



**Annual Report
and Shareholder Letter**

December 31, 2018

Franklin Fund Allocator Series

Franklin Conservative Allocation Fund
Franklin Moderate Allocation Fund
Franklin Growth Allocation Fund



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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.

You may elect to continue to receive paper copies of all your future shareholder reports free of charge by contacting your financial intermediary or, if you invest directly with a Fund, calling (800) 632-2301 to let the Fund know of your request. Your election to receive reports in paper will apply to all funds held in your account.

Franklin Templeton

Successful investing begins with ambition. And achievement only comes when you reach for it. That's why we continually strive to deliver better outcomes for investors. No matter what your goals are, our deep, global investment expertise allows us to offer solutions that can help.

During our more than 70 years of experience, we've managed through all kinds of markets—up, down and those in between. We're always preparing for what may come next. It's because of this, combined with our strength as one of the world's largest asset managers that we've earned the trust of millions of investors around the world.

Dear Shareholder:

During the 12 months ended December 31, 2018, the U.S. economy continued to grow amid mostly positive economic data and corporate earnings, but financial markets experienced volatility due to trade concerns and geopolitical stress. The U.S. Federal Reserve (Fed) increased its federal funds rate by 0.25% four times during the year, bringing the rate from 1.50% at the start of the period to 2.50% by period-end, although it reduced the number of projected rate increases for 2019. The Fed cited continued strength in the labor market and household spending as evidence of solid economic growth, and it noted stable inflation levels and little change in expected longer-term inflation.

In this environment, the prices of U.S. stocks, as measured by the Standard & Poor's® 500 Index (S&P 500®), declined 6.24% (the index declining from 2,673.61 to 2,506.85).^{1,3} The prices of stocks in global developed markets, as measured by the MSCI World Index (MSCI), declined 10.44% (the index declining from 2,103.448 to 1,883.901).^{2,3} Investment-grade bonds, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index (Bloomberg Index), posted a +0.01% total return

(an index increase from 2,046.37 to 2,046.60), which includes reinvestment of income and distributions.⁴

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.

In addition, Franklin Fund Allocator Series' annual 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.

1. Source: Copyright © 2019, S&P Dow Jones Indices LLC. All rights reserved.

2. Source: MSCI.

3. Source: Morningstar. The changes in index prices shown for the S&P 500 and MSCI do not include reinvestments of income and distributions, which are included in their total returns, which were: S&P 500 -4.38% (index total return resulting in a decline from 5,212.76 to 4,984.22) and MSCI -8.20% (index total return resulting in a decline from 8,466.345 to 7,771.710).

4. Sources: Morningstar and Bloomberg Barclays Indices. For the Bloomberg Index, only total return as shown is available, not price change without the inclusion of reinvested income and distributions.

See www.franklintempletondatasources.com for additional data provider information.

Not FDIC Insured | May Lose Value | No Bank Guarantee

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

Sincerely,



Rupert H. Johnson, Jr.
Chairman
Franklin Fund Allocator Series

This letter reflects our analysis and opinions as of December 31, 2018, 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.

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Visit franklintempleton.com for fund updates, to access your account, or to find helpful financial planning tools.

Annual Report

Economic and Market Overview

The global economy expanded during the 12 months under review, despite weakness in certain regions. Global developed and emerging market stocks were aided at certain points during the period by higher crude oil prices, upbeat economic data, easing trade tensions and encouraging corporate earnings reports, as well as indications of a slower pace of interest-rate increases from the U.S. Federal Reserve (Fed).

However, various factors weighed on global markets during the period, including concerns about tighter regulation of technology companies, political uncertainties in the U.S. and the European Union, and major central banks' interest-rate path and unwinding of monetary stimulus measures. Markets were further pressured by U.S. trade disputes with its allies and China, and their impact on global growth and corporate earnings. In this environment, global stocks, as measured by the MSCI All Country World Index, had a -8.93% total return for the 12 months ended December 31, 2018.¹

The U.S. economy grew during the 12-month period. After moderating for three consecutive quarters, the economy grew faster in 2018's second quarter, driven by consumer spending, business investment, exports and government spending. However, growth moderated in the third quarter due to declines in exports and housing investment. The unemployment rate declined from 4.1% in December 2017 to 3.9% at period-end.² Annual inflation, as measured by the Consumer Price Index, decreased from 2.1% in December 2017 to 1.9% at period-end.² The Fed raised its target range for the federal funds rate four times during the period, to 2.25%–2.50%, and continued reducing its balance sheet as part of an ongoing plan to normalize monetary policy. At its December meeting, the Fed reduced the projected 2019 rate increases to two, compared to three projected previously.

In Europe, the U.K.'s quarterly economic growth moderated in 2018's first quarter, but accelerated in 2018's second and third quarters. The Bank of England raised its key policy rate once during the review period. After moderating in 2018's first quarter, the eurozone's quarterly growth remained stable in the second quarter, but eased in the third quarter. The bloc's annual inflation rate ended the period higher than in December 2017. The European Central Bank (ECB) kept its benchmark interest rate unchanged during the period. In December 2018, the ECB confirmed its plan to conclude its bond purchase program at the

end of 2018 and reiterated it expects key interest rates to remain unchanged through the summer of 2019.

In Asia, Japan's quarterly gross domestic product (GDP) grew in 2018's second quarter, following a contraction in the first quarter, but contracted again in the third quarter. The Bank of Japan left its benchmark interest rate unchanged during the period and continued its monetary stimulus measures.

In emerging markets, Brazil's quarterly GDP growth remained stable in 2018's first and second quarters, but accelerated in the third quarter. The Central Bank of Brazil lowered its benchmark interest rate twice during the period. Russia's annual GDP growth rate accelerated in 2018's first and second quarters, but moderated in the third quarter. After lowering its key rate twice early in the period, the Bank of Russia raised it twice in the period's second half to curtail inflation risks. China's annual GDP grew at a stable rate in 2018's first quarter, but it moderated in the second and third quarters. The People's Bank of China left its benchmark interest rate unchanged during the period, but it took measures to improve financial liquidity to mitigate the negative effects of the U.S.-China trade dispute and support economic growth. Overall, emerging market stocks, as measured by the MSCI Emerging Markets Index, had a -14.25% total return during the period.¹

The foregoing information reflects our analysis and opinions as of December 31, 2018. 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: Morningstar.

2. Source: U.S. Bureau of Labor Statistics.

Franklin Conservative Allocation Fund

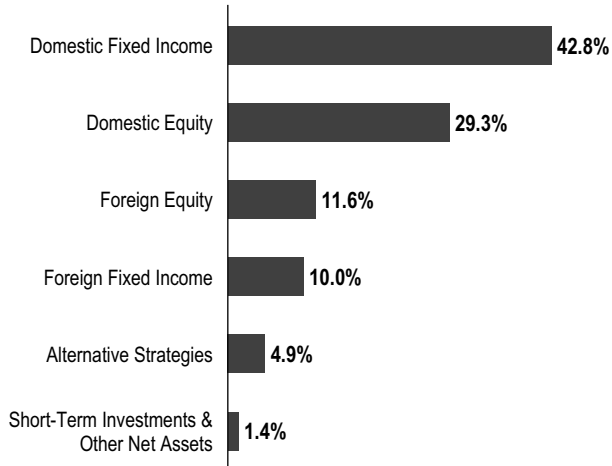
This annual report for Franklin Conservative Allocation Fund covers the fiscal year ended December 31, 2018.

Your Fund's Goal and Main Investments

The Fund seeks the highest level of long-term total return consistent with an acceptable level of risk.¹

Asset Allocation*

Based on Total Net Assets as of 12/31/18



*The asset allocation is based on the Statement of Investments (SOI), which classifies each underlying fund and other fund investments into a broad asset class based on its predominant investments under normal market conditions.

Performance Overview

The Fund's Class A shares had a -3.44% cumulative total return for the 12 months under review. In comparison, the Fund's equity benchmark, the MSCI All Country World Index (ACWI), which measures equity market performance in global developed and emerging markets, had a -8.93% total return.² The Fund's fixed income benchmark, the Bloomberg Barclays Multiverse Index, a broad-based measure of the global fixed income bond market, had a -1.36% total return.² You can find the Fund's long-term 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

1. The risk/reward potential is based on the Fund's goal and level of risk. It is not indicative of the Fund's actual or implied performance or portfolio composition, which may change on a continuous basis.

2. Source: Morningstar.

The indexes are unmanaged and include reinvestment of any income or distributions. They do 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.

See www.franklintempletondatasources.com for additional data provider information.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's SOI which begins on page 27.

your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com or call (800) 342-5236.

Investment Strategy

Whenever possible, we attempt to hold the same underlying Franklin Templeton funds and other fund investments (collectively, "fund investments") in each Allocation Fund's portfolio and will vary the allocation percentages of the fund investments based upon each Allocation Fund's risk/return level. Maintaining similarity of the fund investments across the Conservative, Moderate and Growth Allocation Funds is intended to increase the consistency of their results relative to one another. We allocate the Fund's assets among the broad asset classes, and when selecting equity funds, we consider the fund investments' foreign and domestic exposure, market capitalization ranges and investment styles (growth versus value). When selecting fixed income funds, we focus primarily on maximizing income appropriate to the Fund's risk profile.

Top 10 Fund Holdings

12/31/18

	% of Total Net Assets
Franklin Low Duration Total Return Fund – Class R6	15.4%
Franklin U.S. Government Securities Fund – Class R6	13.9%
Franklin Growth Fund – Class R6	10.1%
Franklin Strategic Income Fund – Class R6	9.9%
Templeton Global Total Return Fund – Class R6	6.9%
Franklin Rising Dividends Fund – Class R6	5.5%
Franklin LibertyQ U.S. Equity ETF	5.2%
Franklin Pelagos Commodities Strategy Fund – Class R6	5.0%
Franklin DynaTech Fund – Class R6	4.8%
Franklin Floating Rate Daily Access Fund – Class R6	3.5%

Manager's Discussion

The Fund's performance can be attributed to its allocation among equity and fixed income securities and to the actual performance of the fund investments.

At period-end, Franklin Conservative Allocation Fund allocated 52.8% of total net assets to fixed income, 40.9% to

equity and 4.9% to alternative strategies. Domestic fixed income exposure was 81.1% of the total fixed income weighting, with the balance represented by foreign fixed income. Franklin Low Duration Total Return Fund – Class R6, represented 15.4% of the Fund’s total net assets, and was our largest fixed income fund weighting at period-end. On the equity side, domestic exposure was 71.6% of the Fund’s total equity weighting, with the balance represented by foreign equity. The Portfolio was diversified across capitalization sizes and investment styles, and on December 31, 2018, we held shares in large-, mid- and small-capitalization equity funds, representing both growth and value styles. Franklin Growth Fund – Class R6 was our largest equity fund weighting at 10.1% of total net assets.

During the 12-month reporting period, our largest domestic growth fund holding, Franklin Growth Fund – Class R6, and our largest domestic value fund holding, Franklin Rising Dividends Fund – Class R6, performed better than the MSCI ACWI. Our largest foreign equity fund holding, Templeton Foreign Fund – Class R6, underperformed the MSCI ACWI. On the fixed income side, Franklin Low Duration Total Return Fund – Class R6 and Templeton Global Total Return Fund – Class R6 outperformed the Bloomberg Barclays Multiverse Index.

Subsequent to fiscal year-end December 31, 2018, T. Anthony Coffey retired effective February 15, 2019. Thomas Nelson and May Tong will perform co-lead portfolio manager responsibilities going forward.

Thank you for your continued participation in Franklin Conservative Allocation Fund. We look forward to serving your future investment needs.



T. Anthony Coffey, CFA



Thomas A. Nelson, CFA

Portfolio Management Team

The foregoing information reflects our analysis, opinions and portfolio holdings as of December 31, 2018, 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.

Performance Summary as of December 31, 2018

The performance table and graphs do 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 12/31/18¹

*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.*

Share Class	Cumulative Total Return ²	Average Annual Total Return ³
A⁴		
1-Year	-3.44%	-8.72%
5-Year	+12.60%	+1.25%
10-Year	+75.43%	+5.18%
Advisor		
1-Year	-3.19%	-3.19%
5-Year	+14.08%	+2.67%
10-Year	+79.98%	+6.05%

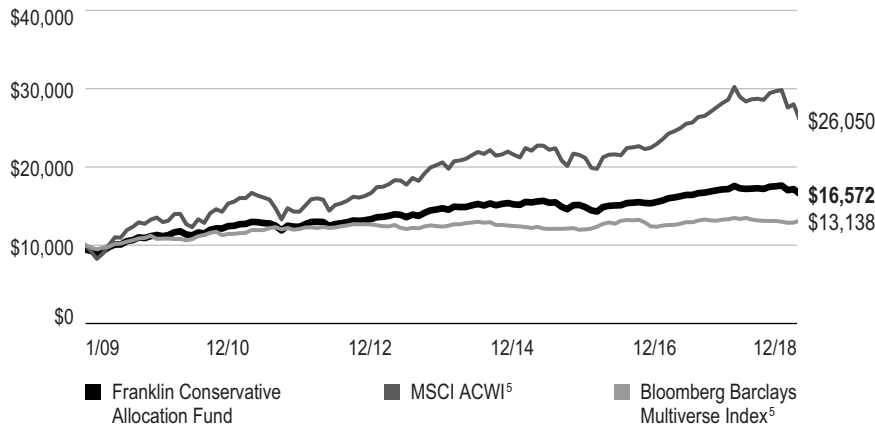
Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com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

See page 8 for Performance Summary footnotes.

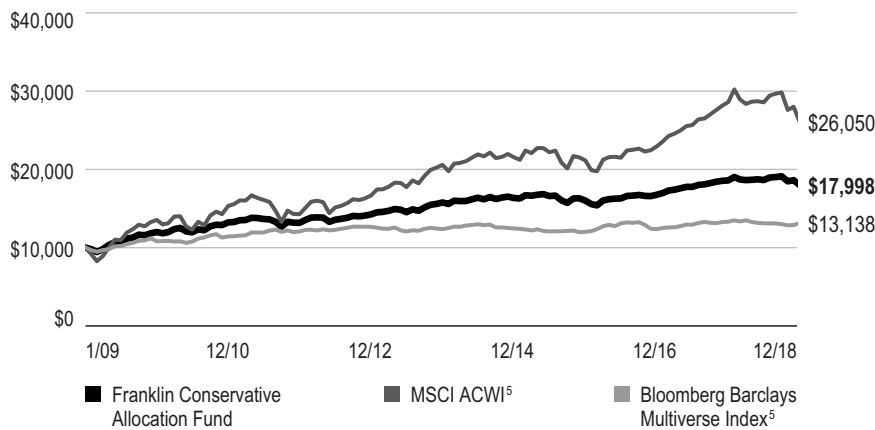
Total Return Index Comparison for a Hypothetical \$10,000 Investment¹

Total return represents the change in value of an investment over the periods shown. It includes any applicable maximum sales charge, Fund expenses, account fees and reinvested distributions. The unmanaged indexes include reinvestment of any income or distributions. They differ from the Fund in composition and do not pay management fees or expenses. One cannot invest directly in an index.

Class A (1/1/09–12/31/18)



Advisor Class (1/1/09–12/31/18)



See page 8 for Performance Summary footnotes.

Distributions (1/1/18–12/31/18)

Share Class	Net Investment Income	Short-Term Capital Gain	Long-Term Capital Gain	Total
A	\$0.3841	\$0.0247	\$0.6187	\$1.0275
C	\$0.2690	\$0.0247	\$0.6187	\$0.9124
R	\$0.3448	\$0.0247	\$0.6187	\$0.9882
R6	\$0.4345	\$0.0247	\$0.6187	\$1.0779
Advisor	\$0.4214	\$0.0247	\$0.6187	\$1.0648

Total Annual Operating Expenses⁶

Share Class	
A	1.20%
Advisor	0.95%

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. Because this Fund invests in underlying funds, it is subject to the same risks, and indirectly bears the fees and expenses, of the underlying funds. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as the prices of bonds in a fund adjust to a rise in interest rates, that fund's share price may decline. Foreign investing carries additional risks such as currency and market volatility and political or social instability, risks which are heightened in developing countries. Investors should consult their financial advisor for help selecting the appropriate fund of funds, or fund combination, based on an evaluation of their investment objectives and risk tolerance. The Fund's prospectus also includes a description of the main investment risks.

1. As of 1/1/13, the Fund changed its target allocation, with short-term investments (formerly a targeted allocation of 20%) combined into the fixed income allocations; such a change can impact performance.

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. Prior to 9/10/18, these shares were offered at a higher initial sales charge of 5.75%, thus actual returns would have differed. Total returns with sales charges have been restated to reflect the current maximum initial sales charge of 5.50%.

5. Source: Morningstar. The MSCI ACWI is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed and emerging markets. The Bloomberg Barclays Multiverse Index provides a broad-based measure of the global fixed income bond market. The index represents the union of the Global Aggregate Index and the Global High Yield Index and captures investment-grade and high-yield securities in all eligible currencies.

6. Figures are as stated in the Fund's current prospectus, including the effect of acquired fund fees and expenses, 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.

See www.franklintempletondatasources.com for additional data provider information.

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" for each class of shares. 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	Beginning Account Value 7/1/18	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 12/31/18	Expenses Paid During Period 7/1/18–12/31/18 ^{1,2}	Ending Account Value 12/31/18	Expenses Paid During Period 7/1/18–12/31/18 ^{1,2}	
A	\$1,000	\$964.20	\$3.12	\$1,022.03	\$3.21	0.63%
C	\$1,000	\$960.50	\$6.82	\$1,018.25	\$7.02	1.38%
R	\$1,000	\$963.30	\$4.35	\$1,020.77	\$4.48	0.88%
R6	\$1,000	\$966.00	\$1.49	\$1,023.69	\$1.53	0.30%
Advisor	\$1,000	\$965.60	\$1.88	\$1,023.29	\$1.94	0.38%

1. 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 184/365 to reflect the one-half year period.

