

SEMIANNUAL REPORT

# FRANKLIN FOCUSED GROWTH FUND

A Series of Franklin Custodian Funds

March 31, 2020



FRANKLIN  
TEMPLETON®

**Internet Delivery of Fund Reports Unless You Request Paper Copies:** Effective January 1, 2021, as permitted by the SEC, paper copies of the Fund's shareholder reports will no longer be sent by mail, unless you specifically request them from the Fund or your financial intermediary. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. If you have not signed up for electronic delivery, we would encourage you to join fellow shareholders who have. You may elect to receive shareholder reports and other communications electronically from the Fund by calling (800) 632-2301 or by contacting your financial intermediary.

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# SHAREHOLDER LETTER

Dear Shareholder:

During 2019's last quarter, the U.S. economy continued to grow moderately, mainly due to concerns about trade. To support the economy, the U.S. Federal Reserve (Fed) lowered the federal funds rate by 0.25% at its October 2019 meeting. However, amid larger economic risks posed by the novel coronavirus (COVID-19) outbreak toward period-end, the Fed lowered its key rate again by 0.50% on March 3 and further by 1.00% on March 15, decreasing the rate during the period from 2.00% to 0.25%. In its efforts to support U.S. economic activity, the Fed also announced a plan to purchase government, government-backed and corporate bonds, which would significantly expand its balance sheet.

The 10-year U.S. Treasury yield was 1.68% on September 30, 2019, and decreased to 0.70% at the end of March 2020. In this environment, the prices of U.S. stocks, as measured by the Standard & Poor's® 500 Index (S&P 500®), dropped 13.17%, (the index decreasing from 2,976.74 to 2,584.59).<sup>1,2</sup>

We are committed to our long-term perspective and disciplined investment approach as we conduct a rigorous, fundamental analysis of securities with a regular emphasis on investment risk management.

We believe active, professional investment management serves investors well. We also recognize the important role of financial advisors in today's markets and encourage investors to continue to seek their advice. Amid changing markets and economic conditions, we are confident investors

with a well-diversified portfolio and a patient, long-term outlook should be well-positioned for the years ahead.

Franklin Focused Growth Fund's semiannual report includes more detail about prevailing conditions and a discussion about investment decisions during the period. Please remember all securities markets fluctuate, as do mutual fund share prices.

We thank you for investing with Franklin, welcome your questions and comments, and look forward to serving your future investment needs.

Sincerely,



Rupert H. Johnson, Jr.  
Chairman  
Franklin Custodian Funds

*This letter reflects our analysis and opinions as of March 31, 2020, unless otherwise indicated. The information is not a complete analysis of every aspect of any market, country, industry, security or fund. Statements of fact are from sources considered reliable.*

1. Source: Copyright © 2020, S&P Dow Jones Indices LLC. All rights reserved.

2. Source: Morningstar. The changes in index prices shown for the S&P 500 do not include reinvestments of income and distributions, which are included in its total return, which was: S&P 500 -12.31% (index total return resulting in a decrease from 6,008.59 to 5,269.20).

See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

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# SEMIANNUAL REPORT

## Franklin Focused Growth Fund

This semiannual report for Franklin Focused Growth Fund covers the period ended March 31, 2020. The Fund commenced operations on April 12, 2016, and initiated Advisor Class shares for non-public use. The Fund began offering Class A, Class C, Class R and Class R6, as well as Advisor Class shares, to the public on February 14, 2020.

### Your Fund's Goal and Main Investments

The Fund seeks capital appreciation by investing in an equity securities portfolio of approximately 20–50 companies that we believe offers a compelling trade-off between growth opportunity, business and financial risk and valuation.

### Performance Overview

The Fund's Class A shares posted a -0.15% cumulative total return for the six months under review.<sup>1</sup> In comparison, the Russell 1000® Growth Index, which measures performance of those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values, posted a -4.98% total return.<sup>2</sup> You can find more of the Fund's performance data in the Performance Summary beginning on page 6.

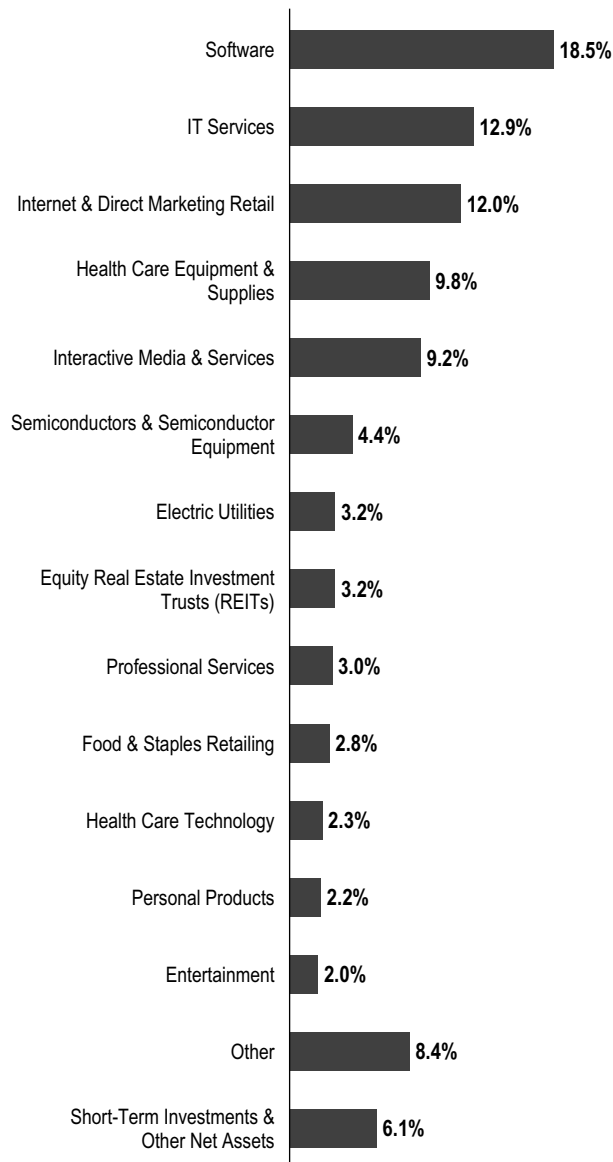
*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown.*

### Economic and Market Overview

U.S. equities, as measured by the Standard & Poor's® 500 Index (S&P 500®), declined significantly during the six months under review. Equities posted strong gains throughout much of the reporting period, aided by relatively steady economic growth, easing trade tensions and the U.S. Federal Reserve's (Fed's) supportive monetary policy. However, a sharp selloff began in late February 2020 amid fears of a global economic slowdown due to the novel

### Portfolio Composition

Based on Total Net Assets as of 3/31/20



1. Effective 2/14/20, the Fund began offering Class A shares. Class A performance shown has been calculated as follows: (a) for periods prior to 2/14/20, a restated figure is used based on the Fund's Advisor Class performance that includes any Rule 12b-1 rate differential that exists between Class A and Advisor Class; and (b) for periods after 2/14/20, actual Class A performance is used, reflecting all charges and fees applicable to that class.

2. Source: Morningstar. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company.

The index is unmanaged and includes reinvestment of any income or distributions. It does not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 14.

coronavirus (COVID-19) pandemic. Concerns about global supply chain disruptions, business and personal restrictions, and subdued consumer spending drove many investors to sell equity holdings in favor of perceived safe investments such as government bonds and cash.

