



# Franklin Founding Funds Allocation Fund–Advisor Class

Fund of Funds  
Multi-Asset  
December 31, 2019

## Product Profile

### Product Details

Fund Assets	\$3,862,062,137.87
Fund Inception Date	08/15/2003
NASDAQ Symbol	FFAAX
Maximum Sales Charge	0.00
Base Currency	USD
Investment Style	Fund of Funds
Benchmark	S&P 500 Index MSCI World Index
Lipper Classification	Mixed-Asset Trgt Alloc Growth Funds
Morningstar Category™	Allocation—70% to 85% Equity
Dividend Frequency	Semiannually

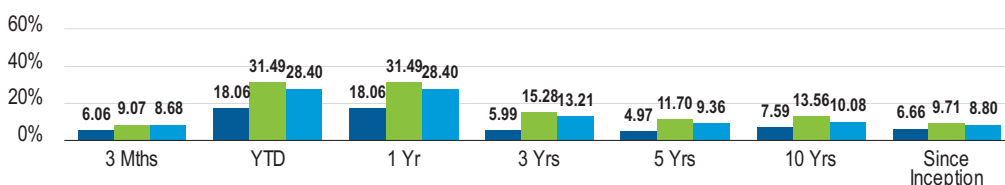
### Fund Description

Franklin Founding Funds Allocation Fund seeks capital appreciation through a diversified, value-oriented approach—investing in a fixed allocation of three Franklin Templeton mutual funds that specifically target stocks and bonds trading at a discount to their true worth. The fund seeks income as a secondary goal.

### Performance Data<sup>1</sup>

#### Average Annual Total Returns<sup>2</sup> (%)

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (08/15/2003)
Advisor Class	6.06	18.06	18.06	5.99	4.97	7.59	6.66
S&P 500 Index	9.07	31.49	31.49	15.28	11.70	13.56	9.71
MSCI World Index	8.68	28.40	28.40	13.21	9.36	10.08	8.80



- Advisor Class
- S&P 500 Index
- MSCI World Index

**Total Annual Operating Expenses: 0.74%**

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.

Advisor Class shares are offered only to certain eligible investors as stated in the prospectus. They are offered without sales charges or Rule 12b-1 fees. The fund offers other share classes subject to different fees and expenses, which will affect their performance. Please see the prospectus for details.

#### Calendar Year Returns (%)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Advisor Class	18.06	-9.60	11.58	13.82	-5.98	3.17	23.93	17.08	-1.78	10.95
S&P 500 Index	31.49	-4.38	21.83	11.96	1.38	13.69	32.39	16.00	2.11	15.06
MSCI World Index	28.40	-8.20	23.07	8.15	-0.32	5.50	27.37	16.54	-5.02	12.34

1. 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.

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

Portfolio Manager Insight<sup>3</sup>

## Performance Review

## QUARTERLY KEY PERFORMANCE DRIVERS

<b>HELPED</b>	The rising stock price of French lender BNP Paribas benefited Templeton Growth Fund's performance following solid results at the firm's fixed income unit and more benign European economic conditions.
	In Franklin Mutual Shares Fund, JPMorgan Chase's stock price trended up during the year but rose sharply after it reported third-quarter earnings that beat consensus estimates. The results were broad based, with stronger-than-expected revenues emanating from consumer and investment banking, respectively.
	All but one of Franklin Income Fund's pharmaceutical and other health care holdings rallied over the October–December span, as did nearly all of its financials sector equities and bonds.
<b>HURT</b>	Corporate credit rallied across the quality spectrum, though there were some industry-level divergences within the high-yield tier this autumn as debt issued by energy firms remained well out of favor until December. Franklin Income Fund's positioning in the bond sector detracted.
	Shares of insurer American International Group, a holding of Franklin Mutual Shares Fund, sold off after third-quarter profit fell short of consensus expectations. A difficult catastrophe-loss period and a review of actuarial assumptions used to underwrite life insurance policies contributed to poor investment sentiment.
	In Templeton Growth Fund, Luxembourg-based satellite operator SES finished as leading detractor. The company's shares slumped after US regulators opted for a public auction of C-band spectrum instead of the private auction favored by spectrum owners like SES.

3. 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

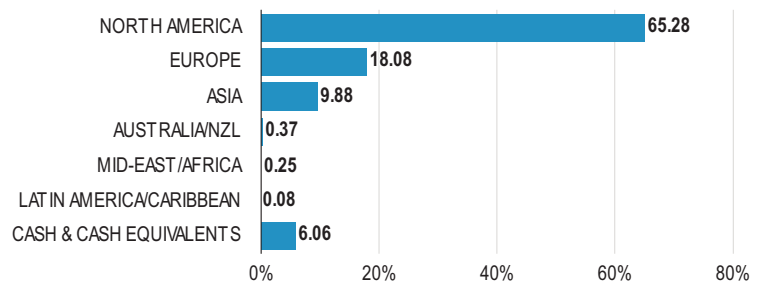
Underlying Funds' Top Ten Holdings<sup>4</sup>

Percent of Total

Top Holdings	%
APPLE INC	3.48
WALT DISNEY CO/THE	2.51
AMAZON.COM INC	2.50
MICROSOFT CORP	2.07
MEDTRONIC PLC	2.03
ELI LILLY & CO	1.99
WELLS FARGO & CO	1.85
JPMORGAN CHASE & CO	1.82
ALPHABET INC	1.67
MASTERCARD INC	1.61

Geographic Allocation<sup>5</sup>

Percent of Total



## Supplemental Performance Statistics

Supplemental Risk Statistics<sup>6</sup>

	3 Yrs	5 Yrs	10 Yrs
Standard Deviation (%)	10.17	10.67	11.31
Tracking Error (%)	4.45	4.39	4.25
Beta	0.79	0.84	0.86
Sharpe Ratio	0.43	0.37	0.62

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4. 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.

5. 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.

6. Beta and Tracking Error information are displayed for the product versus the S&P 500 Index.

## Investment Philosophy

Through an equal allocation to the following underlying funds—Franklin Income Fund, Templeton Growth Fund and Franklin Mutual Shares Fund—this combination provides diversification and an automatic rebalancing feature to help maintain equal exposure to three distinct investment strategies in any market environment.

## Investment Process

The fund will invest equal portions in shares of the three underlying funds, providing a cost-effective means of allocating assets across different investment advisors and types of investments.

- Franklin Income Fund focuses on undervalued dividend-paying stocks and bonds across a wide range of industries.
- Templeton Growth Fund searches worldwide for stocks selling at low prices relative to manager's appraisal of value.
- Franklin Mutual Shares Fund seeks to invest primarily in undervalued stocks, and to a lesser extent, distressed securities and merger arbitrage.

## 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

**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 the fund invests in underlying funds that may engage in a variety of investment strategies involving certain risks, Franklin Founding Funds Allocation Fund is subject to these same risks. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Bonds are affected by changes in interest rates and the credit worthiness of their issuers. Bond prices generally move in the opposite direction of interest rates. Thus, as the prices of bonds adjust to a rise in interest rates, the fund's share prices may decline. Higher-yielding, lower-rated corporate bonds entail a greater degree of credit risk compared to investment grade securities. Foreign investing carries additional risks such as currency and market volatility and political or social instability, risks which are heightened in developing countries. Value securities may not increase in price as anticipated or may decline further in value. These and other risks are discussed in the fund's prospectus.

**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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