2. Reflects expenses after fee waivers and expense reimbursements, for Class R6. Does not include acquired fund fees and expenses.

Franklin Moderate Allocation Fund

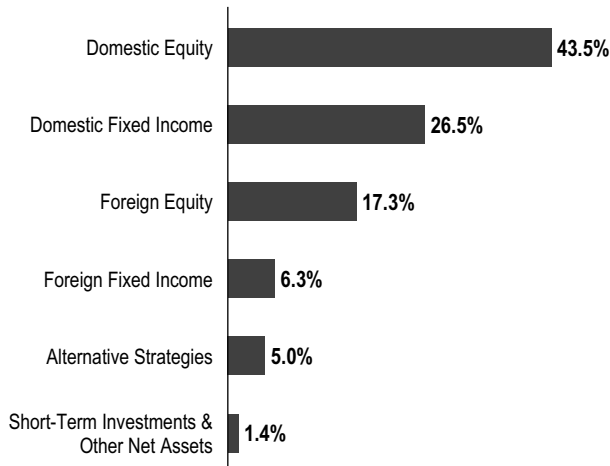
This annual report for Franklin Moderate Allocation Fund covers the fiscal year ended December 31, 2018.

Your Fund's Goal and Main Investments

The Fund seeks the highest level of long-term total return consistent with an acceptable level of risk.¹

Asset Allocation*

Based on Total Net Assets as of 12/31/18



*The asset allocation is based on the Statement of Investments (SOI), which classifies each underlying fund and other fund investments into a broad asset class based on its predominant investments under normal market conditions.

Performance Overview

The Fund's Class A shares had a -4.82% cumulative total return for the 12 months under review. In comparison, the Fund's equity benchmark, the MSCI All Country World Index (ACWI), which measures equity market performance in global developed and emerging markets, had a -8.93% total return.² The Fund's fixed income benchmark, the Bloomberg Barclays Multiverse Index, a broad-based measure of the global fixed income bond market, had a -1.36% total return.² You can find the Fund's long-term performance data in the Performance Summary beginning on page 12.

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

1. The risk/reward potential is based on the Fund's goal and level of risk. It is not indicative of the Fund's actual or implied performance or portfolio composition, which may change on a continuous basis.

2. Source: Morningstar.

The indexes are unmanaged and include reinvestment of any income or distributions. They do 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.

See www.franklintempletondatasources.com for additional data provider information.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's SOI, which begins on page 34.

your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com or call (800) 342-5236.

Investment Strategy

Whenever possible, we attempt to hold the same underlying Franklin Templeton funds and other fund investments (collectively, "fund investments") in each Allocation Fund's portfolio and will vary the allocation percentages of the fund investments based upon each Allocation Fund's risk/return level. Maintaining similarity of the fund investments across the Conservative, Moderate and Growth Allocation Funds is intended to increase the consistency of their results relative to one another. We allocate the Fund's assets among the broad asset classes, and when selecting equity funds, we consider the fund investments' foreign and domestic exposure, market capitalization ranges and investment styles (growth versus value). When selecting fixed income funds, we focus primarily on maximizing income appropriate to the Fund's risk profile.

Top 10 Fund Holdings

12/31/18

	% of Total Net Assets
Franklin Growth Fund – Class R6	15.1%
Franklin Low Duration Total Return Fund – Class R6	9.7%
Franklin U.S. Government Securities Fund – Class R6	8.6%
Franklin Rising Dividends Fund – Class R6	8.0%
Franklin LibertyQ U.S. Equity ETF	7.8%
Franklin DynaTech Fund – Class R6	7.2%
Franklin Strategic Income Fund – Class R6	6.1%
Franklin Pelagos Commodities Strategy Fund – Class R6	5.0%
Templeton Foreign Fund – Class R6	4.5%
Templeton Global Total Return Fund – Class R6	4.3%

Manager's Discussion

The Fund's performance can be attributed mainly to its allocation among equity and fixed income securities and to the actual performance of the fund investments.

At period-end, Franklin Moderate Allocation Fund allocated 60.8% of total net assets to equity, 32.8% to fixed income and

5.0% to alternative strategies. Domestic equity exposure was 71.5% of the total equity weighting, with the balance represented by foreign equity. The Portfolio was diversified across capitalization sizes and investment styles, and on December 31, 2018, we held shares in large-, mid- and small-capitalization equity funds, representing both growth and value styles. Franklin Growth Fund – Class R6 was our largest equity fund weighting at 15.1% of total net assets. On the fixed income side, domestic exposure was 80.8% of the Fund’s total fixed income weighting, with the balance represented by foreign fixed income. Franklin Low Duration Total Return Fund – Class R6 was our largest fixed income fund weighting at 9.7% of total net assets.

During the 12-month reporting period, our largest domestic growth fund holding, Franklin Growth Fund – Class R6, and our largest domestic value fund holding, Franklin Rising Dividends Fund – Class R6, performed better than the MSCI ACWI. Our largest foreign equity fund holding, Templeton Foreign Fund – Class R6, underperformed the MSCI ACWI. On the fixed income side, Franklin Low Duration Total Return Fund – Class R6 and Templeton Global Total Return Fund – Class R6 outperformed the Bloomberg Barclays Multiverse Index.

Subsequent to fiscal year-end December 31, 2018, T. Anthony Coffey retired effective February 15, 2019. Thomas Nelson and May Tong will perform co-lead portfolio manager responsibilities going forward.

Thank you for your continued participation in Franklin Moderate Allocation Fund. We look forward to serving your future investment needs.



A handwritten signature in black ink, appearing to read 'T. Coffey'.

T. Anthony Coffey, CFA



A handwritten signature in black ink, appearing to read 'Thomas A. Nelson'.

Thomas A. Nelson, CFA

Portfolio Management Team

The foregoing information reflects our analysis, opinions and portfolio holdings as of December 31, 2018, 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.

Performance Summary as of December 31, 2018

The performance table and graphs do 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 12/31/18¹

*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.*

Share Class	Cumulative Total Return ²	Average Annual Total Return ³
A⁴		
1-Year	-4.82%	-10.06%
5-Year	+17.27%	+2.07%
10-Year	+101.65%	+6.66%
Advisor		
1-Year	-4.57%	-4.57%
5-Year	+18.80%	+3.51%
10-Year	+106.79%	+7.54%

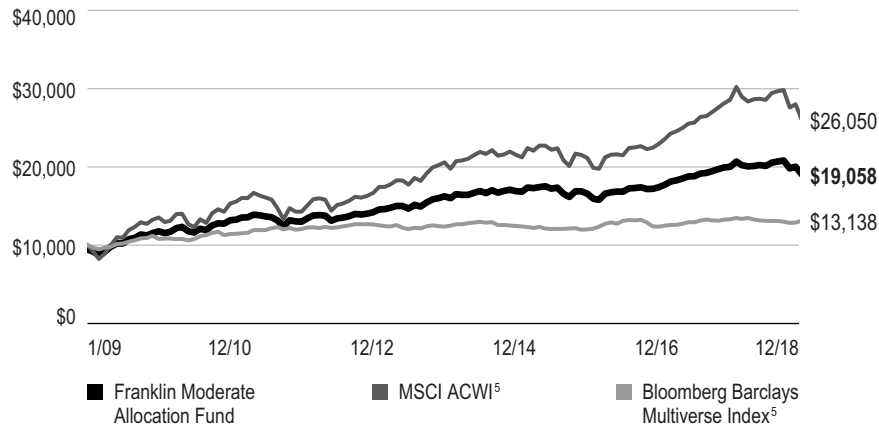
Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com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

See page 14 for Performance Summary footnotes.

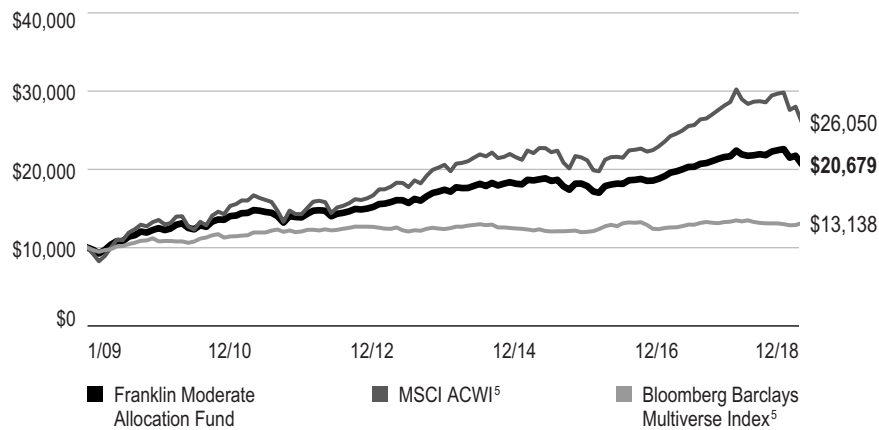
Total Return Index Comparison for a Hypothetical \$10,000 Investment¹

Total return represents the change in value of an investment over the periods shown. It includes any applicable maximum sales charge, Fund expenses, account fees and reinvested distributions. The unmanaged indexes include reinvestment of any income or distributions. They differ from the Fund in composition and do not pay management fees or expenses. One cannot invest directly in an index.

Class A (1/1/09–12/31/18)



Advisor Class (1/1/09–12/31/18)



See page 14 for Performance Summary footnotes.

Distributions (1/1/18–12/31/18)

Share Class	Net Investment Income	Short-Term Capital Gain	Long-Term Capital Gain	Total
A	\$0.3345	\$0.0492	\$0.9033	\$1.2870
C	\$0.2061	\$0.0492	\$0.9033	\$1.1586
R	\$0.2871	\$0.0492	\$0.9033	\$1.2396
R6	\$0.3901	\$0.0492	\$0.9033	\$1.3426
Advisor	\$0.3765	\$0.0492	\$0.9033	\$1.3290

Total Annual Operating Expenses⁶

Share Class	
A	1.24%
Advisor	0.99%

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. Because this Fund invests in underlying funds, it is subject to the same risks, and indirectly bears the fees and expenses, of the underlying funds. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as the prices of bonds in a fund adjust to a rise in interest rates, that fund's share price may decline. Foreign investing carries additional risks such as currency and market volatility and political or social instability, risks which are heightened in developing countries. Investors should consult their financial advisor for help selecting the appropriate fund of funds, or fund combination, based on an evaluation of their investment objectives and risk tolerance. The Fund's prospectus also includes a description of the main investment risks.

1. As of 1/1/13, the Fund changed its target allocation, with short-term investments (formerly a targeted allocation of 20%) combined into the fixed income allocations; such a change can impact performance.

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. Prior to 9/10/18, these shares were offered at a higher initial sales charge of 5.75%, thus actual returns would have differed. Total returns with sales charges have been restated to reflect the current maximum initial sales charge of 5.50%.

5. Source: Morningstar. The MSCI ACWI is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed and emerging markets. The Bloomberg Barclays Multiverse Index provides a broad-based measure of the global fixed income bond market. The index represents the union of the Global Aggregate Index and the Global High Yield Index and captures investment-grade and high-yield securities in all eligible currencies.

6. Figures are as stated in the Fund's current prospectus, including the effect of acquired fund fees and expenses, 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.

See www.franklintempletondatasources.com for additional data provider information.

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" for each class of shares. 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	Beginning Account Value 7/1/18	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 12/31/18	Expenses Paid During Period 7/1/18–12/31/18 ^{1,2}	Ending Account Value 12/31/18	Expenses Paid During Period 7/1/18–12/31/18 ^{1,2}	
A	\$1,000	\$947.10	\$3.09	\$1,022.03	\$3.21	0.63%
C	\$1,000	\$943.40	\$6.76	\$1,018.25	\$7.02	1.38%
R	\$1,000	\$946.00	\$4.32	\$1,020.77	\$4.48	0.88%
R6	\$1,000	\$948.60	\$1.42	\$1,023.74	\$1.48	0.29%
Advisor	\$1,000	\$947.90	\$1.87	\$1,023.29	\$1.94	0.38%

1. 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 184/365 to reflect the one-half year period.

2. Reflects expenses after fee waivers and expense reimbursements, for Class R6. Does not include acquired fund fees and expenses.

Franklin Growth Allocation Fund

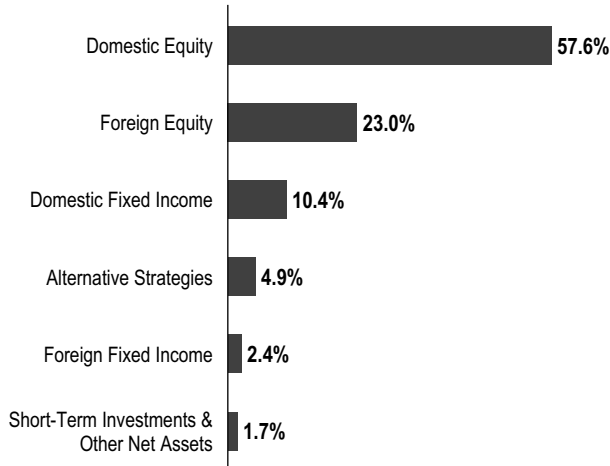
This annual report for Franklin Growth Allocation Fund covers the fiscal year ended December 31, 2018.

Your Fund's Goal and Main Investments

The Fund seeks the highest level of long-term total return consistent with an acceptable level of risk.¹

Asset Allocation*

Based on Total Net Assets as of 12/31/18



*The asset allocation is based on the Statement of Investments (SOI), which classifies each underlying fund and other fund investments into a broad asset class based on its predominant investments under normal market conditions.

Performance Overview

The Fund's Class A shares had a -6.45% cumulative total return for the 12 months under review. In comparison, the Fund's equity benchmark, the MSCI All Country World Index (ACWI), which measures equity market performance in global developed and emerging markets, had a -8.93% total return.² The Fund's fixed income benchmark, the Bloomberg Barclays Multiverse Index, a broad-based measure of the global fixed income bond market, had a -1.36% total return.² You can find the Fund's long-term performance data in the Performance Summary beginning on page 18.

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

1. The risk/reward potential is based on the Fund's goal and level of risk. It is not indicative of the Fund's actual or implied performance or portfolio composition, which may change on a continuous basis.

2. Source: Morningstar.

The indexes are unmanaged and include reinvestment of any income or distributions. They do 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.

See www.franklintempletondatasources.com for additional data provider information.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's SOI which begins on page 41.

your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com or call (800) 342-5236.

Investment Strategy

Whenever possible, we attempt to hold the same underlying Franklin Templeton funds and other fund investments (collectively, "fund investments") in each Allocation Fund's portfolio and will vary the allocation percentages of the fund investments based upon each Allocation Fund's risk/return level. Maintaining similarity of the fund investments across the Conservative, Moderate and Growth Allocation Funds is intended to increase the consistency of their results relative to one another. We allocate the Fund's assets among the broad asset classes, and when selecting equity funds, we consider the fund investments' foreign and domestic exposure, market capitalization ranges and investment styles (growth versus value). When selecting fixed income funds, we focus primarily on maximizing income appropriate to the Fund's risk profile.

Top 10 Fund Holdings

12/31/18

	% of Total Net Assets
Franklin Growth Fund – Class R6	20.0%
Franklin Rising Dividends Fund – Class R6	10.7%
Franklin LibertyQ U.S. Equity ETF	10.3%
Franklin DynaTech Fund – Class R6	9.5%
Templeton Foreign Fund – Class R6	6.0%
Franklin LibertyQ Emerging Markets ETF	5.4%
Franklin Pelagos Commodities Strategy Fund – Class R6	4.9%
Franklin International Small Cap Growth Fund – Class R6	4.3%
Franklin Low Duration Total Return Fund – Class R6	3.9%
Franklin Utilities Fund – Class R6	3.6%

Manager's Discussion

The Fund's performance can be attributed mainly to its allocation among equity and fixed income securities and to the actual performance of the fund investments.

At period-end, Franklin Growth Allocation Fund allocated 80.6% of total net assets to equity, 12.8% to fixed income and

4.9% to alternative strategies. Domestic equity exposure was 71.5% of the total equity weighting, with the balance represented by foreign equity. The portfolio was diversified across capitalization sizes and investment styles, and on December 31, 2018, we held shares in large-, mid- and small-capitalization equity funds, representing both growth and value styles. Franklin Growth Fund – Class R6 was our largest equity fund weighting at 20.0% of total net assets. On the fixed income side, domestic exposure was 81.3% of the Fund’s total income weighting, with the balance represented by foreign fixed income. Franklin Low Duration Total Return Fund – Class R6 was our largest fixed income fund weighting at 3.9% of total net assets.

During the 12-month reporting period, our largest domestic growth fund holding, Franklin Growth Fund – Class R6, and our largest domestic value fund holding, Franklin Rising Dividends Fund – Class R6, performed better than the MSCI ACWI. Our largest foreign equity fund holding, Templeton Foreign Fund – Class R6, underperformed the MSCI ACWI. On the fixed income side, Franklin Low Duration Total Return Fund – Class R6 and Templeton Global Total Return Fund – Class R6 outperformed the Bloomberg Barclays Multiverse Index.

Subsequent to fiscal year-end December 31, 2018, T. Anthony Coffey retired effective February 15, 2019. Thomas Nelson and May Tong will perform co-lead portfolio manager responsibilities going forward.

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



A handwritten signature in black ink, appearing to read 'T. Coffey'.

T. Anthony Coffey, CFA



A handwritten signature in black ink, appearing to read 'Thomas A. Nelson'.