The Fed lowered the federal funds target rate in October for the third time in 2019, to a range of 1.50%–1.75%. The labor market remained strong through February 2020 and supported consumer spending, though some parts of the economy struggled as annual industrial production contracted and capital spending declined.

However, economic activity weakened considerably as the COVID-19 pandemic spread across the U.S. and many state and local governments issued stay-at-home orders, which included business closures and restrictions. Weekly unemployment claims surged near period-end, reflecting layoffs in many industries, particularly retail, restaurants and hospitality. As a result, the unemployment rate jumped from a 50-year low of 3.5% in February 2020 to 4.4% at period-end, and the economy contracted in the first quarter, following an expansion that lasted more than a decade.<sup>3</sup>

Market volatility persisted at a heightened level throughout March 2020, as social distancing measures intended to mitigate the pandemic severely weakened the economy. In an effort to boost the U.S. economy and aid businesses and individuals directly impacted by the pandemic, the federal government passed an unprecedented \$2 trillion stimulus package. Furthermore, the Fed cut the federal funds target rate to a range of 0.00%–0.25% and announced sweeping quantitative easing measures aimed at stimulating lending and credit availability. Many investors were encouraged by policymakers' swift and decisive fiscal and stimulus measures. U.S. stocks, as measured by the S&P 500, bounced from multi-year lows, but still finished the reporting period with negative returns.

## Investment Strategy

We are research-driven, bottom-up fundamental investors. Under normal market conditions, we invest predominantly in equity securities of companies that we believe offer compelling growth opportunities. The equity securities in which we invest are predominantly common stock. We may invest in companies of any size, including small and medium capitalization companies. In addition to our main

## Top 10 Holdings

3/31/20

Company Sector/Industry	% of Total Net Assets
Microsoft Corp. Software	9.0%
Amazon.com Inc. Internet & Direct Marketing Retail	8.7%
Alphabet Inc. Interactive Media & Services	3.9%
ServiceNow Inc. Software	3.8%
Mastercard Inc. IT Services	3.7%
Visa Inc. IT Services	3.2%
NextEra Energy Inc. Electric Utilities	3.2%
Crown Castle International Corp. Equity Real Estate Investment Trusts (REITs)	3.2%
Danaher Corp. Health Care Equipment & Supplies	3.0%
Facebook Inc. Interactive Media & Services	3.0%

investments, we may invest a portion (up to 25%) of net assets in foreign equity securities, including those located in emerging markets. Although we seek investments across a number of sectors, from time to time, based on economic conditions, we may have significant positions in particular sectors.

## Manager's Discussion

During the six months under review, the information technology (IT), consumer discretionary and communication services sectors contributed to the Fund's performance.<sup>4</sup> In IT, information software and services firm Microsoft, 3D graphics products designer NVIDIA and cloud solutions provider ServiceNow benefited results. Microsoft's shares rose during the period based on strong earnings reports for 2019's third and fourth quarters, with their Intelligent Cloud line of products performing particularly well. The company also benefited from news that the U.S. Department of Defense had awarded Microsoft a lucrative contract to provide cloud computing services. NVIDIA experienced

3. Source: Bureau of Labor Statistics.

4. The IT sector comprises IT services, semiconductors and semiconductor equipment and software in the SOI. The consumer discretionary sector comprises automobiles, internet and direct marketing retail; and textiles, apparel and luxury goods in the SOI. The communication services sector comprises entertainment, interactive media and services and media in the SOI.

growing earnings driven by client adoption of its accelerated computing that produced record data center revenue. NVIDIA's RTX ray tracing computer graphics used across gaming, virtual reality and design markets also helped results.

In consumer discretionary, online marketplace Amazon.com contributed to absolute results as shares of the company rose during the COVID-19 outbreak in 2020's first quarter. People increasingly turned to the online retailer for basic goods as they spent increasing amounts of time at home, boosting sales. The company also benefited from the increase in remote working, which has made more companies reliant on technology infrastructure provided by Amazon Web Services. In the communication services sector, internet subscription service company Netflix, China-based internet services company Tencent Holdings and telecommunications and media company Charter Communications also benefited performance.

In contrast, the industrials, health care and consumer staples sectors detracted from performance.<sup>5</sup> In industrials, aerospace firm Boeing (not held at period-end) and data analytics provider Verisk Analytics hurt results. Boeing has been hard hit by both the COVID-19 outbreak, which has drastically cut international travel, and continued safety concerns about Boeing's flagship 737 MAX passenger airliner. Both factors have led to significant order cancellations for the 737 MAX.

In health care, veterinary diagnostics and information systems provider IDEXX Laboratories hindered returns, and in consumer staples, luxury cosmetics maker Estee Lauder also detracted from performance. Estee Lauder's flagship brands and skin care products performed well during the period's first half, but a second consecutive earnings outlook cut and reduced demand after the COVID-19 outbreak pressured the company's share price by period-end. Other detractors included financial technology company Mastercard, integrated circuits maker Analog Devices and derivatives exchange operator CME Group (not held at period-end). Shares of Mastercard slid after the company issued a warning that the COVID-19 outbreak and the accompanying economic slowdown would likely hurt 2020 revenues.

Thank you for your participation in Franklin Focused Growth Fund. We look forward to serving your future investment needs.



*Matthew J. Moberg*

Matthew J. Moberg, CPA  
Portfolio Manager

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*The foregoing information reflects our analysis, opinions and portfolio holdings as of March 31, 2020, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.*

5. The industrials sector comprises industrial conglomerates, machinery and professional services in the SOI. The health care sector comprises health care equipment and supplies, health care technology and life sciences tools and services in the SOI. The consumer staples sector comprises food and staples retailing and personal products in the SOI.

See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

## Performance Summary as of March 31, 2020

The performance table does not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares. Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses. Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses of each class. Capital gain distributions are net profits realized from the sale of portfolio securities.

### Performance as of 3/31/20<sup>1</sup>

*Cumulative total return excludes sales charges. Average annual total return includes maximum sales charges. Sales charges will vary depending on the size of the investment and the class of share purchased. The maximum is 5.50% and the minimum is 0%. **Class A:** 5.50% maximum initial sales charge; **Advisor Class:** no sales charges. For other share classes, visit [franklintempleton.com](http://franklintempleton.com).*

Share Class	Cumulative Total Return <sup>2</sup>	Average Annual Total Return <sup>3</sup>
<b>A<sup>4</sup></b>		
6-Month	-0.15%	-5.64%
1-Year	+3.42%	-2.27%
3-Year	+51.09%	+12.61%
Since Inception (4/12/16)	+76.07%	+13.69%
<b>Advisor</b>		
6-Month	+0.05%	+0.05%
1-Year	+3.76%	+3.76%
3-Year	+52.34%	+15.06%
Since Inception (4/12/16)	+77.96%	+15.65%

*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com) or call (800) 342-5236.*

See page 7 for Performance Summary footnotes.



## Distributions (10/1/19–3/31/20)

Share Class	Short-Term Capital Gain	Long-Term Capital Gain	Total
A (2/14/20–3/31/20)	\$ —	\$ —	\$ —
C (2/14/20–3/31/20)	\$ —	\$ —	\$ —
R (2/14/20–3/31/20)	\$ —	\$ —	\$ —
R6 (2/14/20–3/31/20)	\$ —	\$ —	\$ —
Advisor	\$0.0218	\$1.0640	\$1.0858

Total Annual Operating Expenses<sup>5</sup>

Share Class	With Fee Waiver	Without Fee Waiver
A	1.11%	2.52%
Advisor	0.86%	2.27%

Each class of shares is available to certain eligible investors and has different annual fees and expenses, as described in the prospectus.

