



FRANKLIN TEMPLETON  
INVESTMENTS

# Franklin Small-Mid Cap Growth Fund

Growth  
December 31, 2014

## Fund Fact Sheet

### Fund Description

The fund seeks long-term capital growth by investing at least 80% of its net assets in equity securities of small and medium-sized companies, within the market capitalization ranges of the Russell 2500™ Index for small-sized companies and Russell Midcap® Index for medium-sized companies, at the time of purchase.

### Fund Overview

**Total Net Assets [All Share Classes]** \$3,796 million  
**Fund Inception Date** 2/14/1992  
**Dividend Frequency** Annually in December  
**Number of Issuers** 143

### Share Class Information

| Share Class | CUSIP       | NASDAQ Symbol |
|-------------|-------------|---------------|
| A           | 354 713 109 | FRSGX         |
| C           | 354 713 802 | FRSIX         |
| R           | 354 713 547 | FSMRX         |
| R6          | 354 713 331 | FMGGX         |
| Advisor     | 354 713 869 | FSGAX         |

### Fund Management

|                       | Years with Firm | Years of Experience |
|-----------------------|-----------------|---------------------|
| Ed Jamieson           | 27              | 38                  |
| Michael McCarthy, CFA | 22              | 22                  |
| James Cross, CFA      | 16              | 16                  |

### Maximum Sales Charge

**Class A:** 5.75% initial sales charge  
**Class C:** 1.00% contingent deferred sales charge (CDSC) in the first year only

### Total Annual Operating Expenses

| Share Class | Expense Ratio |
|-------------|---------------|
| A           | 0.96%         |
| C           | 1.71%         |

### Asset Allocation (%)

|                         |       |
|-------------------------|-------|
| Equity                  | 97.96 |
| Cash & Cash Equivalents | 2.04  |

### Performance

#### Growth of a \$10,000 Investment - Without Sales Charge (from 02/14/1992-12/31/2014)



### Total Returns % (as of 12/31/2014)

| Share Class         | YTD  | AVERAGE ANNUAL |       |       |        | Since Inception | Inception Date |
|---------------------|------|----------------|-------|-------|--------|-----------------|----------------|
|                     |      | 1 Yr           | 3 Yrs | 5 Yrs | 10 Yrs |                 |                |
| A With Sales Charge | 1.35 | 1.35           | 15.88 | 13.71 | 7.58   | 10.56           | 2/14/1992      |
|                     | 7.53 | 7.53           | 18.19 | 15.06 | 8.22   | 10.84           | 2/14/1992      |
| C With Sales Charge | 5.97 | 5.97           | 17.30 | 14.20 | 7.41   | 8.03            | 10/2/1995      |
|                     | 6.81 | 6.81           | 17.30 | 14.20 | 7.41   | 8.03            | 10/2/1995      |

### Calendar Year Total Returns % - Without Sales Charge

| Share Class | 2014  | 2013  | 2012   | 2011   | 2010  | 2009  | 2008   | 2007  | 2006  | 2005  |
|-------------|-------|-------|--------|--------|-------|-------|--------|-------|-------|-------|
| A           | 7.54  | 38.58 | 10.78  | -4.90  | 28.43 | 43.18 | -42.52 | 11.67 | 7.52  | 10.54 |
|             | 2004  | 2003  | 2002   | 2001   | 2000  | 1999  | 1998   | 1997  | 1996  | 1995  |
|             | 13.04 | 37.68 | -29.58 | -20.53 | -9.80 | 97.08 | -0.02  | 15.78 | 27.07 | 42.20 |

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

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

### Top 10 Holdings (% of Total)

| Issuer Name                   | Percentage |
|-------------------------------|------------|
| NXP SEMICONDUCTORS NV         | 1.44       |
| AMETEK INC                    | 1.41       |
| AFFILIATED MANAGERS GROUP INC | 1.41       |
| PERRIGO CO PLC                | 1.37       |
| INTERCONTINENTAL EXCHANGE INC | 1.31       |
| ROBERT HALF INTL INC          | 1.28       |
| JARDEN CORP                   | 1.26       |
| CHIPOTLE MEXICAN GRILL INC    | 1.20       |
| HCA HOLDINGS INC              | 1.20       |
| MARRIOTT INTERNATIONAL INC    | 1.18       |

### Fund Measures

|   |       |
|---|-------|
| Standard Deviation (3 Yrs)                    | 12.01 |
| Beta (3 Yrs; vs. Russell Midcap Growth Index) | 1.08  |

**Composition of Fund**

■ Franklin Small-Mid Cap Growth Fund ■ Russell Midcap Growth Index

| Sector                     | % of Equity   |
|----------------------------|---------------|
| Information Technology     | 22.46 / 17.93 |
| Consumer Discretionary     | 21.50 / 23.90 |
| Health Care                | 20.50 / 13.68 |
| Industrials                | 16.20 / 16.20 |
| Financials                 | 7.44 / 9.38   |
| Energy                     | 4.41 / 4.96   |
| Consumer Staples           | 3.52 / 7.92   |
| Materials                  | 3.38 / 4.83   |
| Utilities                  | 0.59 / 0.22   |
| Telecommunication Services | 0.00 / 0.98   |

**Morningstar Rating™—Class A**

**Overall Morningstar Rating™** As of December 31, 2014 the fund's Class A shares received a traditional 3 star overall Morningstar Rating™, measuring risk-adjusted returns against 645, 584 and 429 U.S.-domiciled Mid-Cap Growth funds over the 3-, 5- and 10- year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics.

**What Are the Risks**

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, mid-sized 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 experienced 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. These and other risks are described more fully in the fund's prospectus.

**Glossary**

**Beta:** A measure of the fund's volatility relative to the market, as represented by the stated Index. A beta greater than 1.00 indicates volatility greater than the market.

**Standard Deviation:** A measure of risk; the larger the standard deviation, the greater the likelihood (and risk) that a fund's performance will fluctuate.

**Important Information**

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

Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

Source for Index: FactSet. Indexes are unmanaged and one cannot invest directly in an index.

The Russell index shown is a trademark/service mark of the Frank Russell Company.

**Fund Management:** CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.

**Performance:** The fund offers other share classes subject to different fees and expenses, which will affect their performance.

Class A: Prior to 8/3/98, fund shares were offered at a lower initial sales charge; thus, actual returns may have differed. Class C: Prior to 1/1/04, these shares were offered with an initial sales charge; thus actual returns would have differed. Class C Shares have higher annual fees and expenses than Class A Shares.

**Top 10 Holdings:** The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included.

**Composition of Fund:** Percentage may not equal 100% due to rounding.

**Overall Morningstar Rating™:** Source: Morningstar® 12/31/14. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance after adjusting for sales loads (except for load-waived A shares), redemption fees, and the risk free rate, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. Class A shares of Franklin Small-Mid Cap Growth Fund received a traditional Morningstar Rating of 2, 2 and 3 star(s) for the 3-, 5- and 10-year periods, respectively. The Morningstar Rating™ may differ among share classes of a mutual fund as a result of different sales loads and/or expense structure. **Past performance does not guarantee future results.** ©2015 Morningstar, Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.