Thomas A. Nelson, CFA

Portfolio Management Team

The foregoing information reflects our analysis, opinions and portfolio holdings as of December 31, 2018, 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.

Performance Summary as of December 31, 2018

The performance table and graphs do 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 12/31/18¹

*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.*

Share Class	Cumulative Total Return ²	Average Annual Total Return ³
A⁴		
1-Year	-6.45%	-11.62%
5-Year	+21.51%	+2.81%
10-Year	+135.79%	+8.34%
Advisor		
1-Year	-6.23%	-6.23%
5-Year	+23.04%	+4.23%
10-Year	+141.86%	+9.23%

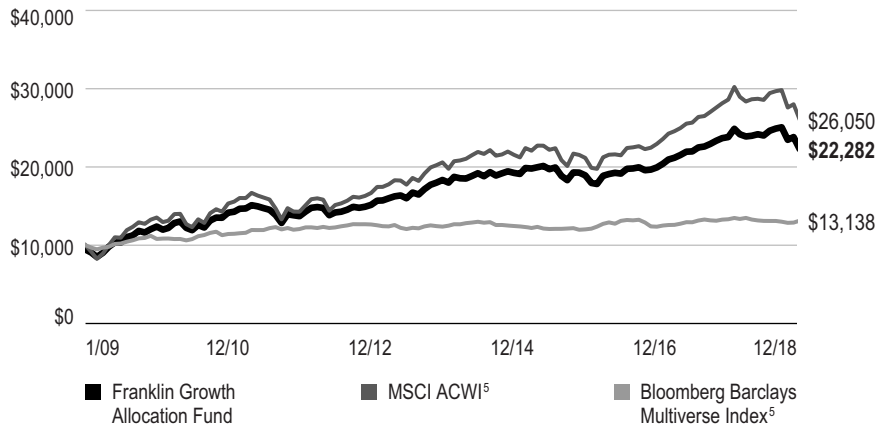
Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com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

See page 20 for Performance Summary footnotes.

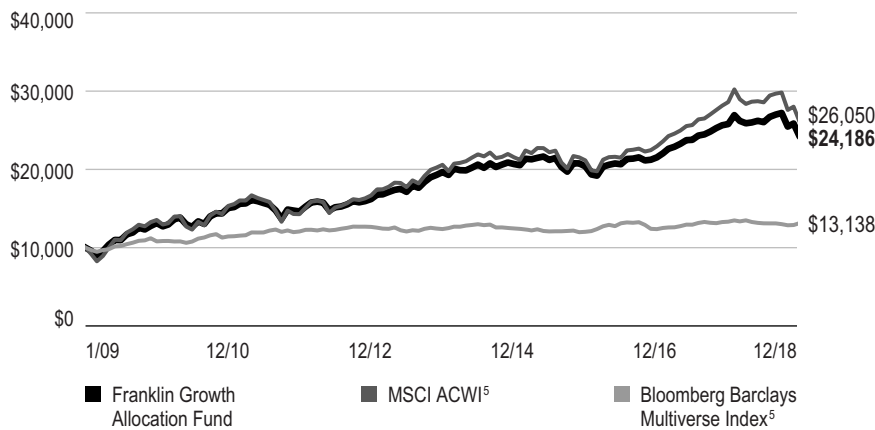
Total Return Index Comparison for a Hypothetical \$10,000 Investment¹

Total return represents the change in value of an investment over the periods shown. It includes any applicable maximum sales charge, Fund expenses, account fees and reinvested distributions. The unmanaged indexes include reinvestment of any income or distributions. They differ from the Fund in composition and do not pay management fees or expenses. One cannot invest directly in an index.

Class A (1/1/09–12/31/18)



Advisor Class (1/1/09–12/31/18)



See page 20 for Performance Summary footnotes.

Distributions (1/1/18–12/31/18)

Share Class	Net Investment Income	Short-Term Capital Gain	Long-Term Capital Gain	Total
A	\$0.3015	\$0.0598	\$1.2022	\$1.5635
C	\$0.1012	\$0.0598	\$1.2022	\$1.3632
R	\$0.2349	\$0.0598	\$1.2022	\$1.4969
R6	\$0.3708	\$0.0598	\$1.2022	\$1.6328
Advisor	\$0.3484	\$0.0598	\$1.2022	\$1.6104

Total Annual Operating Expenses⁶

Share Class	With Fee Waiver	Without Fee Waiver
A	1.26%	1.27%
Advisor	1.01%	1.02%

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. Because this Fund invests in underlying funds, it is subject to the same risks, and indirectly bears the fees and expenses, of the underlying funds. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as the prices of bonds in a fund adjust to a rise in interest rates, that fund's share price may decline. Foreign investing carries additional risks such as currency and market volatility and political or social instability, risks which are heightened in developing countries. Investors should consult their financial advisor for help selecting the appropriate fund of funds, or fund combination, based on an evaluation of their investment objectives and risk tolerance. The Fund's prospectus also includes a description of the main investment risks.

1. The Fund has an expense reduction contractually guaranteed through 4/30/19. Fund investment results reflect the expense reduction; without this reduction, the results would have been lower. As of 1/1/13, the Fund changed its target allocation, with short-term investments (formerly a targeted allocation of 20%) combined into the fixed income allocations; such a change can impact performance.

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. Prior to 9/10/18, these shares were offered at a higher initial sales charge of 5.75%, thus actual returns would have differed. Total returns with sales charges have been restated to reflect the current maximum initial sales charge of 5.50%.

5. Source: Morningstar. The MSCI ACWI is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed and emerging markets. The Bloomberg Barclays Multiverse Index provides a broad-based measure of the global fixed income bond market. The index represents the union of the Global Aggregate Index and the Global High Yield Index and captures investment-grade and high-yield securities in all eligible currencies.

6. Figures are as stated in the Fund's current prospectus, including the effect of acquired fund fees and expenses, 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.

See www.franklintempletondatasources.com for additional data provider information.

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" for each class of shares. 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	Beginning Account Value 7/1/18	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 12/31/18	Expenses Paid During Period 7/1/18–12/31/18 ^{1,2}	Ending Account Value 12/31/18	Expenses Paid During Period 7/1/18–12/31/18 ^{1,2}	
A	\$1,000	\$927.70	\$3.21	\$1,021.88	\$3.36	0.66%
C	\$1,000	\$924.20	\$6.84	\$1,018.10	\$7.17	1.41%
R	\$1,000	\$926.80	\$4.42	\$1,020.62	\$4.63	0.91%
R6	\$1,000	\$929.60	\$1.41	\$1,023.74	\$1.48	0.29%
Advisor	\$1,000	\$928.90	\$1.99	\$1,023.14	\$2.09	0.41%

1. 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 184/365 to reflect the one-half year period.

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

Financial Highlights

Franklin Conservative Allocation Fund

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Class A					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$14.86	\$13.74	\$13.40	\$14.53	\$14.65
Income from investment operations ^a :					
Net investment income ^{b,c}	0.39	0.20	0.14	0.28	0.40
Net realized and unrealized gains (losses)	(0.90)	1.25	0.45	(0.60)	0.09
Total from investment operations	(0.51)	1.45	0.59	(0.32)	0.49
Less distributions from:					
Net investment income and short term gains received from					
Underlying Funds and exchange traded funds	(0.38)	(0.24)	(0.15)	(0.28)	(0.42)
Net realized gains	(0.64)	(0.09)	(0.10)	(0.53)	(0.19)
Total distributions	(1.02)	(0.33)	(0.25)	(0.81)	(0.61)
Net asset value, end of year.	\$13.33	\$14.86	\$13.74	\$13.40	\$14.53
Total return ^d	(3.44)%	10.58%	4.39%	(2.26)%	3.35%
Ratios to average net assets					
Expenses ^{e,f}	0.63% ^g	0.63%	0.63%	0.62%	0.63%
Net investment income ^c	2.57%	1.37%	1.01%	1.97%	2.67%
Supplemental data					
Net assets, end of year (000's)	\$778,221	\$800,141	\$809,039	\$905,537	\$910,523
Portfolio turnover rate	30.70%	17.99%	34.83%	17.69%	16.67%

^aThe 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.

^bBased on average daily shares outstanding.

^cRecognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

^dTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable.

^eDoes not include expenses of the Underlying Funds and exchange traded funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds and exchange traded funds was 0.50% for the year ended December 31, 2018.

^fBenefit of waiver and payments by affiliates rounds to less than 0.01%.

^gBenefit of expense reduction rounds to less than 0.01%.

Franklin Conservative Allocation Fund (continued)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Class C					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$14.57	\$13.47	\$13.15	\$14.27	\$14.40
Income from investment operations ^a :					
Net investment income ^{b,c}	0.24	0.09	0.04	0.17	0.28
Net realized and unrealized gains (losses)	(0.84)	1.23	0.43	(0.58)	0.09
Total from investment operations	(0.60)	1.32	0.47	(0.41)	0.37
Less distributions from:					
Net investment income and short term gains received from					
Underlying Funds and exchange traded funds	(0.27)	(0.13)	(0.05)	(0.18)	(0.31)
Net realized gains	(0.64)	(0.09)	(0.10)	(0.53)	(0.19)
Total distributions	(0.91)	(0.22)	(0.15)	(0.71)	(0.50)
Net asset value, end of year	\$13.06	\$14.57	\$13.47	\$13.15	\$14.27
Total return ^d	(4.14)%	9.80%	3.55%	(2.96)%	2.58%
Ratios to average net assets					
Expenses ^{e,f}	1.38% ^g	1.38%	1.37%	1.37%	1.38%
Net investment income ^c	1.82%	0.62%	0.27%	1.22%	1.92%
Supplemental data					
Net assets, end of year (000's)	\$285,547	\$423,890	\$470,582	\$536,548	\$549,222
Portfolio turnover rate	30.70%	17.99%	34.83%	17.69%	16.67%

^aThe 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.

^bBased on average daily shares outstanding.

^cRecognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

^dTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable.

^eDoes not include expenses of the Underlying Funds and exchange traded funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds and exchange traded funds was 0.50% for the year ended December 31, 2018.

^fBenefit of waiver and payments by affiliates rounds to less than 0.01%.

^gBenefit of expense reduction rounds to less than 0.01%.

Franklin Conservative Allocation Fund (continued)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Class R					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$14.80	\$13.69	\$13.35	\$14.48	\$14.60
Income from investment operations ^a :					
Net investment income ^{b,c}	0.33	0.16	0.10	0.24	0.35
Net realized and unrealized gains (losses)	(0.87)	1.24	0.45	(0.59)	0.10
Total from investment operations	(0.54)	1.40	0.55	(0.35)	0.45
Less distributions from:					
Net investment income and short term gains received from Underlying Funds and exchange traded funds	(0.34)	(0.20)	(0.11)	(0.25)	(0.38)
Net realized gains	(0.64)	(0.09)	(0.10)	(0.53)	(0.19)
Total distributions	(0.98)	(0.29)	(0.21)	(0.78)	(0.57)
Net asset value, end of year	\$13.28	\$14.80	\$13.69	\$13.35	\$14.48
 Total return	 (3.64)%	 10.25%	 4.15%	 (2.52)%	 3.10%
Ratios to average net assets					
Expenses ^{d,e}	0.88% ^f	0.88%	0.88%	0.87%	0.88%
Net investment income ^c	2.32%	1.12%	0.76%	1.72%	2.42%
Supplemental data					
Net assets, end of year (000's)	\$80,338	\$103,629	\$124,018	\$139,592	\$159,897
Portfolio turnover rate	30.70%	17.99%	34.83%	17.69%	16.67%

^aThe 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.

^bBased on average daily shares outstanding.

^cRecognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

^dDoes not include expenses of the Underlying Funds and exchange traded funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds and exchange traded funds was 0.50% for the year ended December 31, 2018.

^eBenefit of waiver and payments by affiliates rounds to less than 0.01%.

^fBenefit of expense reduction rounds to less than 0.01%.

Franklin Conservative Allocation Fund (continued)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Class R6					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$14.84	\$13.72	\$13.39	\$14.52	\$14.63
Income from investment operations ^a :					
Net investment income ^{b,c}	0.44	0.25	0.18	0.36	0.33
Net realized and unrealized gains (losses)	(0.90)	1.25	0.44	(0.63)	0.22
Total from investment operations	(0.46)	1.50	0.62	(0.27)	0.55
Less distributions from:					
Net investment income and short term gains received from					
Underlying Funds and exchange traded funds	(0.43)	(0.29)	(0.19)	(0.33)	(0.47)
Net realized gains	(0.64)	(0.09)	(0.10)	(0.53)	(0.19)
Total distributions	(1.07)	(0.38)	(0.29)	(0.86)	(0.66)
Net asset value, end of year	\$13.31	\$14.84	\$13.72	\$13.39	\$14.52
Total return	(3.11)%	10.99%	4.69%	(1.93)%	3.79%
Ratios to average net assets					
Expenses before waiver and payments by affiliates ^d	0.40%	0.32%	0.30%	0.29%	0.28%
Expenses net of waiver and payments by affiliates ^d	0.29% ^e	0.28%	0.28%	0.28%	0.28% ^f
Net investment income ^c	2.91%	1.72%	1.36%	2.31%	3.02%
Supplemental data					
Net assets, end of year (000's)	\$2,253	\$2,149	\$2,197	\$2,282	\$1,654
Portfolio turnover rate	30.70%	17.99%	34.83%	17.69%	16.67%

^aThe 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.

^bBased on average daily shares outstanding.

^cRecognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

^dDoes not include expenses of the Underlying Funds and exchange traded funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds and exchange traded funds was 0.50% for the year ended December 31, 2018.

^eBenefit of expense reduction rounds to less than 0.01%.

^fBenefit of waiver and payments by affiliates rounds to less than 0.01%.

FRANKLIN FUND ALLOCATOR SERIES
FINANCIAL HIGHLIGHTS

Franklin Conservative Allocation Fund (continued)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Advisor Class					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$14.86	\$13.74	\$13.39	\$14.52	\$14.64
Income from investment operations ^a :					
Net investment income ^{b,c}	0.43	0.25	0.17	0.32	0.41
Net realized and unrealized gains (losses)	(0.90)	1.24	0.45	(0.60)	0.11
Total from investment operations	(0.47)	1.49	0.62	(0.28)	0.52
Less distributions from:					
Net investment income and short term gains received from					
Underlying Funds and exchange traded funds	(0.42)	(0.28)	(0.17)	(0.32)	(0.45)
Net realized gains	(0.64)	(0.09)	(0.10)	(0.53)	(0.19)
Total distributions	(1.06)	(0.37)	(0.27)	(0.85)	(0.64)
Net asset value, end of year	\$13.33	\$14.86	\$13.74	\$13.39	\$14.52
Total return	(3.19)%	10.88%	4.69%	(2.02)%	3.61%
Ratios to average net assets					
Expenses ^{d,e}	0.38% ^f	0.38%	0.38%	0.37%	0.38%
Net investment income ^c	2.82%	1.62%	1.26%	2.22%	2.92%
Supplemental data					
Net assets, end of year (000's)	\$38,031	\$38,934	\$27,578	\$82,234	\$90,263
Portfolio turnover rate	30.70%	17.99%	34.83%	17.69%	16.67%

^aThe 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.

^bBased on average daily shares outstanding.

^cRecognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

^dDoes not include expenses of the Underlying Funds and exchange traded funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds and exchange traded funds was 0.50% for the year ended December 31, 2018.

^eBenefit of waiver and payments by affiliates rounds to less than 0.01%.

^fBenefit of expense reduction rounds to less than 0.01%.

Statement of Investments, December 31, 2018
Franklin Conservative Allocation Fund

	Shares	Value
Investments in Underlying Funds and Exchange Traded Funds 98.6%		
Alternative Strategies 4.9%		
^a Franklin Pelagos Commodities Strategy Fund, Class R6	10,792,052	\$ 58,924,603
Domestic Equity 29.3%		
Financial Select Sector SPDR ETF	889,678	21,192,130
^{a,b} Franklin DynaTech Fund, Class R6	834,906	56,915,523
^a Franklin Growth Fund, Class R6	1,327,380	119,464,184
^a Franklin LibertyQ U.S. Equity ETF	2,247,438	62,074,238
^a Franklin Rising Dividends Fund, Class R6	1,172,605	64,774,725
^a Franklin Utilities Fund, Class R6	1,223,717	22,357,316
		<u>346,778,116</u>
Domestic Fixed Income 42.8%		
^a Franklin Floating Rate Daily Access Fund, Class R6	4,941,322	41,605,935
^a Franklin Low Duration Total Return Fund, Class R6	19,046,206	182,843,581
^a Franklin Strategic Income Fund, Class R6	12,673,459	117,609,696
^a Franklin U.S. Government Securities Fund, Class R6	27,861,447	164,661,149
		<u>506,720,361</u>
Foreign Equity 11.6%		
^a Franklin FTSE Europe ETF	515,555	10,800,877
^a Franklin FTSE Japan ETF	512,257	11,525,783
^a Franklin International Small Cap Growth Fund, Class R6	1,658,922	25,613,745
^a Franklin LibertyQ Emerging Markets ETF	1,176,849	33,210,679
^a Franklin Mutual European Fund, Class R6	1,120,799	20,039,889
^a Templeton Foreign Fund, Class R6	5,484,556	35,923,843
		<u>137,114,816</u>
Foreign Fixed Income 10.0%		
^a Franklin Emerging Market Debt Opportunities Fund	3,520,389	37,597,752
^a Templeton Global Total Return Fund, Class R6	6,987,127	81,260,291
		<u>118,858,043</u>
Total Investments in Underlying Funds and Exchange Traded Funds before Short Term Investments (Cost \$1,086,684,856)		<u>1,168,395,939</u>
Short Term Investments 1.9%		
Money Market Funds (Cost \$35,798) 0.0%[†]		
^{a,c} Institutional Fiduciary Trust Money Market Portfolio, 1.99%	35,798	35,798

FRANKLIN FUND ALLOCATOR SERIES
STATEMENT OF INVESTMENTS

Franklin Conservative Allocation Fund (continued)

	Principal Amount	Value
Short Term Investments (continued)		
Repurchase Agreements (Cost \$22,210,839) 1.9%		
^d Joint Repurchase Agreement, 2.922%, 1/02/19 (Maturity Value \$22,214,444)		
BNP Paribas Securities Corp. (Maturity Value \$9,882,096)		
Deutsche Bank Securities Inc. (Maturity Value \$3,685,598)		
HSBC Securities (USA) Inc. (Maturity Value \$8,646,750)		
Collateralized by U.S. Government Agency Securities, 3.00% - 8.00%, 12/15/25 - 12/20/48; ^e U.S. Treasury Bill, 1/17/19; and U.S. Treasury Notes, 1.25% - 3.50%, 5/31/19 - 9/30/20 (valued at \$22,661,982)	\$22,210,839	\$ 22,210,839
Total Investments (Cost \$1,108,931,493) 100.5%		1,190,642,576
Other Assets, less Liabilities (0.5)%		(6,252,556)
Net Assets 100.0%		<u>\$1,184,390,020</u>

See Abbreviations on page 60.

