



**Annual Report  
and Shareholder Letter**

December 31, 2018

# Franklin Fund Allocator Series

Franklin Corefolio Allocation Fund  
Franklin Founding Funds Allocation Fund



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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.

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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).<sup>1,3</sup> 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).<sup>2,3</sup> 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.<sup>4</sup>

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

We believe active, professional investment management serves investors well. We also recognize the important role of financial advisors in today's markets and encourage investors to continue to seek their advice. Amid changing markets and economic conditions, we are confident investors with a well-diversified portfolio and a patient, long-term outlook should be well positioned for the years ahead.

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](http://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](http://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.<sup>1</sup>

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.<sup>2</sup> Annual inflation, as measured by the Consumer Price Index, decreased from 2.1% in December 2017 to 1.9% at period-end.<sup>2</sup> 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.<sup>1</sup>

*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.

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

# Franklin Corefolio Allocation Fund

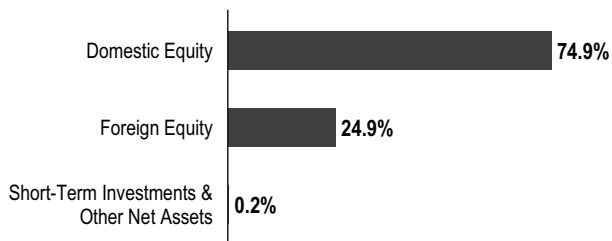
This annual report for Franklin Corefolio Allocation Fund covers the fiscal year ended December 31, 2018.

## Your Fund's Goal and Main Investments

The Fund seeks capital appreciation through investments in a combination of Franklin Growth Fund, Franklin Growth Opportunities Fund, Franklin Mutual Shares Fund and Templeton Growth Fund.

### 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 into a broad asset class.

## Performance Overview

The Fund's Class A shares had a -7.10% cumulative total return for the 12 months under review. In comparison, the Fund's benchmarks, the Standard & Poor's® 500 Index (S&P 500®), which is a broad measure of U.S. stock performance, had a -4.38% cumulative total return, and the MSCI World Index, which tracks equity performance in global developed markets, had a -8.20% total return.<sup>1</sup> You can find the Fund's long-term performance data in the Performance Summary beginning on page 6.

1. Source: Morningstar.

The indexes are unmanaged and include reinvested 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](http://www.franklintempletondatasources.com) for additional data provider information.

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

## Investment Strategy

The Fund invests its assets allocated approximately 25% each in Franklin Growth Fund, Franklin Growth Opportunities Fund, Franklin Mutual Shares Fund and Templeton Growth Fund. These underlying funds, in turn, invest primarily in U.S. and foreign equity securities and, to a lesser extent, fixed income and money market securities. As market conditions affect the underlying funds, we rebalance the Fund's allocations to maintain the predetermined weightings in each underlying fund whenever the actual allocations exceed plus or minus 3% of the fixed allocation percentages.

## Portfolio Review

The Fund's performance can be attributed largely to maintaining a relatively static allocation among domestic and foreign equities, fixed income securities, and short-term investments and other net assets, and to the actual performance of the selected underlying funds.

During the period under review, Franklin Growth Fund – Class R6 and Franklin Growth Opportunities Fund – Class R6 performed better than the S&P 500, while Franklin Mutual Shares Fund – Class R6 underperformed the index. Templeton Growth Fund – Class R6 underperformed the MSCI World Index.

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 21.

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 Corefolio 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  
Vice President of Franklin Advisers, Inc.

*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 12/31/18

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

Share Class	Cumulative Total Return <sup>1</sup>	Average Annual Total Return <sup>2</sup>
<b>A<sup>3</sup></b>		
1-Year	-7.10%	-12.23%
5-Year	+26.32%	+3.61%
10-Year	+176.99%	+10.10%
<b>Advisor</b>		
1-Year	-6.85%	-6.85%
5-Year	+27.99%	+5.06%
10-Year	+184.55%	+11.02%

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

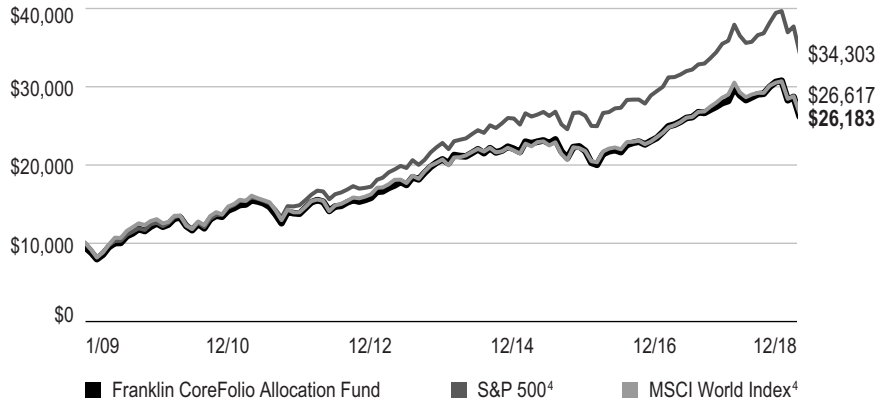
See page 8 for Performance Summary footnotes.



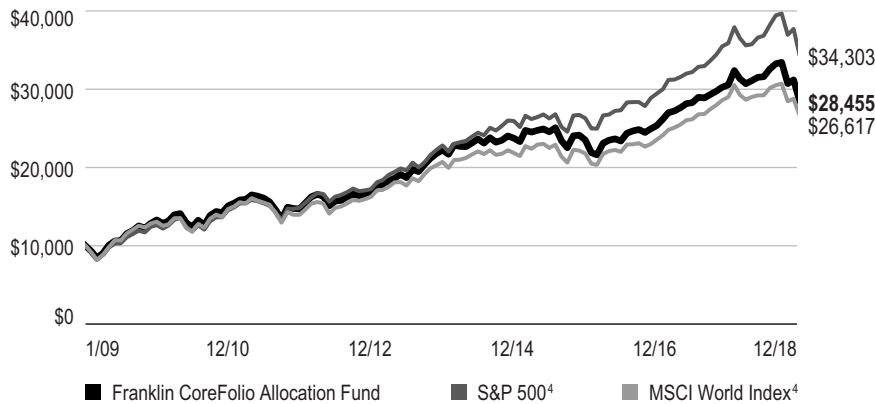
### Total Return Index Comparison for a Hypothetical \$10,000 Investment

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	\$0.1498	\$0.0320	\$0.8368	\$1.0186
C	\$0.0123	\$0.0320	\$0.8368	\$0.8811
R	\$0.0926	\$0.0320	\$0.8368	\$0.9614
R6	\$0.2102	\$0.0320	\$0.8368	\$1.0790
Advisor	\$0.1962	\$0.0320	\$0.8368	\$1.0650

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

Share Class	
A	1.00%
Advisor	0.75%

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 the Fund invests in underlying funds that may engage in a variety of investment strategies involving certain risks, the Fund may be subject to those same risks. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general conditions. Growth stock prices reflect projections of future earnings or revenues, and can therefore fall dramatically if the company fails to meet those projections. Value securities may not increase in price as anticipated or may decline further in value. Foreign investing carries additional risks such as currency and market volatility, and political or social instability; risks that are heightened in developing countries. The Fund includes investments in specialized industry sectors such as the technology sector, which has been among the most volatile in the market. The Fund's prospectus also includes a description of the main investment risks.

1. Cumulative total return represents the change in value of an investment over the periods indicated.

2. 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.

3. 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%.

4. Source: Morningstar. The S&P 500 is a market capitalization-weighted index of 500 stocks designed to measure total U.S. equity market performance. The MSCI World Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed markets.

5. 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 volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.

