



Franklin Small-Mid Cap Growth Fund— Advisor Class

Growth
Equity
June 30, 2021

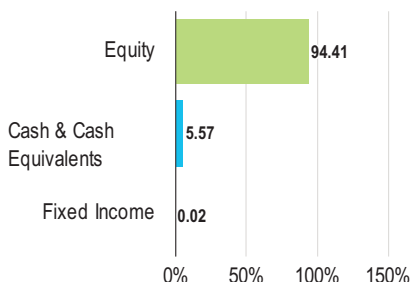
Product Profile

Product Details¹

Fund Assets	\$5,895,457,166.11
Fund Inception Date	02/14/1992
Number of Issuers	131
NASDAQ Symbol	FSGAX
Maximum Initial Sales Charge	0.00
Investment Style	Growth
Benchmark	S&P 500 Index
Lipper Classification	Mid-Cap Growth Funds
Morningstar Category™	Mid-Cap Growth
Dividend Frequency	Annually in December

Asset Allocation²

Percent of Total



Third-Party Fund Data

Overall Morningstar Rating™^a



As of 06/30/2021 the fund's Advisor Class shares received a 4 star overall Morningstar Rating™, measuring risk-adjusted returns against 546, 489 and 379 U.S.-domiciled Mid-Cap Growth mutual funds and exchange traded 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.

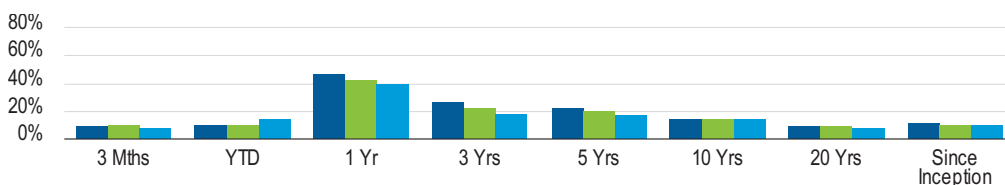
Fund Description

The fund seeks long-term capital growth by investing at least 80% of its net assets in equity securities of small- and medium-sized companies within the market capitalization ranges of the Russell 2500™ Index for small-sized companies and Russell MidCap® Index for medium-sized companies, at the time of purchase.

Performance Data^{b,3}

Average Annual Total Returns⁴ (%)

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	20 Yrs	Since Inception (02/14/1992)
Advisor Class	10.07	10.47	46.96	27.22	22.75	14.91	9.70	12.34
Russell Midcap Growth Index	11.07	10.44	43.77	22.38	20.53	15.13	10.22	11.04
S&P 500 Index	8.55	15.25	40.79	18.67	17.65	14.84	8.61	10.50



- Advisor Class
- Russell Midcap Growth Index
- S&P 500 Index

Total Annual Operating Expenses—With Waiver:0.63% Without Waiver: 0.64%

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/(800) 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.

The fund has a fee waiver associated with any investment it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 08/31/2021. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.

Calendar Year Returns (%)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Advisor Class	56.35	32.17	-4.41	21.82	4.62	-1.73	7.81	38.94	11.03	-4.65
Russell Midcap Growth Index	35.59	35.47	-4.75	25.27	7.33	-0.20	11.90	35.74	15.81	-1.65
S&P 500 Index	18.40	31.49	-4.38	21.83	11.96	1.38	13.69	32.39	16.00	2.11

1. All holdings are subject to change. Holdings of the same issuers have been combined.

2. Percentage may not equal 100% due to rounding. All holdings are subject to change.

3. 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.

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

Portfolio Manager Insight*

Performance Review

QUARTERLY KEY PERFORMANCE DRIVERS

	Stocks	Sectors
HELPED	MARQETA INC	Information Technology (Stock Selection)
	FIGS, Inc. Class A	Consumer Staples (Stock Selection)
	DocuSign, Inc.	Communication Services (Stock Selection)
HURT	Guardant Health, Inc.	Health Care (Stock Selection)
	DraftKings Inc Class A	Industrials (Stock Selection)
	iRhythm Technologies, Inc.	Consumer Discretionary (Stock Selection, Overweight)

- Negative market sentiment following allegations that DraftKings has ties to illegal gambling pressured the shares of the online sports betting company. Furthermore, the reopening of casinos and lifting of pandemic restrictions have pulled some of the focus away from online gambling, which further pressured the stock.
- Potential Medicare reimbursement restrictions weighed on the shares of cardiac device maker iRhythm Technologies in the health care sector. Despite near-term uncertainty, iRhythm has access to an underpenetrated \$2 billion annual market opportunity in screening for atrial fibrillation.
- In the consumer discretionary sector, vertically integrated e-commerce health care apparel company FIGS went public in May and the stock rallied following its debut, which contributed to our returns. The company has done a great job establishing itself as a lifestyle brand for professional uniforms and taking share in the medical scrubs category, which was prime for disruption. The overall business model is also attractive with recurring revenue characteristics and above-average profitability allowing FIGS to stand out relative to apparel peers.

