

# Franklin Rising Dividends Fund

Advisor Class: FRDAX Class A: FRDPX

Commentary | as of March 31, 2026

## Key Takeaways

- **Markets:** US equities broadly declined during the first quarter of 2026 as the escalating conflict in the Middle East weighed heavily on markets. Oil prices surged, renewing concerns about inflation and raising further uncertainty over the path of monetary policy. Many technology-focused stocks declined during the quarter, especially software names, as investors reassessed the durability of the artificial intelligence (AI) trade amid a rotation away from mega-capitalization technology stocks and toward more cyclical and defensive areas of the market. The energy sector advanced sharply, while materials and utilities also outperformed. Information technology, financials and consumer discretionary were among the largest declining sectors.
- **Contributors:** Consumer discretionary.
- **Detractors:** Health care and financials.
- **Outlook:** 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.

## Performance Review

- During the quarter, Franklin Rising Dividends Fund (Advisor Class without sales charges) underperformed its primary benchmark, the Linked Nasdaq US Broad Dividend Achievers Index, due to sector allocation effects and stock selection. The fund nonetheless held up better than its secondary benchmark, the S&P 500 Index.
- Performance detractors included stock selection in the health care and financials sectors, an underweight in the consumer staples sector and overweight positions in the information technology sector, led by Microsoft amid AI spending concerns, softer Azure results, and broader weakness in software and mega-cap technology stocks. An off-benchmark position in Ares Management weighed on returns amid private credit concerns, while an underweight in Exxon Mobil pressured relative performance as its shares rose due to rising oil prices.
- In contrast, stock selection in the consumer discretionary sector contributed on a relative basis, led by a position in off-price retailer Ross Stores, which benefited from resilient demand from value-focused consumers. Overweight allocations to the materials and industrials sectors also added value.
- Semiconductor equipment maker Applied Materials reported better-than-expected quarterly results and guidance amid robust demand tied to AI processors and customers' expanding production amid a global memory chips shortage. Shares of industrial gasses firm Linde rebounded from a late-2025 pullback following an earnings beat that highlighted improving profit margins, along with robust 2026 guidance and a dividend raise.

## Outlook

- The war in Iran, which began in late February, created a great deal of uncertainty, and while the escalation weighed on global equity markets in March, strategies focused on quality and resilience remained relatively well positioned. The portfolio has demonstrated its effective downside capture characteristics relative to the S&P 500 Index during this period.
- As geopolitical tensions in the Middle East have shown some signs of easing in subsequent weeks, we have patiently looked for opportunities that we believe could benefit the strategy should the equity market begin to once again favor more cyclical leaders. If so, market drivers that we believe were present at the beginning of the year could lead the market in the second quarter and through the second half of 2026. 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 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	6.07
BROADCOM INC	4.71
APPLE INC	3.83
JPMORGAN CHASE & CO	3.71
WALMART INC	3.55
LINDE PLC	3.27
VISA INC	3.07
ELI LILLY & CO	2.96
JOHNSON & JOHNSON	2.65
MORGAN STANLEY	2.59

## Average annual total returns and fund expenses (%) - as of March 31, 2026

Class	CUSIP	Ticker	Without Sales Charge							With Maximum Sales Charge							Expenses		Sales Charges		Inception Date
			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	
Advisor Class	353825805	FRDAX	-2.52	-2.52	10.91	9.62	8.33	11.45	9.76	-2.52	-2.52	10.91	9.62	8.33	11.45	9.76	0.59	0.58	—	—	1/14/1987
Class A	353825102	FRDPX	-2.58	-2.58	10.62	9.35	8.06	11.17	9.62	-7.94	-7.94	4.54	7.31	6.85	10.55	9.46	0.84	0.83	5.50	—	1/14/1987
Benchmark 1	—	—	-0.24	-0.24	13.82	14.23	10.67	11.68	—	-0.24	-0.24	13.82	14.23	10.67	11.68	—	—	—	—	—	
Benchmark 2	—	—	-4.33	-4.33	17.80	18.31	12.07	14.16	—	-4.33	-4.33	17.80	18.31	12.07	14.16	—	—	—	—	—	

## 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](http://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

**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.

Important data provider notices and terms available at [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com). All data is subject to change.

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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](http://www.franklintempleton.com). Please read it carefully.**