FRANKLIN TEMPLETON

Franklin Rising Dividends Fund

Advisor Class: FRDAX Class A: FRDPX | **Commentary | as of September 30, 2026**

Key Takeaways

- **Markets:** US equities posted mixed returns during the third quarter of 2026, as the S&P 500 Index advanced but other gauges, including the portfolio's benchmark, modestly declined. Strong corporate earnings and healthy forward earnings expectations supported stocks, along with expanding global manufacturing activity and generally resilient economic growth data. However, persistent inflation driven in part by an escalation in the Iran war, surging bond yields and interest rate hikes from the US Federal Reserve and other major central banks helped constrain gains. Areas of the market with lower exposure to the artificial intelligence (AI) theme performed well earlier in the period, but later, leadership reversed amid a resurgence of the AI trade.
- **Contributors:** Information technology, industrials and financials.
- **Detractors:** Health care, consumer staples and energy.
- **Outlook:** While macro uncertainty—including the path of interest rates, geopolitics and technological disruption—may contribute to bouts of volatility, we expect well-managed businesses with the ability to grow free cash flow to remain well positioned to sustain and raise dividends over time.

Performance Review

- During the quarter, Franklin Rising Dividends Fund (Advisor Class without sales charges) advanced and outperformed its primary benchmark, the Linked Nasdaq US Broad Dividend Achievers Index, which declined modestly. Stock selection drove relative outperformance, partially offset by asset allocation effects. The fund underperformed its secondary benchmark, the S&P 500 Index.
- Key relative contributors included stock selection in the information technology sector and an overweight to the software industry. Stock selection in industrials and financials also substantially aided relative results.
- Enterprise software giant Microsoft was the top overall individual contributor. The stock surged higher after late-July results topped expectations and management raised guidance as accelerating Azure growth and increased adoption of Copilot highlighted demand for the company's artificial intelligence offerings.
- In contrast, health care was the largest sector detractor, owing to stock selection. Stock choices in consumer staples weighed more modestly on relative performance, as did a combination of an underweight and stock selection in energy. The largest individual detractor was semiconductor equipment maker Applied Materials, which fell from all-time highs despite robust earnings and an upbeat forecast, which disappointed some investors amid concerns around intensifying competition and moderating growth.

Outlook

- The war in Iran and other geopolitical shocks, shifting monetary policy, rising inflation and questions around artificial intelligence have created uncertainty in 2026. So far, economies, markets, companies and investors appear to have absorbed this without a sustained breakdown in growth, earnings, credit or global trade. A first-quarter downturn—when the Fund demonstrated its effective downside capture characteristics—gave way to sharp, AI-driven gains in the second quarter and a mixed third quarter. We continue to believe strategies focused on quality and resilience remain relatively well positioned.
- Through day-to-day volatility, we have patiently looked for opportunities that we believe could benefit the strategy, whether such uncertainty persists or if/when the equity market begins to once again favor more cyclical leaders. Indeed, we have seen some broadening of market leadership this year, supported by resilient economic growth, strong earnings and improving opportunities.
- If this trend continues, market drivers that we believe were present at the beginning of the year could lead the market through the rest of 2026 and beyond. In our view, a gradual normalization of economic growth and inflation, increased dispersion across sectors and a renewed focus on fundamentals and cash flow durability should once again be beneficial to the strategy.
- In this setting, we see attractive opportunities for dividend growth investors, as companies with strong balance sheets, pricing power and disciplined capital allocation continue to differentiate themselves from more leveraged or speculative peers. While macro uncertainty—including the path of interest rates, geopolitics and technological disruption—may contribute to bouts of volatility, we believe that well-managed businesses with the ability to grow free cash flow can remain well positioned to sustain and raise dividends over time.
- Our strategy remains focused on identifying high-quality companies with durable competitive advantages and financial flexibility to compound income and total return for shareholders through a full market cycle.

Top Equity Issuers (% of Total)

Holding	Fund
MICROSOFT CORP	6.48
BROADCOM INC	4.63
APPLE INC	4.36
JPMORGAN CHASE & CO	4.12
VISA INC	3.61
ELI LILLY & CO	3.59
JOHNSON & JOHNSON	2.98
WALMART INC	2.88
ANALOG DEVICES INC	2.58
APPLIED MATERIALS INC	2.51

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns and fund expenses (%) - as of September 30, 2026

			Without Sales Charge							With Maximum Sales Charge							Expenses		Sales Charges		Inception
Class	CUSIP	Ticker	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	Gross	Net	Initial Charge	CDSC	Date
Advisor Class	353825805	FRDAX	0.18	5.44	6.23	12.86	8.17	11.48	9.85	0.18	5.44	6.23	12.86	8.17	11.48	9.85	0.59	0.58	—	—	1/14/1987
Class A	353825102	FRDPX	0.12	5.25	5.97	12.58	7.90	11.21	9.70	-5.39	-0.54	0.14	10.47	6.68	10.58	9.55	0.84	0.83	5.50	—	1/14/1987
Benchmark 1	—	—	-0.62	8.11	10.18	16.94	11.31	11.96	—	-0.62	8.11	10.18	16.94	11.31	11.96	—	—	—	—	—	—
Benchmark 2	—	—	2.30	12.75	15.74	22.88	13.79	15.33	—	2.30	12.75	15.74	22.88	13.79	15.33	—	—	—	—	—	—

Benchmark(s)

Benchmark 1=Linked NASDAQ US Broad Dividend Achievers Index

Benchmark 2=S&P 500 Index

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 10/3/2005. Performance quotations have been calculated as follows: (a) for Advisor Class periods prior to 10/3/2005, a restated figure is used based on the fund's Class A 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.
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 01/31/2027 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice.

What are the Risks?

All investments involve risks, including possible loss of principal. The **investment style** may become out of favor, which may have a negative impact on performance. To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. **Dividends** may fluctuate and are not guaranteed, and a company may reduce or eliminate its dividend at any time. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. 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

Forward earnings are an estimate of a next period's earnings of a company.

Free cash flow (FCF) is a measure of financial performance calculated as operating cash flow minus capital expenditures.

Important Information

Effective February 1, 2026, the fund changed its primary benchmark to the Linked Nasdaq US Broad Dividend Achievers® Index.

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.

The **Linked Nasdaq US Broad Dividend Achievers® Index** reflects performance of the S&P 500 Index from the fund's inception through 12/05/2003 and Nasdaq US Broad Dividend Achievers® Index thereafter. The **Nasdaq US Broad Dividend Achievers® Index** includes US companies with at least ten consecutive years of increasing annual dividend payments. The **S&P 500 Index** features 500 leading U.S. publicly traded companies, with a primary emphasis on market capitalization.

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Important data provider notices and terms available at www.franklintempletondatasources.com. All data is subject to change.

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

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Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, or summary prospectus, if available, at www.franklintempleton.com. Please read it carefully.

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