70	\$11.57	\$11.80	\$ 9.15	\$5.89	\$8.43
Income from investment operations ^a :						
Net investment income (loss) ^b	(0.11)	(0.16)	(0.14)	(0.16)	(0.13)	(0.12)
Net realized and unrealized gains (losses)	3.27	1.65	(0.09)	2.81	3.39	(2.35)
Total from investment operations	3.16	1.49	(0.23)	2.65	3.26	(2.47)
Less distributions from net realized gains		(0.36)	_	_	_	(0.07)
Redemption feesc		_	_	_	_	d
Net asset value, end of period	\$15.86	\$12.70	\$11.57	\$11.80	\$9.15	\$5.89
Total return ^e	24.88%	13.41%	(1.95)%	28.96%	55.35%	(29.11)%
Ratios to average net assets ^f						
Expenses before waiver and payments by affiliates	1.91%	2.03%	2.07%	2.07%	2.10%	2.04%
Expenses net of waiver and payments by affiliates	1.91% ^g	2.03%	2.07%	2.07%	2.08%	2.04% ^g
Net investment income (loss)	(1.48)%	(1.38)%	(1.30)%	(1.64)%	(1.79)%	(1.77)%
Supplemental data						
Net assets, end of period (000's)	\$136,076	\$77,644	\$67,212	\$72,394	\$57,298	\$40,180
Portfolio turnover rate	19.03%	41.02%	50.08%	63.07%	61.32%	43.04%

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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

cEffective September 1, 2008, the redemption fee was eliminated.

dAmount rounds to less than \$0.01 per share.

eTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

fRatios are annualized for periods less than one year.

 $^{{\}ensuremath{\sf gBenefit}}$ of expense reduction rounds to less than 0.01%.

Financial Highlights (continued)

	Six Months Ended October 31, 2013		Year Ended April 30,			
Class R	(unaudited)	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$13.81	\$12.48	\$12.67	\$ 9.77	\$6.26	\$8.91
Income from investment operations ^a :						
Net investment income (loss) ^b	(80.0)	(0.11)	(0.09)	(0.12)	(0.10)	(0.09)
Net realized and unrealized gains (losses)	3.56	1.80	(0.10)	3.02	3.61	(2.49)
Total from investment operations	3.48	1.69	(0.19)	2.90	3.51	(2.58)
Less distributions from net realized gains		(0.36)	_			(0.07)
Redemption fees ^c		_	_	_	_	d
Net asset value, end of period	\$17.29	\$13.81	\$12.48	\$12.67	\$9.77	\$6.26
Total return ^e	25.20%	14.04%	(1.50)%	29.68%	56.07%	(28.78)%
Ratios to average net assets ^f						
Expenses before waiver and payments by affiliates	1.41%	1.53%	1.57%	1.57%	1.60%	1.54%
Expenses net of waiver and payments by affiliates	1.41% ^g	1.53%	1.57%	1.57%	1.58%	1.54% ^g
Net investment income (loss)	(0.98)%	(0.88)%	(0.80)%	(1.14)%	(1.29)%	(1.27)%
Supplemental data						
Net assets, end of period (000's)	\$29,815	\$15,783	\$8,489	\$8,993	\$4,290	\$1,912
Portfolio turnover rate	19.03%	41.02%	50.08%	63.07%	61.32%	43.04%

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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

cEffective September 1, 2008, the redemption fee was eliminated.

dAmount rounds to less than \$0.01 per share.

eTotal return is not annualized for periods less than one year.

fRatios are annualized for periods less than one year.

 $^{{\}ensuremath{\sf gBenefit}}$ of expense reduction rounds to less than 0.01%.

Financial Highlights (continued)

	Six Months Ended October 31, 2013 ^a
Class R6	(unaudited)
Per share operating performance (for a share outstanding throughout the period)	
Net asset value, beginning of period	\$14.64
Income from investment operations ^b :	
Net investment income (loss) ^c	(0.02)
Net realized and unrealized gains (losses)	4.16
Total from investment operations	4.14
Net asset value, end of period	\$18.78
Total returnd	28.28%
Ratios to average net assets ^e	
Expenses	0.73% ^f
Net investment income (loss)	(0.30)%
Supplemental data	
Net assets, end of period (000's)	\$54,655
Portfolio turnover rate	19.03%

^aFor the period May 1, 2013 (effective date) to October 31, 2013.

bThe 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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^cBased on average daily shares outstanding.

dTotal return is not annualized for periods less than one year.

eRatios are annualized for periods less than one year.

[†]Benefit of expense reduction rounds to less than 0.01%.

Financial Highlights (continued)

	Six Months Ende	Year Ended April 30,				
Advisor Class	(unaudited)	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$14.94	\$13.41	\$13.55	\$10.39	\$ 6.63	\$9.37
Income from investment operations ^a :						
Net investment income (loss) ^b	(0.05)	(0.05)	(0.04)	(0.07)	(0.07)	(0.06)
Net realized and unrealized gains (losses)	3.87	1.94	(0.10)	3.23	3.83	(2.61)
Total from investment operations	3.82	1.89	(0.14)	3.16	3.76	(2.67)
Less distributions from net realized gains		(0.36)	_	_	_	(0.07)
Redemption feesc		_	_	_	_	d
Net asset value, end of period	\$18.76	\$14.94	\$13.41	\$13.55	\$10.39	\$6.63
Total return ^e	25.57%	14.56%	(1.03)%	30.41%	56.71%	(28.32)%
Ratios to average net assets ^f						
Expenses before waiver and payments by affiliates	0.91%	1.03%	1.07%	1.07%	1.10%	1.04%
Expenses net of waiver and payments by affiliates	0.91%g	1.03%	1.07%	1.07%	1.08%	1.04% ^g
Net investment income (loss)	(0.48)%	(0.38)%	(0.30)%	(0.64)%	(0.79)%	(0.77)%
Supplemental data						
Net assets, end of period (000's)	\$209,511	\$91,687	\$49,159	\$49,489	\$114,212	\$57,957
Portfolio turnover rate	19.03%	41.02%	50.08%	63.07%	61.32%	43.04%

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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

cEffective September 1, 2008, the redemption fee was eliminated.

dAmount rounds to less than \$0.01 per share.

eTotal return is not annualized for periods less than one year.

fRatios are annualized for periods less than one year.

 $^{{\}ensuremath{\sf gBenefit}}$ of expense reduction rounds to less than 0.01%.

Statement of Investments, October 31, 2013 (unaudited)

Franklin Small Cap Growth Fund	Shares		Value
Common Stocks 94.7%			
Consumer Discretionary 20.1%			
^a American Axle & Manufacturing Holdings Inc	513,600	\$	9,558,096
^a American Public Education Inc.	59,400		2,377,782
^a Blue Nile Inc.	164,100		6,739,587
^a Buffalo Wild Wings Inc.	80,100		11,420,658
a Citi Trends Inc.	484,100		7,106,588
^a Grand Canyon Education Inc.	306,600		14,492,982
^a HomeAway Inc.	393,600		11,670,240
alconix Brand Group Inc.	292,300		10,549,107
^a Imax Corp. (Canada)	533,600		15,554,440
^a Jack in the Box Inc	265,400		10,796,472
Lithia Motors Inc.	184,795		11,614,366
^a M/I Homes Inc	462,900		9,475,563
^a Mattress Firm Holding Corp	232,700		6,994,962
a,b Noodles & Co.	192,600		8,433,954
^{a,b} Potbelly Corp.	191,300		5,165,100
^a RetailMeNot Inc	26,600		867,692
^a Shutterfly Inc	367,400		18,054,036
^a Tenneco Inc.	298,300		15,830,781
^a Tile Shop Holdings Inc.	492,300		10,993,059
^a Vitamin Shoppe Inc	186,600		8,753,406
Wolverine World Wide Inc.	196,200		11,328,588
			207,777,459
Consumer Staples 5.3%			
^a Boston Beer Inc., A	42,900		9,849,411
Casey's General Stores Inc.	126,800		9,241,184
^a Hain Celestial Group Inc.	128,800		10,720,024
^a SonOpta Inc. (Canada)	1,172,400		12,626,748
^a TreeHouse Foods Inc.	175,000		12,820,500
			55,257,867
Energy 6.2%			
a C&J Energy Services Inc.	455,400		10,492,416
^a Key Energy Services Inc.	1,392,800		10,891,696
^a Pioneer Energy Services Corp.	1,313,800		11,035,920
^a Rex Energy Corp.	323,400		6,953,100
^a Sanchez Energy Corp.	420,000		11,974,200
^a Synergy Resources Corp.	1,202,900		12,462,044
cynology recodings colip.	1,202,300	_	
		_	63,809,376
Financials 5.6%			
Essent Group Ltd. (Bermuda)	214,600		4,506,600
Evercore Partners Inc.	177,000		8,933,190
Independent Bank Group Inc.	152,941		5,770,464
Manning & Napier Inc	446,300		7,408,580
^a Texas Capital Bancshares Inc.	70,403		3,664,476
^a Virtus Investment Partners Inc.	77,200		15,711,744
^a Western Alliance Bancorp	545,900		11,545,785
			57,540,839

Statement of Investments, October 31, 2013 (unaudited) (continued)

Franklin Small Cap Growth Fund	Shares	Value
Common Stocks (continued)		
Health Care 13.3%		
a,b Amarin Corp. PLC, ADR (United Kingdom)	851,600	\$ 1,405,140
^a AP Pharma Inc	3,669,400	1,687,924
^a Celldex Therapeutics Inc.	414,500	9,496,195
^a DexCom Inc.	512,700	14,729,871
^a EXACT Sciences Corp.	391,017	4,309,008
a,b Foundation Medicine Inc.	30,600	975,528
^a Greatbatch Inc.	289,000	11,016,680
^a HeartWare International Inc	114,500	8,308,120
^a HMS Holdings Corp.	475,100	10,038,863
^a Impax Laboratories Inc.	422,500	8,559,850
a InterMune Inc.	308,834	4,351,471
aLDR Holding Corp	121,600	2,518,336
a MWI Veterinary Supply Inc.	61,200	9,708,768
a Neogen Corp.	161,100	7,446,042
^a PAREXEL International Corp.	283,800	12,972,498
^a Puma Biotechnology Inc.	144,400	5,531,964
^a Sagent Pharmaceuticals Inc.	467,300	10,135,737
^a Thoratec Corp.	184,400	7,964,236
^a Volcano Corp.	357,100	6,845,607
	,	
		 138,001,838
Industrials 16.6%		
^a The Advisory Board Co.	225,500	15,469,300
Allegiant Travel Co	56,800	5,922,536
Altra Holdings Inc	459,200	13,945,904
^a Astronics Corp	238,000	11,676,280
^a Astronics Corp., B	47,600	2,298,604
^a DigitalGlobe Inc.	391,200	12,447,984
a,b Echo Global Logistics Inc.	656,700	12,089,847
Exponent Inc.	59,508	4,499,400
^a Hexcel Corp	250,000	10,577,500
^a Hub Group Inc., A	283,900	10,427,647
^a Huron Consulting Group Inc.	159,900	9,365,343
Interface Inc.	711,700	14,411,925
a,b The Keyw Holding Corp.	625,113	7,188,799
The Manitowoc Co. Inc.	750,000	14,595,000
a Mobile Mini Inc.	418,200	15,105,384
^a Spirit Airlines Inc.	268,500	 11,585,775
		171,607,228
Information Technology 2F CO/		
Information Technology 25.6% Advent Software Inc	211,900	7,109,245
a Bazaarvoice Inc.	898,000	
		8,423,240
Benefitfocus Inc. Bottomline Technologies Inc. Bottomline Technologies Inc.	50,630 537,404	2,536,563
5		16,885,234
^a BroadSoft Inc.	410,100	13,418,472
^a Cavium Inc.	274,700	11,073,157
a CIBER Inc.	1,182,500	3,843,125
Cognex Corp	471,400	14,731,250

