



FRANKLIN
TEMPLETON

INVESTING IN INNOVATION

Franklin DynaTech Fund





**“WE STRIVE TO
LIVE AT THE
INTERSECTION
WHERE NEW IDEAS
CAN MAKE GREAT
LONG-TERM
INVESTMENTS.”**

Matthew J. Moberg
Lead Portfolio Manager

Rupert H. Johnson Jr.
Portfolio Manager

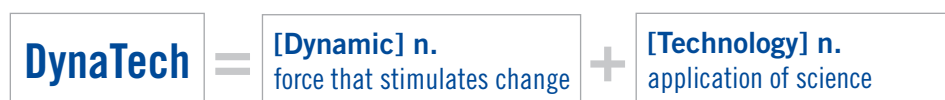
Not FDIC Insured | May Lose Value | No Bank Guarantee

Franklin DynaTech Fund is a growth fund that has focused on investing in innovation since 1968.

It started with fire. The wheel. Roads. Bronze. Iron. The printing press. The steam engine. Railroads. Electricity. Flight. Space travel. The internet. Artificial intelligence.

Making things better, improving our lives through new products and new innovations is one of the most basic human characteristics. It is born within us. The desire to discover, improve and question our surroundings is, simply, what makes us human. It is both what brought us here and what will drive us forward by solving some of our greatest problems.

Since 1968, we have researched, investigated, explored, studied and scrutinized the greatest innovations of our time, looking for the best potential investments. We seek to identify those companies and industries with the best new products, new processes, management and technologies. We push forward with the constant optimism that the world is getting better and that we can continue to drive that improvement through innovation. **We believe to have the potential to outperform the market over the long term, we must focus our investments on innovation or, as we coined over 50 years ago, Dynamic Technologies.**



WHAT ARE THE RISKS?

All investments involve risks, including possible loss of principal. Stocks historically have outperformed other asset classes over the long term, but tend to fluctuate more dramatically over the short term. Investments in fast-growing industries like the technology and healthcare sectors (which have historically been volatile) could result in increased price fluctuation, especially over the short term, due to the rapid pace of product change and development and changes in government regulation of companies emphasizing scientific or technological advancement or regulatory approval for new drugs and medical instruments. The fund may also invest in small- and mid-capitalization companies, which can be particularly sensitive to changing economic conditions, and their prospects for growth are less certain than those of larger, more established companies. These and other risks are described more fully in the fund's prospectus.

WHAT'S INSIDE?

Our investment philosophy is grounded by the following framework:



INNOVATION IS ACCELERATING

Page 2



INNOVATION DEMANDS ACTIVE MANAGEMENT

Page 3–4



INNOVATION IS EVERYWHERE

Page 5

ADVANTAGEOUSLY SITUATED IN SILICON VALLEY

Our investment team is headquartered near the heart of Silicon Valley, the hub of technology innovation, home to leading universities and many of the most established technology companies in the world.