All investments involve risks, including possible loss of principal. 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. Growth stock prices reflect projections of future earnings or revenues, and can, therefore, fall dramatically if the company fails to meet those projections. The Fund may also invest in small- and mid-capitalization companies, which can be particularly sensitive to changing economic conditions, and their prospects for growth are less certain than those of larger, more established companies. Foreign investing carries additional risks such as currency and market volatility, and political or social instability; risks which are heightened in developing countries. Unexpected events and their aftermaths, such as the spread of deadly diseases; natural, environmental or man-made disasters; financial, political or social disruptions; terrorism and war; and other tragedies or catastrophes, can cause investor fear and panic, which can adversely affect the economies of many companies, sectors, nations, regions and the market in general, in ways that cannot necessarily be foreseen. The Fund's prospectus also includes a description of the main investment risks.

1. The Fund has an expense reduction and a fee waiver associated with any investments it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 1/31/21. Fund investment results reflect the expense reduction and fee waiver; without these reductions, the results would have been lower.
2. Cumulative total return represents the change in value of an investment over the periods indicated.
3. Average annual total return represents the average annual change in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.
4. Effective 2/14/20, the Fund began offering Class A shares. Class A performance shown has been calculated as follows: (a) for periods prior to 2/14/20, a restated figure is used based on the Fund's Advisor Class performance that includes any Rule 12b-1 rate differential that exists between Class A and Advisor Class; and (b) for periods after 2/14/20, actual Class A performance is used, reflecting all charges and fees applicable to that class.
5. Figures are as stated in the Fund's current prospectus and may differ from the expense ratios disclosed in the Your Fund's Expenses and Financial Highlights sections in this report. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.

## Your Fund's Expenses

As a Fund shareholder, you can incur two types of costs: (1) transaction costs, including sales charges (loads) on Fund purchases and redemptions; and (2) ongoing Fund costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses. The table below shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a \$1,000 investment held for the six months indicated.

### Actual Fund Expenses

The table below provides information about actual account values and actual expenses in the columns under the heading "Actual." In these columns the Fund's actual return, which includes the effect of Fund expenses, is used to calculate the "Ending Account Value." You can estimate the expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by \$1,000 (*if your account had an \$8,600 value, then  $\$8,600 \div \$1,000 = 8.6$* ). Then multiply the result by the number in the row for your class of shares under the headings "Actual" and "Expenses Paid During Period" (*if Actual Expenses Paid During Period were \$7.50, then  $8.6 \times \$7.50 = \$64.50$* ). In this illustration, the actual expenses paid this period are \$64.50.

### Hypothetical Example for Comparison with Other Funds

Under the heading "Hypothetical" in the table, information is provided about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. This information may not be used to estimate the actual ending account balance or expenses you paid for the period, but it can help you compare ongoing costs of investing in the Fund with those of other funds. To do so, compare this 5% hypothetical example for the class of shares you hold with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transactional costs. Therefore, information under the heading "Hypothetical" is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transactional costs were included, your total costs would have been higher.

Share Class	Actual (actual return after expenses)			Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>4, 5</sup>
	Beginning Account Value 10/1/19 <sup>1</sup>	Ending Account Value 3/31/20	Expenses Paid During Period 10/1/19–3/31/20 <sup>2, 3, 4, 5</sup>	Ending Account Value 3/31/20	Expenses Paid During Period 10/1/19–3/31/20 <sup>2, 3, 4, 5</sup>	
A	\$1,000	\$ 822.90	\$1.26	\$1,019.50	\$5.55	1.10%
C	\$1,000	\$ 822.90	\$2.12	\$1,015.75	\$9.32	1.85%
R	\$1,000	\$ 822.90	\$1.55	\$1,018.25	\$6.81	1.35%
R6	\$1,000	\$ 823.40	\$0.97	\$1,020.75	\$4.29	0.85%
Advisor	\$1,000	\$1,000.50	\$4.75	\$1,020.25	\$4.80	0.95%

1. For Class Advisor, 10/1/19 for Actual and Hypothetical. For Classes A, C, R and R6, 2/14/20 for Actual and 10/1/19 for Hypothetical.

2. For Class Advisor, 10/1/19–3/31/20. For Classes A, C, R and R6, 2/14/20–3/31/20.

3. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 183/366 to reflect the one-half year period. The multiplier is 46/366 for Actual expenses for Classes A, C, R and R6 to reflect the number of days since inception.

4. Reflects expenses after fee waivers and expense reimbursements. Does not include acquired fund fees and expenses.

5. Effective February 1, 2020, the expense waiver for Advisor Class changed and the new annualized net expense ratio is 0.85%. Had such expense waiver been in effect for the full period, the Actual expenses paid for Advisor class would have been \$4.25 and the Hypothetical expenses paid would have been \$4.29.

## Financial Highlights

### Franklin Focused Growth Fund

Period Ended  
March 31, 2020  
(unaudited)<sup>a</sup>

#### Class A

##### Per share operating performance

(for a share outstanding throughout the period)

Net asset value, beginning of period . . . . .	\$20.16
Income from investment operations <sup>b</sup> :	
Net investment income (loss) <sup>c</sup> . . . . .	(0.01)
Net realized and unrealized gains (losses) . . . . .	(3.56)
Total from investment operations . . . . .	(3.57)
Net asset value, end of period . . . . .	\$16.59
Total return <sup>d</sup> . . . . .	(17.71)%

##### Ratios to average net assets<sup>e</sup>

Expenses before waiver and payments by affiliates . . . . .	1.73%
Expenses net of waiver and payments by affiliates . . . . .	1.10%
Net investment income (loss) . . . . .	(0.47)%

##### Supplemental data

Net assets, end of period (000's) . . . . .	\$1,179
Portfolio turnover rate . . . . .	16.57%

<sup>a</sup>For the period February 14, 2020 (commencement of operations) to March 31, 2020.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

<sup>e</sup>Ratios are annualized for periods less than one year, except for non-recurring expenses, if any.

**Franklin Focused Growth Fund** (continued)

**Period Ended  
March 31, 2020  
(unaudited)<sup>a</sup>**

**Class C**

**Per share operating performance**

(for a share outstanding throughout the period)

Net asset value, beginning of period . . . . .	\$20.16
Income from investment operations <sup>b</sup> :	
Net investment income (loss) <sup>c</sup> . . . . .	(0.03)
Net realized and unrealized gains (losses) . . . . .	(3.54)
Total from investment operations . . . . .	(3.57)
Net asset value, end of period . . . . .	\$16.59
Total return <sup>d</sup> . . . . .	(17.71)%

**Ratios to average net assets<sup>e</sup>**

Expenses before waiver and payments by affiliates . . . . .	2.48%
Expenses net of waiver and payments by affiliates . . . . .	1.85%
Net investment income (loss) . . . . .	(1.22)%

**Supplemental data**

Net assets, end of period (000's) . . . . .	\$114
Portfolio turnover rate . . . . .	16.57%

<sup>a</sup>For the period February 14, 2020 (commencement of operations) to March 31, 2020.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

<sup>e</sup>Ratios are annualized for periods less than one year, except for non-recurring expenses, if any.