Statement of Investments, October 31, 2013 (unaudited) (continued)

Franklin Small Cap Growth Fund	Shares	Value
Common Stocks (continued)		
Information Technology (continued)		
Coherent Inc.	87,306	\$ 5,778,784
a Cvent Inc	76,100	2,358,339
^a Demandware Inc	295,028	14,589,135
EVERTEC Inc. (Puerto Rico)	240,200	5,635,092
^a Fabrinet	262,502	4,394,283
^a FARO Technologies Inc.	332,400	15,789,000
^a Guidewire Software Inc.	142,100	7,207,312
a lxia	889,900	12,618,782
^a Lattice Semiconductor Corp	2,871,900	14,732,847
Methode Electronics Inc.	334,600	8,559,068
a Nanometrics Inc.	538,600	10,007,188
National Instruments Corp	248,600	7,221,830
Power Integrations Inc.	182,200	10,465,568
^a Sapient Corp	787,520	12,450,691
^a Semtech Corp	435,000	13,532,850
^a Shoretel Inc	612,900	4,872,555
^a Silicon Laboratories Inc	281,900	11,338,018
^a ViaSat Inc	153,200	10,129,584
^a Yelp Inc	227,100	15,386,025
		265,087,237
Materials 2.0%		
H.B. Fuller Co.	317,800	15,213,086
Quaker Chemical Corp	69,500	5,275,745
		20,488,831
Total Common Stocks (Cost \$749,730,014)		979,570,675
		979,570,075
Short Term Investments 8.3%		
Money Market Funds (Cost \$69,082,579) 6.7%		
a.c Institutional Fiduciary Trust Money Market Portfolio	69,082,579	69,082,579
Investments from Cash Collateral Received for Loaned Securities		
(Cost \$16,027,950) 1.6%		
Money Market Funds 1.6%	16 007 050	16 007 050
eBNY Mellon Overnight Government Fund, 0.047%	16,027,950	16,027,950
Total Investments (Cost \$834,840,543) 103.0%		1,064,681,204
Other Assets, less Liabilities (3.0)%		(30,789,805)
Net Assets 100.0%		\$1,033,891,399

See Abbreviations on page 116.

^aNon-income producing.

bA portion or all of the security is on loan at October 31, 2013. See Note 1(c).

[°]See Note 7 regarding investments in the Institutional Fiduciary Trust Money Market Portfolio.

dSee Note 1(c) regarding securities on loan.

eThe rate shown is the annualized seven-day yield at period end.

Financial Highlights

	Six Months Ended October 31, 2013 Year Ended April 30,					
Class A	(unaudited)	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$38.01	\$38.51	\$41.47	\$32.29	\$22.34	\$32.70
Income from investment operations ^a :						
Net investment income (loss) ^b	(0.12)	(0.10)	(0.14)	(0.11)	(0.13)	(0.11)
Net realized and unrealized gains (losses)	6.33	3.08	(1.18)	9.29	10.08	(10.19)
Total from investment operations	6.21	2.98	(1.32)	9.18	9.95	(10.30)
Less distributions from net realized gains		(3.48)	(1.64)	_	_	(0.06)
Redemption fees ^c		_	_	_	_	d
Net asset value, end of period	\$44.22	\$38.01	\$38.51	\$41.47	\$32.29	\$22.34
Total return ^e	16.34%	8.95%	(2.54)%	28.43%	44.54%	(31.46)%
Ratios to average net assets ^f						
Expenses	0.96%g	0.98%	0.99%	0.99%	1.04%g	1.08%g
Net investment income (loss)	(0.56)%	(0.27)%	(0.38)%	(0.31)%	(0.48)%	(0.45)%
Supplemental data						
Net assets, end of period (000's)	\$2,378,297	\$2,355,507	\$2,492,205	\$2,939,925	\$2,585,515	\$2,195,975
Portfolio turnover rate	24.45%	43.72%	47.37%	44.42%	55.44%	54.86%

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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

 $^{^{\}mbox{\tiny c}}\mbox{Effective September 1, 2008, the redemption fee was eliminated.}$

dAmount rounds to less than \$0.01 per share.

eTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

fRatios are annualized for periods less than one year.

gBenefit of expense reduction rounds to less than 0.01%.

Financial Highlights (continued)

	Six Months End October 31, 20		Year Ended April 30,			
Class C	(unaudited)	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$32.80	\$33.97	\$37.10	\$29.10	\$20.29	\$29.92
Income from investment operations ^a :						
Net investment income (loss) ^b	(0.23)	(0.32)	(0.37)	(0.33)	(0.30)	(0.27)
Net realized and unrealized gains (losses)	5.45	2.63	(1.12)	8.33	9.11	(9.30)
Total from investment operations	5.22	2.31	(1.49)	8.00	8.81	(9.57)
Less distributions from net realized gains		(3.48)	(1.64)	_	_	(0.06)
Redemption fees ^c		_	_	_	_	d
Net asset value, end of period	\$38.02	\$32.80	\$33.97	\$37.10	\$29.10	\$20.29
Total return ^e	15.91%	8.11%	(3.28)%	27.49%	43.42%	(31.94)%
Ratios to average net assets ^f						
Expenses	1.71%g	1.73%	1.74%	1.74%	1.79%g	1.83% ^g
Net investment income (loss)	(1.31)%	(1.02)%	(1.13)%	(1.06)%	(1.23)%	(1.20)%
Supplemental data						
Net assets, end of period (000's)	\$395,423	\$348,144	\$367,272	\$426,526	\$366,292	\$285,597
Portfolio turnover rate	24.45%	43.72%	47.37%	44.42%	55.44%	54.86%

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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

bBased on average daily shares outstanding.

cEffective September 1, 2008, the redemption fee was eliminated.

dAmount rounds to less than \$0.01 per share.

eTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

fRatios are annualized for periods less than one year.

 $^{{\}ensuremath{\tt g}}\mbox{Benefit}$ of expense reduction rounds to less than 0.01%.

Financial Highlights (continued)

	Six Months Ende		Year Ended April 30,			
Class R	(unaudited)	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$36.61	\$37.32	\$40.35	\$31.50	\$21.85	\$32.06
Income from investment operations ^a :						
Net investment income (loss) ^b	(0.16)	(0.18)	(0.23)	(0.19)	(0.19)	(0.17)
Net realized and unrealized gains (losses)	6.09	2.95	(1.16)	9.04	9.84	(9.98)
Total from investment operations	5.93	2.77	(1.39)	8.85	9.65	(10.15)
Less distributions from net realized gains		(3.48)	(1.64)	_	_	(0.06)
Redemption fees ^c		_	_	_	_	d
Net asset value, end of period	\$42.54	\$36.61	\$37.32	\$40.35	\$31.50	\$21.85
Total return ^e	16.20%	8.66%	(2.79)%	28.10%	44.16%	(31.62)%
Ratios to average net assets ^f						
Expenses	1.21% ^g	1.23%	1.24%	1.24%	1.29%g	1.33% ^g
Net investment income (loss)	(0.81)%	(0.52)%	(0.63)%	(0.56)%	(0.73)%	(0.70)%
Supplemental data						
Net assets, end of period (000's)	\$75,679	\$65,397	\$64,743	\$86,814	\$69,415	\$54,180
Portfolio turnover rate	24.45%	43.72%	47.37%	44.42%	55.44%	54.86%

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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

bBased on average daily shares outstanding.

cEffective September 1, 2008, the redemption fee was eliminated.

dAmount rounds to less than \$0.01 per share.

eTotal return is not annualized for periods less than one year.

fRatios are annualized for periods less than one year.

 $^{{\}ensuremath{\tt g}}\mbox{Benefit}$ of expense reduction rounds to less than 0.01%.

Financial Highlights (continued)

	Period Ended October 31, 2013 ^a
Class R6	(unaudited)
Per share operating performance (for a share outstanding throughout the period)	
Net asset value, beginning of period	\$38.96
Income from investment operations ^b :	
Net investment income (loss) ^c	(0.01)
Net realized and unrealized gains (losses)	7.18
Total from investment operations	7.17
Net asset value, end of period	\$46.13
Total returnd	18.40%
Ratios to average net assets ^e	
Expenses	0.47% ^f
Net investment income (loss)	(0.07)%
Supplemental data	
Net assets, end of period (000's)	\$108,242
Portfolio turnover rate	24.45%

 $^{^{\}mathrm{a}}$ For the period May 1, 2013 (effective date) to October 31, 2013.

^bThe 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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^cBased on average daily shares outstanding.

dTotal return is not annualized for periods less than one year.

eRatios are annualized for periods less than one year.

[†]Benefit of expense reduction rounds to less than 0.01%.

Financial Highlights (continued)

	Six Months End October 31, 20		Year Ended April 30,			
Advisor Class	(unaudited)	2013	2012	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$39.56	\$39.83	\$42.73	\$33.19	\$22.90	\$33.43
Income from investment operations ^a :						
Net investment income (loss) ^b	(0.07)	(0.01)	(0.05)	(0.02)	(0.07)	(0.05)
Net realized and unrealized gains (losses)	6.60	3.22	(1.21)	9.56	10.36	(10.42)
Total from investment operations	6.53	3.21	(1.26)	9.54	10.29	(10.47)
Less distributions from net realized gains		(3.48)	(1.64)	_	_	(0.06)
Redemption fees ^c		_	_	_	_	d
Net asset value, end of period	\$46.09	\$39.56	\$39.83	\$42.73	\$33.19	\$22.90
Total return ^e	16.51%	9.21%	(2.29)%	28.74%	44.93%	(31.28)%
Ratios to average net assets ^f						
Expenses	0.71%g	0.73%	0.74%	0.74%	0.79%g	0.83%g
Net investment income (loss)	(0.31)%	(0.02)%	(0.13)%	(0.06)%	(0.23)%	(0.20)%
Supplemental data						
Net assets, end of period (000's)	\$887,234	\$909,895	\$822,827	\$878,248	\$783,021	\$498,207
Portfolio turnover rate	24.45%	43.72%	47.37%	44.42%	55.44%	54.86%

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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

bBased on average daily shares outstanding.

cEffective September 1, 2008, the redemption fee was eliminated.

dAmount rounds to less than \$0.01 per share.

eTotal return is not annualized for periods less than one year.

fRatios are annualized for periods less than one year.

 $^{{\}ensuremath{\tt g}}\mbox{Benefit}$ of expense reduction rounds to less than 0.01%.