[†]Rounds to less than 0.1% of net assets.

^aSee Note 3(f) regarding investments in FT Underlying Funds.

^bNon-income producing.

^cThe rate shown is the annualized seven-day effective yield at period end.

^dSee Note 1(b) regarding joint repurchase agreement.

^eThe security was issued on a discount basis with no stated coupon rate.

Financial Highlights

Franklin Moderate Allocation Fund

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Class A					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$16.11	\$14.86	\$14.49	\$15.71	\$15.78
Income from investment operations ^a :					
Net investment income ^{b,c}	0.34	0.20	0.14	0.24	0.34
Net realized and unrealized gains (losses)	(1.11)	2.01	0.56	(0.51)	0.32
Total from investment operations	(0.77)	2.21	0.70	(0.27)	0.66
Less distributions from:					
Net investment income and short term gains received from					
Underlying Funds and exchange traded funds	(0.33)	(0.29)	(0.12)	(0.25)	(0.37)
Net realized gains	(0.95)	(0.67)	(0.21)	(0.70)	(0.36)
Total distributions	(1.28)	(0.96)	(0.33)	(0.95)	(0.73)
Net asset value, end of year	\$14.06	\$16.11	\$14.86	\$14.49	\$15.71
Total return ^d	(4.82)%	14.98%	4.94%	(1.89)%	4.07%
Ratios to average net assets					
Expenses before waiver and payments by affiliates ^e	0.63%	0.66%	0.63%	0.63%	0.65%
Expenses net of waiver and payments by affiliates ^e	0.63% ^f	0.65%	0.63% ^f	0.63% ^f	0.65% ^f
Net investment income ^c	2.02%	1.23%	0.93%	1.52%	2.08%
Supplemental data					
Net assets, end of year (000's)	\$1,318,198	\$1,407,956	\$1,416,532	\$1,594,882	\$1,667,201
Portfolio turnover rate	33.65%	16.86%	29.22%	22.08%	17.95%

^aThe 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.

^bBased on average daily shares outstanding.

^cRecognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

^dTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable.

^eDoes not include expenses of the Underlying Funds and exchange traded funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds and exchange traded funds was 0.52% for the year ended December 31, 2018.

^fBenefit of waiver and payments by affiliates rounds to less than 0.01%.

FRANKLIN FUND ALLOCATOR SERIES
FINANCIAL HIGHLIGHTS

Franklin Moderate Allocation Fund (continued)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Class C					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$15.66	\$14.48	\$14.12	\$15.33	\$15.42
Income from investment operations ^a :					
Net investment income ^{b,c}	0.17	0.07	0.03	0.12	0.21
Net realized and unrealized gains (losses)	(1.02)	1.94	0.55	(0.49)	0.31
Total from investment operations	(0.85)	2.01	0.58	(0.37)	0.52
Less distributions from:					
Net investment income and short term gains received from					
Underlying Funds and exchange traded funds	(0.21)	(0.16)	(0.01)	(0.14)	(0.25)
Net realized gains	(0.95)	(0.67)	(0.21)	(0.70)	(0.36)
Total distributions	(1.16)	(0.83)	(0.22)	(0.84)	(0.61)
Net asset value, end of year	\$13.65	\$15.66	\$14.48	\$14.12	\$15.33
Total return ^d	(5.54)%	14.10%	4.25%	(2.68)%	3.35%
Ratios to average net assets					
Expenses before waiver and payments by affiliates ^e	1.38%	1.41%	1.37%	1.38%	1.40%
Expenses net of waiver and payments by affiliates ^e	1.38% ^f	1.40%	1.37% ^f	1.38% ^f	1.40% ^f
Net investment income ^c	1.27%	0.48%	0.19%	0.77%	1.33%
Supplemental data					
Net assets, end of year (000's)	\$375,494	\$568,280	\$595,911	\$692,872	\$716,712
Portfolio turnover rate	33.65%	16.86%	29.22%	22.08%	17.95%

^aThe 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.

^bBased on average daily shares outstanding.

^cRecognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

^dTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable.

^eDoes not include expenses of the Underlying Funds and exchange traded funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds and exchange traded funds was 0.52% for the year ended December 31, 2018.

^fBenefit of waiver and payments by affiliates rounds to less than 0.01%.

Franklin Moderate Allocation Fund (continued)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Class R					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$16.08	\$14.82	\$14.44	\$15.66	\$15.73
Income from investment operations ^a :					
Net investment income ^{b,c}	0.27	0.14	0.10	0.19	0.28
Net realized and unrealized gains (losses)	(1.07)	2.02	0.57	(0.51)	0.34
Total from investment operations	(0.80)	2.16	0.67	(0.32)	0.62
Less distributions from:					
Net investment income and short term gains received from					
Underlying Funds and exchange traded funds	(0.29)	(0.23)	(0.08)	(0.20)	(0.33)
Net realized gains	(0.95)	(0.67)	(0.21)	(0.70)	(0.36)
Total distributions	(1.24)	(0.90)	(0.29)	(0.90)	(0.69)
Net asset value, end of year	\$14.04	\$16.08	\$14.82	\$14.44	\$15.66
Total return	(5.04)%	14.69%	4.71%	(2.18)%	3.89%
Ratios to average net assets					
Expenses before waiver and payments by affiliates ^d	0.88%	0.91%	0.88%	0.88%	0.90%
Expenses net of waiver and payments by affiliates ^d	0.88% ^e	0.90%	0.88% ^e	0.88% ^e	0.90% ^e
Net investment income ^c	1.77%	0.98%	0.68%	1.27%	1.83%
Supplemental data					
Net assets, end of year (000's)	\$87,277	\$119,920	\$158,192	\$202,854	\$263,864
Portfolio turnover rate	33.65%	16.86%	29.22%	22.08%	17.95%

^aThe 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.

^bBased on average daily shares outstanding.

^cRecognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

^dDoes not include expenses of the Underlying Funds and exchange traded funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds and exchange traded funds was 0.52% for the year ended December 31, 2018.

^eBenefit of waiver and payments by affiliates rounds to less than 0.01%.

FRANKLIN FUND ALLOCATOR SERIES
FINANCIAL HIGHLIGHTS

Franklin Moderate Allocation Fund (continued)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Class R6					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$16.11	\$14.86	\$14.49	\$15.72	\$15.79
Income from investment operations ^a :					
Net investment income ^{b,c}	0.41	0.26	0.19	0.31	0.25
Net realized and unrealized gains (losses)	(1.12)	2.01	0.57	(0.54)	0.47
Total from investment operations	(0.71)	2.27	0.76	(0.23)	0.72
Less distributions from:					
Net investment income and short term gains received from Underlying Funds and exchange traded funds	(0.39)	(0.35)	(0.18)	(0.30)	(0.43)
Net realized gains	(0.95)	(0.67)	(0.21)	(0.70)	(0.36)
Total distributions	(1.34)	(1.02)	(0.39)	(1.00)	(0.79)
Net asset value, end of year	\$14.06	\$16.11	\$14.86	\$14.49	\$15.72
Total return	(4.49)%	15.40%	5.34%	(1.59)%	4.52%
Ratios to average net assets					
Expenses before waiver and payments by affiliates ^d	0.35%	0.30%	0.28%	0.28%	0.27%
Expenses net of waiver and payments by affiliates ^d	0.29%	0.28%	0.28% ^e	0.28% ^e	0.27% ^e
Net investment income ^c	2.36%	1.60%	1.28%	1.87%	2.46%
Supplemental data					
Net assets, end of year (000's)	\$5,141	\$4,492	\$5,106	\$4,779	\$4,205
Portfolio turnover rate	33.65%	16.86%	29.22%	22.08%	17.95%

^aThe 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.

^bBased on average daily shares outstanding.

^cRecognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

^dDoes not include expenses of the Underlying Funds and exchange traded funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds and exchange traded funds was 0.52% for the year ended December 31, 2018.

^eBenefit of waiver and payments by affiliates rounds to less than 0.01%.

Franklin Moderate Allocation Fund (continued)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Advisor Class					
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$16.12	\$14.88	\$14.50	\$15.72	\$15.79
Income from investment operations ^a :					
Net investment income ^{b,c}	0.39	0.26	0.17	0.25	0.33
Net realized and unrealized gains (losses)	(1.11)	1.98	0.58	(0.49)	0.37
Total from investment operations	(0.72)	2.24	0.75	(0.24)	0.70
Less distributions from:					
Net investment income and short term gains received from Underlying Funds and exchange traded funds	(0.38)	(0.33)	(0.16)	(0.28)	(0.41)
Net realized gains	(0.95)	(0.67)	(0.21)	(0.70)	(0.36)
Total distributions	(1.33)	(1.00)	(0.37)	(0.98)	(0.77)
Net asset value, end of year	\$14.07	\$16.12	\$14.88	\$14.50	\$15.72
Total return	(4.57)%	15.20%	5.26%	(1.66)%	4.39%
Ratios to average net assets					
Expenses before waiver and payments by affiliates ^d	0.38%	0.41%	0.38%	0.38%	0.40%
Expenses net of waiver and payments by affiliates ^d	0.38% ^e	0.40%	0.38% ^e	0.38% ^e	0.40% ^e
Net investment income ^c	2.27%	1.48%	1.18%	1.77%	2.33%
Supplemental data					
Net assets, end of year (000's)	\$55,052	\$52,575	\$39,052	\$52,975	\$87,612
Portfolio turnover rate	33.65%	16.86%	29.22%	22.08%	17.95%

^aThe 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.

^bBased on average daily shares outstanding.

^cRecognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

^dDoes not include expenses of the Underlying Funds and exchange traded funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds and exchange traded funds was 0.52% for the year ended December 31, 2018.

^eBenefit of waiver and payments by affiliates rounds to less than 0.01%.

Statement of Investments, December 31, 2018
Franklin Moderate Allocation Fund

	Shares	Value
Investments in Underlying Funds and Exchange Traded Funds 98.6%		
Alternative Strategies 5.0%		
^a Franklin Pelagos Commodities Strategy Fund, Class R6	16,712,130	\$ 91,248,228
Domestic Equity 43.5%		
Financial Select Sector SPDR ETF	2,045,260	48,718,093
^{a,b} Franklin DynaTech Fund, Class R6	1,933,845	131,830,259
^a Franklin Growth Fund, Class R6	3,099,190	278,927,077
^a Franklin LibertyQ U.S. Equity ETF	5,197,329	143,550,227
^a Franklin Rising Dividends Fund, Class R6	2,680,846	148,089,939
^a Franklin Utilities Fund, Class R6	2,760,070	50,426,474
		<u>801,542,069</u>
Domestic Fixed Income 26.5%		
^a Franklin Floating Rate Daily Access Fund, Class R6	4,594,228	38,683,399
^a Franklin Low Duration Total Return Fund, Class R6	18,543,915	178,021,586
^a Franklin Strategic Income Fund, Class R6	12,028,725	111,626,569
^a Franklin U.S. Government Securities Fund, Class R6	26,927,751	159,143,007
		<u>487,474,561</u>
Foreign Equity 17.3%		
^a Franklin FTSE Europe ETF	1,214,312	25,439,836
^a Franklin FTSE Japan ETF	1,227,177	27,611,482
^a Franklin International Small Cap Growth Fund, Class R6	3,829,025	59,120,152
^a Franklin LibertyQ Emerging Markets ETF	2,652,240	74,846,213
^a Franklin Mutual European Fund, Class R6	2,682,995	47,971,953
^a Templeton Foreign Fund, Class R6	12,646,469	82,834,369
		<u>317,824,005</u>
Foreign Fixed Income 6.3%		
^a Franklin Emerging Market Debt Opportunities Fund	3,521,433	37,608,902
^a Templeton Global Total Return Fund, Class R6	6,808,295	79,180,477
		<u>116,789,379</u>
Total Investments in Underlying Funds and Exchange Traded Funds before Short Term Investments (Cost \$1,590,511,681)		<u>1,814,878,242</u>
Short Term Investments 1.8%		
Money Market Funds (Cost \$56,065) 0.0%[†]		
^{a,c} Institutional Fiduciary Trust Money Market Portfolio, 1.99%	56,065	56,065

Franklin Moderate Allocation Fund (continued)

	Principal Amount	Value
Short Term Investments (continued)		
Repurchase Agreements (Cost \$33,915,669) 1.8%		
^d Joint Repurchase Agreement, 2.922%, 1/02/19 (Maturity Value \$33,921,175)		
BNP Paribas Securities Corp. (Maturity Value \$15,089,835)		
Deutsche Bank Securities Inc. (Maturity Value \$5,627,862)		
HSBC Securities (USA) Inc. (Maturity Value \$13,203,478)		
Collateralized by U.S. Government Agency Securities, 3.00% - 8.00%, 12/15/25 - 12/20/48; ^e U.S. Treasury Bill, 1/17/19; and U.S. Treasury Notes, 1.25% - 3.50%, 5/31/19 - 9/30/20 (valued at \$34,604,559)	\$33,915,669	\$ 33,915,669
Total Investments (Cost \$1,624,483,415) 100.4%		1,848,849,976
Other Assets, less Liabilities (0.4)%		(7,687,560)
Net Assets 100.0%		<u>\$1,841,162,416</u>

See Abbreviations on page 60.

[†]Rounds to less than 0.1% of net assets.

^aSee Note 3(f) regarding investments in FT Underlying Funds.

^bNon-income producing.

^cThe rate shown is the annualized seven-day effective yield at period end.

^dSee Note 1(b) regarding joint repurchase agreement.

^eThe security was issued on a discount basis with no stated coupon rate.

Financial Highlights

Franklin Growth Allocation Fund

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Class A					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$19.34	\$17.43	\$17.01	\$18.57	\$18.40
Income from investment operations ^a :					
Net investment income ^{b,c}	0.30	0.22	0.14	0.21	0.24
Net realized and unrealized gains (losses)	(1.54)	3.12	0.75	(0.48)	0.67
Total from investment operations	(1.24)	3.34	0.89	(0.27)	0.91
Less distributions from:					
Net investment income and short term gains received from					
Underlying Funds and exchange traded funds	(0.30)	(0.32)	(0.14)	(0.21)	(0.29)
Net realized gains	(1.26)	(1.11)	(0.33)	(1.08)	(0.45)
Total distributions	(1.56)	(1.43)	(0.47)	(1.29)	(0.74)
Net asset value, end of year	\$16.54	\$19.34	\$17.43	\$17.01	\$18.57
Total return ^d	(6.45)%	19.45%	5.36%	(1.66)%	4.95%
Ratios to average net assets					
Expenses before waiver and payments by affiliates ^e	0.67%	0.70%	0.69%	0.67%	0.68%
Expenses net of waiver and payments by affiliates ^e	0.65% ^f	0.65% ^f	0.65%	0.65%	0.63%
Net investment income ^c	1.48%	1.14%	0.83%	1.10%	1.25%
Supplemental data					
Net assets, end of year (000's)	\$837,327	\$873,011	\$822,833	\$888,096	\$887,856
Portfolio turnover rate	30.79%	16.90%	30.19%	20.40%	17.55%

^aThe 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.

^bBased on average daily shares outstanding.

^cRecognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

^dTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable.

^eDoes not include expenses of the Underlying Funds and exchange traded funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds and exchange traded funds was 0.53% for the year ended December 31, 2018.

^fBenefit of expense reduction rounds to less than 0.01%.

Franklin Growth Allocation Fund (continued)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Class C					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$18.81	\$16.99	\$16.59	\$18.15	\$18.00
Income from investment operations ^a :					
Net investment income ^{b,c}	0.10	0.07	0.02	0.07	0.09
Net realized and unrealized gains (losses)	(1.43)	3.04	0.72	(0.47)	0.67
Total from investment operations	(1.33)	3.11	0.74	(0.40)	0.76
Less distributions from:					
Net investment income and short term gains received from					
Underlying Funds and exchange traded funds	(0.10)	(0.18)	(0.01)	(0.08)	(0.16)
Net realized gains	(1.26)	(1.11)	(0.33)	(1.08)	(0.45)
Total distributions	(1.36)	(1.29)	(0.34)	(1.16)	(0.61)
Net asset value, end of year	\$16.12	\$18.81	\$16.99	\$16.59	\$18.15
Total return ^d	(7.13)%	18.56%	4.59%	(2.41)%	4.21%
Ratios to average net assets					
Expenses before waiver and payments by affiliates ^e	1.42%	1.45%	1.43%	1.42%	1.43%
Expenses net of waiver and payments by affiliates ^e	1.40% ^f	1.40% ^f	1.39%	1.40%	1.38%
Net investment income ^c	0.73%	0.39%	0.09%	0.35%	0.50%
Supplemental data					
Net assets, end of year (000's)	\$206,933	\$311,640	\$308,736	\$336,557	\$336,213
Portfolio turnover rate	30.79%	16.90%	30.19%	20.40%	17.55%

^aThe 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.

