

Franklin Convertible Securities Fund

Advisor Class: FCSZX Class A: FISCX Class C: FROTX Class R6: FCSKX

Convertibles | Factsheet as of December 31, 2025

Investment Overview

The fund seeks to maximize total return, consistent with reasonable risk, by investing at least 80% of its net assets in convertible securities (and common stock received upon conversion of convertible securities). Convertible securities are debt securities or preferred stocks that may be converted into common stocks.

Average Annual Total Returns (%)

	Without Sales Charges					With Sales Charges					Inception Date
	1-Yr	3-Yr	5-Yr	10-Yr	Inception	1-Yr	3-Yr	5-Yr	10-Yr	Inception	
Advisor Class	13.83	13.39	5.77	12.39	9.92	13.83	13.39	5.77	12.39	9.92	4/15/1987
Class A	13.54	13.08	5.50	12.11	9.79	7.30	10.98	4.31	11.48	9.63	4/15/1987
Class C	12.68	12.25	4.71	11.27	8.61	11.68	12.25	4.71	11.27	8.61	10/2/1995
Class R6	13.88	13.45	5.84	12.49	10.12	13.88	13.45	5.84	12.49	10.12	4/15/1987
Benchmark	18.07	10.67	2.67	9.59	—	18.07	10.67	2.67	9.59	—	—

Cumulative Total Returns (% Without Sales Charge)

	3-Mo	YTD	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Advisor Class	3.08	13.83	13.83	16.16	10.25	-15.68	7.69	46.60	24.18	4.56	18.24	7.96
Class A	2.98	13.54	13.54	15.81	9.97	-15.85	7.41	46.22	23.88	4.26	17.94	7.74
Class C	2.78	12.68	12.68	14.97	9.16	-16.51	6.60	45.14	22.98	3.46	17.07	6.87
Class R6	3.06	13.88	13.88	16.22	10.33	-15.58	7.75	46.74	24.32	4.64	18.32	8.16
Benchmark	-1.85	18.07	18.07	7.38	6.93	-18.59	3.37	39.37	25.86	3.45	12.61	7.22

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 with sales charge reflect a deduction of the stated maximum sales charge. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. 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 visit franklintempleton.com.

The fund began offering Advisor Class shares on 5/15/2008, and the fund began offering R6 Class shares on 3/4/2014. Performance quotations have been calculated as follows: (a) for Advisor Class periods prior to 5/15/2008, a restated figure is used based on the fund's Class A performance; for R6 Class periods prior to 3/4/2014, a restated figure is used based on the fund's Class Advisor performance. The performance was adjusted to take into account differences in class-specific operating expenses and maximum sales charges. (b) For periods after share class offering, performance for the specific share class is used, reflecting the expenses and maximum sales charges applicable to that class.

Share Class Details

	CUSIP	Ticker	Sales Charges (%)		Expenses (%)	
			Max	CDSC	Gross	Net
Advisor Class	353612641	FCSZX	0.00	—	0.59	0.58
Class A	353612104	FISCX	5.50	—	0.84	0.83
Class C	353612880	FROTX	0.00	1.00	1.59	1.58
Class R6	353612484	FCSKX	0.00	—	0.52	0.51

Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 02/28/2026 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice. There is a 1% CDSC on any Class C shares you sell within 12 months of purchase.

Morningstar Rating™

Overall Rating as of December 31, 2025

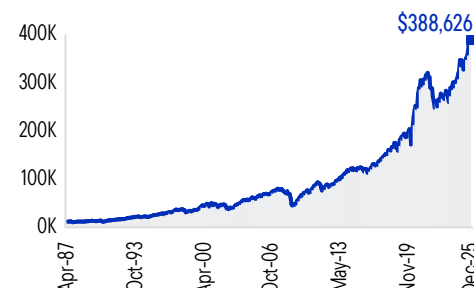
★★★★★ Advisor Class

★★★★★ Class A

As of 12/31/2025 the fund's Advisor Class shares received a 5 star and Class A shares received a 4 star overall Morningstar rating™, measuring risk-adjusted returns against 74, 70 and 62 Convertibles 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.