Statement of Investments, October 31, 2013 (unaudited)

Franklin Small-Mid Cap Growth Fund	Country	Shares		Value
Common Stocks 98.5%				
Consumer Discretionary 26.2%				
^a AMC Networks Inc., A	United States	421,000	\$	29,507,889
^a Bally Technologies Inc.	United States	190,400	·	13,925,856
BorgWarner Inc.	United States	351,400		36,239,882
^a BRP Inc.	Canada	1,024,600		27,529,647
a,b BRP Inc., 144A	Canada	164,400		4,417,211
^a Buffalo Wild Wings Inc.	United States	276,700		39,451,886
^a Charter Communications Inc., A	United States	141,100		18,941,264
^a Chipotle Mexican Grill Inc.	United States	93,900		49,482,483
Dick's Sporting Goods Inc.	United States	827,900		44,052,559
^a Dollar General Corp.	United States	765,200		44,213,256
GNC Holdings Inc., A	United States	1,057,400		62,196,268
Harman International Industries Inc.	United States	356,500		28,883,630
^a HomeAway Inc.	United States	755,900		22,412,435
a Imax Corp.	Canada	441,800		12,878,470
^a Jarden Corp.	United States	937,428		51,896,014
^a Liberty Media Corp., A	United States	161,600		24,710,256
^a Lululemon Athletica Inc.	Canada	371,100		25,624,455
^a Michael Kors Holdings Ltd.	United States	370,200		28,486,890
a Netflix Inc.	United States	64,330		20,745,138
a NVR Inc.	United States	6,800		6,237,776
PetSmart Inc.	United States	376,500		27,394,140
	United States	270,500		44,805,620
Ralph Lauren Corp	United States	84,800		2,766,176
	United States	560,100		43,323,735
Ross Stores Inc.	United States			
The Ryland Group Inc.		425,300		17,097,060
a Shutterfly Inc.	United States	404,900		19,896,786
Starwood Hotels & Resorts Worldwide Inc.	United States	432,300		31,825,926
^a Starz, A	United States	522,100		15,741,315
^a Tenneco Inc.	United States	653,200		34,665,324
Tractor Supply Co.	United States	554,000		39,527,900
^a Under Armour Inc., A	United States	498,700		40,469,505
Wolverine World Wide Inc.	United States	897,700		51,833,198
Wynn Resorts Ltd	United States	278,300		46,267,375
			_ 1	,007,447,325
Consumer Staples 5.0%				
^a Boston Beer Inc., A	United States	163,400		37,515,006
Mead Johnson Nutrition Co., A	United States	626,700		51,176,322
a Monster Beverage Corp.	United States	472,800		27,058,344
a Tree House Foods Inc.	United States	417,300		30,571,398
Whole Foods Market Inc.	United States	753,200		47,549,516
miloto 1 ood3 market me.	Jinica Jiaies	755,200	_	
			_	193,870,586
Energy 4.3%				
Cabot Oil & Gas Corp., A	United States	417,510		14,746,453
^a Cameron International Corp.	United States	491,700		26,974,662
^a Cobalt International Energy Inc.	United States	928,300		21,545,843
^a Diamondback Energy Inc.	United States	199,500		10,304,175

Statement of Investments, October 31, 2013 (unaudited) (continued)

Franklin Small-Mid Cap Growth Fund	Country	Shares	Value
Common Stocks (continued)			
Energy (continued)			
^a FMC Technologies Inc	United States	421,600	\$ 21,311,880
Oceaneering International Inc.	United States	234,400	20,130,272
a.c Sanchez Energy Corp.	United States	410,014	11,689,499
^a Southwestern Energy Co.	United States	494,300	18,397,846
^a Superior Energy Services Inc.	United States	762,300	20,452,509
,		,	165,553,139
Financials F 79/			
Financials 5.7%	United Ctates	250,000	E1 0EE 404
Affiliated Managers Group Inc. Digital Realty Truck Inc.	United States	259,600	51,255,424
© Digital Realty Trust Inc.	United States	205,600	9,798,896
a Intercontinental Exchange Inc.	United States	195,548	37,687,966
Jones Lang LaSalle Inc.	United States	181,200	17,250,240
Lazard Ltd., A	United States	826,200	31,932,630
a Signature Bank/New York NY	United States	447,100	45,523,722
T. Rowe Price Group Inc.	United States	353,500	27,364,435
			220,813,313
Health Care 17.3%			
^a Actavis PLC	Ireland	325,300	50,284,874
Agilent Technologies Inc.	United States	413,500	20,989,260
^a Alexion Pharmaceuticals Inc	United States	218,700	26,889,165
^a Alnylam Pharmaceuticals Inc	United States	291,700	16,804,837
^a BioMarin Pharmaceutical Inc.	United States	253,700	15,937,434
^a CareFusion Corp	United States	363,400	14,089,018
^a Catamaran Corp	Canada	613,500	28,809,960
^a Celldex Therapeutics Inc	United States	1,130,800	25,906,628
^a Cerner Corp	United States	606,300	33,970,989
The Cooper Cos. Inc.	United States	203,500	26,294,235
^a DaVita HealthCare Partners Inc.	United States	602,600	33,872,146
^a Edwards Lifesciences Corp.	United States	190,400	12,412,176
^a Elan Corp. PLC, ADR	Ireland	562,800	9,376,248
^a Envision Healthcare Holdings Inc	United States	825,300	23,974,965
a.c Foundation Medicine Inc.	United States	60,000	1,912,800
HCA Holdings Inc.	United States	820,900	38,697,226
^a HeartWare International Inc	United States	168,700	12,240,872
^a HMS Holdings Corp	United States	486,000	10,269,180
^a Illumina Inc	United States	236,200	22,087,062
a Incyte Corp	United States	36,200	1,411,800
a.c Intrexon Corp.	United States	321,200	6,809,440
^a Laboratory Corp. of America Holdings	United States	265,500	26,788,950
^a Medivation Inc	United States	313,392	18,759,645
^a Mettler-Toledo International Inc	United States	150,700	37,292,222
Perrigo Co.	United States	196,400	27,081,596
^a Quintiles Transnational Holdings Inc.	United States	465,100	19,529,549
^a Sagent Pharmaceuticals Inc.	United States	893,200	19,373,508
St. Jude Medical Inc.	United States	407,800	23,403,642
^a Veeva Systems Inc	United States	68,300	2,657,553
a Vertex Pharmaceuticals Inc.	United States	251,100	17,913,474

Statement of Investments, October 31, 2013 (unaudited) (continued)

Franklin Small-Mid Cap Growth Fund	Country	Shares	Value
Common Stocks (continued)			
Health Care (continued)			
^a Waters Corp	United States	189,300	\$ 19,104,156
Zoetis Inc.	United States	643,300	20,366,878
			665,311,488
Industrials 19.2%			
^a The Advisory Board Co.	United States	404,200	27,728,120
Allegiant Travel Co.	United States	239,170	24,938,256
AMETEK Inc.	United States	1,270,450	60,765,624
^a B/E Aerospace Inc.	United States	389,600	31,619,936
^a Colfax Corp	United States	511,800	28,640,328
Delta Air Lines Inc.	United States	598,600	15,791,068
^a DigitalGlobe Inc.	United States	986,700	31,396,794
Flowserve Corp	United States	445,300	30,934,991
^a Genesee & Wyoming Inc.	United States	309,500	30,900,480
^a Hertz Global Holdings Inc.	United States	735,000	16,875,600
^a Hexcel Corp	United States	721,900	30,543,589
Hubbell Inc., B	United States	150,500	16,184,770
a IHS Inc., A	United States	393,000	42,856,650
Interface Inc.	United States	440,900	8,928,225
J.B. Hunt Transport Services Inc.	United States	317,400	23,814,522
Kansas City Southern	United States	237,500	28,861,000
The Manitowoc Co. Inc.	United States	1,661,600	32,334,736
Pall Corp	United States	323,400	26,040,168
Robert Half International Inc.	United States	913,500	35,197,155
Rockwell Automation Inc.	United States	279,700	30,881,677
Roper Industries Inc	United States	419,530	53,200,599
^a Spirit Airlines Inc	United States	357,800	15,439,070
Triumph Group Inc.	United States	322,800	23,128,620
^a United Rentals Inc	United States	516,100	33,334,899
^a Verisk Analytics Inc., A	United States	257,600	17,650,752
W.W. Grainger Inc.	United States	71,400	19,204,458
			737,192,087
Information Technology 16.8%			
^a Alliance Data Systems Corp	United States	175,100	41,509,206
a ANSYS Inc.	United States	444,600	38,880,270
Avago Technologies Ltd	Singapore	866,500	39,365,095
^a Bottomline Technologies Inc.	United States	583,200	18,324,144
Cognex Corp.	United States	684,800	21,400,000
^a Cree Inc	United States	102,100	6,202,575
^a Electronic Arts Inc.	United States	545,900	14,329,875
^a FireEye Inc	United States	42,800	1,619,980
^a FleetCor Technologies Inc	United States	235,500	27,164,925
^a JDS Uniphase Corp.	United States	1,830,100	23,956,009
^a Lam Research Corp	United States	571,400	30,987,022
^a LinkedIn Corp., A	United States	159,400	35,652,998
Maxim Integrated Products Inc.	United States	689,000	20,463,300
National Instruments Corp.	United States	404,916	11,762,810
a NetSuite Inc.	United States	293,300	29,588,104
a NXP Semiconductors NV	Netherlands	1,141,000	48,058,920

Statement of Investments, October 31, 2013 (unaudited) (continued)

Franklin Small-Mid Cap Growth Fund	Country	Shares	Value
Common Stocks (continued)			
Information Technology (continued)			
a Palo Alto Networks Inc.	United States	312,400	\$ 13,170,784
^a Pandora Media Inc	United States	680,300	17,095,939
^a Red Hat Inc	United States	310,400	13,431,008
^a Semtech Corp.	United States	534,400	16,625,184
^a ServiceNow Inc	United States	341,800	18,665,698
^a Silicon Laboratories Inc.	United States	670,026	26,948,446
^a Stratasys Ltd	United States	201,400	22,804,522
^a Trimble Navigation Ltd	United States	1,452,500	41,497,925
^a ViaSat Inc.	United States	385,196	25,469,159
^a Workday Inc	United States	111,600	8,355,492
Xilinx Inc.	United States	423,600	19,239,912
^a Yelp Inc.	United States	174,300	11,808,825
			644,378,127
Materials 2.1%			
Airgas Inc	United States	295,400	32,219,278
Cytec Industries Inc.	United States	243,000	20,190,870
H.B. Fuller Co.	United States	628,233	30,073,514
			82,483,662
Telecommunication Services 0.9%			
a SBA Communications Corp.	United States	400,700	35,049,229
· · · · · · · · · · · · · · · · · · ·	Officed States	400,700	35,049,229
Utilities 1.0%			
a Calpine Corp.	United States	1,816,400	36,636,788
Total Common Stocks (Cost \$2,354,362,870)			3,788,735,744
Short Term Investments 1.9%			
Money Market Funds (Cost \$48,534,642) 1.3%			
a.d Institutional Fiduciary Trust Money Market Portfolio	United States	48,534,642	48,534,642
eInvestments from Cash Collateral Received for Loaned Securities		, ,	. ,
(Cost \$23,325,750) 0.6%			
Money Market Funds 0.6%			
fBNY Mellon Overnight Government Fund, 0.047%	United States	23,325,750	23,325,750
Total Investments (Cost \$2,426,223,262) 100.4%		3,2=2,1 30	
			3,860,596,136
Other Assets, less Liabilities (0.4)%			(15,719,818)
Net Assets 100.0%			\$3,844,876,318

See Abbreviations on page 116.

^aNon-income producing.

bSecurity was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. This security has been deemed liquid under guidelines approved by the Trust's Board of Trustees. At October 31, 2013, the value of this security was 44,417,211, representing 0.11% of net assets.

cA portion or all of the security is on loan at October 31, 2013. See Note 1(c).

dSee Note 7 regarding investments in the Institutional Fiduciary Trust Money Market Portfolio.

eSee Note 1(c) regarding securities on loan.

The rate shown is the annualized seven-day yield at period end.