^bBased on average daily shares outstanding.

^cRecognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

^dTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable.

^eDoes not include expenses of the Underlying Funds and exchange traded funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds and exchange traded funds was 0.53% for the year ended December 31, 2018.

^fBenefit of expense reduction rounds to less than 0.01%.

FRANKLIN FUND ALLOCATOR SERIES
FINANCIAL HIGHLIGHTS

Franklin Growth Allocation Fund (continued)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Class R					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$19.10	\$17.22	\$16.80	\$18.34	\$18.18
Income from investment operations ^a :					
Net investment income ^{b,c}	0.22	0.15	0.09	0.14	0.17
Net realized and unrealized gains (losses)	(1.49)	3.11	0.75	(0.44)	0.68
Total from investment operations	(1.27)	3.26	0.84	(0.30)	0.85
Less distributions from:					
Net investment income and short term gains received from					
Underlying Funds and exchange traded funds	(0.23)	(0.27)	(0.09)	(0.16)	(0.24)
Net realized gains	(1.26)	(1.11)	(0.33)	(1.08)	(0.45)
Total distributions	(1.49)	(1.38)	(0.42)	(1.24)	(0.69)
Net asset value, end of year	\$16.34	\$19.10	\$17.22	\$16.80	\$18.34
Total return	(6.68)%	19.17%	5.12%	(1.93)%	4.72%
Ratios to average net assets					
Expenses before waiver and payments by affiliates ^d	0.92%	0.95%	0.94%	0.92%	0.93%
Expenses net of waiver and payments by affiliates ^d	0.90% ^e	0.90% ^e	0.90%	0.90%	0.88%
Net investment income ^c	1.23%	0.89%	0.58%	0.85%	1.00%
Supplemental data					
Net assets, end of year (000's)	\$72,100	\$100,258	\$112,272	\$147,426	\$182,211
Portfolio turnover rate	30.79%	16.90%	30.19%	20.40%	17.55%

^aThe 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.

^bBased on average daily shares outstanding.

^cRecognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

^dDoes not include expenses of the Underlying Funds and exchange traded funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds and exchange traded funds was 0.53% for the year ended December 31, 2018.

^eBenefit of expense reduction rounds to less than 0.01%.

Franklin Growth Allocation Fund (continued)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Class R6					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$19.40	\$17.48	\$17.06	\$18.61	\$18.44
Income from investment operations ^a :					
Net investment income ^{b,c}	0.40	0.31	0.22	0.32	0.15
Net realized and unrealized gains (losses)	(1.57)	3.12	0.74	(0.51)	0.83
Total from investment operations	(1.17)	3.43	0.96	(0.19)	0.98
Less distributions from:					
Net investment income and short term gains received from Underlying Funds and exchange traded funds	(0.37)	(0.40)	(0.21)	(0.28)	(0.36)
Net realized gains	(1.26)	(1.11)	(0.33)	(1.08)	(0.45)
Total distributions	(1.63)	(1.51)	(0.54)	(1.36)	(0.81)
Net asset value, end of year	\$16.60	\$19.40	\$17.48	\$17.06	\$18.61
Total return	(6.07)%	19.90%	5.77%	(1.27)%	5.38%
Ratios to average net assets					
Expenses before waiver and payments by affiliates ^d	0.36%	0.31%	0.30%	0.29%	0.28%
Expenses net of waiver and payments by affiliates ^d	0.28% ^e	0.25% ^e	0.26%	0.26%	0.23%
Net investment income ^c	1.85%	1.54%	1.22%	1.49%	1.65%
Supplemental data					
Net assets, end of year (000's)	\$4,224	\$3,364	\$2,822	\$2,549	\$1,755
Portfolio turnover rate	30.79%	16.90%	30.19%	20.40%	17.55%

^aThe 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.

^bBased on average daily shares outstanding.

^cRecognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

^dDoes not include expenses of the Underlying Funds and exchange traded funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds and exchange traded funds was 0.53% for the year ended December 31, 2018.

^eBenefit of expense reduction rounds to less than 0.01%.

FRANKLIN FUND ALLOCATOR SERIES
FINANCIAL HIGHLIGHTS

Franklin Growth Allocation Fund (continued)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Advisor Class					
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$19.42	\$17.49	\$17.06	\$18.62	\$18.45
Income from investment operations ^a :					
Net investment income ^{b,c}	0.36	0.26	0.18	0.25	0.27
Net realized and unrealized gains (losses)	(1.56)	3.15	0.76	(0.47)	0.68
Total from investment operations	(1.20)	3.41	0.94	(0.22)	0.95
Less distributions from:					
Net investment income and short term gains received from Underlying Funds and exchange traded funds	(0.35)	(0.37)	(0.18)	(0.26)	(0.33)
Net realized gains	(1.26)	(1.11)	(0.33)	(1.08)	(0.45)
Total distributions	(1.61)	(1.48)	(0.51)	(1.34)	(0.78)
Net asset value, end of year	\$16.61	\$19.42	\$17.49	\$17.06	\$18.62
Total return	(6.23)%	19.77%	5.60%	(1.41)%	5.23%
Ratios to average net assets					
Expenses before waiver and payments by affiliates ^d	0.42%	0.45%	0.44%	0.42%	0.43%
Expenses net of waiver and payments by affiliates ^d	0.40% ^e	0.40% ^e	0.40%	0.40%	0.38%
Net investment income ^c	1.73%	1.39%	1.08%	1.35%	1.50%
Supplemental data					
Net assets, end of year (000's)	\$38,685	\$38,912	\$39,211	\$49,634	\$52,250
Portfolio turnover rate	30.79%	16.90%	30.19%	20.40%	17.55%

^aThe 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.

^bBased on average daily shares outstanding.

^cRecognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

^dDoes not include expenses of the Underlying Funds and exchange traded funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds and exchange traded funds was 0.53% for the year ended December 31, 2018.

^eBenefit of expense reduction rounds to less than 0.01%.

Statement of Investments, December 31, 2018
Franklin Growth Allocation Fund

	Shares	Value
Investments in Underlying Funds and Exchange Traded Funds 98.3%		
Alternative Strategies 4.9%		
^a Franklin Pelagos Commodities Strategy Fund, Class R6	10,409,478	\$ 56,835,748
Domestic Equity 57.6%		
Financial Select Sector SPDR ETF	1,718,700	40,939,434
^{a,b} Franklin DynaTech Fund, Class R6	1,610,530	109,789,861
^a Franklin Growth Fund, Class R6	2,577,270	231,954,267
^a Franklin LibertyQ U.S. Equity ETF	4,335,431	119,744,604
^a Franklin Rising Dividends Fund, Class R6	2,235,607	123,494,926
^a Franklin Utilities Fund, Class R6	2,259,804	41,286,615
		<u>667,209,707</u>
Domestic Fixed Income 10.4%		
^a Franklin Floating Rate Daily Access Fund, Class R6	1,193,471	10,049,028
^a Franklin Low Duration Total Return Fund, Class R6	4,703,336	45,152,022
^a Franklin Strategic Income Fund, Class R6	2,883,019	26,754,417
^a Franklin U.S. Government Securities Fund, Class R6	6,634,603	39,210,505
		<u>121,165,972</u>
Foreign Equity 23.0%		
^a Franklin FTSE Europe ETF	1,046,400	21,922,080
^a Franklin FTSE Japan ETF	1,009,600	22,716,000
^a Franklin International Small Cap Growth Fund, Class R6	3,212,414	49,599,678
^a Franklin LibertyQ Emerging Markets ETF	2,208,055	62,311,312
^a Franklin Mutual European Fund, Class R6	2,265,691	40,510,549
^a Templeton Foreign Fund, Class R6	10,635,993	69,665,758
		<u>266,725,377</u>
Foreign Fixed Income 2.4%		
^a Franklin Emerging Market Debt Opportunities Fund	839,724	8,968,255
^a Templeton Global Total Return Fund, Class R6	1,616,523	18,800,160
		<u>27,768,415</u>
Total Investments in Underlying Funds and Exchange Traded Funds before Short Term Investments (Cost \$946,323,580)		<u>1,139,705,219</u>
Short Term Investments 1.8%		
Money Market Funds (Cost \$36,422) 0.0%[†]		
^{a,c} Institutional Fiduciary Trust Money Market Portfolio, 1.99%	36,422	36,422

FRANKLIN FUND ALLOCATOR SERIES
STATEMENT OF INVESTMENTS

Franklin Growth Allocation Fund (continued)

	Principal Amount	Value
Short Term Investments (continued)		
Repurchase Agreements (Cost \$20,160,762) 1.8%		
^d Joint Repurchase Agreement, 2.922%, 1/02/19 (Maturity Value \$20,164,035)		
BNP Paribas Securities Corp. (Maturity Value \$8,969,971)		
Deutsche Bank Securities Inc. (Maturity Value \$3,345,415)		
HSBC Securities (USA) Inc. (Maturity Value \$7,848,649)		
Collateralized by U.S. Government Agency Securities, 3.00% - 8.00%, 12/15/25 - 12/20/48; ^e U.S. Treasury Bill, 1/17/19; and U.S. Treasury Notes, 1.25% - 3.50%, 5/31/19 - 9/30/20 (valued at \$20,570,265)	\$20,160,762	\$ 20,160,762
Total Investments (Cost \$966,520,764) 100.1%		1,159,902,403
Other Assets, less Liabilities (0.1)%		(632,253)
Net Assets 100.0%		<u>\$1,159,270,150</u>

See Abbreviations on page 60.

[†]Rounds to less than 0.1% of net assets.

^aSee Note 3(f) regarding investments in FT Underlying Funds.

^bNon-income producing.

^cThe rate shown is the annualized seven-day effective yield at period end.

^dSee Note 1(b) regarding joint repurchase agreement.

^eThe security was issued on a discount basis with no stated coupon rate.

Financial Statements

Statements of Assets and Liabilities

December 31, 2018

	Franklin Conservative Allocation Fund	Franklin Moderate Allocation Fund	Franklin Growth Allocation Fund
Assets:			
Investments in securities:			
Cost - Unaffiliated issuers	\$ 21,061,853	\$ 48,418,718	\$ 40,822,789
Cost - Controlled affiliates (Note 3f)	—	366,018,859	153,118,294
Cost - Non-controlled affiliates (Note 3f)	1,065,658,801	1,176,130,169	752,418,919
Cost - Unaffiliated repurchase agreements	22,210,839	33,915,669	20,160,762
Value - Unaffiliated issuers	\$ 21,192,130	\$ 48,718,093	\$ 40,939,434
Value - Controlled affiliates (Note 3f)	—	335,084,504	141,666,684
Value - Non-controlled affiliates (Note 3f)	1,147,239,607	1,431,131,710	957,135,523
Value - Unaffiliated repurchase agreements	22,210,839	33,915,669	20,160,762
Receivables:			
Capital shares sold	3,301,792	5,952,277	3,201,957
Other assets	155	247	155
Total assets	1,193,944,523	1,854,802,500	1,163,104,515
Liabilities:			
Payables:			
Investment securities purchased	2,528,976	3,803,293	—
Capital shares redeemed	5,563,044	7,802,897	2,443,882
Asset allocation fees	250,171	388,920	215,167
Distribution fees	899,430	1,300,701	789,580
Transfer agent fees	241,089	247,685	295,541
Accrued expenses and other liabilities	71,793	96,588	90,195
Total liabilities	9,554,503	13,640,084	3,834,365
Net assets, at value	\$1,184,390,020	\$1,841,162,416	\$1,159,270,150
Net assets consist of:			
Paid-in capital	\$1,116,479,011	\$1,625,668,368	\$ 964,407,680
Total distributable earnings (loss)	67,911,009	215,494,048	194,862,470
Net assets, at value	\$1,184,390,020	\$1,841,162,416	\$1,159,270,150

FRANKLIN FUND ALLOCATOR SERIES
FINANCIAL STATEMENTS

Statements of Assets and Liabilities (continued)
December 31, 2018

	Franklin Conservative Allocation Fund	Franklin Moderate Allocation Fund	Franklin Growth Allocation Fund
Class A:			
Net assets, at value	\$778,221,187	\$1,318,198,214	\$837,327,276
Shares outstanding	58,367,722	93,747,438	50,622,389
Net asset value per share ^a	\$13.33	\$14.06	\$16.54
Maximum offering price per share (net asset value per share ÷ 94.50%)	\$14.11	\$14.88	\$17.50
Class C:			
Net assets, at value	\$285,546,844	\$ 375,494,165	\$206,933,391
Shares outstanding	21,861,740	27,511,153	12,837,681
Net asset value and maximum offering price per share ^a	\$13.06	\$13.65	\$16.12
Class R:			
Net assets, at value	\$ 80,338,005	\$ 87,277,388	\$ 72,100,136
Shares outstanding	6,049,573	6,217,909	4,413,474
Net asset value and maximum offering price per share	\$13.28	\$14.04	\$16.34
Class R6:			
Net assets, at value	\$ 2,252,805	\$ 5,140,922	\$ 4,223,996
Shares outstanding	169,201	365,664	254,519
Net asset value and maximum offering price per share	\$13.31	\$14.06	\$16.60
Advisor Class:			
Net assets, at value	\$ 38,031,179	\$ 55,051,727	\$ 38,685,351
Shares outstanding	2,852,529	3,912,088	2,328,776
Net asset value and maximum offering price per share	\$13.33	\$14.07	\$16.61

^aRedemption price is equal to net asset value less contingent deferred sales charges, if applicable.

Statements of Operations

for the year ended December 31, 2018

	Franklin Conservative Allocation Fund	Franklin Moderate Allocation Fund	Franklin Growth Allocation Fund
Investment income:			
Dividends:			
Unaffiliated issuers	\$ 962,497	\$ 1,627,077	\$ 1,157,270
Controlled affiliates (Note 3f)	—	12,639,123	2,333,901
Non-controlled affiliates (Note 3f)	41,049,063	40,697,703	24,278,402
Interest:			
Unaffiliated issuers	26,831	44,393	31,973
Total investment income	42,038,391	55,008,296	27,801,546
Expenses:			
Asset allocation fees (Note 3a)	3,287,254	5,175,070	3,254,378
Distribution fees: (Note 3c)			
Class A	1,978,664	3,458,105	2,195,274
Class C	3,857,621	5,156,650	2,881,199
Class R	468,424	548,293	451,747
Transfer agent fees: (Note 3e)			
Class A	858,331	1,618,904	1,291,891
Class C	418,921	605,135	425,062
Class R	101,752	128,477	133,231
Class R6	3,029	4,315	3,524
Advisor Class	44,527	64,524	59,529
Custodian fees (Note 4)	956	1,148	628
Reports to shareholders	81,925	143,731	115,116
Registration and filing fees	109,659	118,185	119,084
Professional fees	74,308	62,514	60,493
Trustees' fees and expenses	12,945	20,396	12,720
Other	25,305	32,334	24,926
Total expenses	11,323,621	17,137,781	11,028,802
Expense reductions (Note 4)	(9)	—	(35)
Expenses waived/paid by affiliates (Note 3f and 3g)	(62,724)	(98,302)	(297,702)
Net expenses	11,260,888	17,039,479	10,731,065
Net investment income	30,777,503	37,968,817	17,070,481
Realized and unrealized gains (losses):			
Net realized gain (loss) from:			
Sale of investments:			
Unaffiliated issuers	3,278,595	8,498,449	7,890,366
Controlled affiliates (Note 3f)	—	(601,149)	136,310
Non-controlled affiliates (Note 3f)	36,650,704	85,804,990	56,751,154
Capital gain distributions from Underlying Funds:			
Non-controlled affiliates (Note 3f)	6,187,937	14,530,250	12,305,894
Reimbursements from Affiliates (Note 3h)	440,809	1,031,376	753,614
Net realized gain (loss)	46,558,045	109,263,916	77,837,338
Net change in unrealized appreciation (depreciation) on:			
Investments:			
Unaffiliated issuers	(8,676,230)	(18,689,423)	(15,779,990)
Controlled affiliates (Note 3f)	—	(50,733,354)	(15,143,275)
Non-controlled affiliates (Note 3f)	(112,499,440)	(172,144,302)	(145,486,355)
Net change in unrealized appreciation (depreciation)	(121,175,670)	(241,567,079)	(176,409,620)
Net realized and unrealized gain (loss)	(74,617,625)	(132,303,163)	(98,572,282)
Net increase (decrease) in net assets resulting from operations	\$ (43,840,122)	\$ (94,334,346)	\$ (81,501,801)