See [www.franklintempletondatasources.com](http://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 <sup>2</sup>
		Ending Account Value 12/31/18	Expenses Paid During Period 7/1/18–12/31/18 <sup>1,2</sup>	Ending Account Value 12/31/18	Expenses Paid During Period 7/1/18–12/31/18 <sup>1,2</sup>	
A	\$1,000	\$899.40	\$1.92	\$1,023.19	\$2.04	0.40%
C	\$1,000	\$896.20	\$5.50	\$1,019.41	\$5.85	1.15%
R	\$1,000	\$898.40	\$3.01	\$1,022.03	\$3.21	0.63%
R6	\$1,000	\$900.80	\$0.43	\$1,024.75	\$0.46	0.09%
Advisor	\$1,000	\$900.60	\$0.72	\$1,024.45	\$0.77	0.15%

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 Founding Funds Allocation Fund

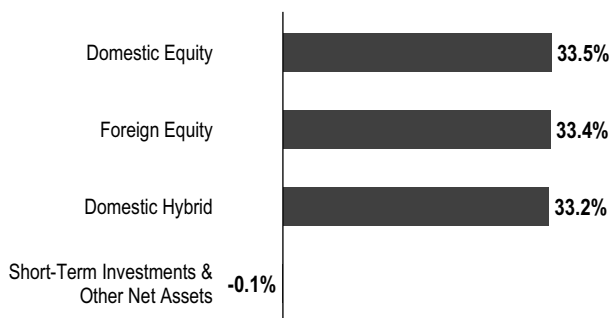
This annual report for Franklin Founding Funds Allocation Fund covers the fiscal year ended December 31, 2018.

## Your Fund's Goal and Main Investments

The Fund's principal investment goal is capital appreciation, with a secondary goal of income. The Fund invests in an equally weighted combination of Franklin Income Fund, Franklin Mutual Shares Fund and Templeton Growth Fund.

### 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 into a broad asset class.

## Performance Overview

The Fund's Class A shares had a -9.82% cumulative total return for the 12 months under review. In comparison, the Fund's benchmarks, the Standard & Poor's 500 Index (S&P 500), which is a broad measure of U.S. stock performance, had a -4.38% total return and the MSCI World Index, which tracks equity performance in global developed markets, had a -8.20% total return.<sup>1</sup> You can find the Fund's long-term performance data in the Performance Summary beginning on page 12.

1. Source: Morningstar.

The indexes are unmanaged and include reinvested 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](http://www.franklintempletondatasources.com) for additional data provider information.

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

## Investment Strategy

The Fund invests its assets in an equally weighted combination of Franklin Income Fund, Franklin Mutual Shares Fund and Templeton Growth Fund. These underlying funds, in turn, invest primarily in U.S. and foreign equity securities and, to a lesser extent, fixed income and money market securities. As market conditions affect the underlying funds, we rebalance the Fund's allocations to maintain the predetermined equal weightings of approximately 33⅓% of total net assets in each underlying fund whenever the actual allocations exceed plus or minus 3% of the fixed allocation percentages.

## Portfolio Review

The Fund's performance can be attributed largely to maintaining a relatively static allocation among domestic and foreign equities, fixed income securities, and short-term investments and other net assets, and to the actual performance of the selected underlying funds.

During the period under review, Franklin Income Fund – Class R6 and Franklin Mutual Shares Fund – Class R6 underperformed the S&P 500. Templeton Growth Fund – Class R6 underperformed the MSCI World Index.

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.

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 Founding Funds Allocation Fund. We look forward to serving your future investment needs.



A handwritten signature in black ink, appearing to read 'T. Coffey'. The signature is fluid and cursive, with a large, sweeping 'C' at the end.

T. Anthony Coffey, CFA  
Vice President of Franklin Advisers, Inc.

*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 12/31/18

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

Share Class	Cumulative Total Return <sup>1</sup>	Average Annual Total Return <sup>2</sup>
<b>A<sup>3</sup></b>		
1-Year	-9.82%	-14.80%
5-Year	+9.92%	+0.76%
10-Year	+125.55%	+7.86%
<b>Advisor</b>		
1-Year	-9.60%	-9.60%
5-Year	+11.36%	+2.17%
10-Year	+131.27%	+8.75%

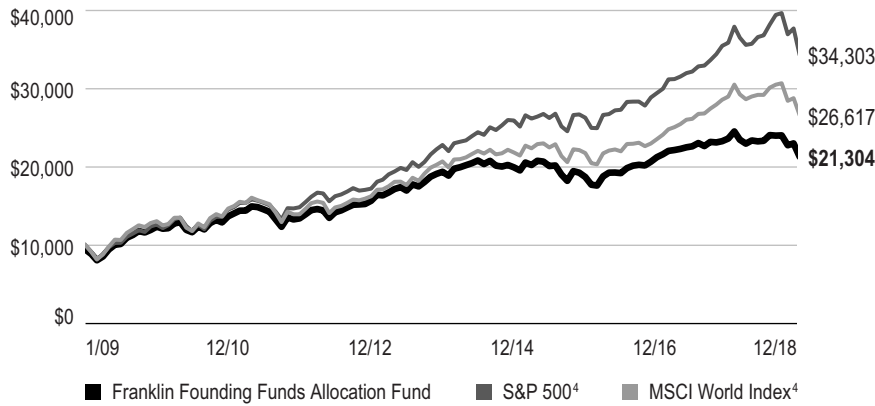
*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com)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

See page 14 for Performance Summary footnotes.

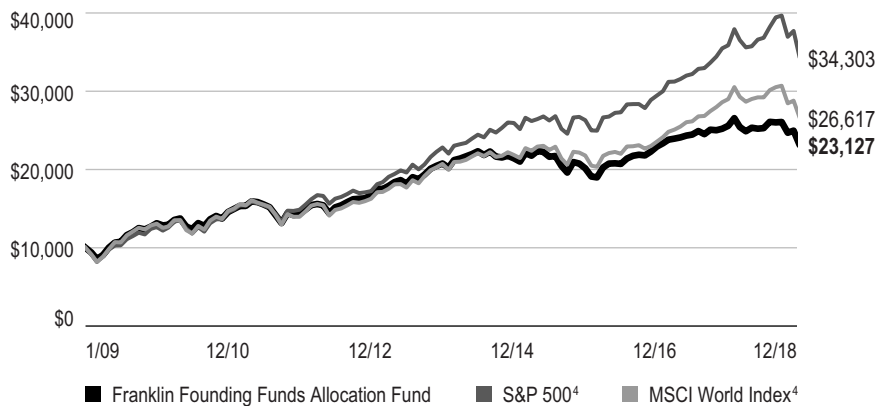
### Total Return Index Comparison for a Hypothetical \$10,000 Investment

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
A	\$0.5045
C	\$0.2989
R	\$0.4614
R6	\$0.2946
Advisor	\$0.5385

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

Share Class	
A	0.98%
Advisor	0.73%

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 the Fund invests in underlying funds that may engage in a variety of investment strategies involving certain risks, the Fund is subject to these same risks. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Bonds are affected by changes in interest rates and the creditworthiness of their issuers. Bond prices generally move in the opposite direction of interest rates. Thus, as the prices of bonds adjust to a rise in interest rates, the Fund's share price may decline. Higher-yielding, lower-rated corporate bonds entail a greater degree of credit risk compared to investment-grade securities. Foreign investing carries additional risks such as currency and market volatility and political or social instability, risks that are heightened in developing countries. Value securities may not increase in price as anticipated or may decline further in value. To the extent the Fund focuses on particular countries, regions, industries, sectors or types of investments from time to time, it may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. The Fund's prospectus also includes a description of the main investment risks.

1. Cumulative total return represents the change in value of an investment over the periods indicated.

2. 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.

3. 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%.