Financial Statements

Statements of Assets and Liabilities

	Franklin Flex Cap Growth Fund	Franklin Focused Core Equity Fund	Franklin Growth Opportunities Fund
Assets:			
Investments in securities:			
Cost - Unaffiliated issuers	\$2,089,889,006	\$29,113,041	\$406,416,229
Cost - Sweep Money Fund (Note 7)	46,348,578	1,596,029	8,932,838
Total cost of investments	\$2,136,237,584	\$30,709,070	\$415,349,067
Value - Unaffiliated issuers	\$3,472,350,473	\$37,516,668	\$619,183,937
Value - Sweep Money Fund (Note 7)	46,348,578	1,596,029	8,932,838
Total value of investments ^a	3,518,699,051	39,112,697	628,116,775
Investment securities sold	6,430,212	911,853	3,641,927
Capital shares sold	3,125,291	72,434	1,945,415
Dividends and interest	804,594	31,925	26,000
Other assets	55,484	32,668	39,154
Total assets	3,529,114,632	40,161,577	633,769,271
Liabilities:			
Payables:			
Investment securities purchased	28,579,377	374,460	12,309,978
Capital shares redeemed	4,082,527	153,288	1,240,019
Management fees	1,353,332	17,458	348,814
Distribution fees	775,694	10,642	145,780
Transfer agent fees	1,169,151	7,497	99,965
Payable upon return of securities loaned	10,755,800	_	_
Accrued expenses and other liabilities	234,312	23,800	49,289
Total liabilities	46,950,193	587,145	14,193,845
Net assets, at value	\$3,482,164,439	\$39,574,432	\$619,575,426
Net assets consist of:			
Paid-in capital	\$1,661,669,291	\$31,095,782	\$395,174,019
Undistributed net investment income (loss)	(2,525,385)	206,584	(2,472,339)
Net unrealized appreciation (depreciation)	1,382,461,467	8,404,115	212,767,160
Accumulated net realized gain (loss)	440,559,066	(132,049)	14,106,586
Net assets, at value	\$3,482,164,439	\$39,574,432	\$619,575,426
alnoludes securities loaned	\$ 10,336,242	\$ —	\$ —

Financial Statements (continued)

Statements of Assets and Liabilities (continued)

Class A.	G	Franklin Flex Cap Growth Fund	Foo	Franklin cused Core quity Fund	0	Franklin Growth pportunities Fund
Class A: Net assets, at value	\$2.	,140,698,406	\$29	9,822,489	\$2	290,130,841
Shares outstanding	. ,	35,312,360		2,454,039		10,243,189
Net asset value per share ^a		\$60.62		\$12.15		\$28.32
Maximum offering price per share (net asset value per share ÷ 94.25%)		\$64.32		\$12.89		\$30.05
Class C:						
Net assets, at value	\$	343,061,565	\$ 4	4,488,596	\$	70,082,989
Shares outstanding		6,364,836		380,425		2,755,417
Net asset value and maximum offering price per share ^a		\$53.90		\$11.80		\$25.43
Class R:						
Net assets, at value	\$	63,774,820	\$	96,185	\$	40,703,488
Shares outstanding		1,084,366		7,976		1,476,492
Net asset value and maximum offering price per share		\$58.81		\$12.06		\$27.57
Class R6:						
Net assets, at value	\$	359,962,942	\$	5,815	\$:	125,929,144
Shares outstanding		5,800,847		474		4,237,613
Net asset value and maximum offering price per share		\$62.05		\$12.27		\$29.72
Advisor Class:						
Net assets, at value	\$	574,666,706	\$!	5,161,347	\$	92,728,964
Shares outstanding		9,271,918		421,357		3,123,209
Net asset value and maximum offering price per share		\$61.98		\$12.25		\$29.69

^aRedemption price is equal to net asset value less contingent deferred sales charges, if applicable.

Financial Statements (continued)

Statements of Assets and Liabilities (continued)

	Franklin Small Cap Growth Fund	Franklin Small-Mid Cap Growth Fund
Assets:		
Investments in securities: Cost - Unaffiliated issuers Cost - Sweep Money Fund (Note 7)	\$ 765,757,964 69,082,579	\$2,377,688,620 48,534,642
Total cost of investments	\$ 834,840,543	\$2,426,223,262
Value - Unaffiliated issuers	\$ 995,598,625 69,082,579	\$3,812,061,494 48,534,642
Total value of investments ^a	1,064,681,204 50,853	3,860,596,136 —
Investment securities sold	1,203,148	37,948,214
Capital shares sold	8,036,437	3,400,875
Dividends and interest	217,461	653,598
Other assets	58,104	32,012
Total assets	1,074,247,207	3,902,630,835
Liabilities: Payables:		
Investment securities purchased	22,106,366	26,266,309
Capital shares redeemed	1,062,318	3,967,505
Management fees	580,907	1,505,580
Distribution fees	270,277	882,537
Transfer agent fees	253,237	1,602,188
Payable upon return of securities loaned	16,027,950 54,753	23,325,750 204,648
·		
Total liabilities	40,355,808	57,754,517
Net assets, at value	\$1,033,891,399	\$3,844,876,318
Net assets consist of:		
Paid-in capital	\$ 761,168,225	\$1,953,245,421
Undistributed net investment income (loss)	(2,953,873)	(16,761,656)
Net unrealized appreciation (depreciation)	229,840,661	1,434,372,874
Accumulated net realized gain (loss)	45,836,386	474,019,679
Net assets, at value	\$1,033,891,399	\$3,844,876,318
^a Includes securities loaned	\$ 15,155,576	\$ 20,227,315

Financial Statements (continued)

Statements of Assets and Liabilities (continued)

	Franklin Small Cap	Franklin Small-Mid Cap
Class A	Growth Fund	Growth Fund
Class A:	¢ (02.022.70)	¢0 270 007 011
,	\$ 603,833,796	\$2,378,297,211
Shares outstanding	33,795,263	53,779,180
Net asset value per share ^a	\$17.87	\$44.22
Maximum offering price per share (net asset value per share ÷ 94.25%)	\$18.96	\$46.92
Class C:		
Net assets, at value	\$ 136,076,114	\$ 395,423,455
Shares outstanding	8,577,210	10,400,301
Net asset value and maximum offering price per share ^a	\$15.86	\$38.02
Class R:		
Net assets, at value	\$ 29,815,231	\$ 75,679,158
Shares outstanding	1,724,362	1,778,899
Net asset value and maximum offering price per share	\$17.29	\$42.54
Class R6:		
Net assets, at value	\$ 54,655,224	\$ 108,242,324
Shares outstanding	2,910,933	2,346,357
Net asset value and maximum offering price per share	\$18.78	\$46.13
Advisor Class:		
Net assets, at value	\$ 209,511,034	\$ 887,234,170
Shares outstanding	11,168,317	19,250,346
Net asset value and maximum offering price per share	\$18.76	\$46.09

^aRedemption price is equal to net asset value less contingent deferred sales charges, if applicable.

Financial Statements (continued)

Statements of Operations

for the six months ended October 31, 2013 (unaudited)

Franklin Franklin Flex Cap Focused Core Growth Fund Equity Fund	Franklin Growth Opportunities Fund
Investment income:	
Dividends \$ 15,836,594 \$ 231,453 Income from securities loaned 324,020 —	\$ 1,785,998 8,436
Total investment income	1,794,434
Expenses:	
Management fees (Note 3a) 7,834,589 159,823 Distribution fees: (Note 3c)	1,875,114
Class A	373,517
Class C	297,839
Class R 156,874 217 Transfer agent fees: (Note 3e) 156,874 217	92,640
Class A	225,596
Class C	54,552
Class R	33,703
Class R6	60
Advisor Class	76,165
Custodian fees (Note 4)	2,107
Reports to shareholders	27,299
Registration and filing fees	41,597
Professional fees	21,534
Trustees' fees and expenses	2,881
Other 27,130 1,633	3,057
Total expenses	3,127,661
Expense reductions (Note 4)	_
Expenses waived/paid by affiliates (Note 3f)	
Net expenses	3,127,661
Net investment income (loss)	(1,333,227)
Realized and unrealized gains (losses): Net realized gain (loss) from:	
Investments 187,073,857 1,655,137 Foreign currency transactions — 286	14,539,121 2,390
Net realized gain (loss)	14,541,511
	1.,0.1,011
Net change in unrealized appreciation (depreciation) on: Investments	70,761,174
Translation of other assets and liabilities denominated in foreign currencies	(988)
Net change in unrealized appreciation (depreciation)	70,760,186
Net realized and unrealized gain (loss)	85,301,697
Net increase (decrease) in net assets resulting from operations	\$83,968,470

Financial Statements (continued)

Statements of Operations (continued)

for the six months ended October 31, 2013 (unaudited)

Investment income:	Franklin Small Cap Growth Fund	Franklin Small-Mid Cap Growth Fund
Dividends	\$ 1,356,074	\$ 7,661,268
Income from securities loaned	315,356	131,155
Total investment income	1,671,430	7,792,423
	1,071,430	7,732,425
Expenses: Management fees (Note 3a)	2,717,562	8,763,153
Distribution fees: (Note 3a)	2,717,302	0,703,133
Class A	700.750	3,080,884
Class C	522,287	1,866,047
Class R	56,004	175,235
Transfer agent fees: (Note 3e)		
Class A	424,786	2,985,566
Class C	95,061	452,405
Class R	20,374	84,929
Class R6	94	65
Advisor Class	119,049	1,086,878
Custodian fees (Note 4)	2,156	13,600
Reports to shareholders	40,805	178,978
Registration and filing fees	32,876	72,959
Professional fees	20,746	32,518
Trustees' fees and expenses	2,494	23,552
Other	1,587	22,982
Total expenses	4,756,631	18,839,751
Expense reductions (Note 4)	(12)	(9)
Net expenses	4,756,619	18,839,742
Net investment income (loss)	(3,085,189)	(11,047,319)
Realized and unrealized gains (losses): Net realized gain (loss) from: Investments:		
Unaffiliated issuers	38,399,002	380,038,829
Non-controlled affiliated issuers (Note 9)	_	(17,058,181)
Foreign currency transactions	_	(34,439)
Net realized gain (loss)	38,399,002	362,946,209
Net change in unrealized appreciation (depreciation) on investments	125,558,952	224,152,758
Net realized and unrealized gain (loss)	163,957,954	587,098,967
Net increase (decrease) in net assets resulting from operations	\$160,872,765	\$576,051,648
- '	. ,	

Financial Statements (continued)

Statements of Changes in Net Assets

		Franklin Flex Cap Growth Fund			Franklin Focused Core Equity Fund			
	Oct	Months Ended ober 31, 2013 (unaudited)		Year Ended oril 30, 2013	Octobe	nths Ended r 31, 2013 audited)		ar Ended I 30, 2013
Increase (decrease) in net assets: Operations: Net investment income (loss)	\$	(375,157)	\$	2,998,279	\$	30,794	\$	174,940
Net realized gain (loss) from investments and foreign currency transactions	·	187,073,857		269,956,346	•	1,655,423	·	1,098,858)
foreign currencies		388,006,797	(181,303,288)		2,695,441	;	3,219,978
Net increase (decrease) in net assets resulting from operations		574,705,497		91,651,337		4,381,658	2	2,296,060
Distributions to shareholders from:								
Net investment income:								
Class A		_		(352,224)		_		_
Advisor Class		_		(1,555,933)		_		_
Net realized gains:				(65,000,000)				(107.014)
Class A		_		(65,229,228)		_		(127,814)
Class C		_		(73,931) (10,758,605)		_		(17,525)
Class R		_		(2,192,464)		_		(372)
Advisor Class		_		(27,903,654)		_		(20,718)
Total distributions to shareholders		_	(108,066,039)		_	(166,429)	
Capital share transactions: (Note 2)								<u> </u>
Class A	(302,099,710)		(19,154,003)		7,538,672	(8	3,777,929)
Class B		_		(7,931,824)		_		_
Class C		(7,755,057)		(21,357,248)		1,541,551	(1,000,057)
Class R		(9,714,648)		(12,574,711)		8,421		28,198
Class R6		297,795,072	,			5,000		
Advisor Class		348,727,713)		309,419,923)		144,896		827,085
Total capital share transactions		370,502,056)		370,437,709)		9,238,540		8,922,703)
Net increase (decrease) in net assets		204,203,441	(386,852,411)	1	3,620,198	(6	6,793,072)
Net assets:	2	277 060 000	2	664 912 400	0	E 0E4 224	2.	2747 200
Beginning of period		277,960,998		664,813,409		5,954,234		2,747,306
End of period	<u>\$3,</u>	482,164,439	\$ 3,	277,960,998	\$3	9,574,432	\$ 2	5,954,234
Undistributed net investment income (loss) included								
in net assets: End of period	\$	(2,525,385)	\$	(2,150,228)	\$	206,584	\$	175,790