**Franklin Focused Growth Fund** (continued)

**Period Ended  
March 31, 2020  
(unaudited)<sup>a</sup>**

**Class R**

**Per share operating performance**

(for a share outstanding throughout the period)

Net asset value, beginning of period . . . . .	\$20.16
Income from investment operations <sup>b</sup> :	
Net investment income (loss) <sup>c</sup> . . . . .	(0.01)
Net realized and unrealized gains (losses) . . . . .	(3.56)
Total from investment operations . . . . .	(3.57)
Net asset value, end of period . . . . .	\$16.59
Total return <sup>d</sup> . . . . .	(17.71)%

**Ratios to average net assets<sup>e</sup>**

Expenses before waiver and payments by affiliates . . . . .	1.98%
Expenses net of waiver and payments by affiliates . . . . .	1.35%
Net investment income (loss) . . . . .	(0.72)%

**Supplemental data**

Net assets, end of period (000's) . . . . .	\$4
Portfolio turnover rate . . . . .	16.57%

<sup>a</sup>For the period February 14, 2020 (commencement of operations) to March 31, 2020.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Total return is not annualized for periods less than one year.

<sup>e</sup>Ratios are annualized for periods less than one year, except for non-recurring expenses, if any.

**Franklin Focused Growth Fund** (continued)

**Period Ended  
March 31, 2020  
(unaudited)<sup>a</sup>**

**Class R6**

**Per share operating performance**

(for a share outstanding throughout the period)

Net asset value, beginning of period . . . . .	\$20.16
Income from investment operations <sup>b</sup> :	
Net investment income (loss) <sup>c</sup> . . . . .	(—) <sup>d</sup>
Net realized and unrealized gains (losses) . . . . .	(3.56)
Total from investment operations . . . . .	(3.56)
Net asset value, end of period . . . . .	\$16.60
Total return <sup>e</sup> . . . . .	(17.66)%

**Ratios to average net assets<sup>f</sup>**

Expenses before waiver and payments by affiliates . . . . .	1.48%
Expenses net of waiver and payments by affiliates . . . . .	0.85%
Net investment income (loss) . . . . .	(0.22)%

**Supplemental data**

Net assets, end of period (000's) . . . . .	\$4
Portfolio turnover rate . . . . .	16.57%

<sup>a</sup>For the period February 14, 2020 (commencement of operations) to March 31, 2020.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Amount rounds to less than \$0.01 per share.

<sup>e</sup>Total return is not annualized for periods less than one year.

<sup>f</sup>Ratios are annualized for periods less than one year, except for non-recurring expenses, if any.

**Franklin Focused Growth Fund** (continued)

	Six Months Ended March 31, 2020 (unaudited)	Year Ended September 30,			
		2019	2018	2017	2016 <sup>a</sup>
<b>Advisor Class</b>					
<b>Per share operating performance</b> (for a share outstanding throughout the period)					
Net asset value, beginning of period . . . . .	\$17.62	\$17.24	\$13.36	\$10.93	\$10.00
Income from investment operations <sup>b</sup> :					
Net investment income (loss) <sup>c</sup> . . . . .	(0.02)	(0.06)	(0.05)	(0.02)	(0.01)
Net realized and unrealized gains (losses) . . . . .	0.10	0.52	3.93	2.49	0.94
Total from investment operations . . . . .	0.08	0.46	3.88	2.47	0.93
Less distributions from:					
Net investment income . . . . .	—	(0.01)	—	(0.01)	—
Net realized gains . . . . .	(1.09)	(0.07)	—	(0.03)	—
Total distributions . . . . .	(1.09)	(0.08)	—	(0.04)	—
Net asset value, end of period . . . . .	\$16.61	\$17.62	\$17.24	\$13.36	\$10.93
Total return <sup>d</sup> . . . . .	0.05%	2.80%	29.04%	22.78%	9.30%
<b>Ratios to average net assets<sup>e</sup></b>					
Expenses before waiver and payments by affiliates . . . . .	2.00%	2.41%	2.23%	2.31%	4.76%
Expenses net of waiver and payments by affiliates . . . . .	0.95%	1.00%	1.00% <sup>f</sup>	1.00% <sup>f</sup>	1.00%
Net investment income (loss) . . . . .	(0.32)%	(0.36)%	(0.34)%	(0.20)%	(0.18)%
<b>Supplemental data</b>					
Net assets, end of period (000's) . . . . .	\$8,988	\$4,404	\$4,310	\$3,341	\$2,732
Portfolio turnover rate . . . . .	16.57%	28.65%	14.47%	28.48%	7.46%

<sup>a</sup>For the period April 12, 2016 (commencement of operations) to September 30, 2016.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Total return is not annualized for periods less than one year.

<sup>e</sup>Ratios are annualized for periods less than one year, except for non-recurring expenses, if any.

<sup>f</sup>Benefit of expense reduction rounds to less than 0.01%.

## Statement of Investments, March 31, 2020 (unaudited)

## Franklin Focused Growth Fund

	Country	Shares	Value
<b>Common Stocks 93.9%</b>			
<b>Automobiles 0.5%</b>			
<sup>a</sup> Tesla Inc. . . . .	United States	88	\$ 46,112
<b>Capital Markets 1.0%</b>			
MSCI Inc. . . . .	United States	362	104,603
<b>Electric Utilities 3.2%</b>			
NextEra Energy Inc. . . . .	United States	1,366	328,687
<b>Entertainment 2.0%</b>			
<sup>a</sup> Netflix Inc. . . . .	United States	281	105,515
<sup>a</sup> Sea Ltd., ADR . . . . .	Taiwan	2,174	96,330
			<u>201,845</u>
<b>Equity Real Estate Investment Trusts (REITs) 3.2%</b>			
Crown Castle International Corp. . . . .	United States	2,244	324,034
<b>Food &amp; Staples Retailing 2.8%</b>			
Costco Wholesale Corp. . . . .	United States	1,022	291,403
<b>Health Care Equipment &amp; Supplies 9.8%</b>			
Abbott Laboratories . . . . .	United States	2,604	205,482
Danaher Corp. . . . .	United States	2,221	307,408
<sup>a</sup> IDEXX Laboratories Inc. . . . .	United States	1,117	270,582
<sup>a</sup> Intuitive Surgical Inc. . . . .	United States	458	226,806
			<u>1,010,278</u>
<b>Health Care Technology 2.3%</b>			
<sup>a</sup> Veeva Systems Inc. . . . .	United States	1,483	231,897
<b>Industrial Conglomerates 0.9%</b>			
Roper Technologies Inc. . . . .	United States	291	90,737
<b>Interactive Media &amp; Services 9.2%</b>			
<sup>a</sup> Alphabet Inc., A . . . . .	United States	348	404,359
<sup>a</sup> Facebook Inc., A. . . . .	United States	1,838	306,578
Tencent Holdings Ltd. . . . .	China	4,799	235,349
			<u>946,286</u>
<b>Internet &amp; Direct Marketing Retail 12.0%</b>			
<sup>a</sup> Alibaba Group Holding Ltd., ADR . . . . .	China	1,015	197,397
<sup>a</sup> Amazon.com Inc. . . . .	United States	459	894,922
<sup>a</sup> MercadoLibre Inc. . . . .	Argentina	297	145,108
			<u>1,237,427</u>
<b>IT Services 12.9%</b>			
<sup>a</sup> Adyen NV . . . . .	Netherlands	237	202,420
Mastercard Inc., A. . . . .	United States	1,590	384,081
<sup>a</sup> PayPal Holdings Inc. . . . .	United States	1,500	143,610
<sup>a</sup> Shopify Inc., A . . . . .	Canada	640	268,104
Visa Inc., A . . . . .	United States	2,070	333,518
			<u>1,331,733</u>



