



# Investing for the future

Franklin Growth Fund



Not FDIC Insured | May Lose Value | No Bank Guarantee

**“Our long-term investment horizon allows us to plant seeds in up-and-coming industry leaders and harvest their success as we hold them through multiple growth cycles.”**

**Serena Perin Vinton, CFA**  
Portfolio Manager

## **Why Franklin Growth?**

### **Focus on capital appreciation**

We invest primarily in US-based companies across the market cap spectrum with potential for sustainable long-term earnings and cash flow growth. The portfolio comprises current and emerging market leaders as well as newer high-growth companies.

### **Focus on quality companies**

The Fund's strategy emphasizes investing in quality companies, which can be held for multiple years: companies with wide economic moats, strong management teams, sustainable growth opportunities through multiple business cycles.

### **Attractive risk-adjusted return potential**

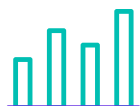
Franklin Growth Fund has historically delivered lower volatility and higher risk-adjusted returns relative to its Morningstar Large Growth category peer average.\*

\*Volatility defined as Standard Deviation of returns. Metrics based on rolling 3-year statistics over the 20 years ended December 31, 2023. Down capture calculated relative to the S&P 500 Index.

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# The strategy

The foundation of our investment philosophy is the belief that attractive risk-adjusted returns can result from identifying companies with strong prospects for sustainable growth that is not already reflected in their current stock prices. We utilize fundamental, bottom-up research to focus on companies that we believe have sustainable growth characteristics—meeting our criteria of growth potential, quality and valuation.



## Growth

Focus on companies with the potential to produce sustainable earnings and cash flow growth

- Evaluate the long-term market opportunity to best identify emerging and current market leaders
- Assess the competitive position within the industry and overall market share



## Quality

Seek high-quality companies with strong management teams and financial strength

- Focus on companies with strong balance sheets, good profitability, high free cash flow generation and return on capital
- Seek companies with a strong track record and perceived ability to consistently deliver on financial and business goals



## Valuation

Assess whether the growth opportunity is already reflected in the stock price

- Consider a range of potential outcomes based on an assessment of multiple scenarios
- Determine the balance of sustainable growth opportunities relative to the business and financial risks

## Experienced management team\*

The portfolio management team is supported by the Franklin Equity Group which consists of 68 investment professionals. This strength and expertise allow analysts to conduct extensive research on thousands of stocks in over 100 industries.



**Serena Perin Vinton, CFA**

Senior Vice President  
Portfolio Manager

Years of experience: 32



**Robert Rendler, CFA**

Vice President  
Portfolio Manager  
Research Analyst

Years of experience: 18



**Joyce Lin, CFA**

Senior Vice President  
Portfolio Manager  
Research Analyst

Years of experience: 13

## Franklin Equity Group

**68**

Investment professionals

**17 years**

Average experience

**13 years**

Average firm tenure

\*As of 12/31/23.

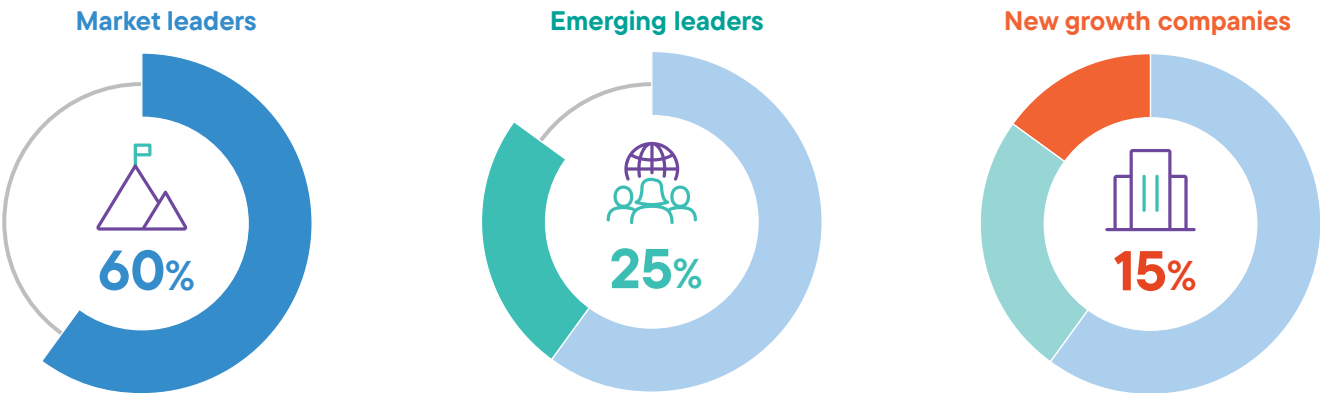
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The information provided is for illustrative purposes. There is no guarantee these objectives will be met.