Financial Statements (continued)

Statements of Changes in Net Assets (continued)

			Growth ies Fund		Franklin Sr Growth		ip
	Six Months En October 31, 2 (unaudited	013	Year Ended April 30, 2013	Oc	x Months Ended ctober 31, 2013 (unaudited)		ar Ended 30, 2013
Increase (decrease) in net assets:							
Operations: Net investment income (loss)	\$ (1,333,	227)	\$ (2,368,918	3) \$	(3,085,189)	\$ (3	2,933,796)
Net realized gain (loss) from investments and	ψ (1,555,	227)	Ψ (2,300,310	ν) ψ	(3,003,103)	Ψ (2	_,555,750)
foreign currency transactions	14,541,	511	549,092	2	38,399,002	28	3,952,819
Net change in unrealized appreciation							
(depreciation) on investments and translation							
of other assets and liabilities denominated in foreign currencies	70,760,	186	36,581,747	7	125,558,952	24	1,437,254
Net increase (decrease) in net assets	70,700,	100	30,301,747		123,330,332		1,407,204
resulting from operations	83,968,	470	34,761,921	Ĺ	160,872,765	50),456,277
Distributions to shareholders from:							
Net realized gains:							
Class A		_	(4,652,871		_	(6	5,851,163)
Class B		_	(11,394		_	,,	(10,436)
Class C		_	(1,259,124 (791,447		_	(2	2,077,955) (348,859)
Advisor Class			(3,639,948	•	_	((348,839) 1,291,841)
Total distributions to shareholders			(10,354,784		_		0,580,254)
Capital share transactions:			(==,==:,:=	.,		,_,	.,,,_
Class A	38,386,	307	(6,288,827	7)	177,190,000	57	7,075,476
Class B		_	(1,203,871)	_	()	1,182,188)
Class C	9,325,	883	(793,226	-	36,677,000		3,840,639
Class R	659,		(1,056,593	3)	9,356,824	į	5,734,645
Class R6	105,904,		10.046.116	-	44,935,753	0.7	
Advisor Class	(101,381,		18,046,112		91,862,496		7,021,301
Total capital share transactions	52,895,		8,703,595		360,022,073		2,489,873
Net increase (decrease) in net assets	136,863,	604	33,110,732	2	520,894,838	142	2,365,896
Net assets: Beginning of period	482,711,	822	449,601,090)	512,996,561	370),630,665
End of period	\$ 619,575,	426	\$482,711,822	2 \$3	1,033,891,399	\$512	2,996,561
Undistributed net investment income (loss) included in net assets:							
End of period	\$ (2,472,	339)	\$ (1,139,112	2) \$	(2,953,873)	\$	131,316

Financial Statements (continued)

Statements of Changes in Net Assets (continued)

	Franklin Sm Growth	
	Six Months Ended October 31, 2013 (unaudited)	Year Ended April 30, 2013
Increase (decrease) in net assets:		
Operations:		
Net investment income (loss)	\$ (11,047,319)	\$ (10,034,089)
Net realized gain (loss) from investments and foreign currency transactions	362,946,209	245,057,502
Net change in unrealized appreciation (depreciation) on investments	224,152,758	53,332,558
Net increase (decrease) in net assets resulting from operations	576,051,648	288,355,971
Distributions to shareholders from:		
Net realized gains:		
Class A	_	(206,899,409)
Class B	_	(83,282)
Class C Class R	_	(34,536,552) (5,972,039)
Advisor Class	_	(71,239,570)
Total distributions to shareholders		(318,730,852)
Capital share transactions: (Note 2)		
Class A	(345,485,900)	(114,236,660)
Class B	(7,070,600)	(3,746,511)
Class C	(7,270,623)	(9,202,794)
Class R	(129,858)	1,364,360
Class R6	100,407,212 (157,639,301)	84,042,939
Total capital share transactions	(410,118,470)	(41,778,666)
Net increase (decrease) in net assets	165,933,178	(72,153,547)
Net assets:	2.670.042.142	2.751.006.627
Beginning of period	3,678,943,140	3,751,096,687
End of period	\$3,844,876,318	\$3,678,943,140
Undistributed net investment income (loss) included in net assets:		
End of period	\$ (16,761,656)	\$ (5,714,337)

Notes to Financial Statements (unaudited)

1. Organization and Significant Accounting Policies

Franklin Strategic Series (Trust) is registered under the Investment Company Act of 1940, as amended, (1940 Act) as an open-end investment company, consisting of nine separate funds, five of which are included in this report (Funds). The financial statements of the remaining funds in the Trust are presented separately. The Funds offer five classes of shares: Class A, Class C, Class R, Class R6, and Advisor Class. Effective May 1, 2013, the Funds began offering a new class of shares, Class R6. 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 Funds' significant accounting policies.

a. Financial Instrument Valuation

The Funds' 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. Under procedures approved by the Trust's Board of Trustees (the Board), the Funds' administrator, investment manager and other affiliates have formed the Valuation and Liquidity Oversight Committee (VLOC). The VLOC provides administration and oversight of the Funds' valuation policies and procedures, which are approved annually by the Board. Among other things, these procedures allow the Funds 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. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or the NYSE, whichever is earlier. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at the close of the NYSE on the day that the value of the security is determined. Over-the-counter (OTC) 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 and non-registered money market funds are valued at the closing net asset value.

The Funds have 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,

Notes to Financial Statements (unaudited) (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

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.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before the daily close of business on the NYSE. Occasionally, events occur between the time at which trading in a foreign security is completed and the close of the NYSE that might call into question the reliability of the value of a portfolio security held by the fund. As a result, differences may arise between the value of the Funds' portfolio securities as determined at the foreign market close and the latest indications of value at the close of the NYSE. In order to minimize the potential for these differences, the VLOC monitors price movements following the close of trading in foreign stock markets through a series of country specific market proxies (such as baskets of American Depositary Receipts, futures contracts and exchange traded funds). These price movements are measured against established trigger thresholds for each specific market proxy to assist in determining if an event has occurred that may call into question the reliability of the values of the foreign securities held by the Funds. If such an event occurs, the securities may be valued using fair value procedures, which may include the use of independent pricing services.

In addition, certain foreign markets may be open on days that the NYSE is closed, which could result in differences between the value of the Funds' portfolio securities on the last business day and the last calendar day of the reporting period. Any significant security valuation changes due to an open foreign market are adjusted and reflected by the Funds for financial reporting purposes.

b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Funds may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

Notes to Financial Statements (unaudited) (continued)

1. Organization and Significant Accounting Policies (continued)

b. Foreign Currency Translation (continued)

The Funds do not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments on the Statements of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

c. Securities Lending

Certain funds participate in an agency based securities lending program. The fund receives cash collateral against the loaned securities in an amount equal to at least 102% of the market value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the market value of loaned securities, as determined at the close of fund business each day; any additional collateral required due to changes in security values is delivered to the fund on the next business day. The collateral is invested in a non-registered money fund as indicated on the Statements of Investments. The fund receives income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. The fund bears the market risk with respect to the collateral investment, securities loaned, and the risk that the agent may default on its obligations to the fund. The securities lending agent has agreed to indemnify the fund in the event of default by a third party borrower.

d. Income Taxes

It is each fund's policy to qualify as a regulated investment company under the Internal Revenue Code. Each 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 Funds may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Funds invest. When a capital gain tax is determined to apply the Funds record an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

Each 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 October 31, 2013, and for all open tax years, each fund has determined that no liability for unrecognized tax benefits is required in each fund's financial

Notes to Financial Statements (unaudited) (continued)

1. Organization and Significant Accounting Policies (continued)

d. Income Taxes (continued)

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 statute of limitation.

e. 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 except that certain dividends from foreign securities are recognized as soon as the Funds are notified of 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 accounting principles generally accepted in the United States of America. 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.

Common expenses incurred by the Trust are allocated among the Funds based on the ratio of net assets of each fund to the combined net assets of the Trust. Fund specific expenses are charged directly to the fund that incurred the expense.

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.

f. Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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.

g. 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 Funds, 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.

Notes to Financial Statements (unaudited) (continued)

2. SHARES OF BENEFICIAL INTEREST

At October 31, 2013, there were an unlimited number of shares authorized (without par value). Transactions in the Funds' shares were as follows:

		anklin Growth Fund		n Focused quity Fund
	Shares	Amount	Shares	Amount
Class A Shares:				
Six Months ended October 31, 2013	0.070.004	4.170.000.444	1 101 000	4.10.545.000
Shares sold	3,078,084	\$ 170,892,444	1,191,823	\$ 13,646,938
Shares redeemed	(8,389,411)	(472,992,154)	(528,418)	(6,108,266)
Net increase (decrease)	(5,311,327)	\$(302,099,710)	663,405	\$ 7,538,672
Year ended April 30, 2013		*		
Shares sold	6,397,482	\$ 309,888,631	514,515	\$ 4,792,474
Shares issued in reinvestment of distributions	1,178,334	55,146,043	12,299	115,857
Shares redeemed	(7,916,454)	(384,188,677)	(1,507,893)	(13,686,260)
Net increase (decrease)	(340,638)	\$ (19,154,003)	(981,079)	\$ (8,777,929)
Class B Shares:	(340,038)	φ (19,134,003)	(981,079)	φ (8,777,929)
Year ended April 30, 2013 ^a				
Shares sold	1,058	\$ 45,598		
Shares issued in reinvestment of	1,050	φ 45,556		
distributions	1,671	69,863		
Shares redeemed	(186,921)	(8,047,285)		
Net increase (decrease)	(184,192)	\$ (7,931,824)		
Class C Shares:	· · · · · · · · · · · · · · · · · · ·			
Six Months ended October 31, 2013				
Shares sold	388,031	\$ 19,243,258	173,603	\$ 1,941,409
Shares redeemed	(548,991)	(26,998,315)	(34,792)	(399,858)
Net increase (decrease)	(160,960)	\$ (7,755,057)	138,811	\$ 1,541,551
Year ended April 30, 2013				
Shares sold	754,297	\$ 32,844,637	63,732	\$ 579,665
Shares issued in reinvestment of				
distributions	245,647	10,290,135	1,895	17,413
Shares redeemed	(1,479,890)	(64,492,020)	(175,614)	(1,597,135)
Net increase (decrease)	(479,946)	\$ (21,357,248)	(109,987)	\$ (1,000,057)
Class R Shares:				
Six Months ended October 31, 2013				
Shares sold	76,420	\$ 4,117,401	742	\$ 8,421
Shares redeemed	(261,217)	(13,832,049)		
Net increase (decrease)	(184,797)	\$ (9,714,648)	742	\$ 8,421
Year ended April 30, 2013				
Shares sold	227,103	\$ 10,756,576	2,918	\$ 28,010
Shares issued in reinvestment of	40.000	0.100.657	4.0	272
distributions	48,092	2,188,657	40	372
Shares redeemed	(538,294)	(25,519,944)	(21)	(184)
Net increase (decrease)	(263,099)	\$ (12,574,711)	2,937	\$ 28,198