Outlook & Strategy

- The US recovery has been gaining momentum as the country reopens parts of its economy—boosted by government stimulus and vaccine rollouts. Reopening is ultimately leading to better-than-expected earnings growth for companies represented across the broader equity market. Many US companies continue to have very strong balance sheets and appear well-positioned to invest for the future.
- We expect the general recovery direction to continue even though the pace may not be linear as inflation and interest rate increases have become a concern. However, our investment strategy remains unchanged. We continue to focus on bottom-up stock selection of companies based on our assessment of quality, sustainability and growth potential.
- We are finding opportunities across a broad range of sectors. In the industrial sector, there is digitalization and automation as well as an increased adoption of greener infrastructure initiatives, in particular renewable energy, efficient buildings, high-speed rail, and electric vehicles. Investment in e-commerce also is likely to continue at a rapid pace, while select brick-and-mortar retail can also thrive—while consumers want the flexibility of online shopping, many still value in-store experiences as well.
- Further developments are also likely in the digitalization of healthcare. This can take the shape of telemedicine advancements, efficiency in managing low-acuity patients, and greater usage of remote monitoring devices.
- Despite the continued risk of bumps along the road, we retain our longer-term optimism as the expansion evolves. We continue to believe that navigating the challenges presented in the months ahead will require nimble management. We seek companies offering good valuations that we can hold over the long term. We are looking at businesses that we believe display innovation in technology or market approach and that can generate sustainable earnings and cash flow.

*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 Characteristics^{5,6}

	Portfolio	Russell Midcap Growth Index
Market Capitalization (Millions in USD)	24,605	26,890
Return on Equity	4.67%	8.37%
Historical 3-Year EPS Growth	-1.45%	8.15%
Estimated 3-5 Yr EPS Growth	12.64%	16.67%
Price to Earnings (12 Month Forward)	46.18x	33.85x

5. The portfolio characteristics listed are based on the fund's underlying holdings, and do not necessarily reflect the fund's characteristics. Due to data limitations all equity holdings are assumed to be the primary equity issue (usually the ordinary or common shares) of each security's issuing company. This methodology may cause small differences between the portfolio's reported characteristics and the portfolio's actual characteristics. In practice, Franklin Templeton's portfolio managers invest in the class or type of security which they believe is most appropriate at the time of purchase. The market capitalization figures for both the portfolio and the benchmark are at the security level, not aggregated up to the main issuer. The Return on Equity calculation uses simple weighted average means. Source: FactSet, Refinitiv. There can be no assurance that the Estimated 3-5 Year EPS Growth figure, based on Institutional Brokers Estimate System (IBES) consensus estimates, will be realized. All holdings are subject to change.

6. 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.