4. Source: Morningstar. The S&P 500 is a market capitalization-weighted index of 500 stocks designed to measure total U.S. equity market performance. The MSCI World Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed markets.

5. 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](http://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 <sup>2</sup>
		Ending Account Value 12/31/18	Expenses Paid During Period 7/1/18–12/31/18 <sup>1,2</sup>	Ending Account Value 12/31/18	Expenses Paid During Period 7/1/18–12/31/18 <sup>1,2</sup>	
A	\$1,000	\$912.90	\$1.83	\$1,023.29	\$1.94	0.38%
C	\$1,000	\$909.80	\$5.39	\$1,019.56	\$5.70	1.12%
R	\$1,000	\$912.70	\$3.04	\$1,022.03	\$3.21	0.63%
R6	\$1,000	\$914.60	\$0.29	\$1,024.90	\$0.31	0.06%
Advisor	\$1,000	\$914.60	\$0.63	\$1,024.55	\$0.66	0.13%

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.

## Financial Highlights

### Franklin Corefolio Allocation Fund

	Year Ended December 31,				
	2018	2017	2016	2015	2014
<b>Class A</b>					
<b>Per share operating performance</b> (for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$19.68	\$17.06	\$16.80	\$18.00	\$17.61
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup> . . . . .	0.17	0.17	0.14	0.14	0.23
Net realized and unrealized gains (losses) . . . . .	(1.51)	3.23	1.07	(0.32)	0.91
Total from investment operations . . . . .	(1.34)	3.40	1.21	(0.18)	1.14
Less distributions from:					
Net investment income and short term gains received from Underlying Funds . . . . .	(0.15)	(0.18)	(0.17)	(0.16)	(0.29)
Net realized gains . . . . .	(0.87)	(0.60)	(0.78)	(0.86)	(0.46)
Total distributions . . . . .	(1.02)	(0.78)	(0.95)	(1.02)	(0.75)
Net asset value, end of year . . . . .	\$17.32	\$19.68	\$17.06	\$16.80	\$18.00
Total return <sup>d</sup> . . . . .	(7.10)%	20.07%	7.64%	(1.20)%	6.48%
<b>Ratios to average net assets</b>					
Expenses <sup>e,f</sup> . . . . .	0.41%	0.47%	0.45%	0.47%	0.48%
Net investment income <sup>c</sup> . . . . .	0.76%	0.90%	0.83%	0.80%	1.27%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$593,983	\$579,707	\$507,530	\$523,540	\$558,862
Portfolio turnover rate . . . . .	3.94%	0.71%	0.40%	0.53%	5.77%

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

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

<sup>c</sup>Recognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds in which the Fund invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds was 0.60% for the year ended December 31, 2018.

<sup>f</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

Franklin Corefolio Allocation Fund (continued)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
<b>Class C</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$19.43	\$16.85	\$16.61	\$17.81	\$17.44
Income from investment operations <sup>a</sup> :					
Net investment income (loss) <sup>b,c</sup> . . . . .	(0.10)	0.02	0.01	0.02	0.10
Net realized and unrealized gains (losses) . . . . .	(1.35)	3.19	1.05	(0.33)	0.89
Total from investment operations . . . . .	(1.45)	3.21	1.06	(0.31)	0.99
Less distributions from:					
Net investment income and short term gains received from					
Underlying Funds . . . . .	(0.01)	(0.03)	(0.04)	(0.03)	(0.16)
Net realized gains . . . . .	(0.87)	(0.60)	(0.78)	(0.86)	(0.46)
Total distributions . . . . .	(0.88)	(0.63)	(0.82)	(0.89)	(0.62)
Net asset value, end of year . . . . .	\$17.10	\$19.43	\$16.85	\$16.61	\$17.81
Total return <sup>d</sup> . . . . .	(7.76)%	19.20%	6.82%	(1.92)%	5.69%
<b>Ratios to average net assets</b>					
Expenses <sup>e,f</sup> . . . . .	1.16%	1.22%	1.20%	1.19%	1.19%
Net investment income <sup>c</sup> . . . . .	0.01%	0.15%	0.08%	0.08%	0.56%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$72,124	\$170,218	\$160,729	\$172,116	\$176,680
Portfolio turnover rate . . . . .	3.94%	0.71%	0.40%	0.53%	5.77%

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

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

<sup>c</sup>Recognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds in which the Fund invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds was 0.60% for the year ended December 31, 2018.

<sup>f</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

FRANKLIN FUND ALLOCATOR SERIES  
FINANCIAL HIGHLIGHTS

**Franklin Corefolio Allocation Fund** (continued)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
<b>Class R</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$19.68	\$17.06	\$16.81	\$18.01	\$17.60
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup> . . . . .	0.10	0.12	0.10	0.10	0.16
Net realized and unrealized gains (losses) . . . . .	(1.48)	3.23	1.06	(0.32)	0.95
Total from investment operations . . . . .	(1.38)	3.35	1.16	(0.22)	1.11
Less distributions from:					
Net investment income and short term gains received from					
Underlying Funds . . . . .	(0.09)	(0.13)	(0.13)	(0.12)	(0.24)
Net realized gains . . . . .	(0.87)	(0.60)	(0.78)	(0.86)	(0.46)
Total distributions . . . . .	(0.96)	(0.73)	(0.91)	(0.98)	(0.70)
Net asset value, end of year . . . . .	\$17.34	\$19.68	\$17.06	\$16.81	\$18.01
Total return . . . . .	(7.30)%	19.79%	7.33%	(1.43)%	6.30%
<b>Ratios to average net assets</b>					
Expenses <sup>d,e</sup> . . . . .	0.65%	0.72%	0.70%	0.69%	0.69%
Net investment income <sup>c</sup> . . . . .	0.52%	0.65%	0.58%	0.58%	1.06%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$1,412	\$1,629	\$1,461	\$1,423	\$1,545
Portfolio turnover rate . . . . .	3.94%	0.71%	0.40%	0.53%	5.77%

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

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

<sup>c</sup>Recognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds in which the Fund invests.

<sup>d</sup>Does not include expenses of the Underlying Funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds was 0.60% for the year ended December 31, 2018.

<sup>e</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

Franklin Corefolio Allocation Fund (continued)

	Year Ended December 31,	
	2018	2017 <sup>a</sup>
<b>Class R6</b>		
<b>Per share operating performance</b>		
(for a share outstanding throughout the year)		
Net asset value, beginning of year . . . . .	\$19.67	\$19.18
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup> . . . . .	0.27	0.26
Net realized and unrealized gains (losses) . . . . .	(1.52)	0.73
Total from investment operations . . . . .	(1.25)	0.99
Less distributions from:		
Net investment income . . . . .	(0.21)	(0.25)
Net realized gains . . . . .	(0.87)	(0.25)
Total distributions . . . . .	(1.08)	(0.50)
Net asset value, end of year . . . . .	\$17.34	\$19.67
Total return <sup>e</sup> . . . . .	(6.78)%	5.28%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses before waiver and payments by affiliates <sup>g</sup> . . . . .	0.23%	3.47%
Expenses net of waiver and payments by affiliates <sup>g</sup> . . . . .	0.09%	0.08%
Net investment income <sup>d</sup> . . . . .	1.08%	1.29%
<b>Supplemental data</b>		
Net assets, end of year (000's) . . . . .	\$75	\$5
Portfolio turnover rate . . . . .	3.94%	0.71%

<sup>a</sup>For the period August 1, 2017 (effective date) to December 31, 2017.

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

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

<sup>d</sup>Recognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds in which the Fund invests.

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

<sup>f</sup>Ratios are annualized for periods less than one year.

<sup>g</sup>Does not include expenses of the Underlying Funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds was 0.60% for the year ended December 31, 2018.