# The benefits

## Differentiated buy-and-hold strategy supports long-term growth

We invest substantially in the equity securities of companies that are leaders in their industries and which we believe are suitable for a buy-and-hold strategy. We focus on identifying areas of risk and opportunity to build a diversified portfolio of businesses we are confident owning through multiple cycles.



We define market leaders as companies with wide economic moats and strong recurring cash flow. Market leaders represent the majority of the portfolio and typically have larger position sizes.

Emerging leaders are generally characterized by strengthening brands, rapid earnings and market share growth. When a company enters this phase, we may increase its position size as our conviction in the stock grows.

New growth companies are in the first stages of operations and have exponential growth potential. To manage risks, we typically have smaller position sizes within the portfolio.

## Long-term approach and low turnover

Our long-term approach allows us to establish positions in up-and-coming companies and patiently grow with them. The result of our buy-and-hold approach is a low-turnover strategy, with many holdings that have been in the portfolio for years.

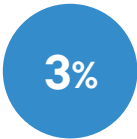
### Top Ten Holdings<sup>1</sup>

As of December 31, 2023

Holdings	% Portfolio Weight	First Bought <sup>2</sup>
Microsoft Corp.	6.04	3Q 1996
Apple Inc.	4.20	3Q 1998
Amazon.com Inc.	3.97	3Q 2010
NVIDIA Corp.	3.63	4Q 2018
Alphabet Inc.	3.60	3Q 2010
Eli Lilly and Co.	2.89	3Q 1990
ServiceNow Inc.	2.58	2Q 2015
Intuit Inc.	2.55	1Q 2013
Mastercard Inc. Class A	2.36	2Q 2009
Union Pacific Corp.	2.02	1Q 1984

### Turnover Rate December 31, 2023

Franklin  
Growth Fund<sup>3</sup>



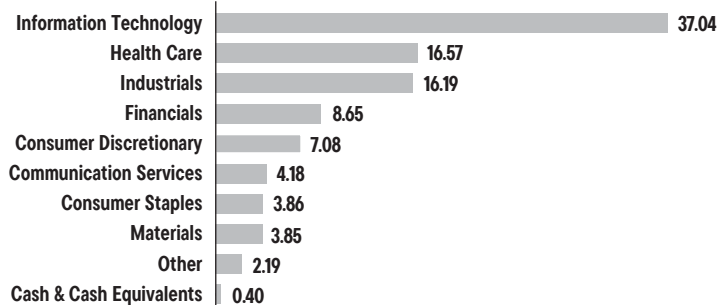
1. Portfolio holdings may change. For the fund's most recent portfolio information, please call Franklin Templeton at (800) DIAL BEN/342-5236 or visit franklintempleton.com. Diversification does not guarantee a profit or eliminate the risk of loss. Due to rounding, the sum of portfolio holdings may not equal 100%.  
2. Positions may have been purchased on or before the provided date. Provided dates are when stocks were first publicly disclosed.  
3. Turnover rate is as of the latest fiscal year.  
4. Source: Morningstar. Average turnover determined from most recently reported Fund figures.

## Broad diversification




Equity markets are not homogeneous—sectors often experience varying degrees of cyclicality, and within sectors, industries may also undergo differentiated cycles of expansion and contraction. By aiming to invest in high-quality companies across the size and sector spectrum, Franklin Growth Fund seeks to benefit from diversification across industries and markets. We believe this diversification can contribute to generating consistent risk-adjusted returns throughout full market cycles.