Notes to Financial Statements (unaudited) (continued)

2. SHARES OF BENEFICIAL INTEREST (continued)

		Franklin		in Focused	
		Flex Cap Growth Fund		quity Fund	
	Shares	Amount	Shares	Amount	
Class R6 Shares:					
Six Months ended October 31, 2013 ^b					
Shares sold ^c	6,252,417	\$ 323,434,211	474	\$ 5,000	
Shares redeemed	(451,570)				
Net increase (decrease)	5,800,847	\$ 297,795,072	474	\$ 5,000	
Advisor Class Shares:					
Six Months ended October 31, 2013					
Shares sold	538,651	\$ 30,211,938	47,078	\$ 524,296	
Shares redeemed ^c	(7,259,474)	(378,939,651)	(32,027)	(379,400)	
Net increase (decrease)	(6,720,823)	\$(348,727,713)	15,051	\$ 144,896	
Year ended April 30, 2013					
Shares sold	1,683,784	\$ 83,003,307	285,268	\$ 2,709,150	
Shares issued in reinvestment of					
distributions	613,738	29,299,870	2,188	20,718	
Shares redeemed	(8,612,189)	(421,723,100)	(216,573)	(1,902,783)	
Net increase (decrease)	(6,314,667)	\$(309,419,923)	70,883	\$ 827,085	
	Franklii	n Growth	Fra	nklin	
	Opportun	ities Fund	Small Cap	Growth Fund	
	Shares	Amount	Shares	Amount	
Class A Shares:					
Six Months ended October 31, 2013					
Shares sold	2,384,524	\$ 62,846,693	14,424,088	\$236,938,707	
Shares redeemed	(935,664)	(24,460,386)	(3,629,551)	(59,748,707)	
Net increase (decrease)	1,448,860	\$ 38,386,307	10,794,537	\$177,190,000	
Year ended April 30, 2013					
Shares sold	2 034 008	\$ 45 284 699	8 580 844	\$116 114 487	

	Opportunities Fund		Small Cap	Growth Fund
	Shares	Amount	Shares	Amount
Class A Shares:				
Six Months ended October 31, 2013				
Shares sold	2,384,524	\$ 62,846,693	14,424,088	\$236,938,707
Shares redeemed	(935,664)	(24,460,386)	(3,629,551)	(59,748,707)
Net increase (decrease)	1,448,860	\$ 38,386,307	10,794,537	\$177,190,000
Year ended April 30, 2013				
Shares sold	2,034,008	\$ 45,284,699	8,580,844	\$116,114,487
Shares issued in reinvestment of				
distributions	204,804	4,405,319	527,904	6,498,498
Shares redeemed	(2,541,886)	(55,978,845)	(5,148,606)	(65,537,509)
Net increase (decrease)	(303,074)	\$ (6,288,827)	3,960,142	\$ 57,075,476
Class B Shares:				
Year ended April 30, 2013 ^a				
Shares sold	305	\$ 6,881	8,145	\$ 93,755
Shares issued in reinvestment of				
distributions	541	10,556	915	10,047
Shares redeemed	(61,518)	(1,221,308)	(113,083)	(1,285,990)
Net increase (decrease)	(60,672)	\$ (1,203,871)	(104,023)	\$ (1,182,188)

Notes to Financial Statements (unaudited) (continued)

2. Shares of Beneficial Interest (continued)

	Franklin Growth		Franklin		
	Opportunities Fund		Small Cap	Growth Fund	
	Shares	Amount	Shares	Amount	
Class C Shares:					
Six Months ended October 31, 2013					
Shares sold	622,351	\$ 14,663,478	3,051,473	\$ 45,197,130	
Shares redeemed	(229,453)	(5,337,595)	(586,803)	(8,520,130)	
Net increase (decrease)	392,898	\$ 9,325,883	2,464,670	\$ 36,677,000	
Year ended April 30, 2013					
Shares sold	539,955	\$ 10,975,431	1,443,135	\$ 17,053,139	
Shares issued in reinvestment of			4-0.4-0		
distributions	60,833	1,181,984	173,172	1,903,160	
Shares redeemed	(646,892)	(12,950,641)	(1,314,987)	(15,115,660)	
Net increase (decrease)	(46,104)	\$ (793,226)	301,320	\$ 3,840,639	
Class R Shares:					
Six Months ended October 31, 2013					
Shares sold	256,475	\$ 6,535,349	786,777	\$ 12,641,376	
Shares redeemed	(233,433)	(5,875,691)	(205,360)	(3,284,552)	
Net increase (decrease)	23,042	\$ 659,658	581,417	\$ 9,356,824	
Year ended April 30, 2013					
Shares sold	421,524	\$ 9,105,885	676,380	\$ 8,470,505	
Shares issued in reinvestment of		705.004			
distributions	37,480	785,961	29,213	348,509	
Shares redeemed	(507,973)	(10,948,439)	(242,918)	(3,084,369)	
Net increase (decrease)	(48,969)	\$ (1,056,593)	462,675	\$ 5,734,645	
Class R6 Shares:					
Six Months ended October 31, 2013b					
Shares sold ^c	4,318,541	\$108,069,771	2,953,322	\$ 45,675,769	
Shares redeemed	(80,928)	(2,165,323)	(42,389)	(740,016)	
Net increase (decrease)	4,237,613	\$105,904,448	2,910,933	\$ 44,935,753	
Advisor Class Shares:					
Six Months ended October 31, 2013					
Shares sold	380,607	\$ 10,326,740	7,288,091	\$126,789,013	
Shares redeemed ^c	(4,453,112)	(111,707,902)	(2,254,842)	(34,926,517)	
Net increase (decrease)	(4,072,505)	\$(101,381,162)	5,033,249	\$ 91,862,496	
Year ended April 30, 2013					
Shares sold	1,061,965	\$ 25,394,126	3,532,296	\$ 51,189,023	
Shares issued in reinvestment of					
distributions	160,621	3,612,362	84,707	1,091,876	
Shares redeemed	(474,835)	(10,960,376)	(1,148,352)	(15,259,598)	
Net increase (decrease)	747,751	\$ 18,046,112	2,468,651	\$ 37,021,301	

Notes to Financial Statements (unaudited) (continued)

2. Shares of Beneficial Interest (continued)

	Franklin Small-Mid Cap Growth Fund	
	Shares	Amount
Class A Shares:		
Six Months ended October 31, 2013		.
Shares sold	3,992,185	\$ 164,847,926
Shares redeemed	(12,182,763)	(510,333,826)
Net increase (decrease)	(8,190,578)	\$(345,485,900)
Year ended April 30, 2013		
Shares sold	7,696,472	\$ 276,191,716
Shares issued in reinvestment of distributions	5,177,054	173,793,699
Shares redeemed	(15,626,931)	(564,222,075)
Net increase (decrease)	(2,753,405)	\$(114,236,660)
Class B Shares:		
Year ended April 30, 2013 ^a		
Shares sold	2,137	\$ 70,578
Shares issued in reinvestment of distributions	2,393	72,482
Shares redeemed	(119,379)	(3,889,571)
Net increase (decrease)	(114,849)	\$ (3,746,511)
Class C Shares:		
Six Months ended October 31, 2013		
Shares sold	525,148	\$ 18,726,719
Shares redeemed	(738,051)	(25,997,342)
Net increase (decrease)	(212,903)	\$ (7,270,623)
Year ended April 30, 2013		
Shares sold	916,926	\$ 28,779,646
Shares issued in reinvestment of distributions	1,081,181	31,408,307
Shares redeemed	(2,195,464)	(69,390,747)
Net increase (decrease)	(197,357)	\$ (9,202,794)
Class R Shares:		
Six Months ended October 31, 2013		
Shares sold	315,660	\$ 12,607,693
Shares redeemed	(322,962)	(12,737,551)
Net increase (decrease)	(7,302)	\$ (129,858)
Year ended April 30, 2013		
Shares sold	723,580	\$ 25,355,379
Shares issued in reinvestment of distributions	182,327	5,901,923
Shares redeemed	(854,742)	(29,892,942)
Net increase (decrease)	51,165	\$ 1,364,360
Class R6 Shares:		
Six Months ended October 31, 2013 ^b		
Shares sold	2,458,014	\$ 105,399,073
Shares redeemed	(111,657)	(4,991,861)
Net increase (decrease)	2,346,357	\$ 100,407,212

Notes to Financial Statements (unaudited) (continued)

2. Shares of Beneficial Interest (continued)

	Franklin Small-Mid Cap Growth Fund	
	Shares	Amount
Advisor Class Shares:		
Six Months ended October 31, 2013		
Shares sold	1,846,133	\$ 78,546,708
Shares redeemed	(5,593,786)	(236,186,009)
Net increase (decrease)	(3,747,653)	\$(157,639,301)
Year ended April 30, 2013		
Shares sold	4,478,999	\$ 168,792,553
Shares issued in reinvestment of distributions	1,908,966	66,642,021
Shares redeemed	(4,046,317)	(151,391,635)
Net increase (decrease)	2,341,648	\$ 84,042,939

^aEffective March 22, 2013, all Class B shares were converted to Class A.

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 Trust are also officers and/or directors of the following subsidiaries:

Subsidiary	Affiliation
Franklin Advisers, Inc. (Advisers)	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 Franklin Flex Cap Growth Fund and the Franklin Small-Mid Cap Growth Fund pay an investment management fee to Advisers based on the average daily net assets of each of the funds as follows:

Annualized Fee Rate	Net Assets
0.625%	Up to and including \$100 million
0.500%	Over \$100 million, up to and including \$250 million
0.450%	Over \$250 million, up to and including \$7.5 billion
0.440%	Over \$7.5 billion, up to and including \$10 billion
0.430%	Over \$10 billion, up to and including \$12.5 billion
0.420%	Over \$12.5 billion, up to and including \$15 billion
0.400%	In excess of \$15 billion

^bFor the period May 1, 2013 (effective date) to October 31, 2013.

eEffective May 1, 2013, a portion of Advisor Class shares were exchanged into R6 for the Franklin Flex Cap Growth Fund, Franklin Growth Opportunities Fund, and Franklin Small Cap Growth Fund.

Notes to Financial Statements (unaudited) (continued)

3. Transactions with Affiliates (continued)

a. Management Fees (continued)

The Franklin Focused Core Equity Fund pays an investment management fee to Advisers based on the average daily net assets of the fund as follows:

Annualized Fee Rate	Net Assets
0.950%	Up to and including \$500 million
0.850%	Over \$500 million, up to and including \$1 billion
0.800%	Over \$1 billion, up to and including \$1.5 billion
0.750%	Over \$1.5 billion, up to and including \$6.5 billion
0.725%	Over \$6.5 billion, up to and including \$11.5 billion
0.700%	Over \$11.5 billion, up to and including \$16.5 billion
0.690%	Over \$16.5 billion, up to and including \$19 billion
0.680%	Over \$19 billion, up to and including \$21.5 billion
0.670%	In excess of \$21.5 billion

Effective May 1, 2013, the Franklin Focused Core Equity Fund combined its investment management and administration agreements as approved by the Board. The fees paid under the combined agreement do not exceed the aggregate fees that were paid under the separate agreements.