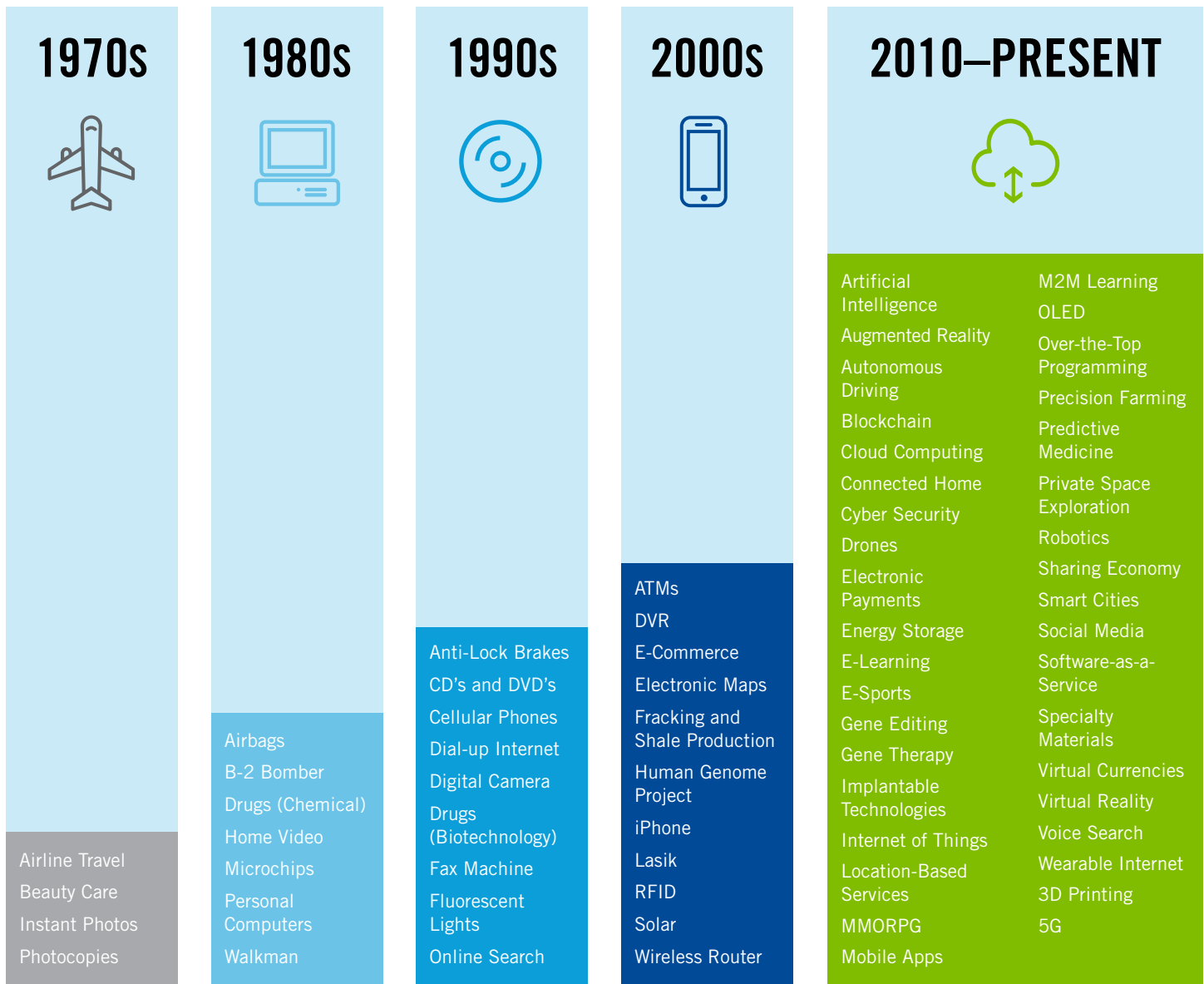


INNOVATION IS ACCELERATING

Creating investment opportunities now.

We are living in a period of unprecedented economic change, often referred to as the fourth industrial revolution.¹ This affords us with a compelling backdrop in which to invest. In 1964, the average tenure of companies in the S&P 500 was 33 years. In 2016, the average shortened down to 24 years and by 2027 it is expected to be 12 years.²

Innovation Examples Over Time



This information is for illustrative purposes only and not necessarily representative of Franklin DynaTech Fund's past or future portfolio composition. There is no assurance that the Fund will invest in any or all of these innovation examples. This information is not intended as an investment recommendation nor does it constitute investment advice.