### Sector Allocation (%)<sup>5</sup>

As of December 31, 2023



## Investment themes: Long-term views & opportunities

	<b>Vehicle electrification</b> 	<b>Green infrastructure</b> 	<b>Industrial digitization</b> 
	<p>Electric vehicle adoption has accelerated through the pandemic, and we believe has a multi-decade runway for growth. The scope of impact across industries will be significant.</p>	<p>Greenhouse gas (GHG) targets across industries require significant investment to meet goals.</p>	<p>Industrial digitization leads to efficiency gains, improved inventory and supply chain management, increasing customer entrenchment, stronger competitive positioning and ultimately greater profitability for early adopters.</p>
<b>Key segments</b>	<ul style="list-style-type: none"> <li>Design simulation</li> <li>Prototype/R&amp;D</li> <li>Manufactured components</li> <li>Original equipment manufactures</li> <li>Charging equipment</li> <li>Generation</li> </ul>	<ul style="list-style-type: none"> <li>Alternative fuel sources</li> <li>Generation</li> <li>Water</li> <li>Batteries</li> <li>Synthetic biology</li> </ul>	<ul style="list-style-type: none"> <li>Automation</li> <li>Smart buildings</li> <li>Precision agriculture</li> <li>Transportation</li> <li>Defense</li> </ul>
<b>Key statistics</b>	<p><b>2012–2021</b></p> <ul style="list-style-type: none"> <li><b>120k</b> EVs sold worldwide in 2012</li> <li><b>6.6M</b> EVs sold worldwide in 2021</li> </ul> <p><b>2021–2030</b></p> <ul style="list-style-type: none"> <li><b>9%</b> of global cars sold were electric in 2021.</li> <li><b>&gt;30%</b> expected in 2030</li> </ul>	<ul style="list-style-type: none"> <li><b>In 2021, the EIA projected that the share of renewables in the U.S. electricity generation mix will double in 30 years. 2020: 21%, 2050: 42%</b></li> <li>For the utilities industry alone, estimates indicate that green hydrogen could contribute globally to an addressable market with <b>\$10T by 2050</b></li> <li>In 2022, congress passed the Inflation Reduction Act. The legislature dedicates <b>\$369B to clean energy &amp; climate initiatives</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Smart buildings can reduce operating cost by up to 30%</b></li> <li>The global digital twin market is expected to grow from <b>\$2.7B in 2020 to \$29.6B by 2025</b></li> </ul>

5. Portfolio holdings may change. For the fund's most recent portfolio information, please call Franklin Templeton at (800) DIAL BEN/342-5236 or visit franklintempleton.com. Diversification does not guarantee a profit or eliminate the risk of loss. Due to rounding, the sum of portfolio holdings may not equal 100%.

Sources: Franklin Templeton, Company Reports, McKinsey, IEA.org, Goldman Sachs, Forbes, CNBC.

The information above reflects the analysis and opinions of the investment manager and may differ from the opinions of other portfolio managers, investment teams or platforms at Franklin Templeton Investments. Because market and economic conditions are subject to rapid change, the analysis and opinions provided may change without notice. The statements do not provide a complete analysis of every material fact regarding any country, market, industry or security. An assessment of a particular country, market, security, investment or strategy is not intended as an investment recommendation nor does it constitute investment advice. Statements of fact are from sources considered reliable, but no representation or warranty is made as to their completeness or accuracy.



# The results

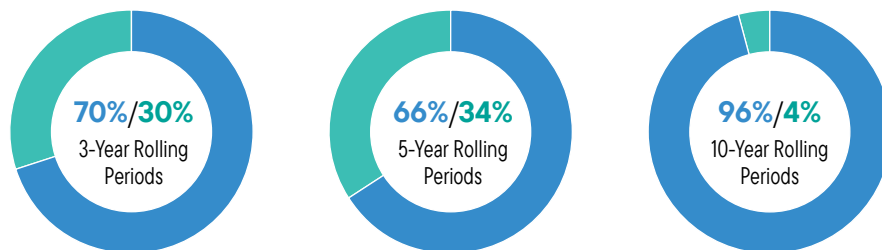
## Differentiated performance through active management

Over longer holding periods, Franklin Growth Fund has historically outperformed its benchmark and produced more attractive risk-adjusted returns than its peer category average. The Sharpe ratio is a risk-adjusted measure that's calculated using standard deviation and excess returns to determine reward per unit of risk.