FRANKLIN FUND ALLOCATOR SERIES  
FINANCIAL HIGHLIGHTS

**Franklin Corefolio Allocation Fund** (continued)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
<b>Advisor Class</b>					
<b>Per share operating performance</b> (for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$19.71	\$17.08	\$16.82	\$18.03	\$17.64
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup> . . . . .	0.24	0.25	0.21	0.21	0.32
Net realized and unrealized gains (losses) . . . . .	(1.53)	3.21	1.04	(0.35)	0.88
Total from investment operations . . . . .	(1.29)	3.46	1.25	(0.14)	1.20
Less distributions from:					
Net investment income and short term gains received from Underlying Funds . . . . .	(0.20)	(0.23)	(0.21)	(0.21)	(0.35)
Net realized gains . . . . .	(0.87)	(0.60)	(0.78)	(0.86)	(0.46)
Total distributions . . . . .	(1.07)	(0.83)	(0.99)	(1.07)	(0.81)
Net asset value, end of year . . . . .	\$17.35	\$19.71	\$17.08	\$16.82	\$18.03
Total return . . . . .	(6.85)%	20.40%	7.90%	(0.96)%	6.79%
<b>Ratios to average net assets</b>					
Expenses <sup>d,e</sup> . . . . .	0.16%	0.22%	0.20%	0.19%	0.19%
Net investment income <sup>c</sup> . . . . .	1.01%	1.15%	1.08%	1.08%	1.56%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$40,399	\$33,607	\$22,721	\$19,396	\$18,918
Portfolio turnover rate . . . . .	3.94%	0.71%	0.40%	0.53%	5.77%

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

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

<sup>c</sup>Recognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds in which the Fund invests.

<sup>d</sup>Does not include expenses of the Underlying Funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds was 0.60% for the year ended December 31, 2018.

<sup>e</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

**Statement of Investments, December 31, 2018**  
**Franklin Corefolio Allocation Fund**

	Shares	Value
<b>Investments in Underlying Funds 99.8%</b>		
<b>Domestic Equity 74.9%</b>		
<sup>a</sup> Franklin Growth Fund, Class R6 . . . . .	1,962,605	\$176,634,458
<sup>a,b</sup> Franklin Growth Opportunities Fund, Class R6 . . . . .	5,093,260	177,449,161
<sup>a</sup> Franklin Mutual Shares Fund, Class R6 . . . . .	7,272,713	176,217,841
		<u>530,301,460</u>
<b>Foreign Equity 24.9%</b>		
<sup>a</sup> Templeton Growth Fund Inc., Class R6 . . . . .	8,505,314	175,974,947
<b>Total Investments in Underlying Funds</b>		
<b>before Short Term Investments (Cost \$567,392,731)</b> . . . . .		<u>706,276,407</u>
 <b>Short Term Investments (Cost \$1,566) 0.0%<sup>†</sup></b>		
<b>Money Market Funds 0.0%<sup>†</sup></b>		
<sup>a,c</sup> Institutional Fiduciary Trust Money Market Portfolio, 1.99% . . . . .	1,566	1,566
<b>Total Investments in Underlying Funds (Cost \$567,394,297) 99.8%</b> . . . . .		706,277,973
<b>Other Assets, less Liabilities 0.2%</b> . . . . .		<u>1,714,992</u>
<b>Net Assets 100.0%</b> . . . . .		<u>\$707,992,965</u>

<sup>†</sup>Rounds to less than 0.1% of net assets.

<sup>a</sup>See Note 3(e) regarding investments in Underlying Funds.

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

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

## Financial Highlights

### Franklin Founding Funds Allocation Fund

	Year Ended December 31,				
	2018	2017	2016	2015	2014
<b>Class A</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$14.54	\$13.47	\$12.14	\$13.31	\$13.37
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup> . . . . .	0.41	0.40	0.36	0.35	0.46
Net realized and unrealized gains (losses) . . . . .	(1.82)	1.10	1.26	(1.16)	(0.06)
Total from investment operations . . . . .	(1.41)	1.50	1.62	(0.81)	0.40
Less distributions from net investment income . . . . .	(0.50)	(0.43)	(0.29)	(0.36)	(0.46)
Net asset value, end of year . . . . .	\$12.63	\$14.54	\$13.47	\$12.14	\$13.31
Total return <sup>d</sup> . . . . .	(9.82)%	11.20%	13.52%	(6.18)%	2.92%
<b>Ratios to average net assets</b>					
Expenses <sup>e,f</sup> . . . . .	0.39%	0.43%	0.42%	0.41%	0.41%
Net investment income <sup>c</sup> . . . . .	2.66%	2.81%	2.87%	2.65%	3.35%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$3,209,751	\$3,300,005	\$3,310,397	\$3,346,192	\$3,958,706
Portfolio turnover rate . . . . .	0.73%	0.48%	0.06%	—%	3.79%

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

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

<sup>c</sup>Recognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds in which the Fund invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds was 0.59% for the year ended December 31, 2018.

<sup>f</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.



**Franklin Founding Funds Allocation Fund** (continued)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
<b>Class C</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$14.33	\$13.27	\$11.96	\$13.11	\$13.18
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup> . . . . .	0.18	0.28	0.26	0.25	0.35
Net realized and unrealized gains (losses) . . . . .	(1.67)	1.10	1.25	(1.14)	(0.07)
Total from investment operations . . . . .	(1.49)	1.38	1.51	(0.89)	0.28
Less distributions from net investment income . . . . .	(0.30)	(0.32)	(0.20)	(0.26)	(0.35)
Net asset value, end of year . . . . .	\$12.54	\$14.33	\$13.27	\$11.96	\$13.11
Total return <sup>d</sup> . . . . .	(10.54)%	10.43%	12.71%	(6.85)%	2.12%
<b>Ratios to average net assets</b>					
Expenses <sup>e,f</sup> . . . . .	1.14%	1.18%	1.17%	1.16%	1.16%
Net investment income <sup>c</sup> . . . . .	1.91%	2.06%	2.12%	1.90%	2.60%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$362,833	\$1,261,997	\$1,402,623	\$1,458,281	\$1,745,766
Portfolio turnover rate . . . . .	0.73%	0.48%	0.06%	—%	3.79%

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

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

<sup>c</sup>Recognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds in which the Fund invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds was 0.59% for the year ended December 31, 2018.

<sup>f</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

**Franklin Founding Funds Allocation Fund** (continued)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
<b>Class R</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$14.58	\$13.49	\$12.16	\$13.33	\$13.39
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup> . . . . .	0.34	0.34	0.33	0.32	0.44
Net realized and unrealized gains (losses) . . . . .	(1.78)	1.13	1.26	(1.16)	(0.08)
Total from investment operations . . . . .	(1.44)	1.47	1.59	(0.84)	0.36
Less distributions from net investment income . . . . .	(0.46)	(0.38)	(0.26)	(0.33)	(0.42)
Net asset value, end of year . . . . .	\$12.68	\$14.58	\$13.49	\$12.16	\$13.33
Total return . . . . .	(10.01)%	10.97%	13.22%	(6.40)%	2.68%
<b>Ratios to average net assets</b>					
Expenses <sup>d,e</sup> . . . . .	0.64%	0.68%	0.67%	0.66%	0.66%
Net investment income <sup>c</sup> . . . . .	2.41%	2.56%	2.62%	2.40%	3.10%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$5,513	\$7,843	\$10,776	\$10,724	\$11,619
Portfolio turnover rate . . . . .	0.73%	0.48%	0.06%	—%	3.79%

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

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

<sup>c</sup>Recognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds in which the Fund invests.

<sup>d</sup>Does not include expenses of the Underlying Funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds was 0.59% for the year ended December 31, 2018.