**Franklin Focused Growth Fund** (continued)

	Country	Shares	Value
<b>Common Stocks</b> (continued)			
<b>Life Sciences Tools &amp; Services 1.7%</b>			
<sup>a</sup> Illumina Inc. . . . .	United States	322	\$ 87,945
<sup>a</sup> WuXi Biologics (Cayman) Inc. . . . .	China	6,897	89,408
			<u>177,353</u>
<b>Machinery 0.7%</b>			
Fortive Corp. . . . .	United States	1,389	76,659
<b>Media 1.9%</b>			
<sup>a</sup> Charter Communications Inc., A. . . . .	United States	455	198,521
<b>Personal Products 2.2%</b>			
Estee Lauder Cos. Inc., A . . . . .	United States	1,426	227,219
<b>Professional Services 3.0%</b>			
<sup>a</sup> CoStar Group Inc. . . . .	United States	294	172,640
Verisk Analytics Inc. . . . .	United States	943	131,435
			<u>304,075</u>
<b>Semiconductors &amp; Semiconductor Equipment 4.4%</b>			
Analog Devices Inc. . . . .	United States	1,717	153,929
ASML Holding NV, N.Y. shs . . . . .	Netherlands	354	92,621
NVIDIA Corp. . . . .	United States	792	208,771
			<u>455,321</u>
<b>Software 18.5%</b>			
<sup>a</sup> Adobe Inc. . . . .	United States	938	298,509
Microsoft Corp. . . . .	United States	5,865	924,969
<sup>a</sup> salesforce.com Inc. . . . .	United States	1,991	286,664
<sup>a</sup> ServiceNow Inc. . . . .	United States	1,373	393,475
			<u>1,903,617</u>
<b>Textiles, Apparel &amp; Luxury Goods 1.7%</b>			
NIKE Inc., B. . . . .	United States	2,076	171,768
<b>Total Common Stocks (Cost \$9,104,018)</b> . . . . .			<u>9,659,575</u>
<b>Short Term Investments (Cost \$457,661) 4.4%</b>			
<b>Money Market Funds 4.4%</b>			
<sup>b,c</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.32% . . . . .	United States	457,661	457,661
<b>Total Investments (Cost \$9,561,679) 98.3%</b> . . . . .			10,117,236
<b>Other Assets, less Liabilities 1.7%</b> . . . . .			172,634
<b>Net Assets 100.0%</b> . . . . .			<u>\$10,289,870</u>

See Abbreviations on page 27.

<sup>a</sup>Non-income producing.

<sup>b</sup>See Note 3(f) regarding investments in affiliated management investment companies.

<sup>c</sup>The rate shown is the annualized seven-day effective yield at period end.

## Statement of Assets and Liabilities

March 31, 2020 (unaudited)

### Franklin Focused Growth Fund

Assets:

Investments in securities:	
Cost - Unaffiliated issuers . . . . .	\$ 9,104,018
Cost - Non-controlled affiliates (Note 3f) . . . . .	457,661
Value - Unaffiliated issuers . . . . .	\$ 9,659,575
Value - Non-controlled affiliates (Note 3f) . . . . .	457,661
Receivables:	
Investment securities sold . . . . .	74,100
Dividends . . . . .	1,094
Affiliates . . . . .	18,456
Offering costs (Note 1e) . . . . .	103,327
Other assets . . . . .	5,182
Total assets . . . . .	<u>10,319,395</u>

Liabilities:

Payables:	
Investment securities purchased . . . . .	218
Capital shares redeemed . . . . .	3,564
Distribution fees . . . . .	184
Transfer agent fees . . . . .	145
Reports to shareholders . . . . .	2,373
Professional fees . . . . .	20,917
Accrued expenses and other liabilities . . . . .	2,124
Total liabilities . . . . .	<u>29,525</u>
Net assets, at value . . . . .	<u>\$10,289,870</u>

Net assets consist of:

Paid-in capital . . . . .	\$ 9,681,452
Total distributable earnings (losses) . . . . .	608,418
Net assets, at value . . . . .	<u>\$10,289,870</u>

## Statement of Assets and Liabilities (continued)

March 31, 2020 (unaudited)

### Franklin Focused Growth Fund

**Class A:**

Net assets, at value . . . . .	\$1,179,383
Shares outstanding . . . . .	71,075
Net asset value per share <sup>a</sup> . . . . .	\$16.59
Maximum offering price per share (net asset value per share ÷ 94.50%) . . . . .	\$17.56

**Class C:**

Net assets, at value . . . . .	\$ 114,187
Shares outstanding . . . . .	6,884
Net asset value and maximum offering price per share <sup>a</sup> . . . . .	\$16.59

**Class R:**

Net assets, at value . . . . .	\$ 4,115
Shares outstanding . . . . .	248
Net asset value and maximum offering price per share . . . . .	\$16.59

**Class R6:**

Net assets, at value . . . . .	\$ 4,117
Shares outstanding . . . . .	248
Net asset value and maximum offering price per share . . . . .	\$16.60

**Advisor Class:**

Net assets, at value . . . . .	\$8,988,068
Shares outstanding . . . . .	541,204
Net asset value and maximum offering price per share . . . . .	\$16.61

<sup>a</sup>Redemption price is equal to net asset value less contingent deferred sales charges, if applicable.

## Statement of Operations

for the six months ended March 31, 2020 (unaudited)

### Franklin Focused Growth Fund

Investment income:

Dividends:	
Unaffiliated issuers . . . . .	\$ 18,991
Non-controlled affiliates (Note 3f) . . . . .	821
Interest:	
Unaffiliated issuers . . . . .	27
Total investment income . . . . .	<u>19,839</u>

Expenses:

Management fees (Note 3a) . . . . .	22,532
Distribution fees: (Note 3c)	
Class A . . . . .	139
Class C . . . . .	60
Class R . . . . .	3
Transfer agent fees: (Note 3e)	
Class A . . . . .	11
Class C . . . . .	1
Advisor Class . . . . .	567
Custodian fees (Note 4) . . . . .	38
Reports to shareholders . . . . .	3,515
Registration and filing fees . . . . .	37
Professional fees . . . . .	23,009
Amortization of offering costs (Note 1e) . . . . .	15,224
Other . . . . .	3,503
Total expenses . . . . .	68,639
Expenses waived/paid by affiliates (Note 3g) . . . . .	(40,989)
Net expenses . . . . .	<u>27,650</u>
Net investment income (loss) . . . . .	<u>(7,811)</u>

Realized and unrealized gains (losses):

Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers . . . . .	117,099
Foreign currency transactions . . . . .	888
Net realized gain (loss) . . . . .	<u>117,987</u>
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers . . . . .	(1,148,007)
Net realized and unrealized gain (loss) . . . . .	<u>(1,030,020)</u>
Net increase (decrease) in net assets resulting from operations . . . . .	<u>\$(1,037,831)</u>

## Statements of Changes in Net Assets

### Franklin Focused Growth Fund

	Six Months Ended March 31, 2020 (unaudited)	Year Ended September 30, 2019
Increase (decrease) in net assets:		
Operations:		
Net investment income (loss) . . . . .	\$ (7,811)	\$ (15,013)
Net realized gain (loss) . . . . .	117,987	242,621
Net change in unrealized appreciation (depreciation) . . . . .	(1,148,007)	(112,364)
Net increase (decrease) in net assets resulting from operations . . . . .	(1,037,831)	115,244
Distributions to shareholders:		
Advisor Class . . . . .	(271,450)	(21,000)
Total distributions to shareholders . . . . .	(271,450)	(21,000)
Capital share transactions: (Note 2)		
Class A . . . . .	1,219,361	—
Class C . . . . .	119,523	—
Class R . . . . .	5,000	—
Class R6 . . . . .	5,000	—
Advisor Class . . . . .	5,846,091	—
Total capital share transactions . . . . .	7,194,975	—
Net increase (decrease) in net assets . . . . .	5,885,694	94,244
Net assets:		
Beginning of period . . . . .	4,404,176	4,309,932
End of period . . . . .	\$10,289,870	\$4,404,176

# Notes to Financial Statements (unaudited)

## Franklin Focused Growth Fund

### 1. Organization and Significant Accounting Policies

Franklin Custodian Funds (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of six separate funds and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). Franklin Focused Growth Fund (Fund) is included in this report. The Fund offers five classes of shares: Class A, Class C, Class R, Class R6 and Advisor Class. Class C shares automatically convert to Class A shares after they have been held for 10 years. Each class of shares may differ by its initial sales load, contingent deferred sales charges, voting rights on matters affecting a single class, its exchange privilege and fees due to differing arrangements for distribution and transfer agent fees.