Growth of \$10,000

Advisor Class Shares—Inception through 31st December 2025
Excluding Effects of Sales Charges



Fund Overview

Dividend Frequency, if any	Quarterly
Morningstar Category	Convertibles
Lipper Classification	Convertible Securities Funds
Turnover (fiscal yr)	30%

Benchmark(s)

ICE BofA Convertibles Total Return Alternatives Index

Fund Characteristics

	Fund
Total Net Assets	\$2.97 Billion
Number of Issuers	68
Price to Book	2.61x
Price to Earnings (12-Month Trailing)	21.07x

Risk Statistics (3-Year—Advisor Class)

	Fund	Benchmark
Beta	0.71	—
R-Squared	0.84	—
Sharpe Ratio	0.88	0.46
Standard Deviation (%)	9.80	12.72
Alpha (%)	4.04	—
Information Ratio	0.50	—
Tracking Error (%)	5.40	—

Asset Allocation (% of Total)

	Fund
Convertibles	98.86
Cash & Cash Equivalents	0.74
Equity	0.23
Fixed Income	0.17

Top Holdings (% of Total)

	Fund
BRIDGEBIO PHARMA INC	2.72
WELLTOWER INC	2.42
PTC THERAPEUTICS INC	2.41
HEWLETT PACKARD ENTERPRISE CO	2.29
JAZZ PHARMACEUTICALS PLC	2.27
WAYFAIR INC	2.22
LYFT INC	2.21
MICROCHIP TECHNOLOGY INC	2.14
ALBEMARLE CORP	2.13
BURLINGTON STORES INC	2.12

Sector Allocation (% of Total)

	Fund
Information Technology	23.04
Health Care	17.95
Consumer Discretionary	14.11
Financials	10.35
Utilities	8.12
Industrials	7.59
Real Estate	5.45
Communication Services	4.63
Other	8.02
Cash & Cash Equivalents	0.74

Geographic Allocation (% of Total)

	Fund
United States	92.34
China	1.94
Canada	1.65
Denmark	1.56
Israel	1.15
United Kingdom	0.62
Cash & Cash Equivalents	0.74

Portfolio Data Information

Holdings are provided for informational purposes only and should not be construed as a recommendation to purchase or sell any security.

Portfolio Management

	Years with Firm	Years of Experience
Eric Webster, CFA	13	13
John Anderson	11	19

What should I know before investing?

All investments involve risks, including possible loss of principal. Convertible securities are subject to the risks of stocks when the underlying stock price is high relative to the conversion price and debt securities when the underlying stock price is low relative to the conversion price. Low-rated, high-yield bonds are subject to greater price volatility, illiquidity and possibility of default. Fixed income securities involve interest rate, credit, inflation and reinvestment risks, and possible loss of principal. As interest rates rise, the value of fixed income securities falls. 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.

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. R-squared measures the strength of the linear relationship between the fund and its benchmark. R-squared at 1 implies perfect linear relationship and zero implies no relationship exists. Sharpe Ratio refers to a risk-adjusted measure calculated using standard deviation and excess returns to determine reward per unit of risk. The higher the ratio, the greater the risk-adjusted performance. Standard Deviation: Measure of the degree to which a fund’s return varies from the average of its previous returns. The larger the standard deviation, the greater the likelihood (and risk) that a fund’s performance will fluctuate from the average return. Alpha is the annualized percentage difference between a portfolio’s actual returns and its expected performance given its level of market risk, as measured by beta. Information Ratio: In investing terminology, the ratio of expected return to risk. Usually, this statistical technique is used to measure a manager’s performance against a benchmark. This measure explicitly relates the degree by which an investment has beaten the benchmark to the consistency by which the investment has beaten the benchmark. Tracking Error measure of the deviation of the return of a fund compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment fund is managed, the smaller the tracking error. Turnover is a measure of the fund’s trading activity which represents the portion of the fund’s holdings that has changed over a twelve-month period through the fiscal year end. There is no assurance that the fund will maintain its current level of turnover. Price to Book: The price per share of a stock divided by its book value (i.e., net worth) per share. For a portfolio, the value represents a weighted average of the stocks it holds. Price to Earnings (12-Month Trailing) is the share price of a stock, divided by its per-share earnings over the past year. For a portfolio, the value represents a weighted average of the stocks it holds.

Important Information

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