<sup>e</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

Franklin Founding Funds Allocation Fund (continued)

	Year Ended December 31,	
	2018	2017 <sup>a</sup>
<b>Class R6</b>		
<b>Per share operating performance</b>		
(for a share outstanding throughout the year)		
Net asset value, beginning of year . . . . .	\$14.62	\$14.46
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup> . . . . .	0.37	0.30
Net realized and unrealized gains (losses) . . . . .	(1.75)	0.06
Total from investment operations . . . . .	(1.38)	0.36
Less distributions from net investment income . . . . .	(0.29)	(0.20)
Net asset value, end of year. . . . .	\$12.95	\$14.62
Total return <sup>e</sup> . . . . .	(9.57)%	2.56%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses before waiver and payments by affiliates <sup>g</sup> . . . . .	0.08%	4.28%
Expenses net of waiver and payments by affiliates <sup>g</sup> . . . . .	0.07%	0.06%
Net investment income <sup>d</sup> . . . . .	2.98%	3.18%
<b>Supplemental data</b>		
Net assets, end of year (000's) . . . . .	\$4	\$5
Portfolio turnover rate . . . . .	0.73%	0.48%

<sup>a</sup>For the period August 1, 2017 (effective date) to December 31, 2017.

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

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

<sup>d</sup>Recognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds in which the Fund invests.

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

<sup>f</sup>Ratios are annualized for periods less than one year.

<sup>g</sup>Does not include expenses of the Underlying Funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds was 0.59% for the year ended December 31, 2018.

**Franklin Founding Funds Allocation Fund** (continued)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
<b>Advisor Class</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$14.63	\$13.54	\$12.20	\$13.38	\$13.44
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup> . . . . .	0.43	0.46	0.40	0.39	0.53
Net realized and unrealized gains (losses) . . . . .	(1.81)	1.10	1.26	(1.18)	(0.10)
Total from investment operations . . . . .	(1.38)	1.56	1.66	(0.79)	0.43
Less distributions from net investment income . . . . .	(0.54)	(0.47)	(0.32)	(0.39)	(0.49)
Net asset value, end of year . . . . .	\$12.71	\$14.63	\$13.54	\$12.20	\$13.38
Total return . . . . .	(9.60)%	11.58%	13.82%	(5.98)%	3.17%
<b>Ratios to average net assets</b>					
Expenses <sup>d,e</sup> . . . . .	0.14%	0.18%	0.17%	0.16%	0.16%
Net investment income <sup>c</sup> . . . . .	2.91%	3.06%	3.12%	2.90%	3.60%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$145,522	\$174,219	\$131,368	\$123,966	\$141,932
Portfolio turnover rate . . . . .	0.73%	0.48%	0.06%	—%	3.79%

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

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

<sup>c</sup>Recognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds in which the Fund invests.

<sup>d</sup>Does not include expenses of the Underlying Funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds was 0.59% for the year ended December 31, 2018.

<sup>e</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

**Statement of Investments, December 31, 2018**  
**Franklin Founding Funds Allocation Fund**

	Shares	Value
<b>Investments in Underlying Funds 100.1%</b>		
<b>Domestic Equity 33.5%</b>		
<sup>a</sup> Franklin Mutual Shares Fund, Class R6 . . . . .	51,535,828	<u>\$1,248,713,107</u>
<b>Domestic Hybrid 33.2%</b>		
<sup>a</sup> Franklin Income Fund, Class R6 . . . . .	583,795,696	<u>1,237,646,875</u>
<b>Foreign Equity 33.4%</b>		
<sup>a</sup> Templeton Growth Fund Inc., Class R6 . . . . .	60,050,682	<u>1,242,448,619</u>
<b>Total Investments in Underlying Funds</b>		
<b>before Short Term Investments (Cost \$4,109,499,071)</b> . . . . .		<u>3,728,808,601</u>
 <b>Short Term Investments (Cost \$4,344) 0.0%<sup>†</sup></b>		
<b>Money Market Funds 0.0%<sup>†</sup></b>		
<sup>a,b</sup> Institutional Fiduciary Trust Money Market Portfolio, 1.99% . . . . .	4,344	<u>4,344</u>
<b>Total Investments in Underlying Funds (Cost \$4,109,503,415) 100.1%</b> . . . . .		
<b>Other Assets, less Liabilities (0.1)%</b> . . . . .		<u>(5,189,728)</u>
<b>Net Assets 100.0%</b> . . . . .		<u>\$3,723,623,217</u>

<sup>†</sup>Rounds to less than 0.1% of net assets.

<sup>a</sup>See Note 3(e) regarding investments in Underlying Funds.

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

## Financial Statements

### Statements of Assets and Liabilities

December 31, 2018

	Franklin Corefolio Allocation Fund	Franklin Founding Funds Allocation Fund
Assets:		
Investments in securities:		
Cost - Non-controlled affiliates (Note 3e) . . . . .	\$567,394,297	\$4,109,503,415
Value - Non-controlled affiliates (Note 3e) . . . . .	\$706,277,973	\$3,728,812,945
Cash . . . . .	2,815,723	—
Receivables:		
Investment securities sold . . . . .	—	7,000,000
Capital shares sold . . . . .	1,066,541	3,500,717
Other assets . . . . .	94	547
<b>Total assets</b> . . . . .	<b>710,160,331</b>	<b>3,739,314,209</b>
Liabilities:		
Payables:		
Investment securities purchased . . . . .	900,000	—
Capital shares redeemed . . . . .	671,284	8,553,193
Administrative fees . . . . .	18,476	98,103
Distribution fees . . . . .	395,018	2,091,362
Transfer agent fees . . . . .	122,343	813,037
Funds advanced by custodian . . . . .	—	3,932,612
Accrued expenses and other liabilities . . . . .	60,245	202,685
<b>Total liabilities</b> . . . . .	<b>2,167,366</b>	<b>15,690,992</b>
<b>Net assets, at value</b> . . . . .	<b>\$707,992,965</b>	<b>\$3,723,623,217</b>
Net assets consist of:		
Paid-in capital . . . . .	\$532,067,356	\$4,110,429,590
Total distributable earnings (loss) . . . . .	175,925,609	(386,806,373)
<b>Net assets, at value</b> . . . . .	<b>\$707,992,965</b>	<b>\$3,723,623,217</b>

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

	Franklin Corefolio Allocation Fund	Franklin Founding Funds Allocation Fund
<b>Class A:</b>		
Net assets, at value . . . . .	\$593,982,638	\$3,209,750,579
Shares outstanding . . . . .	34,292,306	254,046,510
Net asset value per share <sup>a</sup> . . . . .	\$17.32	\$12.63
Maximum offering price per share (net asset value per share ÷ 94.50%) . . . . .	\$18.33	\$13.37
<b>Class C:</b>		
Net assets, at value . . . . .	\$ 72,124,384	\$ 362,832,998
Shares outstanding . . . . .	4,218,118	28,927,980
Net asset value and maximum offering price per share <sup>a</sup> . . . . .	\$17.10	\$12.54
<b>Class R:</b>		
Net assets, at value . . . . .	\$ 1,412,117	\$ 5,513,404
Shares outstanding . . . . .	81,446	434,905
Net asset value and maximum offering price per share . . . . .	\$17.34	\$12.68
<b>Class R6:</b>		
Net assets, at value . . . . .	\$ 75,164	\$ 4,482
Shares outstanding . . . . .	4,335	346
Net asset value and maximum offering price per share . . . . .	\$17.34	\$12.95
<b>Advisor Class:</b>		
Net assets, at value . . . . .	\$ 40,398,662	\$ 145,521,754
Shares outstanding . . . . .	2,328,241	11,449,710
Net asset value and maximum offering price per share . . . . .	\$17.35	\$12.71