Effective February 14, 2020, the Fund commenced the public offering of all share classes. The Fund previously only operated with one class of shares, Advisor Class.

The following summarizes the Fund's significant accounting policies.

#### a. Financial Instrument Valuation

The Fund's investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Fund calculates the net asset value (NAV) per share each business day as of 4 p.m. Eastern time or the regularly scheduled close of the New York Stock Exchange (NYSE), whichever is earlier. Under compliance policies and procedures approved by the Trust's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation Committee (VC). The Fund may utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that

the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Investments in open-end mutual funds are valued at the closing NAV. Investments in repurchase agreements are valued at cost, which approximates fair value.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the Fund primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Occasionally, events occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, the VC monitors price movements following the close of trading in foreign stock markets through a series of country specific market proxies (such as baskets of American Depositary Receipts, futures contracts and exchange traded funds). These price movements are measured against established trigger thresholds for each specific market proxy to assist in determining if an event has occurred that may call into question the reliability of the values of the foreign securities held by the Fund. If such an event occurs, the securities may be valued using fair value

**Franklin Focused Growth Fund** (continued)

procedures, which may include the use of independent pricing services. At March 31, 2020, a market event occurred resulting in a portion of the securities held by the Fund being valued using fair value procedures.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any significant security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

**b. Foreign Currency Translation**

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Fund may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

The Fund does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments in the Statement of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

**c. Income and Deferred Taxes**

It is the Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. The Fund intends to distribute to shareholders substantially all of its taxable income and net realized gains to relieve it from federal income and excise taxes. As a result, no provision for U.S. federal income taxes is required.

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply, the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of March 31, 2020, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

**d. Security Transactions, Investment Income, Expenses and Distributions**

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax

**Franklin Focused Growth Fund** (continued)

**1. Organization and Significant Accounting Policies** (continued)

**d. Security Transactions, Investment Income, Expenses and Distributions** (continued)

character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

Common expenses incurred by the Trust are allocated among the Funds based on the ratio of net assets of each Fund to the combined net assets of the Trust or based on the ratio of number of shareholders of each Fund to the combined number of shareholders of the Trust. Fund specific expenses are charged directly to the Fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, excluding class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class. Differences in per share distributions by class are generally due to differences in class specific expenses.

**e. Offering Costs**

Offering costs are amortized on a straight line basis over the first twelve months of operations.

**2. Shares of Beneficial Interest**

At March 31, 2020, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended March 31, 2020 <sup>a</sup>	
	Shares	Amount
<b>Class A Shares:</b>		
Shares sold <sup>b</sup> . . . . .	71,290	\$1,222,925
Shares redeemed . . . . .	(215)	(3,564)
Net increase (decrease) . . . . .	71,075	\$1,219,361
<b>Class C Shares:</b>		
Shares sold . . . . .	7,004	\$ 121,556
Shares redeemed <sup>b</sup> . . . . .	(120)	(2,033)
Net increase (decrease) . . . . .	6,884	\$ 119,523
<b>Class R Shares:</b>		
Shares sold . . . . .	248	\$ 5,000
<b>Class R6 Shares:</b>		
Shares sold . . . . .	248	\$ 5,000

**f. Accounting Estimates**

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

**g. Guarantees and Indemnifications**

Under the Trust's organizational documents, its officers and trustees are indemnified by the Trust against certain liabilities arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust, on behalf of the Fund, enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Currently, the Trust expects the risk of loss to be remote.



**Franklin Focused Growth Fund** (continued)

	<b>Six Months Ended March 31, 2020<sup>a</sup></b>	
	<b>Shares</b>	<b>Amount</b>
<b>Advisor Class Shares<sup>c</sup>:</b>		
Shares sold . . . . .	291,582	\$5,851,718
Shares redeemed . . . . .	(378)	(5,627)
Net increase (decrease) . . . . .	291,204	\$5,846,091

<sup>a</sup>For the period February 14, 2020 (commencement of operations) to March 31, 2020 for Classes A, C, R and R6.

<sup>b</sup>May include a portion of Class C shares that were automatically converted to Class A.

<sup>c</sup>During the year ended September 30, 2019, Advisor Class did not report any share transactions.

**3. Transactions with Affiliates**

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton. Certain officers and trustees of the Trust are also officers and/or directors of the following subsidiaries:

<b>Subsidiary</b>	<b>Affiliation</b>
Franklin Advisers, Inc. (Advisers)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Templeton Distributors, Inc. (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

**a. Management Fees**

Effective February 1, 2020, the Fund pays an investment management fee to Advisers based on the average daily net assets of the Fund as follows:

<b>Annualized Fee Rate</b>	<b>Net Assets</b>
0.700%	Up to and including \$500 million
0.600%	Over \$500 million, up to and including \$1 billion
0.550%	Over \$1 billion, up to and including \$3 billion
0.500%	Over \$3 billion, up to and including \$5 billion
0.450%	In excess of \$5 billion

Prior to February 1, 2020, the Fund paid fees to Advisers based on the average daily net assets of the Fund as follows:

<b>Annualized Fee Rate</b>	<b>Net Assets</b>
0.850%	Up to and including \$500 million
0.800%	Over \$500 million, up to and including \$1 billion
0.750%	Over \$1 billion, up to and including \$3 billion
0.730%	Over \$3 billion, up to and including \$5 billion
0.700%	In excess of \$5 billion

**Franklin Focused Growth Fund** (continued)

**3. Transactions with Affiliates** (continued)

**b. Administrative Fees**

Under an agreement with Advisers, FT Services provides administrative services to the Fund. The fee is paid by Advisers based on the Fund’s average daily net assets, and is not an additional expense of the Fund.

**c. Distribution Fees**

The Board has adopted distribution plans for each share class, with the exception of Class R6 and Advisor Class shares, pursuant to Rule 12b-1 under the 1940 Act. Under the Fund’s Class A reimbursement distribution plan, the Fund reimburses Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund’s shares up to the maximum annual plan rate. Under the Class A reimbursement distribution plan, costs exceeding the maximum for the current plan year cannot be reimbursed in subsequent periods. In addition, under the Fund’s Class C and R compensation distribution plans, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund’s shares up to the maximum annual plan rate for each class. The plan year, for purposes of monitoring compliance with the maximum annual plan rates, is February 1 through January 31.