Prior to May 1, 2013, the Franklin Focused Core Equity Fund paid fees to Advisers 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
0.650%	Over \$500 million, up to and including \$1 billion
0.600%	Over \$1 billion, up to and including \$1.5 billion
0.550%	Over \$1.5 billion, up to and including \$6.5 billion
0.525%	Over \$6.5 billion, up to and including \$11.5 billion
0.500%	Over \$11.5 billion, up to and including \$16.5 billion
0.490%	Over \$16.5 billion, up to and including \$19 billion
0.480%	Over \$19 billion, up to and including \$21.5 billion
0.470%	In excess of \$21.5 billion

The Franklin Growth Opportunities Fund pays an investment management fee to Advisers based on the average daily net assets of the fund as follows:

Annualized Fee Rate	Net Assets
0.700%	Up to and including \$500 million
0.600%	Over \$500 million, up to and including \$1 billion
0.550%	Over \$1 billion, up to and including \$1.5 billion
0.500%	Over \$1.5 billion, up to and including \$6.5 billion
0.475%	Over $$6.5$ billion, up to and including $$11.5$ billion
0.450%	Over \$11.5 billion, up to and including \$16.5 billion
0.440%	Over \$16.5 billion, up to and including \$19 billion
0.430%	Over \$19 billion, up to and including \$21.5 billion
0.420%	In excess of \$21.5 billion

Notes to Financial Statements (unaudited) (continued)

3. Transactions with Affiliates (continued)

a. Management Fees (continued)

Effective May 1, 2013, the Franklin Growth Opportunities Fund combined its investment management and administration agreements as approved by the Board. The fees paid under the combined agreement do not exceed the aggregate fees that were paid under the separate agreements.

Prior to May 1, 2013, the Franklin Growth Opportunities Fund paid fees to Advisers based on the average daily net assets of the fund as follows:

Annualized Fee Rate	Net Assets
0.500%	Up to and including \$500 million
0.400%	Over \$500 million, up to and including \$1 billion
0.350%	Over \$1 billion, up to and including \$1.5 billion
0.300%	Over \$1.5 billion, up to and including \$6.5 billion
0.275%	Over \$6.5 billion, up to and including \$11.5 billion
0.250%	Over \$11.5 billion, up to and including \$16.5 billion
0.240%	Over \$16.5 billion, up to and including \$19 billion
0.230%	Over \$19 billion, up to and including \$21.5 billion
0.220%	In excess of \$21.5 billion

The Franklin Small Cap Growth Fund pays an investment management fee to Advisers 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
0.650%	Over \$500 million, up to and including \$1 billion
0.600%	Over \$1 billion, up to and including \$1.5 billion
0.550%	Over \$1.5 billion, up to and including \$6.5 billion
0.525%	Over \$6.5 billion, up to and including \$11.5 billion
0.500%	Over \$11.5 billion, up to and including \$16.5 billion
0.490%	Over \$16.5 billion, up to and including \$19 billion
0.480%	Over \$19 billion, up to and including \$21.5 billion
0.470%	In excess of \$21.5 billion

Effective May 1, 2013, the Franklin Small Cap Growth Fund combined its investment management and administration agreements as approved by the Board. The fees paid under the combined agreement do not exceed the aggregate fees that were paid under the separate agreements.

Notes to Financial Statements (unaudited) (continued)

3. Transactions with Affiliates (continued)

a. Management Fees (continued)

Prior to May 1, 2013, the Franklin Small Cap Growth Fund paid fees to Advisers based on the average daily net assets of the fund as follows:

Annualized Fee Rate	Net Assets
0.550%	Up to and including \$500 million
0.450%	Over \$500 million, up to and including \$1 billion
0.400%	Over \$1 billion, up to and including \$1.5 billion
0.350%	Over \$1.5 billion, up to and including \$6.5 billion
0.325%	Over \$6.5 billion, up to and including \$11.5 billion
0.300%	Over \$11.5 billion, up to and including \$16.5 billion
0.290%	Over \$16.5 billion, up to and including \$19 billion
0.280%	Over \$19 billion, up to and including \$21.5 billion
0.270%	In excess of \$21.5 billion

b. Administrative Fees

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

Prior to May 1, 2013, before the combining of the investment management and administrative agreements as approved by the Board, the Franklin Focused Core Equity Fund, the Franklin Growth Opportunities Fund, and the Franklin Small Cap Growth Fund paid administrative fees to FT Services of 0.20% per year of its average daily net assets.

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. Distribution fees are not charged on shares held by affiliates. Under the Funds' Class A reimbursement distribution plans, the Funds reimburse Distributors for costs incurred in connection with the servicing, sale and distribution of each fund's shares up to the maximum annual plan rate. Under the Class A reimbursement distribution plans, costs exceeding the maximum for the current plan year cannot be reimbursed in subsequent periods. In addition, under the Funds' Class C and R compensation distribution plans, the Funds pay Distributors for costs incurred in connection with the servicing, sale and distribution of each 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 for each fund.

Notes to Financial Statements (unaudited) (continued)

3. Transactions with Affiliates (continued)

c. Distribution Fees (continued)

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

	Franklin Flex Cap Growth Fund	Franklin Focused Core Equity Fund	Franklin Growth Opportunities Fund	Franklin Small Cap Growth Fund	Franklin Small-Mid Cap Growth Fund
Reimbursement Plans: Class A	0.25%	0.35%	0.35%	0.35%	0.25%
Compensation Plans:					
Class C	1.00% 0.50%	1.00% 0.50%	1.00% 0.50%	1.00% 0.50%	1.00% 0.50%

The Board has set the current rate at 0.30% per year for Class A shares for the Franklin Focused Core Equity Fund, the Franklin Growth Opportunities Fund and the Franklin Small Cap Growth Fund until further notice and approval by the Board.

d. Sales Charges/Underwriting Agreements

Front-end sales charges and contingent deferred sales charges (CDSC) do not represent expenses of the Funds. 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 Funds of the following commission transactions related to the sales and redemptions of the Funds' shares for the period:

	Franklin Flex Cap Growth Fund	Franklin Focused Core Equity Fund	Franklin Growth Opportunities Fund
Sales charges retained net of commissions paid to unaffiliated broker/dealers	\$450,339 \$ 9,107	\$16,922 \$ 2,474	\$135,515 \$ 2,890
	Franklin Small Cap Growth Fund	Franklin Small-Mid Cap Growth Fund	
Sales charges retained net of commissions paid to unaffiliated broker/dealers	\$214,518 \$ 5,517	\$200,900 \$ 8,012	

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. The Class R6 pays Investor Services transfer agent fees specific to that class.

Notes to Financial Statements (unaudited) (continued)

3. Transactions with Affiliates (continued)

e. Transfer Agent Fees (continued)

For the period ended October 31, 2013, the Funds paid transfer agent fees as noted in the Statements of Operations of which the following amounts were retained by Investor Services:

Franklin Flex Cap Growth Fund	Franklin Focused Core Equity Fund	Franklin Growth Opportunities Fund	Franklin Small Cap Growth Fund	Franklin Small-Mid Cap Growth Fund
Growth Fulla	Equity Fund	rulia	Growth Fulla	Growth Fund
\$2,005,578	\$14.418	\$225,720	\$292,091	\$2,231,865

Transfer agent fees \$2,005,578

f. Waiver and Expense Reimbursements

Advisers and FT Services have contractually agreed in advance to waive or limit their respective fees and to assume as their own expense certain expenses otherwise payable by the Franklin Focused Core Equity Fund so that the expenses (excluding distribution fees, and acquired fund fees and expenses) for Class A, Class C, Class R and Advisor Class of the fund do not exceed 1.00%, and Class R6 does not exceed 0.80% based on the average net assets of each class (other than certain non-routine expenses or costs, including those relating to litigation, indemnification, reorganizations, and liquidations) until August 31, 2014. Prior to August 31, 2013, expenses were limited to 0.89% for Class A, Class C, Class R and Advisor Class and 0.63% for Class R6. Prior to the combining of the investment management and administrative agreements, the fund had a contractual fee agreement with FT Services, which was eliminated effective May 1, 2014.

Additionally, Investor Services has contractually agreed in advance to waive or limit its fees so that the Class R6 transfer agent fees for the Funds do not exceed 0.01% through August 31, 2014.

g. Other Affiliated Transactions

At October, 31, 2013, one or more funds in the Franklin Allocator Series owned a percentage of each fund's outstanding shares as follows:

Franklin Flex Cap	Franklin Growth Opportunities
Growth Fund	Fund
10.03%	19.41%

4. EXPENSE OFFSET ARRANGEMENT

The Funds have entered into an arrangement with their custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Funds' custodian expenses. During the period ended October 31, 2013, the custodian fees were reduced as noted in the Statement of Operations.

Notes to Financial Statements (unaudited) (continued)

5. INCOME TAXES

For tax purposes, capital losses may be carried over to offset future capital gains. Capital loss carryforwards with no expiration, if any, must be fully utilized before those losses with expiration dates.

At April 30, 2013, the capital loss carryforwards were as follows:

	Franklin Focused Core Equity Fund
Capital loss carryforwards:	
Short term	\$1,395,460
Long term	197,049
Total capital loss carryforwards	\$1,592,509

For tax purposes, the Funds may elect to defer any portion of a post-October capital loss to the first day of the following fiscal year. At April 30, 2013, the deferred late-year ordinary losses were as follows:

		Franklin	
	Franklin	Growth	Franklin
	Flex Cap	Opportunities	Small-Mid Cap
	Growth Fund	Fund	Growth Fund
Late year ordinary losses	\$2,150,228	\$1,139,112	\$6,625,454

At October 31, 2013, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

	Franklin Flex Cap Growth Fund	Franklin Focused Core Equity Fund	Franklin Growth Opportunities Fund
Cost of investments	\$2,168,153,737	\$ 31,296,904	\$421,569,690
Unrealized appreciation	\$1,357,029,110 (6,483,796)	\$ 8,067,477 (251,684)	\$210,574,757 (4,027,672)
Net unrealized appreciation (depreciation)	\$1,350,545,314	\$ 7,815,793	\$206,547,085
	Franklin Small Cap Growth Fund	Franklin Small-Mid Cap Growth Fund	
Cost of investments	\$ 837,721,059	\$2,454,934,062	_
Unrealized appreciation	\$ 242,680,885 (15,720,740)	\$1,441,045,372 (35,383,298)	_
Net unrealized appreciation (depreciation)	\$ 226,960,145	\$1,405,662,074	

Notes to Financial Statements (unaudited) (continued)

5. INCOME TAXES (continued)

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of passive foreign investment company shares, wash sales and corporate actions.

6. INVESTMENT TRANSACTIONS

Purchases and sales of investments (excluding short term securities) for the period ended October 31, 2013, were as follows:

	Franklin Flex Cap Growth Fund	Franklin Focused Core Equity Fund	Franklin Growth Opportunities Fund	Franklin Small Cap Growth Fund	Franklin Small-Mid Cap Growth Fund
Purchases	\$588,676,425	\$16,294,398	\$174,499,201	\$453,777,650	\$ 910,266,725
Sales	\$888,436,613	\$ 8,011,204	\$118,888,301	\$134,933,762	\$1,240,597,361

7. INVESTMENTS IN INSTITUTIONAL FIDUCIARY TRUST MONEY MARKET PORTFOLIO

The Funds invest in the Institutional Fiduciary Trust Money Market Portfolio (Sweep Money Fund), an open-end investment company managed by Advisers. Management fees paid by the Funds are reduced on assets invested in the Sweep Money Fund, in an amount not to exceed the management and administrative fees paid by the Sweep Money Fund.

8. RESTRICTED SECURITIES

Certain funds invest in securities that are restricted under the Securities Act of 1933 (1933 Act) or which are subject to legal, contractual, or other agreed upon restrictions on resale. Restricted securities are often purchased in private placement transactions, and cannot be sold without prior registration unless the sale is pursuant to an exemption under the 1933 Act. Disposal of these securities may require greater effort and expense, and prompt sale at an acceptable price may be difficult. The funds may have registration rights for restricted securities. The issuer generally incurs all registration costs.