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

FRANKLIN FUND ALLOCATOR SERIES  
FINANCIAL STATEMENTS

**Statements of Operations**

for the year ended December 31, 2018

	Franklin Corefolio Allocation Fund	Franklin Founding Funds Allocation Fund
Investment income:		
Dividends:		
Non-controlled affiliates (Note 3e) . . . . .	\$ 9,297,552	\$ 134,278,078
Expenses:		
Administrative fees (Note 3a) . . . . .	239,375	1,320,420
Distribution fees: (Note 3b)		
Class A . . . . .	1,512,747	8,013,336
Class C . . . . .	1,520,405	10,121,799
Class R . . . . .	7,955	33,625
Transfer agent fees: (Note 3d)		
Class A . . . . .	621,546	3,155,495
Class C . . . . .	156,211	1,000,848
Class R . . . . .	1,670	6,684
Class R6 . . . . .	111	5,316
Advisor Class . . . . .	40,266	155,099
Reports to shareholders . . . . .	61,716	340,304
Registration and filing fees . . . . .	96,066	142,471
Professional fees . . . . .	46,114	69,629
Trustees' fees and expenses . . . . .	7,679	43,730
Other . . . . .	21,060	46,955
Total expenses . . . . .	4,332,921	24,455,711
Expenses waived/paid by affiliates (Note 3e and 3f) . . . . .	(339)	(2,607)
Net expenses . . . . .	4,332,582	24,453,104
Net investment income . . . . .	4,964,970	109,824,974
Realized and unrealized gains (losses):		
Net realized gain (loss) from:		
Sale of investments:		
Non-controlled affiliates (Note 3e) . . . . .	10,105,363	59,044,660
Capital gain distributions from Underlying Funds:		
Non-controlled affiliates (Note 3e) . . . . .	46,194,422	178,200,937
Net realized gain (loss) . . . . .	56,299,785	237,245,597
Net change in unrealized appreciation (depreciation) on:		
Investments:		
Non-controlled affiliates (Note 3e) . . . . .	(115,422,185)	(765,133,150)
Net realized and unrealized gain (loss) . . . . .	(59,122,400)	(527,887,553)
Net increase (decrease) in net assets resulting from operations . . . . .	\$ (54,157,430)	\$(418,062,579)



**Statements of Changes in Net Assets**

	Franklin Corefolio Allocation Fund		Franklin Founding Funds Allocation Fund	
	Year Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Increase (decrease) in net assets:				
Operations:				
Net investment income . . . . .	\$ 4,964,970	\$ 5,569,955	\$ 109,824,974	\$ 126,278,247
Net realized gain (loss) . . . . .	56,299,785	36,299,453	237,245,597	140,774,241
Net change in unrealized appreciation (depreciation) . . . . .	(115,422,185)	92,487,360	(765,133,150)	239,603,757
Net increase (decrease) in net assets resulting from operations . . . . .	(54,157,430)	134,356,768	(418,062,579)	506,656,245
Distributions to shareholders: (Note 1c)				
Class A . . . . .	(31,429,597)	(22,546,319)	(116,621,060)	(98,666,117)
Class C . . . . .	(6,261,482)	(5,582,029)	(19,814,740)	(29,019,210)
Class R . . . . .	(76,122)	(60,074)	(206,016)	(216,032)
Class R6 . . . . .	(4,072)	(129)	(300,471)	(69)
Advisor Class . . . . .	(2,113,981)	(1,310,562)	(5,943,055)	(5,346,121)
Total distributions to shareholders . . . . .	(39,885,254)	(29,499,113)	(142,885,342)	(133,247,549)
Capital share transactions: (Note 2)				
Class A . . . . .	92,218,327	(4,837,099)	368,804,104	(266,326,868)
Class C . . . . .	(87,999,400)	(14,328,351)	(821,039,175)	(245,847,581)
Class R . . . . .	(27,449)	(47,258)	(1,509,563)	(3,696,768)
Class R6 . . . . .	83,314	5,000	1,869,543	5,000
Advisor Class . . . . .	12,594,513	7,075,931	(7,623,342)	31,363,501
Total capital share transactions . . . . .	16,869,305	(12,131,777)	(459,498,433)	(484,502,716)
Net increase (decrease) in net assets . . . . .	(77,173,379)	92,725,878	(1,020,446,354)	(111,094,020)
Net assets:				
Beginning of year . . . . .	785,166,344	692,440,466	4,744,069,571	4,855,163,591
End of year (Note 1c) . . . . .	\$ 707,992,965	\$785,166,344	\$ 3,723,623,217	\$4,744,069,571

## 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, two 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 in affiliated mutual funds managed by Franklin Templeton (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](http://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.

#### b. 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.

#### c. 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. Estimated expenses are accrued daily. Dividend income and capital gain distributions by Underlying Funds 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. Since the Underlying Funds have varied expense levels and the Funds may own different proportions of the Underlying Funds 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.

**d. 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.

**e. 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.

\*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 Corefolio Allocation Fund	Franklin Founding Funds Allocation Fund
Distributions from net investment income :		
Class A . . . . .	\$ (5,257,240)	\$(98,666,117)
Class C . . . . .	(301,168)	(29,019,210)
Class R . . . . .	(10,966)	(216,032)
Class R6 . . . . .	(64)	(69)
Advisor Class . . . . .	(387,654)	(5,346,121)
Distributions from net realized gains:		
Class A . . . . .	(17,289,079)	—
Class C . . . . .	(5,280,861)	—
Class R . . . . .	(49,108)	—
Class R6 . . . . .	(65)	—
Advisor Class . . . . .	(922,908)	—

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

Fund	Undistributed net investment income
Franklin Corefolio Allocation Fund . . . . .	\$ 482,410
Franklin Founding Funds Allocation Fund . . . . .	\$50,704,599

## 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 Corefolio Allocation Fund		Franklin Founding Funds Allocation Fund	
	Shares	Amount	Shares	Amount
<b>Class A Shares:</b>				
Year ended December 31, 2018				
Shares sold <sup>a</sup> . . . . .	7,627,736	\$ 150,603,231	56,210,520	\$ 790,491,720
Shares issued in reinvestment of distributions . . . . .	1,661,540	30,730,226	8,380,784	111,330,439
Shares redeemed . . . . .	(4,456,618)	(89,115,130)	(37,436,285)	(533,018,055)
Net increase (decrease) . . . . .	4,832,658	\$ 92,218,327	27,155,019	\$ 368,804,104
Year ended December 31, 2017				
Shares sold . . . . .	2,817,012	\$ 52,910,655	15,304,440	\$ 217,551,523
Shares issued in reinvestment of distributions . . . . .	1,141,388	22,008,253	6,557,756	93,750,165
Shares redeemed . . . . .	(4,256,707)	(79,756,007)	(40,784,255)	(577,628,556)
Net increase (decrease) . . . . .	(298,307)	\$ (4,837,099)	(18,922,059)	\$(266,326,868)
<b>Class C Shares:</b>				
Year ended December 31, 2018				
Shares sold . . . . .	1,105,173	\$ 21,834,828	4,059,067	\$ 56,982,121
Shares issued in reinvestment of distributions . . . . .	327,572	6,166,942	1,422,319	19,460,023
Shares redeemed <sup>a</sup> . . . . .	(5,975,628)	(116,001,170)	(64,640,423)	(897,481,319)
Net increase (decrease) . . . . .	(4,542,883)	\$ (87,999,400)	(59,159,037)	\$(821,039,175)
Year ended December 31, 2017				
Shares sold . . . . .	992,423	\$ 18,395,905	5,064,004	\$ 70,473,622
Shares issued in reinvestment of distributions . . . . .	290,484	5,486,825	2,019,077	28,382,010
Shares redeemed . . . . .	(2,060,680)	(38,211,081)	(24,718,389)	(344,703,213)
Net increase (decrease) . . . . .	(777,773)	\$ (14,328,351)	(17,635,308)	\$(245,847,581)
<b>Class R Shares:</b>				
Year ended December 31, 2018				
Shares sold . . . . .	6,220	\$ 121,209	36,015	\$ 515,730
Shares issued in reinvestment of distributions . . . . .	4,080	76,122	15,217	204,363
Shares redeemed . . . . .	(11,641)	(224,780)	(154,224)	(2,229,656)
Net increase (decrease) . . . . .	(1,341)	\$ (27,449)	(102,992)	\$ (1,509,563)
Year ended December 31, 2017				
Shares sold . . . . .	5,857	\$ 108,807	67,650	\$ 953,078
Shares issued in reinvestment of distributions . . . . .	3,123	60,074	14,667	210,003
Shares redeemed . . . . .	(11,854)	(216,139)	(343,308)	(4,859,849)
Net increase (decrease) . . . . .	(2,874)	\$ (47,258)	(260,991)	\$ (3,696,768)
<b>Class R6 Shares:</b>				
Year ended December 31, 2018				
Shares sold . . . . .	3,868	\$ 79,523	1,264,813	\$ 18,906,774
Shares issued in reinvestment of distributions . . . . .	206	3,791	21,242	300,369
Shares redeemed . . . . .	—	—	(1,286,055)	(17,337,600)
Net increase (decrease) . . . . .	4,074	\$ 83,314	—	\$ 1,869,543
Year ended December 31, 2017 <sup>b</sup>				
Shares sold . . . . .	261	\$ 5,000	346	\$ 5,000