Portfolio Diversification

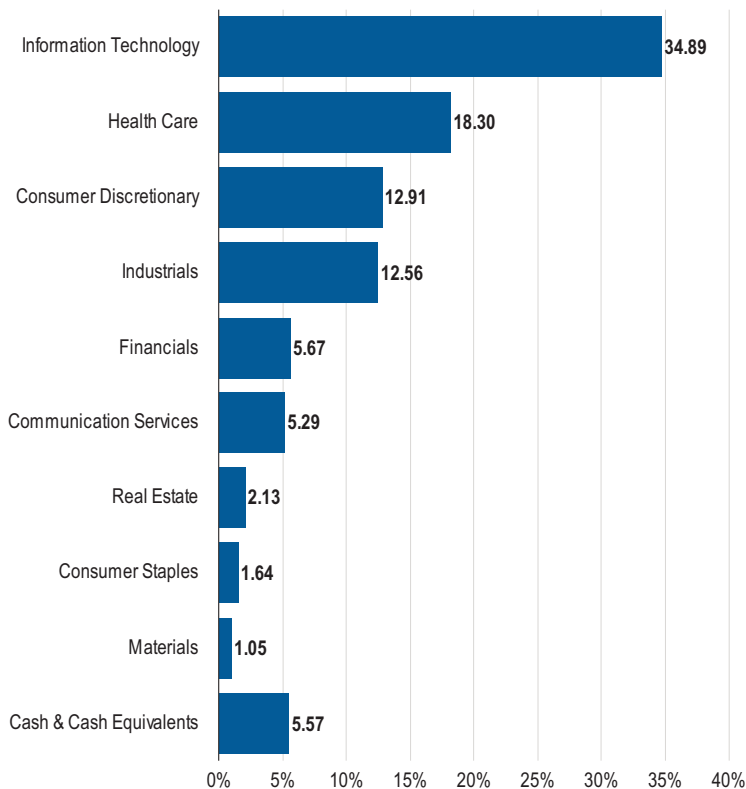
Top Ten Holdings⁷

Percent of Total

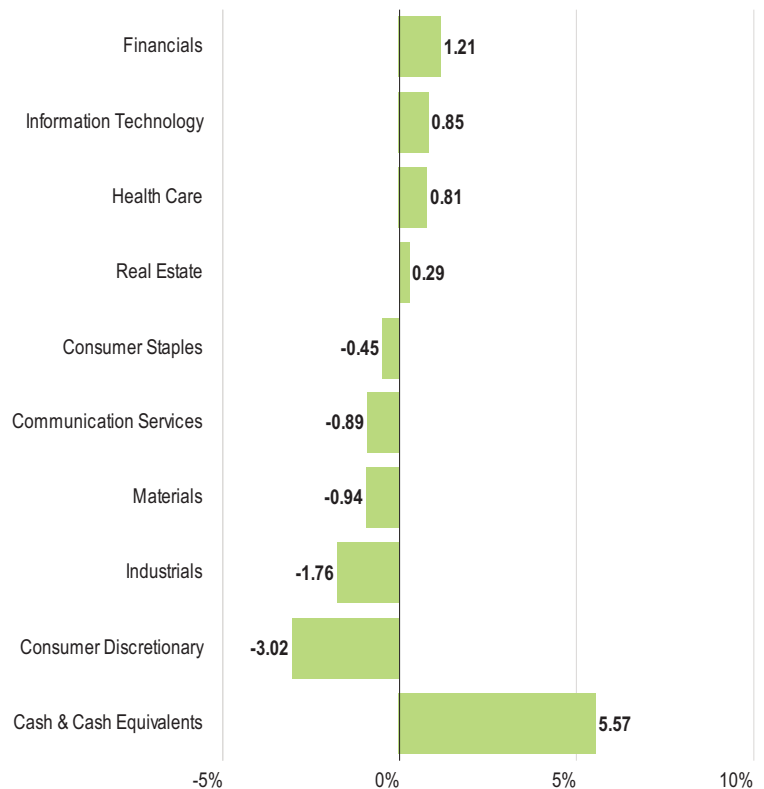
Top Holdings	Sector	%
IDEXX LABORATORIES INC	Health Care Equipment & Services	2.33
DOCUSIGN INC	Software & Services	2.32
SYNOPSYS INC	Software & Services	2.32
ROKU INC	Media & Entertainment	1.90
MSCI INC	Diversified Financials	1.78
COSTAR GROUP INC	Commercial & Professional Services	1.68
SBA COMMUNICATIONS CORP	Real Estate	1.64
VEEVA SYSTEMS INC	Health Care Equipment & Services	1.59
OKTA INC	Software & Services	1.54
ANSYS INC	Software & Services	1.50

Sector Allocation^{8,9}

Percent of Total

Sector Weightings vs. Russell Midcap Growth Index^{10,11}

Percent of Total



7. 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 reserves the right to withhold release of information with respect to holdings that would otherwise be included.

8,10. Percentage may not equal 100% due to rounding. All holdings are subject to change.

9,11. 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.

Supplemental Performance Statistics

Supplemental Risk Statistics^{12,13}

	3 Yrs	5 Yrs	10 Yrs
Standard Deviation (%)	22.66	18.32	17.11
Tracking Error (%)	4.40	3.77	3.60
Information Ratio	1.10	0.59	-0.06
Beta	1.03	1.03	1.05
Sharpe Ratio	1.15	1.18	0.84

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/(800) 342-5236 or visit franklintempleton.com for the most recent month-end performance.