### Rolling Returns: Franklin Growth Fund

#### Advisor Class vs S&P 500 Index<sup>6</sup>

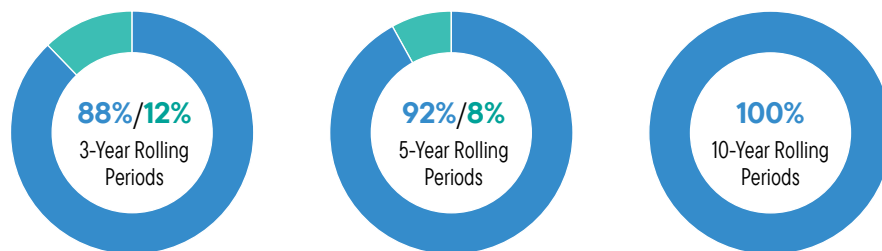
20-Year Period Ended December 31, 2023



### Rolling Sharpe Ratio: Franklin Growth Fund

#### Advisor Class vs Morningstar US Large Growth Category<sup>6</sup>

20-Year Period Ended December 31, 2023



■ Outperformed ■ Underperformed

Historically, Franklin Growth Fund has demonstrated success over longer holding periods versus its benchmark and peers.

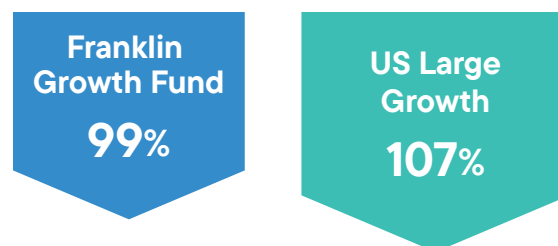
## More attractive downside capture<sup>7</sup>

Franklin Growth Fund takes a more conservative approach to investing, resulting in less downside capture than peers.

### Average Downside Capture: Franklin Growth Fund

#### Advisor Class vs. US Large Growth

20-Year Period Ended December 31, 2023



**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 investors may have a gain or a loss when they sell their shares. Please call Franklin Templeton at (800) DIAL BEN/342-5236 or visit [franklintempleton.com](http://franklintempleton.com) for the most recent month-end performance.**

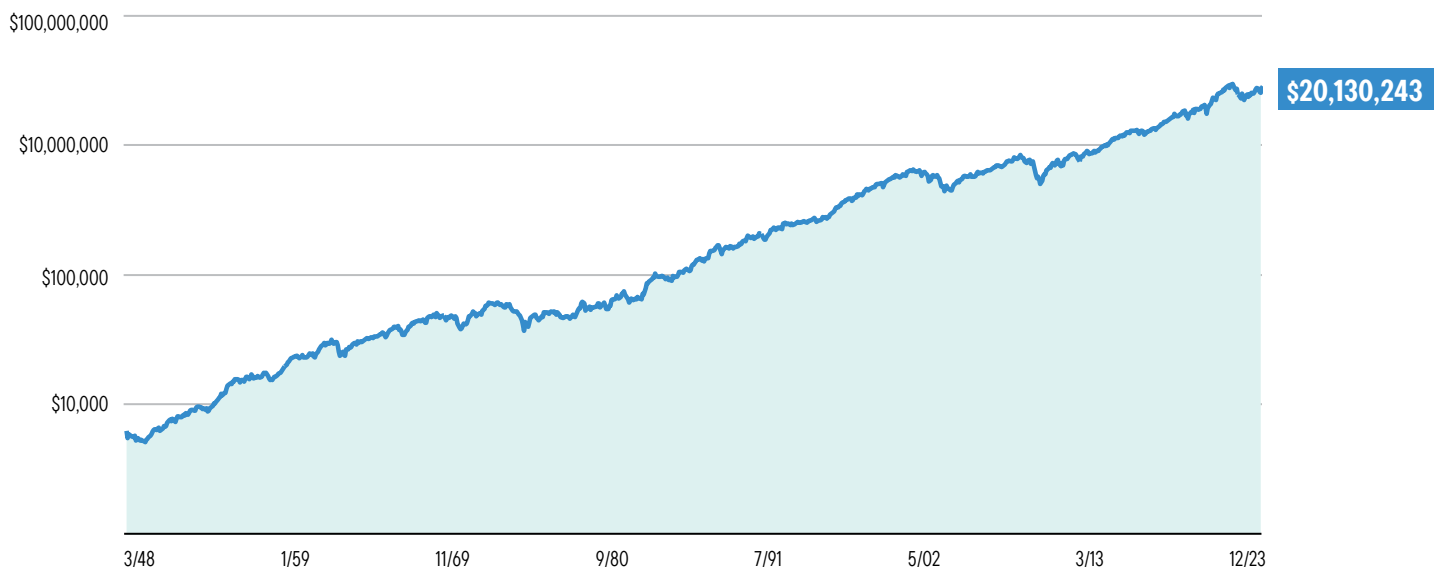
6. Sources: S&P Dow Jones and Morningstar Direct. Important data provider notices and terms available at [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com). They do not reflect any fees, expenses or sales charges. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

