

Investing in innovation: Franklin DynaTech Fund (FDYZX)

Franklin DynaTech Fund is a diversified growth fund which has focused on investing in innovation since 1968. The investment team researches, investigates, explores, studies and scrutinizes the greatest innovations of our time, looking for the best potential investments. They seek to identify those companies and industries with compelling products, new processes, strong management and disruptive technologies. Our investment team is headquartered near the heart of Silicon Valley, allowing the managers and analysts firsthand access to research and the opportunity to build relationships with companies at the forefront of innovation today.

The heart of the investment philosophy is the belief that innovation drives long-term wealth creation. Importantly, the team views the world today through an investment lens that spans decades of history.

Innovation is accelerating

We are living in a period of unprecedented economic change, often referred to as the fourth industrial revolution.¹ This affords us with a compelling backdrop in which to invest, as new companies, technologies, and ideas are brought into the marketplace.

Innovation demands active management

In our view, innovation is one of the most misunderstood parts of the market and demands active management. New technologies, products and processes can impact our daily lives; however, their prospects as investments may vary significantly as the expectations of market participants change over time. Some innovations may be great investments today, or far in the future, or never at all.

Innovation is everywhere

Innovation today is pervasive; it is not confined to any singular niche of the economy. The Franklin DynaTech investment team expects five platforms of growth, spanning myriad sectors and industries, to generate considerable economic value over the next five to ten years. We highlight some examples below.

Franklin DynaTech: Platforms of growth²

Disruptive commerce	Genomic advancements	Intelligent machines	Energy transformation	Exponential data
<ul style="list-style-type: none"> General commerce Media Sharing economy Verticals: travel, autos, real estate, etc. Transport & logistics ePayments Distributed lending 	<ul style="list-style-type: none"> Sequencers & equipment Diagnostics Gene silencing or muting Gene editing Agriculture 	<ul style="list-style-type: none"> Robotics 3D printing Internet of things Automated driving Drones Health care implantables 	<ul style="list-style-type: none"> Solar, wind, nuclear and geothermal Grid hardening, smart grid & AI optimization Distributed generation & storage Electric vehicles 	<ul style="list-style-type: none"> Artificial intelligence & machine learning Cloud computing Edge computing Data analysis Augmented & virtual reality Blockchain

1. Source: Schwab, Klaus. *The Fourth Industrial Revolution*. Currency, 2017. Print.

2. This commentary reflects the analysis and opinions of the investment team and may differ from the opinions of other portfolio managers, investment teams or platforms at Franklin Templeton. Because market and economic conditions are subject to rapid change, the analysis and opinions provided may change without notice. The commentary does not provide a complete analysis of every material fact regarding any country, market, industry or security. An assessment of a particular country, market, security, investment or strategy is not intended as an investment recommendation nor does it constitute investment advice. Statements of fact are from sources considered reliable, but no representation or warranty is made as to their completeness or accuracy.

Performance Highlights

	Cumulative Total Returns As of 12/31/2025	Average Annual Total Returns For Periods Ended 12/31/2025			Since Inception (1/1/1968)
		YTD	1-Year	5-Year	
Advisor Class (FDYZX) ³	18.76%		18.76%	8.74%	16.98%
Class A (FKDNX) (Without Sales Charge)	18.46%		18.46%	8.46%	16.69%
Class A (FKDNX) (With Sales Charge)	11.95%		11.95%	7.25%	16.03%
Russell 1000 Growth Index	0.20%		0.20%	-6.59%	-1.14%
S&P 500 Index	0.88%		0.88%	-5.69%	2.17%
					-0.35%

Sales charges: Advisor Class: none; Class A: maximum 5.50% initial sales charge.

Expenses (%): Gross, Net: Advisor Class: 0.54, 0.54; Class A: 0.79, 0.79.

Performance data quoted represents past performance, which does not guarantee future results. Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Returns with sales charge reflect a deduction of the stated maximum sales charge. Returns for periods of less than one year are not annualized. All classes of shares may not be available to all investors or through all distribution channels. For current month-end performance, please visit www.franklintempleton.com.

An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. Important data provider notices and terms available at www.franklintempletondatasources.com.

The total annual operating expenses are as of the fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns.

What are the risks?

All investments involve risks, including possible loss of principal. **Equity securities** are subject to price fluctuation and possible loss of principal. To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. The manager may consider **environmental, social and governance (ESG) criteria** in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. These and other risks are discussed in the fund's prospectus.

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.

3. Effective 5/15/08, 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 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.



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