The maximum annual plan rates, based on the average daily net assets, for each class, are as follows:

Class A . . . . .	0.25%
Class C . . . . .	1.00%
Class R . . . . .	0.50%

**d. Sales Charges/Underwriting Agreements**

Front-end sales charges and contingent deferred sales charges (CDSC) do not represent expenses of the Fund. These charges are deducted from the proceeds of sales of Fund shares prior to investment or from redemption proceeds prior to remittance, as applicable. Distributors has advised the Fund of the following commission transactions related to the sales and redemptions of the Fund’s shares for the period:

Sales charges retained net of commissions paid to unaffiliated brokers/dealers . . . . .	\$123
CDSC retained . . . . .	\$ —

**e. Transfer Agent Fees**

Each class of shares pays transfer agent fees to Investor Services for its performance of shareholder servicing obligations. The fees are based on an annualized asset based fee of 0.02% plus a transaction based fee. In addition, each class reimburses Investor Services for out of pocket expenses incurred and, except for Class R6, reimburses shareholder servicing fees paid to third parties. These fees are allocated daily based upon their relative proportion of such classes’ aggregate net assets. Class R6 pays Investor Services transfer agent fees specific to that class.

For the period ended March 31, 2020, the Fund paid transfer agent fees of \$579, of which \$531 was retained by Investor Services.

**Franklin Focused Growth Fund** (continued)

**f. Investments in Affiliated Management Investment Companies**

The Fund invests in one or more affiliated management investment companies for purposes other than exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended March 31, 2020, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Dividend Income
<b>Non-Controlled Affiliates</b>								
Institutional Fiduciary Trust Money Market Portfolio, 0.32% .....	\$116,522	\$6,177,424	\$(5,836,285)	\$ —	\$ —	\$457,661	457,661	\$821

**g. Waiver and Expense Reimbursements**

Advisers has contractually agreed in advance to waive or limit its fees and to assume as its own expense certain expenses otherwise payable by the Fund so that the expenses (excluding distribution fees, acquired fund fees and expenses and certain non-routine expenses or costs, including those relating to litigation, indemnification, reorganizations, and liquidations) for each class of the Fund do not exceed 0.85% based on the average net assets of each class until January 31, 2021. Total expenses waived or paid are not subject to recapture subsequent to the Fund's fiscal year end.

Prior to February 1, 2020, expenses (excluding certain fees and expenses as previously disclosed) for the Fund were limited to 1.00% based on the average net assets of each class.

**h. Other Affiliated Transactions**

At March 31, 2020, Franklin Resources, Inc. owned 85.3% of the Fund's outstanding shares. Investment activities of this shareholder could have a material impact on the Fund.

**4. Expense Offset Arrangement**

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended March 31, 2020, there were no credits earned.

**5. Income Taxes**

At March 31, 2020, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments .....	\$9,561,679
Unrealized appreciation .....	\$ 937,914
Unrealized depreciation .....	(382,357)
Net unrealized appreciation (depreciation) .....	\$ 555,557

## **Franklin Focused Growth Fund** (continued)

### **6. Investment Transactions**

Purchases and sales of investments (excluding short term securities) for the period ended March 31, 2020, aggregated \$7,371,206 and \$984,511, respectively.

### **7. Novel Coronavirus Pandemic**

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

### **8. Credit Facility**

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2 billion (Global Credit Facility) which matures on February 5, 2021. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended March 31, 2020, the Fund did not use the Global Credit Facility.

### **9. Fair Value Measurements**

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's financial instruments and are summarized in the following fair value hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of financial instruments)

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

**Franklin Focused Growth Fund** (continued)

A summary of inputs used as of March 31, 2020, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Investments in Securities: <sup>a</sup>				
Equity Investments:				
IT Services . . . . .	\$ 1,129,313	\$ 202,420	\$ —	\$ 1,331,733
All Other Equity Investments . . . . .	8,327,842	—	—	8,327,842
Short Term Investments . . . . .	457,661	—	—	457,661
Total Investments in Securities . . . . .	\$ 9,914,816	\$ 202,420	\$ —	\$ 10,117,236

<sup>a</sup>For detailed categories, see the accompanying Statement of Investments.

**10. New Accounting Pronouncements**

In March 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendments in the ASU provides optional temporary financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference rates as of the end of 2021. The ASU is effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management is currently evaluating the impact, if any, of applying this ASU.

**11. Subsequent Events**

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

**Abbreviations**

**Selected Portfolio**

**ADR** American Depositary Receipt

## Shareholder Information

### Board Approval of Investment Management Agreements

#### **FRANKLIN CUSTODIAN FUNDS** **Franklin Focused Growth Fund** (Fund)

At an in-person meeting held on February 25, 2020 (Meeting), the Board of Trustees (Board) of Franklin Custodian Funds (Trust), including a majority of the trustees who are not “interested persons” as defined in the Investment Company Act of 1940 (Independent Trustees), reviewed and approved the continuance of the investment management agreement between Franklin Advisers, Inc. (Manager) and the Trust, on behalf of the Fund (Management Agreement) for an additional one-year period. The Independent Trustees received advice from and met separately with Independent Trustee counsel in considering whether to approve the continuation of the Management Agreement.

In considering the continuation of the Management Agreement, the Board reviewed and considered information provided by the Manager at the Meeting and throughout the year at meetings of the Board and its committees. The Board also reviewed and considered information provided in response to a detailed set of requests for information submitted to the Manager by Independent Trustee counsel on behalf of the Independent Trustees in connection with the annual contract renewal process. In addition, prior to the Meeting, the Independent Trustees held a telephonic contract renewal meeting at which the Independent Trustees conferred amongst themselves and Independent Trustee counsel about contract renewal matters and, in some cases, requested additional information from the Manager relating to the contract. The Board reviewed and considered all of the factors it deemed relevant in approving the continuance of the Management Agreement, including, but not limited to: (i) the nature, extent and quality of the services provided by the Manager; (ii) the investment performance of the Fund; (iii) the costs of the services provided and profits realized by the Manager and its affiliates from the relationship with the Fund; (iv) the extent to which economies of scale are realized as the Fund grows; and (v) whether fee levels reflect these economies of scale for the benefit of Fund investors.

In approving the continuance of the Management Agreement, the Board, including a majority of the Independent Trustees, determined that the terms of the Management Agreement are fair and reasonable and that

the continuance of such Management Agreement is in the interests of the Fund and its shareholder(s). While attention was given to all information furnished, the following discusses some primary factors relevant to the Board’s determination.

#### **Nature, Extent and Quality of Services**

The Board reviewed and considered information regarding the nature, extent and quality of investment management services provided by the Manager and its affiliates to the Fund and its shareholders. This information included, among other things, the qualifications, background and experience of the senior management and investment personnel of the Manager, as well as information on succession planning where appropriate; the structure of investment personnel compensation; oversight of third-party service providers; investment performance reports and related financial information for the Fund; reports on expenses and shareholder services; legal and compliance matters; risk controls; pricing and other services provided by the Manager and its affiliates; and management fees charged by the Manager and its affiliates to US funds and other accounts, including management’s explanation of differences among accounts where relevant. The Board also reviewed and considered an annual report on payments made by Franklin Templeton (FT) or the Fund to financial intermediaries, as well as a memorandum relating to third-party servicing arrangements, which included discussion of the changing distribution landscape for the Fund. The Board noted management’s continuing efforts and expenditures in establishing effective business continuity plans and developing strategies to address areas of heightened concern in the mutual fund industry, such as cybersecurity and liquidity risk management.