7. Capture ratios are based on monthly returns and calculated against the Morningstar US Large Growth category. Downside Capture Ratio explains how well a portfolio performed on average in time periods where the benchmark's returns were less than zero. Past performance is not an indicator or a guarantee of future performance.

## Seven Decades of Growth

### Growth of a \$10,000 Investment

March 31, 1948–December 31, 2023



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

Periods Ended December 31, 2023

	1-Year	5-Year	10-Year	Since Inception
<b>Advisor Class<sup>9</sup></b>	27.99	15.29	12.36	10.56 (3/31/1948)
<b>Class A<sup>10,11</sup></b>				
With Sales Charges	20.64	13.70	11.45	10.37 (3/31/1948)
Without Sales Charges	27.66	15.00	12.08	10.45 (3/31/1948)
<b>Class C<sup>11</sup></b>				
With Sales Charges	25.72	14.14	11.25	9.09 (5/1/1995)
Without Sales Charges	26.72	14.14	11.25	9.09 (5/1/1995)
S&P 500 Index	26.29	15.69	12.03	—
Russell 1000 Growth Index	42.68	19.50	14.86	—

**Sales Charges:** Advisor Class: None; Class A: Maximum 5.50% initial sales charge; Class C: 1%; contingent deferred sales charge in the first year only.

**Total Annual Operating Expenses:** Advisor Class: 0.55%; Class A: 0.80%; Class C: 1.55%.

8. The fund offers other share classes subject to different fees and expenses, which will affect their performance. Please see the prospectus for details.

9. Advisor: Effective 12/31/96, the fund began offering Advisor Class Shares. For periods prior to the fund's Advisor Class inception date, a restated figure is used based on the fund's oldest share class, 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 for periods after the fund's Advisor Class inception date, actual Advisor Class performance is used, reflecting all charges and fees applicable to that class.

10. 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%.

11. Class A: Effective 5/1/94, the fund implemented a Rule 12b-1 plan, which affects subsequent performance. Class C: Prior to 1/1/04, these shares were offered with an initial sales charge; thus actual returns would have differed.

### Performance data quoted represents past performance, which does not guarantee future results.

Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Returns for periods of less than one year are not annualized. All classes of shares may not be available to all investors or through all distribution channels. For current month-end performance, please call Franklin Templeton at (800) DIAL BEN/342-5236 or visit [www.franklintempleton.com](http://www.franklintempleton.com).

The total annual operating expenses are as of the fund's prospectus available at the time of publication. Actual fees may be higher and may impact portfolio returns.

## IMPORTANT INFORMATION

Effective February 1, 2023, the Russell 1000 Growth Index was added as an additional benchmark for the fund.

The S&P 500 Index features 500 leading U.S. publicly traded companies, with a primary emphasis on market capitalization. Source: © 2024 S&P Dow Jones Indices LLC. All rights reserved.

The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. Source: FTSE Russell.

The Morningstar U.S. Large Growth Category: Large-growth funds invest in big companies that are projected to grow faster than other large-cap stocks. Most of these funds focus on companies in rapidly expanding industries. Source: Morningstar Direct.

## WHAT ARE THE RISKS?

**All investments involve risks, including possible loss of principal.** To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. **Large-capitalization companies** may fall out of favor with investors based on market and economic conditions. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. The **investment style** may become out of favor, which may have a negative impact on performance. **International investments** are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets**. The manager may consider **environmental, social and governance (ESG) criteria** in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. These and other risks are discussed in the fund's prospectus.

*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 professional, call us at (800) DIAL BEN/342-5236 or visit **franklintempleton.com**. Please carefully read a prospectus before you invest or send money.*



(800) 342-5236  
**franklintempleton.com**

### Franklin Growth Fund Symbols:

Advisor: FCGAX  
Class A: FKGRX  
Class C: FRGSX  
Class R: FGSRX  
Class R6: FIFRX