	Franklin Corefolio Allocation Fund		Franklin Founding Funds Allocation Fund	
	Shares	Amount	Shares	Amount
<b>Advisor Class Shares:</b>				
Year ended December 31, 2018				
Shares sold . . . . .	1,258,647	\$ 25,392,315	3,576,234	\$ 51,468,103
Shares issued in reinvestment of distributions . . . . .	97,110	1,785,709	390,538	5,230,657
Shares redeemed . . . . .	(732,501)	(14,583,511)	(4,427,603)	(64,322,102)
Net increase (decrease) . . . . .	623,256	\$ 12,594,513	(460,831)	\$ (7,623,342)
Year ended December 31, 2017				
Shares sold . . . . .	637,225	\$ 12,034,539	5,316,982	\$ 75,701,599
Shares issued in reinvestment of distributions . . . . .	53,681	1,040,547	329,521	4,742,068
Shares redeemed . . . . .	(316,011)	(5,999,155)	(3,436,382)	(49,080,166)
Net increase (decrease) . . . . .	374,895	\$ 7,075,931	2,210,121	\$ 31,363,501

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

<sup>b</sup>For the period August 1, 2017 (effective date) to December 31, 2017.

### 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 Underlying Funds and of the following subsidiaries:

Subsidiary	Affiliation
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. Administrative Fees

The Funds pay an administrative fee to FT Services of 0.03% per year of the average daily net assets of each of the Funds for administrative services including monitoring and rebalancing the percentage of each Fund's investment in the Underlying Funds.

#### b. 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 for each class. 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)

**b. Distribution Fees** (continued)

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

Class A . . . . .	0.35%
Class C . . . . .	1.00%
Class R . . . . .	0.50%

The Board has set the current rate at 0.25% per year for Class A shares until further notice and approval by the Board.

**c. 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 Corefolio Allocation Fund	Franklin Founding Funds Allocation Fund
Sales charges retained net of commissions paid to unaffiliated brokers/dealers . . . . .	\$151,499	\$336,790
CDSC retained . . . . .	\$ 9,655	\$ 24,583

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.

**d. 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 Corefolio Allocation Fund	Franklin Founding Funds Allocation Fund
Transfer agent fees . . . . .	\$705,401	\$2,376,678

**e. Investments in Underlying Funds**

The Funds invest in Underlying Funds which are managed by Franklin Advisers, Inc. (Advisers), an affiliate of FT Services or an affiliate of Advisers. The Funds do not invest in Underlying Funds for the purpose of exercising a controlling influence over the management or policies. Administrative 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 Underlying Funds for the year ended December 31, 2018, were as follows:

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)
<b>Franklin Corefolio Allocation Fund</b>								
<b>Non-Controlled Affiliates</b>								
Franklin Growth Fund, Class R6 . . . . .	2,103,909	45,506	(186,810)	1,962,605	\$ 176,634,458	\$ 1,527,473	\$ 10,038,844 <sup>a</sup>	\$ (15,932,700)
Franklin Growth Opportunities Fund, Class R6 . . . . .	5,018,837	696,744	(622,321)	5,093,260	177,449,161	—	21,839,354 <sup>a</sup>	(20,725,147)
Franklin Mutual Shares Fund, Class R6 . . . . .	6,736,303	844,697	(308,287)	7,272,713	176,217,841	3,750,024	8,014,325 <sup>a</sup>	(29,192,994)
Institutional Fiduciary Trust Money Market Portfolio, 1.99% . . . . .	79	42,234,931	(42,233,444)	1,566	1,566	13,275	—	—
Templeton Growth Fund Inc., Class R6 . . . . .	7,249,681	1,522,079	(266,446)	8,505,314	175,974,947	4,006,780	16,407,262 <sup>a</sup>	(49,571,344)
<b>Total Affiliated Securities . . . . .</b>					<b>\$ 706,277,973</b>	<b>\$ 9,297,552</b>	<b>\$ 56,299,785</b>	<b>\$(115,422,185)</b>
<b>Franklin Founding Funds Allocation Fund</b>								
<b>Non-Controlled Affiliates</b>								
Franklin Income Fund, Class R6 . . . . .	670,219,817	37,923,483	(124,347,604)	583,795,696	\$1,237,646,875	\$ 79,856,561	\$ (11,064,982)	\$(139,763,916)
Franklin Mutual Shares Fund, Class R6 . . . . .	55,351,664	3,710,420	(7,526,256)	51,535,828	1,248,713,107	26,353,737	101,496,680 <sup>a</sup>	(246,748,592)
Institutional Fiduciary Trust Money Market Portfolio, 1.99% . . . . .	760	162,897,537	(162,893,953)	4,344	4,344	31,594	—	—
Templeton Growth Fund Inc., Class R6 . . . . .	58,210,549	7,708,637	(5,868,504)	60,050,682	1,242,448,619	28,036,186	146,813,899 <sup>a</sup>	(378,620,642)
<b>Total Affiliated Securities . . . . .</b>					<b>\$3,728,812,945</b>	<b>\$134,278,078</b>	<b>\$237,245,597</b>	<b>\$(765,133,150)</b>

<sup>a</sup>Includes capital gain distributions received.

**f. Waiver and Expense Reimbursements**

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.

**4. Income Taxes**

During the year ended December 31, 2018, Franklin Founding Funds Allocation Fund utilized \$232,799,822 of capital loss carryforwards.

On December 31, 2018, Franklin Founding Funds Allocation Fund had expired capital loss carryforwards of \$233,145,638, which were reclassified to paid-in capital.

For tax purposes, the Funds may elect to defer any portion of post-October capital loss or late-year ordinary loss to the first day of the following fiscal year. At December 31, 2018, Franklin Corefolio Allocation Fund deferred post-October capital losses of \$62,428.

