



# Franklin Moderate Allocation Fund— Class A, C

Target Risk  
Multi-Asset  
September 30, 2019

## Product Profile

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

Fund Assets	\$1,917,971,636.63
Fund Inception Date	12/31/1996
Number of Holdings	22
Investment Style	Target Risk
Benchmark	Blended Benchmark MSCI All Country World Index Bloomberg Barclays Multiverse Index
Lipper Classification	Mixed-Asset Trgt Alloc Mod Fds
Morningstar Category™	Allocation—50% to 70% Equity
Dividend Frequency	Quarterly

#### Inception Date

Class A	12/31/1996
Class C	12/31/1996

#### CUSIP NASDAQ Symbol

Class A	354 72P 307	FMTIX
Class C	354 72P 406	FTMTX

#### Maximum Sales Charges

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

#### Total Annual Operating Expenses

Class A	1.14%
Class C	1.89%

### Fund Description

The fund seeks the highest level of long-term total return consistent with an acceptable level of risk.<sup>2</sup> The manager allocates assets among broad asset classes by investing primarily in a distinctly weighted combination of other mutual funds, predominantly Franklin Templeton funds, and approximately 60% equity and 40% fixed income funds.<sup>3</sup> The fund is designed for investors seeking a moderate level of risk with an intermediate investment horizon.

### Performance Data<sup>4,5,6</sup>

#### Average Annual Total Returns<sup>7,8</sup> (%)

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	20 Yrs	Since Inception
Class A - With Sales Charges	-5.26	6.10	-2.92	5.13	3.88	5.92	5.87	5.96
Class A - Without Sales Charges	0.27	12.29	2.74	7.13	5.06	6.52	6.17	6.23
Class C - With Sales Charges	-0.85	10.67	1.04	6.33	4.29	5.73	5.38	5.40
Class C - Without Sales Charges	0.15	11.67	1.98	6.33	4.29	5.73	5.38	5.40
Blended Benchmark	0.35	12.69	4.49	6.99	5.81	7.33	5.30	6.32
MSCI All Country World Index	0.10	16.71	1.95	10.31	7.23	8.93	5.43	6.69
Bloomberg Barclays Multiverse Index	0.63	6.45	7.54	1.81	2.14	2.55	4.50	-

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Class A	-4.82	14.98	4.94	-1.89	4.07	14.35	9.34	-1.49	11.97	24.68
Class C	-5.54	14.10	4.25	-2.68	3.35	13.41	8.51	-2.17	11.10	23.82
Blended Benchmark	-5.82	17.62	6.42	-2.22	7.13	14.48	10.66	1.80	9.97	17.74
MSCI All Country World Index	-8.93	24.62	8.49	-1.84	4.71	23.44	16.80	-6.86	13.21	35.41
Bloomberg Barclays Multiverse Index	-1.36	7.69	2.84	-3.29	0.47	-2.19	4.84	5.55	5.84	8.04

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

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

1. All holdings are subject to change.

4. Effective 05/01/1994, the fund implemented a Rule 12b-1 plan, which affects subsequent performance. Class A: Prior to 9/10/18, these shares were offered at a higher initial sales charge of 5.75%; thus actual returns would have differed. Total returns with sales charges have been restated to reflect the current maximum initial sales charge of 5.50%. Class C: Prior to 01/01/2004, these shares were offered with an initial sales charge; thus actual returns may differ. The fund offers other share classes subject to different fees and expenses, which will affect their performance. Please see the prospectus for details.

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

7. Periods shorter than one year are shown as cumulative total returns.

8. Since inception return for the benchmark is calculated to the fund inception date.

Portfolio Manager Insight<sup>9</sup>

## Performance Review

## QUARTERLY KEY PERFORMANCE DRIVERS

	Equity	Fixed Income	Alternatives/Cash
HELPED	Underweight Allocation, Equity	Overweight Allocation, United States	—
	Underweight Allocation, International Equity	Underweight Allocation, International	—
	Overweight Allocation, United States	—	—
HURT	Fund Selection, Non-US Developed Markets	Fund Selection, United States	Alternatives Allocation (Commodities)
	—	Fund Selection, International	—
	—	—	—