Statements of Changes in Net Assets

	Franklin Conservative Allocation Fund		Franklin Moderate Allocation Fund	
	Year Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Increase (decrease) in net assets:				
Operations:				
Net investment income	\$ 30,777,503	\$ 15,698,726	\$ 37,968,817	\$ 22,286,767
Net realized gain (loss)	46,558,045	45,194,184	109,263,916	103,530,159
Net change in unrealized appreciation (depreciation)	(121,175,670)	77,505,166	(241,567,079)	174,304,721
Net increase (decrease) in net assets resulting from operations	(43,840,122)	138,398,076	(94,334,346)	300,121,647
Distributions to shareholders: (Note 1d)				
Class A	(56,229,864)	(17,670,437)	(111,971,367)	(81,525,281)
Class C	(20,364,459)	(6,444,603)	(31,437,636)	(29,892,045)
Class R	(5,844,031)	(2,187,581)	(7,566,500)	(6,979,243)
Class R6	(170,442)	(57,652)	(448,472)	(272,257)
Advisor Class	(2,956,605)	(957,021)	(4,817,371)	(3,267,480)
Total distributions to shareholders	(85,565,401)	(27,317,294)	(156,241,346)	(121,936,306)
Capital share transactions: (Note 2)				
Class A	61,562,778	(71,791,134)	87,813,396	(123,043,103)
Class C	(105,523,223)	(82,306,077)	(139,902,883)	(74,760,104)
Class R	(14,649,675)	(30,282,438)	(20,646,406)	(51,012,663)
Class R6	349,050	(233,082)	1,363,772	(986,002)
Advisor Class	3,314,119	8,859,036	9,886,472	10,047,532
Total capital share transactions	(54,946,951)	(175,753,695)	(61,485,649)	(239,754,340)
Net increase (decrease) in net assets	(184,352,474)	(64,672,913)	(312,061,341)	(61,568,999)
Net assets:				
Beginning of year	1,368,742,494	1,433,415,407	2,153,223,757	2,214,792,756
End of year (Note 1d)	\$1,184,390,020	\$1,368,742,494	\$1,841,162,416	\$2,153,223,757

Statements of Changes in Net Assets (continued)

	Franklin Growth Allocation Fund	
	Year Ended December 31,	
	2018	2017
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$ 17,070,481	\$ 12,472,973
Net realized gain (loss)	77,837,338	71,128,267
Net change in unrealized appreciation (depreciation)	(176,409,620)	146,032,107
Net increase (decrease) in net assets resulting from operations	(81,501,801)	229,633,347
Distributions to shareholders: (Note 1d)		
Class A	(72,770,211)	(62,332,236)
Class C	(17,489,220)	(20,934,431)
Class R	(6,388,754)	(7,290,270)
Class R6	(373,760)	(238,287)
Advisor Class	(3,455,507)	(3,149,196)
Total distributions to shareholders	(100,477,452)	(93,944,420)
Capital share transactions: (Note 2)		
Class A	94,771,993	(37,113,455)
Class C	(71,389,287)	(29,152,612)
Class R	(16,759,033)	(23,500,251)
Class R6	1,538,700	247,378
Advisor Class	5,901,218	(4,858,912)
Total capital share transactions	14,063,591	(94,377,852)
Net increase (decrease) in net assets	(167,915,662)	41,311,075
Net assets:		
Beginning of year	1,327,185,812	1,285,874,737
End of year (Note 1d)	<u>\$1,159,270,150</u>	<u>\$1,327,185,812</u>

Notes to Financial Statements

1. Organization and Significant Accounting Policies

Franklin Fund Allocator Series (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of twenty-three separate funds, three of which are included in this report (Funds) and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). The Funds invest primarily in mutual funds (Underlying Funds) and exchange traded funds (ETFs), including affiliated funds managed by Franklin Templeton (FT Underlying Funds). The Funds offer five classes of shares: Class A, Class C, Class R, Class R6, and Advisor Class. Beginning on October 19, 2018, 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.

The accounting policies of the Underlying Funds are outlined in their respective shareholder reports. A copy of the Underlying Funds' shareholder reports, in which each Fund invests, is available on the U.S. Securities and Exchange Commission (SEC) website at sec.gov. The Underlying Funds' shareholder reports are not covered by this report.

The following summarizes the Funds' significant accounting policies.

a. Financial Instrument Valuation

The Funds' 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 Funds calculate 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 Funds' administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation Committee (VC). The Funds may utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Investments in the Underlying Funds are valued at their closing NAV each trading day. ETFs 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.

Investments in repurchase agreements are valued at cost, which approximates fair value.

b. Joint Repurchase Agreement

Certain or all Funds enter into a joint repurchase agreement whereby their uninvested cash balance is deposited into a joint cash account with other funds managed by the investment manager or an affiliate of the investment manager and is used to invest in one or more repurchase agreements. The value and face amount of the joint repurchase agreement are allocated to the funds based on their pro-rata interest. A repurchase agreement is accounted for as a loan by the Fund to the seller, collateralized by securities which are delivered to the Funds' custodian. The fair value, including accrued interest, of the initial collateralization is required to be at least 102% of the dollar amount invested by the funds, with the value of the underlying securities marked to market daily to maintain coverage of at least 100%. Repurchase agreements are subject to the terms of Master Repurchase Agreements (MRAs) with approved counterparties (sellers). The MRAs contain various provisions, including but not limited to events of default and maintenance of collateral for repurchase agreements. In the event of default by either the seller or the Funds, certain MRAs may permit the non-defaulting party to net and close-out all transactions, if any, traded under such agreements. The Funds may sell securities it holds as collateral and apply the proceeds towards the repurchase price and any other amounts owed by the seller to the Funds in the event of default by the seller. This could involve costs or delays in addition to a loss on the securities if their value falls below the repurchase price owed by the seller. The joint repurchase agreement held by the Funds at year end, as indicated in the Statements of Investments, had been entered into on December 31, 2018.

c. Income Taxes

It is each Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. Each 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.

Each 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 December 31, 2018, each 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 and realized gain distributions by Underlying Funds and ETFs are recorded on the ex-dividend date. 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 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.

The Funds indirectly bear their proportionate share of expenses from the Underlying Funds and ETFs. Since the Underlying Funds and ETFs have varied expense levels and the Funds may own different proportions of the Underlying Funds and ETFs at different times, the amount of expenses incurred indirectly by the Funds will vary.

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. 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.

f. 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 Funds, 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.

1. Organization and Significant Accounting Policies (continued)

*Effective during the current reporting period, it is no longer required to present certain line items in the Statements of Changes in Net Assets. The below prior period amounts affected by this change are shown as they were in the prior year Statements of Changes in Net Assets.

For the year ended December 31, 2017, distributions to shareholders were as follows:

	Franklin Conservative Allocation Fund	Franklin Moderate Allocation Fund	Franklin Growth Allocation Fund
Distributions from net investment income :			
Class A	\$(12,756,455)	\$(24,708,896)	\$(14,178,320)
Class C	(3,785,648)	(6,075,828)	(2,995,168)
Class R	(1,547,935)	(1,863,421)	(1,449,291)
Class R6	(44,500)	(92,980)	(64,322)
Advisor Class	(709,610)	(1,060,074)	(784,774)
Distributions from net realized gains:			
Class A	(4,913,982)	(56,816,385)	(48,153,916)
Class C	(2,658,955)	(23,816,217)	(17,939,263)
Class R	(639,646)	(5,115,822)	(5,840,979)
Class R6	(13,152)	(179,277)	(173,965)
Advisor Class	(247,411)	(2,207,406)	(2,364,422)

For the year ended December 31, 2017, undistributed net investment income included in net assets were as follows:

Fund	Undistributed net investment income
Franklin Conservative Allocation Fund	\$ —
Franklin Moderate Allocation Fund	\$354,180
Franklin Growth Allocation Fund	\$274,398

2. Shares of Beneficial Interest

At December 31, 2018, there were an unlimited number of shares authorized (without par value). Transactions in the Funds' shares were as follows:

	Franklin Conservative Allocation Fund		Franklin Moderate Allocation Fund	
	Shares	Amount	Shares	Amount
Class A Shares:				
Year ended December 31, 2018				
Shares sold ^a	12,081,764	\$ 177,443,374	15,523,200	\$ 248,179,398
Shares issued in reinvestment of distributions	4,034,542	55,016,697	7,649,537	110,163,010
Shares redeemed	(11,598,052)	(170,897,293)	(16,830,686)	(270,529,012)
Net increase (decrease)	4,518,254	\$ 61,562,778	6,342,051	\$ 87,813,396
Year ended December 31, 2017				
Shares sold	9,004,604	\$ 131,248,585	9,324,783	\$ 148,888,926
Shares issued in reinvestment of distributions	1,169,393	17,226,035	4,989,594	80,015,625
Shares redeemed	(15,211,092)	(220,265,754)	(22,206,405)	(351,947,654)
Net increase (decrease)	(5,037,095)	\$ (71,791,134)	(7,892,028)	\$(123,043,103)

FRANKLIN FUND ALLOCATOR SERIES
NOTES TO FINANCIAL STATEMENTS

	Franklin Conservative Allocation Fund		Franklin Moderate Allocation Fund	
	Shares	Amount	Shares	Amount
Class C Shares:				
Year ended December 31, 2018				
Shares sold	2,785,956	\$ 40,367,570	4,101,280	\$ 64,134,250
Shares issued in reinvestment of distributions	1,481,552	19,810,147	2,206,819	30,776,943
Shares redeemed ^a	(11,501,386)	(165,700,940)	(15,077,289)	(234,814,076)
Net increase (decrease)	(7,233,878)	\$(105,523,223)	(8,769,190)	\$(139,902,883)
Year ended December 31, 2017				
Shares sold	3,062,213	\$ 43,601,492	4,174,263	\$ 64,540,565
Shares issued in reinvestment of distributions	432,601	6,258,410	1,882,828	29,326,462
Shares redeemed	(9,322,532)	(132,165,979)	(10,941,215)	(168,627,131)
Net increase (decrease)	(5,827,718)	\$ (82,306,077)	(4,884,124)	\$ (74,760,104)
Class R Shares:				
Year ended December 31, 2018				
Shares sold	765,914	\$ 11,297,144	749,501	\$ 12,083,262
Shares issued in reinvestment of distributions	407,765	5,547,093	515,960	7,427,656
Shares redeemed	(2,125,473)	(31,493,912)	(2,507,518)	(40,157,324)
Net increase (decrease)	(951,794)	\$ (14,649,675)	(1,242,057)	\$ (20,646,406)
Year ended December 31, 2017				
Shares sold	1,259,015	\$ 18,065,627	1,111,557	\$ 17,491,234
Shares issued in reinvestment of distributions	143,453	2,103,267	428,561	6,845,638
Shares redeemed	(3,463,117)	(50,451,332)	(4,754,116)	(75,349,535)
Net increase (decrease)	(2,060,649)	\$ (30,282,438)	(3,213,998)	\$ (51,012,663)
Class R6 Shares:				
Year ended December 31, 2018				
Shares sold	44,331	\$ 662,423	82,180	\$ 1,341,854
Shares issued in reinvestment of distributions	12,483	170,442	31,050	448,472
Shares redeemed	(32,381)	(483,815)	(26,491)	(426,554)
Net increase (decrease)	24,433	\$ 349,050	86,739	\$ 1,363,772
Year ended December 31, 2017				
Shares sold	34,784	\$ 497,692	47,563	\$ 762,713
Shares issued in reinvestment of distributions	3,921	57,652	16,964	272,257
Shares redeemed	(54,047)	(788,426)	(129,149)	(2,020,972)
Net increase (decrease)	(15,342)	\$ (233,082)	(64,622)	\$ (986,002)
Advisor Class Shares:				
Year ended December 31, 2018				
Shares sold	1,351,389	\$ 19,964,830	2,127,729	\$ 34,069,063
Shares issued in reinvestment of distributions	187,101	2,560,700	294,731	4,257,371
Shares redeemed	(1,306,194)	(19,211,411)	(1,771,687)	(28,439,962)
Net increase (decrease)	232,296	\$ 3,314,119	650,773	\$ 9,886,472
Year ended December 31, 2017				
Shares sold	1,635,857	\$ 23,801,332	2,049,885	\$ 32,751,736
Shares issued in reinvestment of distributions	55,464	817,655	180,985	2,907,174
Shares redeemed	(1,078,035)	(15,759,951)	(1,594,562)	(25,611,378)
Net increase (decrease)	613,286	\$ 8,859,036	636,308	\$ 10,047,532

2. Shares of Beneficial Interest (continued)

	Franklin Growth Allocation Fund	
	Shares	Amount
Class A Shares:		
Year ended December 31, 2018		
Shares sold ^a	9,411,831	\$ 181,419,633
Shares issued in reinvestment of distributions	4,261,084	71,799,771
Shares redeemed	(8,184,666)	(158,447,411)
Net increase (decrease)	5,488,249	\$ 94,771,993
Year ended December 31, 2017		
Shares sold	5,937,072	\$ 112,664,399
Shares issued in reinvestment of distributions	3,212,584	61,420,478
Shares redeemed	(11,228,658)	(211,198,332)
Net increase (decrease)	(2,079,002)	\$ (37,113,455)
Class C Shares:		
Year ended December 31, 2018		
Shares sold	2,290,945	\$ 43,225,242
Shares issued in reinvestment of distributions	1,040,994	17,275,116
Shares redeemed ^a	(7,057,658)	(131,889,645)
Net increase (decrease)	(3,725,719)	\$ (71,389,287)
Year ended December 31, 2017		
Shares sold	2,429,258	\$ 44,514,353
Shares issued in reinvestment of distributions	1,114,303	20,670,947
Shares redeemed	(5,152,432)	(94,337,912)
Net increase (decrease)	(1,608,871)	\$ (29,152,612)
Class R Shares:		
Year ended December 31, 2018		
Shares sold	469,006	\$ 9,011,111
Shares issued in reinvestment of distributions	372,999	6,239,723
Shares redeemed	(1,677,731)	(32,009,867)
Net increase (decrease)	(835,726)	\$ (16,759,033)
Year ended December 31, 2017		
Shares sold	526,041	\$ 9,819,531
Shares issued in reinvestment of distributions	378,557	7,130,932
Shares redeemed	(2,175,939)	(40,450,714)
Net increase (decrease)	(1,271,341)	\$ (23,500,251)
Class R6 Shares:		
Year ended December 31, 2018		
Shares sold	71,669	\$ 1,412,310
Shares issued in reinvestment of distributions	22,158	373,761
Shares redeemed	(12,701)	(247,371)
Net increase (decrease)	81,126	\$ 1,538,700
Year ended December 31, 2017		
Shares sold	31,333	\$ 599,216
Shares issued in reinvestment of distributions	12,398	238,287
Shares redeemed	(31,823)	(590,125)
Net increase (decrease)	11,908	\$ 247,378

	Franklin Growth Allocation Fund	
	Shares	Amount
Advisor Class Shares:		
Year ended December 31, 2018		
Shares sold	665,107	\$ 12,993,054
Shares issued in reinvestment of distributions	169,710	2,869,802
Shares redeemed	(509,652)	(9,961,638)
Net increase (decrease).	325,165	\$ 5,901,218
Year ended December 31, 2017		
Shares sold	777,973	\$ 14,725,195
Shares issued in reinvestment of distributions	140,404	2,693,652
Shares redeemed	(1,156,752)	(22,277,759)
Net increase (decrease).	(238,375)	\$ (4,858,912)

^aMay include a portion of Class C shares that were automatically converted to Class A.

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 Funds are also officers and/or directors/trustees of certain of the FT Underlying Funds and of the following subsidiaries:

Subsidiary	Affiliation
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. Asset Allocation Fees

The Funds pay an asset allocation fee to Advisers of 0.25% per year of the average daily net assets of each of the Funds for investment advisory services, consisting principally of determining the allocation of assets of the Funds among the Underlying Funds and ETFs.

b. Administrative Fees

Under an agreement with Advisers, FT Services provides administrative services to the Funds and is not paid by the Funds for the services.

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 Funds' Class A reimbursement distribution plans, the Funds reimburse Distributors for costs incurred in connection with the servicing, sale and distribution of each Fund's shares up to the maximum annual plan rate. Under the Class A reimbursement distribution plans, costs exceeding the maximum for the current plan year cannot be reimbursed in subsequent periods. In addition, under the Funds' Class C and R compensation distribution plans, the Funds pay Distributors for costs incurred in connection with the servicing, sale and distribution of each 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 for each Fund.

3. Transactions with Affiliates (continued)

c. Distribution Fees (continued)

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 Funds. 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 Funds of the following commission transactions related to the sales and redemptions of the Funds' shares for the year:

	Franklin Conservative Allocation Fund	Franklin Moderate Allocation Fund	Franklin Growth Allocation Fund
Sales charges retained net of commissions paid to unaffiliated brokers/dealers	\$192,021	\$352,652	\$329,774
CDSC retained	\$ 18,139	\$ 35,894	\$ 24,864

Effective September 10, 2018, the Board approved changes to certain front-end sales charges and dealer commissions on Class A shares. Further details are disclosed in the Funds' Prospectus.

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 year ended December 31, 2018, the Funds paid transfer agent fees as noted in the Statements of Operations of which the following amounts were retained by Investor Services:

	Franklin Conservative Allocation Fund	Franklin Moderate Allocation Fund	Franklin Growth Allocation Fund
Transfer agent fees	\$728,692	\$1,350,734	\$1,160,463

f. Investments in FT Underlying Funds

The Funds invest primarily in FT Underlying Funds which are managed by Advisers (or by an affiliate of Advisers). The Funds do not invest in FT Underlying Funds for the purpose of exercising a controlling influence over the management or policies. Asset allocation fees paid by the Funds are waived on assets invested in Institutional Fiduciary Trust Money Market Portfolio (Sweep Money Fund), as noted in the Statements of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by the Sweep Money Fund.