Investment Philosophy

The Franklin Equity Group philosophy holds that companies with the potential for long-term sustainable growth can provide significant opportunities for investors. Market participants can have a short-term perspective and may under appreciate the potential for value created by sustainable growth. We believe that we have the potential to deliver attractive risk-adjusted returns by identifying companies with potential for sustainable growth which we believe is not reflected in current prices.

Investment Process

Within a collaborative environment, our team utilizes fundamental, bottom-up research to focus on companies that we believe have sustainable growth characteristics—meeting our criteria of Growth, Quality and Valuation.

Our analysis includes an assessment of any material Environmental, Social and Governance (ESG) factors on the long-term risk and return profile of a company.

Growth

- Focus on companies with potential to produce sustainable earnings and cash flow growth
- Evaluate the long-term market opportunity and competitive structure of the industry seeking to identify target leaders and emerging leaders

Quality

- Seek companies with strong and improving competitive positions in attractive markets
- Identify experienced and talented management teams as well as financial strength reflected in the capital structure, gross and operating margins, free cash flow generation, and returns on capital

Valuation

- Consider a range of potential outcomes based on an assessment of multiple scenarios
- Evaluate whether, in our view, security prices fully reflect the balance of the sustainable growth opportunities relative to the business and financial risks

Investment Team

Portfolio Manager	Years with Firm	Years Experience
John Scandalios, CFA	25	31
Michael McCarthy, CFA	28	29

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%.

Estimated 3-5 Year EPS Growth: An estimated measure of the growth of earnings per share over a forward-looking period. For a portfolio, the value represents a weighted average of the stocks it holds.

Historical 3-Year EPS Growth: A measure of the growth of earnings per share over a trailing 3 year period. For a portfolio, the value represents a weighted average of the stocks it holds.

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.

Market Capitalization: A determination of a company's value, calculated by multiplying the total number of company stock shares outstanding by the price per share. Market capitalization is expressed in millions of USD.

Price to Earnings (12-mo Forward): A measure of the price to earnings ratio for a stock using the forecasted earnings for the next 12 months. For a portfolio, the value represents a weighted average of the stocks it holds.

Return on Equity: A measure of a corporation's profitability that reveals how much profit a company generates with the money shareholders have invested. For a portfolio, the value represents a weighted average of the stocks it holds.

12. Beta, Information Ratio and Tracking Error information are measured against the Russell Midcap Growth Index.

13. Information Ratio is a way to evaluate a manager's ability to outperform a benchmark in relation to the risk that manager is assuming, with risk defined as deviation from the benchmark. This measure is calculated by dividing the portfolio's excess return (portfolio return less the benchmark return) by the tracking error (derived by taking the standard deviation of the monthly differences between the portfolio return and the benchmark return over time).

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. Growth stock prices reflect projections of future earnings or revenues, and can, therefore, fall dramatically if the company fails to meet those projections. Smaller, mid-sized and relatively new or unseasoned companies can be particularly sensitive to changing economic conditions, and their prospects for growth are less certain than those of larger, more established companies. Historically, these securities have experienced more price volatility than larger company stocks, especially over the short-term. To the extent the Fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, it may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. From time to time, the trading market for a particular security or type of security in which the Fund invests may become less liquid or even illiquid. These and other risks are described more fully 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 professional, call us at (800) DIAL BEN/342-5236 or visit franklintempleton.com. Please carefully read a prospectus before you invest or send money.

Franklin Distributors, LLC. Member FINRA/SIPC.

CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.

Standard & Poor's®, S&P® and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC. S&P does not sponsor, endorse, sell or promote and S&P index-based product.

Source: FactSet, FTSE. Source: FactSet. Important data provider notices and terms available at www.franklintempletondatasources.com.

a. Source: Morningstar®, 06/30/2021. For each mutual fund and exchange traded fund with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance, and does not take into account the effects of sales charges and loads, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods. The Fund's Advisor Class shares received a Morningstar Rating of 5, 4 and 3 star(s) for the 3-, 5- and 10-year periods, respectively. Morningstar Rating™ is for the named share class only; other classes may have different performance characteristics. **Past performance is not an indicator or a guarantee of future performance.**

b. Effective 12/31/1996, 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 b) 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.



**FRANKLIN
TEMPLETON**

One Franklin Parkway
San Mateo, CA 94403-1906
(800) DIAL BEN/342-5236
franklintempleton.com