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

	Franklin Corefolio Allocation Fund		Franklin Founding Funds Allocation Fund	
	2018	2017	2018	2017
Distributions paid from:				
Ordinary income . . . . .	\$ 6,797,708	\$ 6,711,024	\$ 142,885,342	\$ 133,247,549
Long term capital gain . . . . .	33,087,546	22,788,089	—	—
	<b>\$39,885,254</b>	<b>\$29,499,113</b>	<b>\$ 142,885,342</b>	<b>\$ 133,247,549</b>

**4. Income Taxes** (continued)

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:

	<b>Franklin Corefolio Allocation Fund</b>	<b>Franklin Founding Funds Allocation Fund</b>
Cost of investments . . . . .	\$571,901,227	\$4,137,634,435
Unrealized appreciation . . . . .	\$147,607,945	\$ —
Unrealized depreciation . . . . .	(13,231,199)	(408,821,490)
Net unrealized appreciation (depreciation) . . . . .	\$134,376,746	\$ (408,821,490)
Distributable earnings:		
Undistributed ordinary income . . . . .	\$ 549,226	\$ 22,015,114
Undistributed long term capital gains . . . . .	41,062,067	—
Total distributable earnings . . . . .	\$ 41,611,293	\$ 22,015,114

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of short term capital gains distributions from Underlying Funds and wash sales.

Franklin Corefolio Allocation Fund 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.

**5. Investment Transactions**

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

	<b>Franklin Corefolio Allocation Fund</b>	<b>Franklin Founding Funds Allocation Fund</b>
Purchases . . . . .	\$31,300,000	\$ 32,000,000
Sales . . . . .	\$61,039,993	\$659,371,359



## 6. 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.

## 7. 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.

At December 31, 2018, all of the Funds' investments in financial instruments carried at fair value were valued using Level 1 inputs. For detailed categories, see the accompanying Statements of Investments.

## 8. 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.

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Franklin Fund Allocator Series and Shareholders of Franklin Corefolio Allocation Fund and Franklin Founding Funds Allocation Fund

### ***Opinions on the Financial Statements***

We have audited the accompanying statements of assets and liabilities, including the statements of investments, of Franklin Corefolio Allocation Fund and Franklin Founding Funds 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 periods indicated therein (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 periods indicated therein 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 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, Franklin Corefolio Allocation Fund hereby reports the maximum amount allowable but no less than \$38,492,615 as long term capital gain dividend for the fiscal year ended December 31, 2018.

Under Section 871(k)(2)(C) of the Internal Revenue Code, Franklin Corefolio Allocation Fund hereby reports the maximum amount allowable but no less than \$1,276,756 as short term capital gain dividend 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.

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 Corefolio Allocation Fund	Franklin Founding Funds Allocation Fund
78.70%	29.81%

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 Corefolio Allocation Fund	Franklin Founding Funds Allocation Fund
\$9,681,857	\$74,625,576

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
<b>Franklin Corefolio Allocation Fund</b>			
Class A	\$0.0099	\$0.0939	\$0.0736
Class C	\$0.0099	\$0.0939	\$0.0736
Class R	\$0.0099	\$0.0939	\$0.0736
Class R6	\$0.0099	\$0.0939	\$0.0736
Advisor Class	\$0.0099	\$0.0939	\$0.0736
<b>Franklin Founding Funds Allocation Fund</b>			
Class A	\$0.0095	\$0.0904	\$0.0709
Class C	\$0.0095	\$0.0904	\$0.0709
Class R	\$0.0095	\$0.0904	\$0.0709
Class R6	\$0.0095	\$0.0904	\$0.0709
Advisor Class	\$0.0095	\$0.0904	\$0.0709

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.<sup>1</sup>

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.<sup>1</sup>

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.

<sup>1</sup>Qualified 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
<b>Harris J. Ashton (1932)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1995	136	Bar-S Foods (meat packing company) (1981-2010).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; and <b>formerly</b> , 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).				
<b>Terrence J. Checki (1945)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2017	112	Hess Corporation (exploration of oil and gas) (2014-present).
<b>Principal Occupation During at Least the Past 5 Years:</b> 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 <b>formerly</b> , 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).				
<b>Mary C. Choksi (1950)</b> 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).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; and <b>formerly</b> , 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).				
<b>Edith E. Holiday (1952)</b> 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).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director or Trustee of various companies and trusts; and <b>formerly</b> , 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).				
<b>J. Michael Luttig (1954)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2009	136	Boeing Capital Corporation (aircraft financing) (2006-2013).
<b>Principal Occupation During at Least the Past 5 Years:</b> Executive Vice President, General Counsel and member of the Executive Council, The Boeing Company (aerospace company) (2006-present); and <b>formerly</b> , 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
<b>Larry D. Thompson (1945)</b> 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).

<b>John B. Wilson (1959)</b> 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
<b>**Gregory E. Johnson (1961)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	150	None
<b>Principal Occupation During at Least the Past 5 Years:</b>				
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 <b>formerly</b> , President, Franklin Resources, Inc. (1994-2015).				
<b>**Rupert H. Johnson, Jr. (1940)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board and Trustee	Since 2013	136	None
<b>Principal Occupation During at Least the Past 5 Years:</b>				
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.				
<b>Alison E. Baur (1964)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable

**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
<b>Gaston Gardey (1967)</b> One Franklin Parkway San Mateo, CA 94403-1906	Treasurer, Chief Financial Officer, and Chief Accounting Officer	Since 2009	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Treasurer, U.S. Fund Administration & Reporting, Franklin Templeton Investments; and officer of 28 of the investment companies in Franklin Templeton Investments.				
<b>Aliya S. Gordon (1973)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2009	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Associate General Counsel, Franklin Templeton Investments; and officer of 44 of the investment companies in Franklin Templeton Investments.				
<b>Steven J. Gray (1955)</b> 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
<b>Principal Occupation During at Least the Past 5 Years:</b> 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.				
<b>Matthew T. Hinkle (1971)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2017	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Vice President, Franklin Templeton Services, LLC; officer of 44 of the investment companies in Franklin Templeton Investments; and <b>formerly</b> , Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton Investments (2009-2017).				
<b>Robert Lim (1948)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President AML – Compliance	Since 2016	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> 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.				
<b>Kimberly H. Novotny (1972)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President	Since 2013	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> 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.				
<b>Edward D. Perks (1970)</b> One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer – Investment Management	Since December 2018	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> 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)

<b>Name, Year of Birth and Address</b>	<b>Position</b>	<b>Length of Time Served</b>	<b>Number of Portfolios in Fund Complex Overseen by Board Member*</b>	<b>Other Directorships Held During at Least the Past 5 Years</b>
<b>Robert C. Rosselot (1960)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Chief Compliance Officer	Since 2013	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Director, Global Compliance, Franklin Templeton Investments; Vice President, Franklin Templeton Companies, LLC; officer of 44 of the investment companies in Franklin Templeton Investments; and <b>formerly</b> , Senior Associate General Counsel, Franklin Templeton Investments (2007-2013); and Secretary and Vice President, Templeton Group of Funds (2004-2013).				
<b>Navid J. Tofigh (1972)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2015	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Associate General Counsel, Franklin Templeton Investments; and officer of 44 of the investment companies in Franklin Templeton Investments.				
<b>Craig S. Tyle (1960)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2005	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> 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.				
<b>Lori A. Weber (1964)</b> 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
<b>Principal Occupation During at Least the Past 5 Years:</b> 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](http://franklintempleton.com). Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Trust's proxy voting records are also made available online at [franklintempleton.com](http://franklintempleton.com) and posted on the U.S. Securities and Exchange Commission's website at [sec.gov](http://sec.gov) and reflect the most recent 12-month period ended June 30.

## Quarterly Statement of Investments

The Trust 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](http://sec.gov). The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

## 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.

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**FRANKLIN  
TEMPLETON**

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

**Fund Administrator**

Franklin Templeton Services, LLC

**Distributor**

Franklin Templeton Distributors, Inc.

(800) DIAL BEN® / 342-5236

[franklintempleton.com](http://franklintempleton.com)

**Shareholder Services**

(800) 632-2301

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.