Investments in FT Underlying Funds for the year ended December 31, 2018, were as follows:

FT Underlying Funds	Number of Shares Held at Beginning of Year	Gross Additions	Gross Reductions	Number of Shares Held at End of Year	Value at End of Year	Dividend Income	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)
Franklin Conservative Allocation Fund								
Non-Controlled Affiliates								
Franklin DynaTech Fund, Class R6	1,227,952	223,504	(616,550)	834,906	\$ 56,915,523	\$ —	\$25,803,769 ^a	\$ (18,171,264)
Franklin Emerging Market Debt Opportunities Fund	—	4,587,301	(1,066,912)	3,520,389	37,597,752	2,905,952	(521,053)	(3,902,765)
Franklin Floating Rate Daily Access Fund, Class R6	4,775,895	1,220,239	(1,054,812)	4,941,322	41,605,935	2,224,586	(243,245)	(1,540,745)
Franklin FTSE Europe ETF	563,900	82,000	(130,345)	515,555	10,800,877	416,988	(74,095)	(2,136,175)
Franklin FTSE Japan ETF	—	606,100	(93,843)	512,257	11,525,783	169,743	(261,795)	(2,726,725)
Franklin Growth Fund, Class R6	1,306,742	363,987	(343,349)	1,327,380	119,464,184	984,526	6,021,203 ^a	(9,626,493)
Franklin International Small Cap Growth Fund, Class R6	2,321,149	355,355	(1,017,582)	1,658,922	25,613,745	489,744	2,394,064 ^a	(10,089,854)
Franklin K2 Alternative Strategies Fund, Class R6	3,062,011	—	(3,062,011)	—	— ^b	—	3,289,618	(2,585,356)
Franklin LibertyQ Emerging Markets ETF	1,606,500	204,000	(633,651)	1,176,849	33,210,679	1,352,554	1,192,049	(7,516,853)
Franklin LibertyQ U.S. Equity ETF	632,000	1,889,113	(273,675)	2,247,438	62,074,238	754,607	91,930	(5,164,484)
Franklin Low Duration Total Return Fund, Class R6	23,643,338	3,525,874	(8,123,006)	19,046,206	182,843,581	6,896,076	(3,920,553)	(852,595)
Franklin Mutual European Fund, Class R6	2,146,356	268,366	(1,293,923)	1,120,799	20,039,889	794,704	2,611,940	(5,400,914)
Franklin Pelagos Commodities Strategy Fund, Class R6	4,757,464	6,511,497	(476,909)	10,792,052	58,924,603	4,389,268	(1,347,899)	(11,039,128)
Franklin Rising Dividends Fund, Class R6	1,062,619	375,419	(265,433)	1,172,605	64,774,725	985,574	4,391,153 ^a	(8,254,257)
Franklin Small Cap Growth Fund, Class R6	360,599	26,320	(386,919)	—	— ^b	—	3,910,295	(3,087,613)
Franklin Strategic Income Fund, Class R6	12,986,969	2,530,348	(2,843,858)	12,673,459	117,609,696	5,883,412	(863,416)	(6,820,470)
Franklin U.S. Government Securities Fund, Class R6	24,011,063	9,859,626	(6,009,242)	27,861,447	164,661,149	5,536,749	(3,083,456)	(1,358,952)
Franklin Utilities Fund, Class R6	1,330,449	265,914	(372,646)	1,223,717	22,357,316	668,362	2,053,433 ^a	(2,063,739)
Institutional Fiduciary Trust Money Market Portfolio, 1.99%	11,221,101	186,975,756	(198,161,059)	35,798	35,798	347,540	—	—
Templeton Foreign Fund, Class R6	4,705,606	2,032,099	(1,253,149)	5,484,556	35,923,843	1,087,013	1,358,474	(7,605,336)
Templeton Global Total Return Fund, Class R6	11,050,252	1,714,472	(5,777,597)	6,987,127	81,260,291	5,161,665	36,225	(2,555,722)
Total Affiliated Securities					\$1,147,239,607	\$41,049,063	\$42,838,641	\$(112,499,440)
Franklin Moderate Allocation Fund								
Controlled Affiliates								
Franklin FTSE Europe ETF	1,355,700	113,300	(254,688)	1,214,312	\$ 25,439,836	\$ 995,531	\$ (136,958)	\$ (5,219,509)
Franklin LibertyQ Emerging Markets ETF	3,701,700	266,000	(1,315,460)	2,652,240	74,846,213	3,083,866	2,585,304	(17,228,107)
Franklin LibertyQ U.S. Equity ETF	1,491,600	4,230,545	(524,816)	5,197,329	143,550,227	1,762,685	207,960	(12,235,120)
Franklin Pelagos Commodities Strategy Fund, Class R6	7,495,307	9,984,800	(767,977)	16,712,130	91,248,228	6,797,041	(3,257,455)	(16,050,618)
Total Controlled Affiliates					\$ 335,084,504	\$12,639,123	\$ (601,149)	\$ (50,733,354)
Non-Controlled Affiliates								
Franklin DynaTech Fund, Class R6	2,697,370	500,590	(1,264,115)	1,933,845	131,830,259	—	55,160,338 ^a	(39,108,668)
Franklin Emerging Market Debt Opportunities Fund	—	4,522,784	(1,001,351)	3,521,433	37,608,902	2,923,692	(511,903)	(3,835,421)
Franklin Floating Rate Daily Access Fund, Class R6	4,554,612	1,378,844	(1,339,228)	4,594,228	38,683,399	2,125,050	(296,834)	(1,382,531)
Franklin FTSE Japan ETF	—	1,406,400	(179,223)	1,227,177	27,611,482	411,068	(508,005)	(6,813,153)
Franklin Growth Fund, Class R6	3,137,923	631,278	(670,011)	3,099,190	278,927,077	2,333,602	13,365,041 ^a	(22,513,057)

3. Transactions with Affiliates (continued)

f. Investments in FT Underlying Funds (continued)

FT Underlying Funds	Number of Shares Held at Beginning of Year	Gross Additions	Gross Reductions	Number of Shares Held at End of Year	Value at End of Year	Dividend Income	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)
Franklin Moderate Allocation Fund (continued)								
Non-Controlled Affiliates (continued)								
Franklin International Small Cap Growth Fund, Class R6	5,695,077	540,157	(2,406,209)	3,829,025	\$ 59,120,152	\$ 1,144,918	\$ 5,281,461 ^a	\$ (23,644,171)
Franklin K2 Alternative Strategies Fund, Class R6	4,819,654	—	(4,819,654)	—	— ^b	—	5,140,936	(4,032,415)
Franklin Low Duration Total Return Fund, Class R6	23,485,173	5,031,986	(9,973,244)	18,543,915	178,021,586	6,868,363	(4,646,960)	(123,293)
Franklin Mutual European Fund, Class R6	5,109,534	407,270	(2,833,809)	2,682,995	47,971,953	1,925,759	4,858,947	(11,816,247)
Franklin Rising Dividends Fund, Class R6	2,481,720	701,072	(501,946)	2,680,846	148,089,939	2,294,984	9,902,823 ^a	(19,188,171)
Franklin Small Cap Growth Fund, Class R6	898,062	35,830	(933,892)	—	— ^b	—	9,159,613	(7,148,794)
Franklin Strategic Income Fund, Class R6	12,546,900	3,094,214	(3,612,389)	12,028,725	111,626,569	5,692,406	(990,150)	(6,482,426)
Franklin U.S. Government Securities Fund, Class R6	22,962,139	11,323,460	(7,357,848)	26,927,751	159,143,007	5,318,549	(3,728,020)	(562,796)
Franklin Utilities Fund, Class R6	3,257,195	436,035	(933,160)	2,760,070	50,426,474	1,628,318	5,300,535 ^a	(5,277,357)
Institutional Fiduciary Trust Money Market Portfolio, 1.99%	25,309	283,420,857	(283,390,101)	56,065	56,065	552,356	—	—
Templeton Foreign Fund, Class R6	11,216,882	3,836,150	(2,406,563)	12,646,469	82,834,369	2,521,632	2,740,317	(17,650,060)
Templeton Global Total Return Fund, Class R6	10,484,568	2,123,872	(5,800,145)	6,808,295	79,180,477	4,957,006	107,101	(2,565,742)
Total Non-Controlled Affiliates					\$1,431,131,710	\$40,697,703	\$100,335,240	\$(172,144,302)
Total Affiliated Securities					\$1,766,216,214	\$53,336,826	\$ 99,734,091	\$(222,877,656)
Franklin Growth Allocation Fund								
Controlled Affiliates								
Franklin FTSE Europe ETF	1,133,400	57,100	(144,100)	1,046,400	\$ 21,922,080	\$ 859,286	\$ (51,935)	\$ (4,646,595)
Franklin LibertyQ U.S. Equity ETF	1,150,500	3,447,431	(262,500)	4,335,431	119,744,604	1,474,615	188,245	(10,496,680)
Total Controlled Affiliates					\$ 141,666,684	\$ 2,333,901	\$ 136,310	\$ (15,143,275)
Non-Controlled Affiliates								
Franklin DynaTech Fund, Class R6	2,218,583	329,656	(937,709)	1,610,530	109,789,861	—	39,805,174 ^a	(27,562,010)
Franklin Emerging Market Debt Opportunities Fund	—	1,224,520	(384,796)	839,724	8,968,255	706,723	(145,189)	(878,039)
Franklin Floating Rate Daily Access Fund, Class R6	1,026,096	694,033	(526,658)	1,193,471	10,049,028	511,354	(96,706)	(337,591)
Franklin FTSE Japan ETF	—	1,100,400	(90,800)	1,009,600	22,716,000	340,675	(252,716)	(5,790,676)
Franklin Growth Fund, Class R6	2,425,586	501,567	(349,883)	2,577,270	231,954,267	1,973,502	7,584,355 ^a	(17,122,582)
Franklin International Small Cap Growth Fund, Class R6	4,891,350	333,978	(2,012,914)	3,212,414	49,599,678	975,902	2,617,128 ^a	(19,211,711)
Franklin K2 Alternative Strategies Fund, Class R6	2,959,095	—	(2,959,095)	—	— ^b	—	3,137,984	(2,457,392)
Franklin LibertyQ Emerging Markets ETF	3,164,100	142,400	(1,098,445)	2,208,055	62,311,312	2,634,929	1,394,340	(14,415,305)
Franklin Low Duration Total Return Fund, Class R6	5,442,537	2,634,914	(3,374,115)	4,703,336	45,152,022	1,679,969	(916,851)	(272,361)
Franklin Mutual European Fund, Class R6	4,178,804	259,990	(2,173,103)	2,265,691	40,510,549	1,643,336	3,496,374	(9,588,545)
Franklin Pelagos Commodities Strategy Fund, Class R6	4,606,601	6,795,993	(993,116)	10,409,478	56,835,748	4,284,016	(3,789,815)	(8,399,515)
Franklin Rising Dividends Fund, Class R6	2,009,236	497,031	(270,660)	2,235,607	123,494,926	1,922,001	6,907,589 ^a	(15,122,877)
Franklin Small Cap Growth Fund, Class R6	683,285	21,960	(705,245)	—	— ^b	—	6,596,334	(5,098,103)

FT Underlying Funds	Number of Shares Held at Beginning of Year	Gross Additions	Gross Reductions	Number of Shares Held at End of Year	Value at End of Year	Dividend Income	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)
Franklin Growth Allocation Fund (continued)								
Non-Controlled Affiliates (continued)								
Franklin Strategic Income Fund, Class R6	2,803,671	1,464,328	(1,384,980)	2,883,019	\$ 26,754,417	\$ 1,343,760	\$ (293,883)	\$ (1,513,055)
Franklin U.S. Government Securities Fund, Class R6	5,183,303	4,329,513	(2,878,213)	6,634,603	39,210,505	1,279,016	(1,401,079)	364,861
Franklin Utilities Fund, Class R6	2,579,038	271,475	(590,709)	2,259,804	41,286,615	1,336,735	3,478,959 ^a	(3,443,991)
Institutional Fiduciary Trust Money Market Portfolio, 1.99%	15,843	160,658,311	(160,637,732)	36,422	36,422	356,035	—	—
Templeton Foreign Fund, Class R6	9,628,322	2,260,332	(1,252,661)	10,635,993	69,665,758	2,140,509	989,251	(14,102,134)
Templeton Global Total Return Fund, Class R6	2,326,168	991,393	(1,701,038)	1,616,523	18,800,160	1,149,940	(54,201)	(535,329)
Total Non-Controlled Affiliates					\$ 957,135,523	\$24,278,402	\$69,057,048	\$(145,486,355)
Total Affiliated Securities					\$1,098,802,207	\$26,612,303	\$69,193,358	\$(160,629,630)

^aIncludes capital gain distributions received.

^bAs of December 31, 2018, no longer held by the fund.

g. Waiver and Expense Reimbursements

Advisers and Investor Services have contractually agreed in advance to waive or limit their respective fees and to assume as their own expense certain expenses otherwise payable by the Funds so that the expenses (excluding distribution fees, and acquired fund fees and expenses and certain non-routine expenses or costs, including those relating to litigation, indemnification, reorganizations, and liquidations) for Class A, Class C, Class R and Advisor Class of the Funds do not exceed 0.40%, based on the average net assets of each class until April 30, 2019. Total expenses waived or paid are not subject to recapture subsequent to the Funds' fiscal year end.

For Franklin Conservative Allocation Fund, Investor Services has contractually agreed in advance to waive or limit its fees so that the Class R6 transfer agent fees do not exceed 0.03% based on the average net assets of the class until April 30, 2019.

For Franklin Moderate Allocation Fund and Franklin Growth Allocation Fund, Investor Services has voluntarily agreed in advance to waive or limit its fees so that the Class R6 transfer agent fees do not exceed 0.03% based on the average net assets of the class. Investor Services may discontinue this waiver in the future.

h. Other Affiliated Transactions

During the year ended December 31, 2018, Advisers reimbursed Franklin Conservative Allocation Fund, Franklin Moderate Allocation Fund, and Franklin Growth Allocation Fund \$440,809, \$1,031,376, and \$753,614, respectively, for losses in connection with investment limit exceedances. These reimbursements are reflected in the Statement of Operations.

4. Expense Offset Arrangement

The Funds have entered into an arrangement with their custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Funds' custodian expenses. During the year ended December 31, 2018, the custodian fees were reduced as noted in the Statements of Operations.

5. Income Taxes

The tax character of distributions paid during the years ended December 31, 2018 and 2017, was as follows:

	Franklin Conservative Allocation Fund		Franklin Moderate Allocation Fund		Franklin Growth Allocation Fund	
	2018	2017	2018	2017	2018	2017
Distributions paid from:						
Ordinary income	\$32,363,606	\$18,844,148	\$ 43,773,340	\$ 42,845,027	\$ 21,174,619	\$24,903,773
Long term capital gain	53,201,795	8,473,146	112,468,006	79,091,279	79,302,833	69,040,647
	<u>\$85,565,401</u>	<u>\$27,317,294</u>	<u>\$156,241,346</u>	<u>\$121,936,306</u>	<u>\$100,477,452</u>	<u>\$93,944,420</u>

At December 31, 2018, the cost of investments, net unrealized appreciation (depreciation), undistributed ordinary income and undistributed long term capital gains for income tax purposes were as follows:

	Franklin Conservative Allocation Fund	Franklin Moderate Allocation Fund	Franklin Growth Allocation Fund
Cost of investments	\$1,123,660,176	\$1,640,363,296	\$973,998,570
Unrealized appreciation	\$ 125,315,085	\$ 285,956,068	\$225,875,844
Unrealized depreciation	(58,332,685)	(77,469,388)	(39,972,011)
Net unrealized appreciation (depreciation)	\$ 66,982,400	\$ 208,486,680	\$185,903,833
Distributable earnings:			
Undistributed ordinary income	\$ 928,600	\$ 2,502,834	\$ 1,577,576
Undistributed long term capital gains	—	4,504,537	7,381,066
Total distributable earnings	<u>\$ 928,600</u>	<u>\$ 7,007,371</u>	<u>\$ 8,958,642</u>

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatment of wash sales.

The Funds utilized a tax accounting practice to treat a portion of the proceeds from capital shares redeemed as a distribution from net investment income and realized capital gains.

6. Investment Transactions

Purchases and sales of Underlying Funds and ETFs (excluding short term securities) for the year ended December 31, 2018, were as follows:

	Franklin Conservative Allocation Fund	Franklin Moderate Allocation Fund	Franklin Growth Allocation Fund
Purchases	\$395,631,661	\$682,791,722	\$392,567,800
Sales	\$535,671,579	\$842,384,556	\$481,429,228

7. Credit Facility

The Funds, 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 matured on February 8, 2019. 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. Effective February 8, 2019, the Borrowers renewed the Global Credit Facility for a one year term, maturing February 7, 2020, for a total of \$2 billion.

Under the terms of the Global Credit Facility, the Funds shall, in addition to interest charged on any borrowings made by the Funds and other costs incurred by the Funds, pay their share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon their 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 Statements of Operations. During the year ended December 31, 2018, the Funds did not use the Global Credit Facility.

8. Fair Value Measurements

The Funds follow a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Funds' own market assumptions (unobservable inputs). These inputs are used in determining the value of the Funds' 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 Funds' 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.

A summary of inputs used as of December 31, 2018, in valuing the Funds' assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin Conservative Allocation Fund				
Assets:				
Investments in Securities: ^a				
Underlying Funds and Exchange Traded Funds	\$ 1,168,395,939	\$ —	\$ —	\$ 1,168,395,939
Short Term Investments	35,798	22,210,839	—	22,246,637
Total Investments in Securities	\$ 1,168,431,737	\$ 22,210,839	\$ —	\$ 1,190,642,576
Franklin Moderate Allocation Fund				
Assets:				
Investments in Securities: ^a				
Underlying Funds and Exchange Traded Funds	\$ 1,814,878,242	\$ —	\$ —	\$ 1,814,878,242
Short Term Investments	56,065	33,915,669	—	33,971,734
Total Investments in Securities	\$ 1,814,934,307	\$ 33,915,669	\$ —	\$ 1,848,849,976

8. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Franklin Growth Allocation Fund				
Assets:				
Investments in Securities: ^a				
Underlying Funds and Exchange Traded Funds	\$ 1,139,705,219	\$ —	\$ —	\$ 1,139,705,219
Short Term Investments	36,422	20,160,762	—	20,197,184
Total Investments in Securities	\$ 1,139,741,641	\$ 20,160,762	\$ —	\$ 1,159,902,403

^aFor detailed categories, see the accompanying Statement of Investments.