- The fund outperformed its benchmark index in the third quarter, largely as a result of regional allocations within equity and bond markets.
- In both asset classes, we maintained a preference for US assets relative to their international peers. As we continued to see weak growth momentum, we retained the view that the United States continues to display stronger growth prospects relative to other developed markets. In particular, our fixed income significant US overweight and international underweight meaningfully bolstered relative performance. The same regional equity tilt also benefited relative returns.
- Conversely, fund selection hindered relative results, particularly in fixed income. Shorter-than-benchmark duration (interest rate sensitivity) exposure detracted from relative performance as the US Federal Reserve (Fed) reduced the fed funds rate twice during the quarter. These rate reductions contributed to US 10-year Treasury yields falling from 2.00% to 1.66%. Templeton Global Total Return Fund's results were impaired by positions in Argentine pesos and local bonds, which both sold off sharply on a surprise outcome from presidential election primaries. Its short US Treasury positioning also detracted.

## Outlook &amp; Strategy

- Taking a broad perspective of the major economies, the United States remains better placed than some in Europe, in our opinion. However, both regions show high levels of employment, and the relative confidence of consumers remains intact. This provides some cause for optimism and, in our view, a potential rotation in investor sentiment.
- We are carefully monitoring the potential for renewed equity market volatility, and have moved to reflect these concerns in a more cautious stance. For example, reduced or eliminated positions in several satellite equity funds, including Franklin International Small Cap Growth Fund, Financial Select Sector SPDR Fund and Franklin Utilities Fund. We also established positions in core US and international equity funds, which have exhibited lower volatility than these satellite funds.

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

## Portfolio Diversification

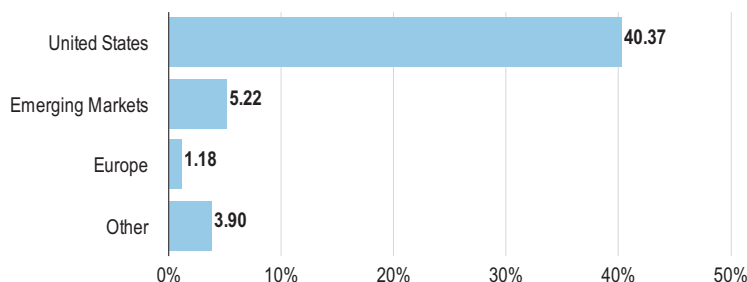
Top Ten Holdings<sup>10</sup>

Percent of Total

Top Holdings	%
Franklin Growth Fund, Class R6	12.03
Franklin LibertyQ U.S. Equity ETF	11.36
Franklin Low Duration Total Return Fund, Class R6	9.89
Franklin Liberty U.S. Core Bond ETF	8.33
Franklin U.S. Government Securities Fund, Class R6	7.39
Franklin U.S. Core Equity (IU) Fund	6.16
Franklin Rising Dividends Fund, Class R6	6.13
iShares Core U.S. Aggregate Bond ETF	5.44
Franklin LibertyQ Emerging Markets ETF	5.22
Franklin International Core Equity (IU) Fund	4.42

Geographic Allocation<sup>11</sup>

Equity as a Percent of Total

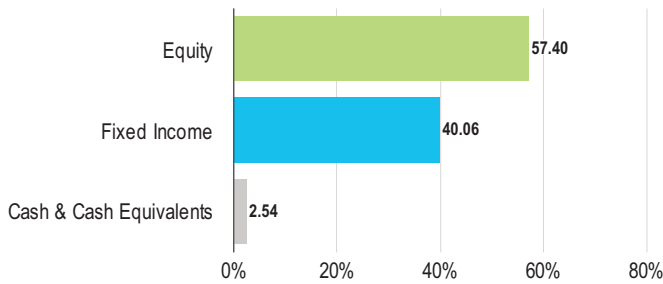


10. Holdings of the same issuers have been combined. Top ten holdings information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change. The information provided is not a recommendation to purchase, sell, or hold any particular security. The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