The Board also reviewed and considered the benefits provided to Fund shareholders of investing in a fund that is part of the FT family of funds. The Board noted the financial position of Franklin Resources, Inc. (FRI), the Manager’s parent, and its commitment to the mutual fund business as evidenced by its continued introduction of new funds, reassessment of the fund offerings in response to the market environment and project initiatives and capital investments relating to the services provided to the Fund by the FT organization. The Board specifically noted FT’s commitment to enhancing services and controlling costs, as reflected in its plan to outsource certain administrative functions, and growth opportunities, as evidenced by its upcoming acquisition of the Legg Mason companies. The Board acknowledged the change in leadership at FRI and

the opportunity to hear from Jennifer Johnson, President and Chief Executive Officer of FRI, about goals she has for the company that will benefit the Fund.

Following consideration of such information, the Board was satisfied with the nature, extent and quality of services provided by the Manager and its affiliates to the Fund and its shareholder(s).

### **Fund Performance**

The Board reviewed and considered the performance results of the Fund over various time periods ended December 31, 2019. The Board considered the performance returns for the Fund in comparison to the performance returns of mutual funds deemed comparable to the Fund included in a universe (Performance Universe) selected by Broadridge Financial Solutions, Inc. (Broadridge), an independent provider of investment company data. The Board received a description of the methodology used by Broadridge to select the mutual funds included in a Performance Universe. The Board also reviewed and considered Fund performance reports provided and discussions that occurred with portfolio managers at Board meetings throughout the year. A summary of the Fund's performance results is below.

The Performance Universe for the Fund included the Fund and all retail and institutional large-cap growth funds. The Board noted that the Fund's annualized total return for the one-year period was slightly below the median of its Performance Universe, but for the three-year period was above the median and in the first quintile (best) of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

### **Comparative Fees and Expenses**

The Board reviewed and considered information regarding the Fund's actual total expense ratio and its various components, including, as applicable, management fees; transfer agent expenses; underlying fund expenses; Rule 12b-1 and non-Rule 12b-1 service fees; and other non-management fees. The Board also noted the quarterly and annual reports it receives on all marketing support payments made by FT to financial intermediaries. The Board considered the actual total expense ratio and, separately, the contractual management fee rate, without the effect of fee waivers, if any (Management Rate) of the Fund in comparison to the median expense ratio and median Management Rate, respectively, of other mutual funds deemed comparable to and with a similar expense structure to the Fund selected by Broadridge (Expense Group). Broadridge fee and expense data is based upon information

taken from each fund's most recent annual report, which reflects historical asset levels that may be quite different from those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios and Management Rates generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by Broadridge to be an appropriate measure of comparative fees and expenses. The Broadridge Management Rate includes administrative charges, and the actual total expense ratio, for comparative consistency, was shown for Advisor Class shares for the Fund and for the Institutional Class, Class I, Class N, Class P or Advisor Class shares for each other fund in the Expense Group. The Board received a description of the methodology used by Broadridge to select the mutual funds included in an Expense Group.

The Expense Group for the Fund included the Fund and ten other large-cap growth funds. The Board noted that the Management Rate for the Fund was above the median of its Expense Group, and its actual total expense ratio was slightly above the median of its Expense Group. The Board concluded that the Management Rate charged to the Fund is reasonable. In doing so, the Board noted that, effective February 1, 2020, each level of the Fund's tiered management fee schedule was reduced. The Board further noted the fee waiver from management on the Fund's actual total expense ratio.

### **Profitability**

The Board reviewed and considered information regarding the profits realized by the Manager and its affiliates in connection with the operation of the Fund. In this respect, the Board considered the Fund profitability analysis provided by the Manager that addresses the overall profitability of FT's US fund business, as well as its profits in providing investment management and other services to each of the individual funds during the 12-month period ended September 30, 2019, being the most recent fiscal year-end for FRI. The Board noted that although management continually makes refinements to its methodologies used in calculating profitability in response to organizational and product-related changes, the overall methodology has remained consistent with that used in the Fund's profitability report presentations from prior years. Additionally, PricewaterhouseCoopers LLP, auditor to FRI and certain FT funds, was engaged by the Manager to review and assess the allocation methodologies to be used solely by the Fund's Board with respect to the profitability analysis.



The Board noted management's belief that costs incurred in establishing the infrastructure necessary for the type of mutual fund operations conducted by the Manager and its affiliates may not be fully reflected in the expenses allocated to the Fund in determining its profitability, as well as the fact that the level of profits, to a certain extent, reflected operational cost savings and efficiencies initiated by management. As part of this evaluation, the Board considered the initiative currently underway to outsource certain operations, which effort would require considerable up front expenditures by the Manager but, over the long run is expected to result in greater efficiencies. The Board also noted management's expenditures in improving shareholder services provided to the Fund, as well as the need to implement systems and meet additional regulatory and compliance requirements resulting from recent US Securities and Exchange Commission and other regulatory requirements, notably in the area of cybersecurity protections.

The Board also considered the extent to which the Manager and its affiliates might derive ancillary benefits from fund operations, including revenues generated from transfer agent services, potential benefits resulting from personnel and systems enhancements necessitated by fund growth, as well as increased leverage with service providers and counterparties. Based upon its consideration of all these factors, the Board concluded that the level of profits realized/expected to be realized by the Manager and its affiliates from providing services to the Fund was not excessive in view of the nature, extent and quality of services provided to the Fund.

#### **Economies of Scale**

The Board reviewed and considered the extent to which the Manager may realize economies of scale, if any, as the Fund grows larger and whether the Fund's management fee structure reflects any economies of scale for the benefit of shareholder(s). With respect to possible economies of scale, the Board noted the existence of management fee breakpoints, which operate generally to share any economies of scale with the Fund's shareholder(s) by reducing the Fund's effective management fees as the Fund grows in size. The Board considered the Manager's view that any analyses of potential economies of scale in managing a particular fund are inherently limited in light of the joint and common costs and investments the Manager incurs across the FT family of funds as a whole. The Board noted that the Fund does not have an asset size that would likely enable the Fund to achieve economies of scale, but concluded that

to the extent economies of scale may be realized by the Manager and its affiliates, the Fund's management fee structure provided a sharing of benefits with the Fund and its shareholders as the Fund grows.

#### **Conclusion**

Based on its review, consideration and evaluation of all factors it believed relevant, including the above-described factors and conclusions, the Board unanimously approved the continuation of the Management Agreement for an additional one-year period.

### **Proxy Voting Policies and Procedures**

The Fund's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Fund uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Fund's complete Policies online at [franklintempleton.com](http://franklintempleton.com). Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Fund's proxy voting records are also made available online at [franklintempleton.com](http://franklintempleton.com) and posted on the U.S. Securities and Exchange Commission's website at [sec.gov](http://sec.gov) and reflect the most recent 12-month period ended June 30.

### **Quarterly Statement of Investments**

The Trust, on behalf of the Fund, files a complete statement of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year as an exhibit to its report on Form N-PORT. Shareholders may view the filed Form N-PORT by visiting the Commission's website at [sec.gov](http://sec.gov). The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.



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Authorized for distribution only when accompanied or preceded by a summary prospectus and/or prospectus. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. A prospectus contains this and other information; please read it carefully before investing.

To help ensure we provide you with quality service, all calls to and from our service areas are monitored and/or recorded.



**Semiannual Report and Shareholder Letter**  
**Franklin Focused Growth Fund**

**Investment Manager**  
Franklin Advisers, Inc.

**Distributor**  
Franklin Templeton Distributors, Inc.  
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