9. Subsequent Events

The Funds have evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure other than those already disclosed in the financial statements.

Abbreviations

Selected Portfolio

ETF	Exchange Traded Fund
FTSE	Financial Times Stock Exchange
SPDR	S&P Depository Receipt

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Franklin Fund Allocator Series and Shareholders of Franklin Conservative Allocation Fund, Franklin Moderate Allocation Fund and Franklin Growth Allocation Fund

Opinions on the Financial Statements

We have audited the accompanying statements of assets and liabilities, including the statements of investments, of Franklin Conservative Allocation Fund, Franklin Moderate Allocation Fund and Franklin Growth Allocation Fund (the "Funds") as of December 31, 2018, the related statements of operations for the year ended December 31, 2018, the statements of changes in net assets for each of the two years in the period ended December 31, 2018, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2018 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds as of December 31, 2018, the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period ended December 31, 2018 and each of the financial highlights for each of the five years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on the Funds' financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Funds in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018 by correspondence with the custodian and transfer agent. We believe that our audits provide a reasonable basis for our opinions.

PricewaterhouseCoopers LLP

San Francisco, California

February 15, 2019

We have served as the auditor of one or more investment companies in the Franklin Templeton Group of Funds since 1948.

Tax Information (unaudited)

Under Section 852(b)(3)(C) of the Internal Revenue Code, the Funds hereby report the maximum amount allowable but no less than the following amounts as long term capital gain dividends for the fiscal year ended December 31, 2018:

Franklin Conservative Allocation Fund	Franklin Moderate Allocation Fund	Franklin Growth Allocation Fund
\$59,477,748	\$126,254,468	\$87,517,426

Under Section 871(k)(2)(C) of the Internal Revenue Code, the Funds hereby report the maximum amount allowable but no less than the following amounts as short term capital gain dividends for purposes of the tax imposed under Section 871(a)(1)(A) of the Internal Revenue Code for the fiscal year ended December 31, 2018:

Franklin Conservative Allocation Fund	Franklin Moderate Allocation Fund	Franklin Growth Allocation Fund
\$2,581,780	\$6,162,492	\$3,950,723

Under Section 854(b)(1)(A) of the Internal Revenue Code, the Funds hereby report the following percentage amounts of the ordinary income dividends as income qualifying for the dividends received deduction for the fiscal year ended December 31, 2018:

Franklin Conservative Allocation Fund	Franklin Moderate Allocation Fund	Franklin Growth Allocation Fund
11.11%	19.29%	33.44%

Under Section 854(b)(1)(B) of the Internal Revenue Code, the Funds hereby report the maximum amount allowable but no less than the following amounts as qualified dividends for purposes of the maximum rate under Section 1(h)(11) of the Internal Revenue Code for the fiscal year ended December 31, 2018:

Franklin Conservative Allocation Fund	Franklin Moderate Allocation Fund	Franklin Growth Allocation Fund
\$7,773,942	\$18,242,064	\$15,426,822

Distributions, including qualified dividend income, paid during calendar year 2018 will be reported to shareholders on Form 1099-DIV by mid-February 2019. Shareholders are advised to check with their tax advisors for information on the treatment of these amounts on their individual income tax returns.

During the fiscal year ended December 31, 2018, the Funds, qualified fund of funds under Section 852(g)(2) of Internal Revenue Code, received an allocation of foreign taxes paid from one or more of their underlying funds. As shown in the table below, the Funds hereby report to shareholders the foreign source income and foreign taxes paid by underlying funds, pursuant to Section 853 of the Internal Revenue Code. This written statement will allow shareholders of record on December 27, 2018, to treat their proportionate share of foreign taxes paid by the underlying funds as having been paid directly by them. The shareholder shall consider these amounts as foreign taxes paid in the tax year in which they receive the Fund distribution.

The following table provides a detailed analysis of foreign tax paid, foreign source income, and foreign source qualified dividends as reported by the Funds, to shareholders of record.

Class	Foreign Tax Paid Per Share	Foreign Source Income Per Share	Foreign Source Qualified Dividends Per Share
Franklin Conservative Allocation Fund			
Class A	\$0.0096	\$0.1867	\$0.0379
Class C	\$0.0096	\$0.1867	\$0.0379
Class R	\$0.0096	\$0.1867	\$0.0379
Class R6	\$0.0096	\$0.1867	\$0.0379
Advisor Class	\$0.0096	\$0.1867	\$0.0379
Franklin Moderate Allocation Fund			
Class A	\$0.0117	\$0.1741	\$0.0610
Class C	\$0.0117	\$0.1741	\$0.0610
Class R	\$0.0117	\$0.1741	\$0.0610
Class R6	\$0.0117	\$0.1741	\$0.0610
Advisor Class	\$0.0117	\$0.1741	\$0.0610
Franklin Growth Allocation Fund			
Class A	\$0.0159	\$0.1765	\$0.0987
Class C	\$0.0159	\$0.1765	\$0.0987
Class R	\$0.0159	\$0.1765	\$0.0987
Class R6	\$0.0159	\$0.1765	\$0.0987
Advisor Class	\$0.0159	\$0.1765	\$0.0987

Foreign Tax Paid Per Share is the amount per share available to you, as a tax credit (assuming you held your shares in the Fund for a minimum of 16 days during the 31-day period beginning 15 days before the ex-dividend date of the Fund's distribution to which the foreign taxes relate), or, as a tax deduction.

Foreign Source Income Per Share is the amount per share of income dividends attributable to foreign securities held by the Fund, plus any foreign taxes withheld on these dividends. The amounts reported include foreign source qualified dividends that have not been adjusted for the rate differential applicable to such dividend income.¹

Foreign Source Qualified Dividends Per Share is the amount per share of foreign source qualified dividends plus any foreign taxes withheld on these dividends. These amounts represent the portion of the Foreign Source Income Per Share that were derived from qualified foreign securities held by the Fund.¹

By mid-February 2019, shareholders will receive Form 1099-DIV which will include their share of taxes paid and foreign source income distributed during the calendar year 2018. The Foreign Source Income reported on Form 1099-DIV has not been adjusted for the rate differential on foreign source qualified dividend income. Shareholders are advised to check with their tax advisors for information on the treatment of these amounts on their 2018 individual income tax returns.

¹Qualified dividends are taxed at reduced long term capital gains tax rates. In determining the amount of foreign tax credit that may be applied against the U.S. tax liability of individuals receiving foreign source qualified dividends, adjustments may be required to the foreign tax credit limitation calculation to reflect the rate differential applicable to such dividend income. The rules however permit certain individuals to elect not to apply the rate differential adjustments for capital gains and/or dividends for any taxable year. Please consult your tax advisor and the instructions to Form 1116 for more information.

Board Members and Officers

The name, year of birth and address of the officers and board members, as well as their affiliations, positions held with the Trust, principal occupations during at least the past five years and number of U.S. registered portfolios overseen in the Franklin Templeton Investments fund complex, are shown below. Generally, each board member serves until that person's successor is elected and qualified.

Independent Board Members

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Harris J. Ashton (1932) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1995	136	Bar-S Foods (meat packing company) (1981-2010).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , Director, RBC Holdings, Inc. (bank holding company) (until 2002); and President, Chief Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers) (until 1998).				
Terrence J. Checki (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2017	112	Hess Corporation (exploration of oil and gas) (2014-present).
Principal Occupation During at Least the Past 5 Years: Member of the Council on Foreign Relations (1996-present); Member of the National Committee on U.S.-China Relations (1999-present); member of the Board of Trustees of the Economic Club of New York (2013-present); member of the Board of Trustees of the Foreign Policy Association (2005-present) and member of various other boards of trustees and advisory boards; and formerly , Executive Vice President of the Federal Reserve Bank of New York and Head of its Emerging Markets and Internal Affairs Group and Member of Management Committee (1995-2014); and Visiting Fellow at the Council on Foreign Relations (2014).				
Mary C. Choksi (1950) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2014	136	Avis Budget Group Inc. (car rental) (2007-present), Omnicom Group Inc. (advertising and marketing communications services) (2011-present) and White Mountains Insurance Group, Ltd. (holding company) (2017-present).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , Founder and Senior Advisor, Strategic Investment Group (investment management group) (2015-2017); Founding Partner and Senior Managing Director, Strategic Investment Group (1987-2015); Founding Partner and Managing Director, Emerging Markets Management LLC (investment management firm) (1987-2011); and Loan Officer/Senior Loan Officer/Senior Pension Investment Officer, World Bank Group (international financial institution) (1977-1987).				
Edith E. Holiday (1952) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1998	136	Hess Corporation (exploration of oil and gas) (1993-present), Canadian National Railway (railroad) (2001-present), White Mountains Insurance Group, Ltd. (holding company) (2004-present), Santander Consumer USA Holdings, Inc. (consumer finance) (2016-Present), RTI International Metals, Inc. (manufacture and distribution of titanium) (1999-2015) and H.J. Heinz Company (processed foods and allied products) (1994-2013).
Principal Occupation During at Least the Past 5 Years: Director or Trustee of various companies and trusts; and formerly , Assistant to the President of the United States and Secretary of the Cabinet (1990-1993); General Counsel to the United States Treasury Department (1989-1990); and Counselor to the Secretary and Assistant Secretary for Public Affairs and Public Liaison—United States Treasury Department (1988-1989).				
J. Michael Luttig (1954) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2009	136	Boeing Capital Corporation (aircraft financing) (2006-2013).
Principal Occupation During at Least the Past 5 Years: Executive Vice President, General Counsel and member of the Executive Council, The Boeing Company (aerospace company) (2006-present); and formerly , Federal Appeals Court Judge, U.S. Court of Appeals for the Fourth Circuit (1991-2006).				

Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Larry D. Thompson (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	136	The Southern Company (energy company) (2014-present; previously 2010-2012), Graham Holdings Company (education and media organization) (2011-present) and Cbeyond, Inc. (business communications provider) (2010-2012).

Principal Occupation During at Least the Past 5 Years:

Director of various companies; Counsel, Finch McCranie, LLP (law firm) (2015-present); Independent Compliance Monitor and Auditor, Volkswagen AG (manufacturer of automobiles and commercial vehicles) (2017-present); John A. Sibley Professor of Corporate and Business Law, University of Georgia School of Law (2015-present; previously 2011-2012); and **formerly**, Executive Vice President – Government Affairs, General Counsel and Corporate Secretary, PepsiCo, Inc. (consumer products) (2012-2014); Senior Vice President – Government Affairs, General Counsel and Secretary, PepsiCo, Inc. (2004-2011); Senior Fellow of The Brookings Institution (2003-2004); Visiting Professor, University of Georgia School of Law (2004); and Deputy Attorney General, U.S. Department of Justice (2001-2003).

John B. Wilson (1959) One Franklin Parkway San Mateo, CA 94403-1906	Lead Independent Trustee	Trustee since 2006 and Lead Independent Trustee since 2008	112	None
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Principal Occupation During at Least the Past 5 Years:

President and Founder, Hyannis Port Capital, Inc. (real estate and private equity investing) (2002-present); Senior Advisor, McKinsey & Co. (consulting) (2017-present); serves on private and non-profit boards; and **formerly**, President, Staples International and Head of Global Transformation (office supplies) (2012-2016); Chief Operating Officer and Executive Vice President, Gap, Inc. (retail) (1996-2000); Chief Financial Officer and Executive Vice President – Finance and Strategy, Staples, Inc. (1992-1996); Senior Vice President – Corporate Planning, Northwest Airlines, Inc. (airlines) (1990-1992); and Vice President and Partner, Bain & Company (consulting firm) (1986-1990).

Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
**Gregory E. Johnson (1961) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	150	None

Principal Occupation During at Least the Past 5 Years:

Chairman of the Board, Member – Office of the Chairman, Director and Chief Executive Officer, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 42 of the investment companies in Franklin Templeton Investments; Vice Chairman, Investment Company Institute; and **formerly**, President, Franklin Resources, Inc. (1994-2015).

**Rupert H. Johnson, Jr. (1940) One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board and Trustee	Since 2013	136	None
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Principal Occupation During at Least the Past 5 Years:

Vice Chairman, Member – Office of the Chairman and Director, Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; Senior Vice President, Franklin Advisory Services, LLC; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 40 of the investment companies in Franklin Templeton Investments.

Alison E. Baur (1964) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Deputy General Counsel, Franklin Templeton Investments; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 44 of the investment companies in Franklin Templeton Investments.

Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Gaston Gardey (1967) One Franklin Parkway San Mateo, CA 94403-1906	Treasurer, Chief Financial Officer, and Chief Accounting Officer	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Treasurer, U.S. Fund Administration & Reporting, Franklin Templeton Investments; and officer of 28 of the investment companies in Franklin Templeton Investments.				
Aliya S. Gordon (1973) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton Investments; and officer of 44 of the investment companies in Franklin Templeton Investments.				
Steven J. Gray (1955) One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Co-Secretary	Vice President since 2009 and Co-Secretary since January 2019	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton Investments; Vice President, Franklin Templeton Distributors, Inc. and FASA, LLC; and officer of 44 of the investment companies in Franklin Templeton Investments.				
Matthew T. Hinkle (1971) One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2017	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Vice President, Franklin Templeton Services, LLC; officer of 44 of the investment companies in Franklin Templeton Investments; and formerly , Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton Investments (2009-2017).				
Robert Lim (1948) One Franklin Parkway San Mateo, CA 94403-1906	Vice President AML – Compliance	Since 2016	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Vice President, Franklin Templeton Companies, LLC; Chief Compliance Officer, Franklin Templeton Distributors, Inc. and Franklin Templeton Investor Services, LLC; and officer of 44 of the investment companies in Franklin Templeton Investments.				
Kimberly H. Novotny (1972) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President	Since 2013	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Associate General Counsel, Franklin Templeton Investments; Vice President and Corporate Secretary, Fiduciary Trust International of the South; Vice President, Templeton Investment Counsel, LLC; Assistant Secretary, Franklin Resources, Inc.; and officer of 44 of the investment companies in Franklin Templeton Investments.				
Edward D. Perks (1970) One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer – Investment Management	Since December 2018	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: President and Director, Franklin Advisers, Inc.; and officer of nine of the investment companies in Franklin Templeton Investments (since December 2018).				

Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Robert C. Rosselot (1960) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Chief Compliance Officer	Since 2013	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Director, Global Compliance, Franklin Templeton Investments; Vice President, Franklin Templeton Companies, LLC; officer of 44 of the investment companies in Franklin Templeton Investments; and formerly , Senior Associate General Counsel, Franklin Templeton Investments (2007-2013); and Secretary and Vice President, Templeton Group of Funds (2004-2013).				
Navid J. Tofigh (1972) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2015	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Associate General Counsel, Franklin Templeton Investments; and officer of 44 of the investment companies in Franklin Templeton Investments.				
Craig S. Tyle (1960) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2005	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: General Counsel and Executive Vice President, Franklin Resources, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 44 of the investment companies in Franklin Templeton Investments.				
Lori A. Weber (1964) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President and Co-Secretary	Vice President since 2011 and Co-Secretary since January 2019	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton Investments; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; and officer of 44 of the investment companies in Franklin Templeton Investments.				

*We base the number of portfolios on each separate series of the U.S. registered investment companies within the Franklin Templeton Investments fund complex. These portfolios have a common investment manager or affiliated investment managers.

**Gregory E. Johnson is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director of Franklin Resources, Inc. (Resources), which is the parent company of the Fund's investment manager and distributor. Rupert H. Johnson, Jr. is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director and major shareholder of Resources.

Note 1: Rupert H. Johnson, Jr. is the uncle of Gregory E. Johnson.

Note 2: Officer information is current as of the date of this report. It is possible that after this date, information about officers may change.

The Sarbanes-Oxley Act of 2002 and Rules adopted by the Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated John B. Wilson as its audit committee financial expert. The Board believes that Mr. Wilson qualifies as such an expert in view of his extensive business background and experience, including service as chief financial officer of Staples, Inc. from 1992 to 1996. Mr. Wilson has been a Member and Chairman of the Fund's Audit Committee since 2006. As a result of such background and experience, the Board believes that Mr. Wilson has acquired an understanding of generally accepted accounting principles and financial statements, the general application of such principles in connection with the accounting estimates, accruals and reserves, and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Mr. Wilson is an independent Board member as that term is defined under the relevant Securities and Exchange Commission Rules and Releases.

The Statement of Additional Information (SAI) includes additional information about the board members and is available, without charge, upon request. Shareholders may call (800) DIAL BEN/342-5236 to request the SAI.

Shareholder Information

Proxy Voting Policies and Procedures

The Trust's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Trust uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Trust's complete Policies online at 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 Trust's proxy voting records are also made available online at franklintempleton.com and posted on the U.S. Securities and Exchange Commission's website at sec.gov and reflect the most recent 12-month period ended June 30.

Quarterly Statement of Investments

The Trust files a complete statement of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year on Form N-Q. Shareholders may view the filed Form N-Q by visiting the Commission's website at 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.

Householding of Reports and Prospectuses

You will receive each Fund's financial reports every six months as well as an annual updated summary prospectus (prospectus available upon request). To reduce Fund expenses, we try to identify related shareholders in a household and send only one copy of the financial reports and summary prospectus. This process, called "householding," will continue indefinitely unless you instruct us otherwise. If you prefer not to have these documents househanded, please call us at (800) 632-2301. At any time you may view current prospectuses/summary prospectuses and financial reports on our website. If you choose, you may receive these documents through electronic delivery.



**FRANKLIN
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**Annual Report and Shareholder Letter
Franklin Fund Allocator Series**

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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.