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

**Asset Allocation<sup>12,13</sup>**

Percent of Total

**Supplemental Performance Statistics****Supplemental Risk Statistic<sup>14</sup>**

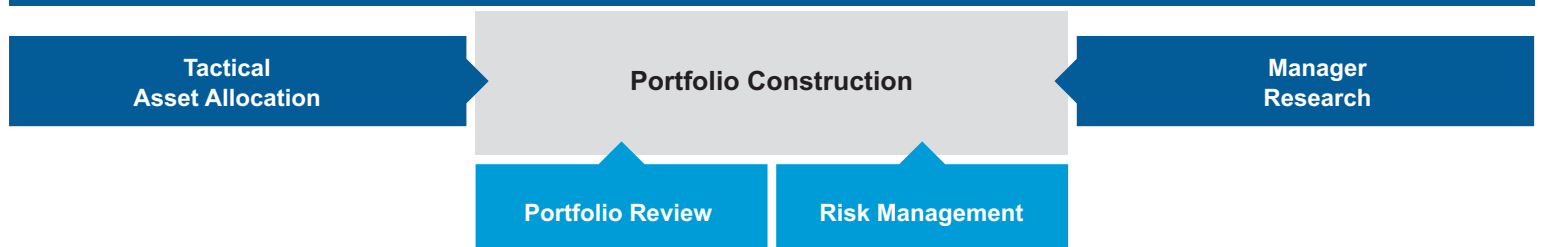
Class A

	3 Yrs	5 Yrs	10 Yrs
Standard Deviation (%)	7.12	7.37	7.76
Tracking Error (%)	1.82	2.16	1.99
Beta	0.95	0.94	1.00
Sharpe Ratio	0.79	0.56	0.77

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**Investment Strategy and Process**

- **Top Down/Bottom Up:** Leveraging a wide range of current market and economic insights from across the Franklin Templeton complex, timely investment themes are formed into asset allocation recommendations. These are then partnered with a short list of Franklin Templeton funds identified through intensive research by our dedicated fund research team.
- **Diversification:** Few companies can match the depth and breadth of investment expertise Franklin Templeton target-risk and target-date funds can offer with access to a wide range of funds, covering nearly all asset classes. A diverse group of underlying investments provides the flexibility to gain exposure to varied sectors of the market.
- **Active Asset Allocation:** The funds seek to balance strategic allocation with active diversification as a method of providing superior long-term returns with lower overall volatility.
- **Focused on Long-Term Results:** Long-term strategic allocations utilize models that are determined to possess the most attractive risk/reward characteristics. This focus on achieving attractive long-term, risk-adjusted performance offers you the potential for competitive relative returns in a variety of market conditions.

**Strategic Asset Allocation****Investment Team**

Portfolio Manager	Years with Firm	Years Experience
Thomas Nelson, CFA, Director of Portfolio Management	12	28
May Tong, CFA, SVP/Portfolio Manager	1	18

12. The asset class of each underlying fund is based on its predominant investments under normal market conditions. Alternatives Funds refers to the fund's investments in underlying Franklin commodities and hedge funds.

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

14. Beta and Tracking Error information are displayed for the product versus the Blended Benchmark.

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

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

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

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

**What Are The Risks?**

All investments involve risks, including possible loss of principal. Because this fund invests in underlying funds, it is subject to the same risks, and indirectly bears the fees and expenses, of the underlying funds. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as the prices of bonds in a fund adjust to a rise in interest rates, that fund's share price may decline. Foreign investing carries additional risks such as currency and market volatility and political or social instability; risks which are heightened in developing countries. These risks are described in the fund's prospectus. Investors should consult their financial advisor for help selecting the appropriate fund of funds, or fund combination, based on an evaluation of their investment objectives and risk tolerance.

**Important Legal Information**

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

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2. The risk/reward potential is based on the fund's goal and level of risk. It is not indicative of the fund's actual or implied performance or portfolio composition, which may change on a continuous basis.

3. Effective January 1, 2015, Franklin Moderate Allocation Fund increased target allocation to equity funds by 5% (from 55% to 60%) and correspondingly decreased the target allocation to fixed income funds (from 45% to 40%). The Fund's investment goal remains the same. On January 1, 2013, the Franklin Moderate Allocation Fund implemented changes to its target allocations; short-term investment allocations were combined into the fixed-income fund target allocation. Formerly, the Fund's target allocation was 55% equity funds, 35% fixed income funds and 10% short-term investments. The Fund's investment goal remains the same.

5. Effective January 1, 2015, Blended Benchmark changed to 60% MSCI AC World Index and 40% Bloomberg Barclays Multiverse Index. From January 1, 2013 – December 31, 2014, the Blended Benchmark comprised of 38.5% S&P 500 Index, 16.5% MSCI EAFE Index and 45% Bloomberg Barclays U.S. Aggregate Index. Prior to January 1, 2013, the Blended Benchmark was comprised of 38.5% S&P 500 Index, 16.5% MSCI EAFE Index, 35% Bloomberg Barclays U.S. Aggregate Index and 10% Payden and Rygel 90 Day T-Bill Index. Such a change can impact performance.

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