Notes to Financial Statements (unaudited) (continued)

8. RESTRICTED SECURITIES (continued)

At October 31, 2013, the Franklin Flex Cap Growth Fund held investments in restricted securities, excluding certain securities exempt from registration under the 1933 Act deemed to be liquid, as follows:

Shares	Issuer	Acquisition Date	Cost	Value
Franklin Flex	Cap Growth Fund			
2,227,171	FibroGen Inc., pfd., E (Value is 0.37% of Net Assets)	5/19/00	\$9,999,998	\$12,962,135

9. 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 Franklin Small-Mid Cap Growth Fund for the period ended October 31, 2013, were as shown below.

Name of Issuer	Number of Shares/ Warrants Held at Beginning of Period	Gross Additions	Gross Reductions	Number of Shares/ Warrants Held at End of Period	Va at l		Invest Inco		Realized Capital Gain (Loss)
Franklin Small-Mid Cap Growt	h Fund								
Non-Controlled Affiliates									
Stereotaxis Inc	265,000	1,031,152	1,296,152	_	\$	a	\$		\$(15,325,330)
Stereotaxis Inc., 144A	515,576	_	515,576	_		a			(1,732,851)
Stereotaxis Inc., wts., 144A,									
5/07/18	515,576	_	515,576	_		a			
Total Affiliated Securiti	es (Value is 0.00% of	Net Assets)			\$	_	\$	_	\$(17,058,181)

^aAs of October 31, 2013, no longer an affiliate.

10. CREDIT FACILITY

The Funds, 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 \$1.5 billion (Global Credit Facility) which matures on January 17, 2014. 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.

Notes to Financial Statements (unaudited) (continued)

10. CREDIT FACILITY (continued)

Under the terms of the Global Credit Facility, the Funds shall, in addition to interest charged on any borrowings made by the Funds and other costs incurred by the Funds, pay their share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon their 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 on the Statements of Operations, During the period ended October 31, 2013, the Funds did not use the Global Credit Facility.

11. FAIR VALUE MEASUREMENTS

The Trust follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Trust's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Funds' 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 Funds' 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 Funds have adopted a policy of recognizing the transfers as of the date of the underlying event which caused the movement.

Notes to Financial Statements (unaudited) (continued)

11. FAIR VALUE MEASUREMENTS (continued)

A summary of inputs used as of October 31, 2013, in valuing the Funds' assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total	
Franklin Flex Cap Growth Fund					
Assets:					
Investments in Securities:					
Equity Investments: ^a					
Pharmaceuticals, Biotechnology &			***		
Life Sciences	\$ 375,427,528	\$ —	\$12,962,135	\$ 388,389,663	
Other Equity Investments ^b	3,073,205,010	10.755.000	_	3,073,205,010	
Short Term Investments	46,348,578	10,755,800		57,104,378	
Total Investments in Securities	\$3,494,981,116	\$10,755,800	\$12,962,135	\$3,518,699,051	
Franklin Focused Core Equity Fund					
Assets:					
Investments in Securities:					
Equity Investments ^b	\$ 37,516,668	\$ —	\$ —	\$ 37,516,668	
Short Term Investments	1,596,029			1,596,029	
Total Investments in Securities	\$ 39,112,697	\$	\$	\$ 39,112,697	
Franklin Growth Opportunities Fund					
Assets:					
Investments in Securities:					
Equity Investments ^b	\$ 619,183,937	\$ —	\$ —	\$ 619,183,937	
Short Term Investments	8,932,838		_	8,932,838	
Total Investments in Securities	\$ 628,116,775	\$ —	\$	\$ 628,116,775	
Franklin Small Cap Growth Fund					
Assets:					
Investments in Securities:					
Equity Investments ^b	\$ 979,570,675	\$ —	\$ —	\$ 979,570,675	
Short Term Investments	69,082,579	16,027,950	_	85,110,529	
Total Investments in Securities	\$1,048,653,254	\$16,027,950	\$ —	\$1,064,681,204	
Franklin Small-Mid Cap Growth Fund					
Assets:					
Investments in Securities:					
Equity Investments ^b	\$3,788,735,744	\$	\$ —	\$3,788,735,744	
Short Term Investments	48,534,642	23,325,750	_	71,860,392	
Total Investments in Securities	\$3,837,270,386	\$23,325,750	\$ —	\$3,860,596,136	

^aIncludes common and preferred stocks as well as other equity investments.

A reconciliation of assets in which Level 3 inputs are used in determining fair value is presented when there are significant Level 3 investments at the end of the period.

bFor detailed categories, see the accompanying Statements of Investments.

Notes to Financial Statements (unaudited) (continued)

12. New Accounting Pronouncements

In June 2013, FASB issued ASU No. 2013-08, Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements. The ASU modifies the criteria used in defining an investment company under U.S. Generally Accepted Accounting Principles and also sets forth certain measurement and disclosure requirements. Under the ASU, an entity that is registered under the 1940 Act automatically qualifies as an investment company. The ASU is effective for interim and annual reporting periods beginning after December 15, 2013. The Funds are currently reviewing the requirements and believe the adoption of this ASU will not have a material impact on their financial statements.

13. Subsequent Events

The Funds have 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

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.

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Franklin Templeton Funds

Literature Request. To receive a summary prospectus and/or prospectus, please call us at (800) DIAL BEN/342-5236 or visit franklintempleton.com or etf.franklintempleton.com for Franklin Short Duration U.S. Government ETF. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. The prospectus contains this and other information. Please carefully read a prospectus before investing.

VALUE

Franklin All Cap Value Fund
Franklin Balance Sheet Investment Fund
Franklin Large Cap Value Fund
Franklin MicroCap Value Fund
Franklin MidCap Value Fund
Franklin Small Cap Value Fund
Mutual Beacon Fund
Mutual Quest Fund
Mutual Recovery Fund²
Mutual Shares Fund

BLEND

Franklin Focused Core Equity Fund Franklin Large Cap Equity Fund Franklin Rising Dividends Fund

GROWTH

Franklin DynaTech Fund
Franklin Flex Cap Growth Fund
Franklin Growth Fund
Franklin Growth Opportunities Fund
Franklin Small Cap Growth Fund
Franklin Small-Mid Cap Growth Fund

SECTOR

Franklin Biotechnology Discovery Fund Franklin Global Listed Infrastructure Fund Franklin Global Real Estate Fund Franklin Gold & Precious Metals Fund Franklin Natural Resources Fund Franklin Real Estate Securities Fund Franklin Utilities Fund Mutual Financial Services Fund

GLOBAL

Franklin World Perspectives Fund Mutual Global Discovery Fund Templeton Global Opportunities Trust Templeton Global Smaller Companies Fund Templeton Growth Fund Templeton World Fund

INTERNATIONAL

Franklin India Growth Fund
Franklin International Growth Fund
Franklin International Small Cap Growth Fund
Mutual European Fund
Mutual International Fund
Templeton Asian Growth Fund
Templeton BRIC Fund
Templeton China World Fund
Templeton Developing Markets Trust
Templeton Emerging Markets Small Cap Fund
Templeton Foreign Fund
Templeton Foreign Smaller Companies Fund
Templeton Frontier Markets Fund

HYBRID

Franklin Balanced Fund
Franklin Convertible Securities Fund
Franklin Equity Income Fund
Franklin Income Fund
Templeton Emerging Markets Balanced Fund
Templeton Global Balanced Fund

ALTERNATIVE

Franklin K2 Alternative Strategies Fund

ASSET ALLOCATION

Franklin LifeSmart $^{\!\top\!\!M}$ Retirement Target Funds (2015-2050) 6

Franklin Templeton Corefolio® Allocation Fund
Franklin Templeton Founding Funds Allocation Fund
Franklin Templeton Conservative Allocation Fund
Franklin Templeton Growth Allocation Fund
Franklin Templeton Moderate Allocation Fund
Franklin Templeton Global Allocation Fund
Franklin Templeton Multi-Asset Real Return Fund

FIXED INCOME

Franklin Adjustable U.S. Government Securities Fund⁷ Franklin Floating Rate Daily Access Fund Franklin Global Government Bond Fund Franklin High Income Fund

Franklin Limited Maturity U.S. Government Securities Fund⁷

Franklin Low Duration Total Return Fund

Franklin Real Return Fund

Franklin Short Duration U.S. Government ETF

Franklin Strategic Income Fund Franklin Strategic Mortgage Portfolio Franklin Templeton Hard Currency Fund

Franklin Total Return Fund

Franklin U.S. Government Securities Fund⁷ Templeton Constrained Bond Fund

Templeton Emerging Markets Bond Fund

Templeton Global Bond Fund Templeton Global Total Return Fund

Templeton International Bond Fund

TAX-FREE INCOME⁸

National

Double Tax-Free Income Fund⁹ Federal Tax-Free Income Fund High Yield Tax-Free Income Fund Insured Tax-Free Income Fund^{10, 11}

Limited-/Intermediate-Term

California Intermediate-Term Tax-Free Income Fund Federal Intermediate-Term Tax-Free Income Fund Federal Limited-Term Tax-Free Income Fund New York Intermediate-Term Tax-Free Income Fund

State-Specific

Alabama Kentucky New York (2 funds) Arizona Louisiana North Carolina California Maryland (4 funds)11 Ohio Massachusetts Colorado Oregon Michigan Pennsylvania Connecticut Minnesota Florida Missouri Tennessee Virginia Georgia **New Jersey**

INSURANCE FUNDS

Franklin Templeton Variable Insurance Products Trust¹²

- $1. \, \text{The fund is closed to new investors. Existing shareholders and select retirement plans \, \text{may} \, \text{add to their accounts.}$
- 2. The fund is a continuously offered, closed-end fund. Shares may be purchased daily; there is no daily redemption. However, each quarter, pending board approval, the fund will authorize the repurchase of 5%–25% of the outstanding number of shares. Investors may tender all or a portion of their shares during the tender period.
- 3. Effective 6/3/13, the fund closed to new investors, with limited exceptions.
- 4. Effective 12/10/13, the fund closed to new investors, with limited exceptions.
- 5. Effective 6/28/13, the fund closed to new investors. Existing shareholders and select retirement plans may add to their accounts.
- 6. Effective 5/1/13, the Franklin Templeton Retirement Target Funds changed their names to Franklin LifeSmart Retirement Target Funds. The funds' investment goals and principal investment strategies remained unchanged. These funds' target dates are in five-year increments.

- 7. An investment in the fund is neither insured nor guaranteed by the U.S. government or by any other entity or institution.
- 8. For investors subject to the alternative minimum tax, a small portion of fund dividends may be taxable. Distributions of capital gains are generally taxable.
- The fund is closed to all new investments (other than reinvestment of dividends and capital gains distributions).
- $10. \ The \ fund \ invests \ primarily \ in \ insured \ municipal \ securities.$
- 11. Effective at the close of market on 3/1/13, Franklin Insured Tax-Free Income Fund and Franklin California Insured Tax-Free Income Fund closed to all new investments (other than reinvestment of dividends and capital gains distributions).
- 12. The funds of the Franklin Templeton Variable Insurance Products Trust are generally available only through insurance company variable contracts.

VALUE | BLEND | GROWTH | SECTOR | GLOBAL | INTERNATIONAL | HYBRID | ALTERNATIVE | ASSET ALLOCATION | FIXED INCOME | TAX-FREE INCOME



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Semiannual Report and Shareholder Letter FRANKLIN STRATEGIC SERIES

Investment Manager

Franklin Advisers, Inc.

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 ensure the highest quality of service, telephone calls to or from our service departments may be monitored, recorded and accessed. These calls can be identified by the presence of a regular beeping tone.