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

2. Source: Sanwal, Anand, "Corporate Innovation Trends," CB Insights. www.cbinsights.com (accessed July 12, 2019).

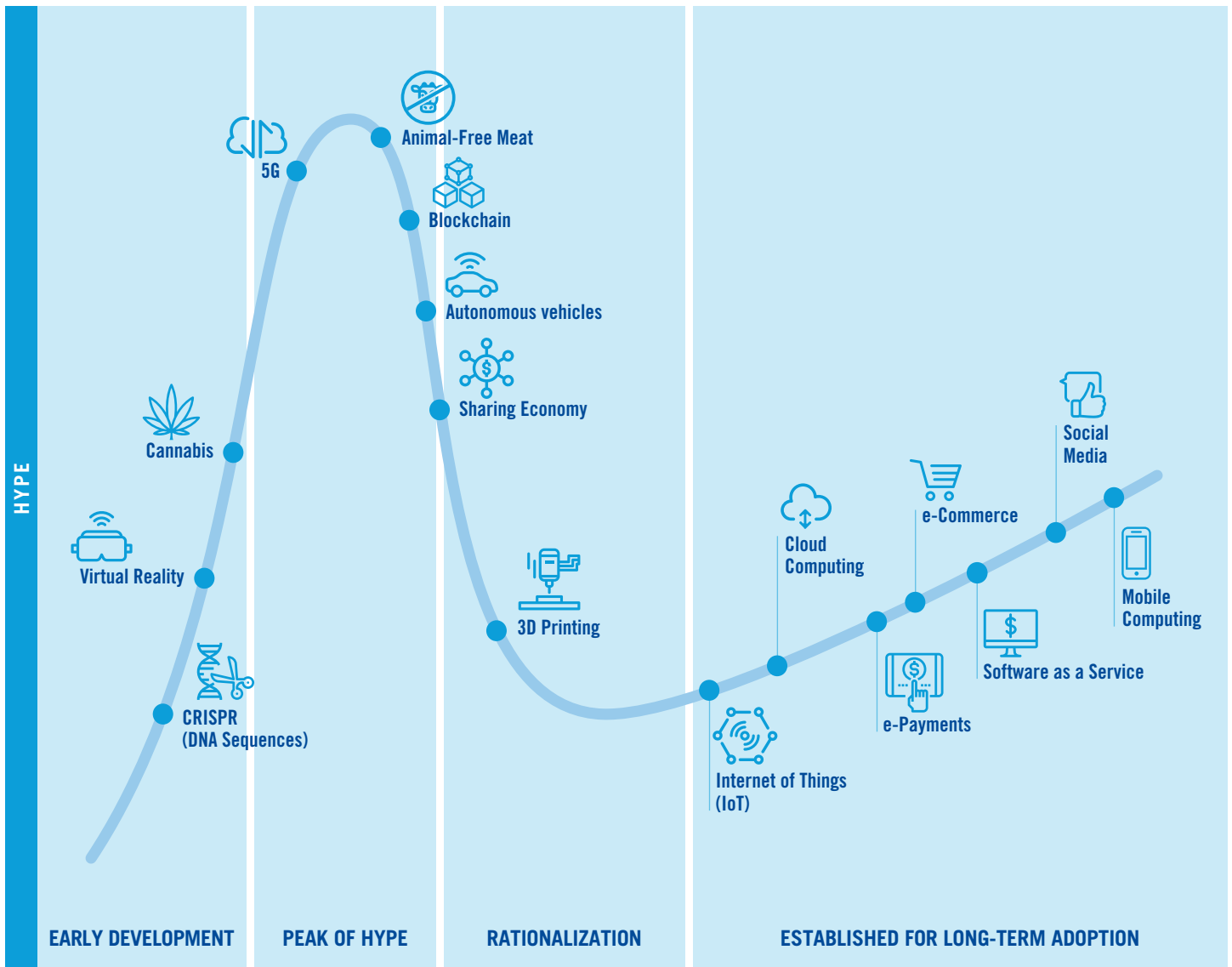


INNOVATION DEMANDS ACTIVE MANAGEMENT

Duration and Pace are often misunderstood.

In our view, innovation is one of the most misunderstood parts of the market. New technologies, products and processes can impact our daily lives as they mature through their lifecycle. However, their prospects as investments may vary significantly as the expectations of market participants change over time. Some innovations may be great investments today, or far in the future, or never at all. For this reason, we believe investing in innovation demands active management.

Innovation Hype Cycle



This information is for illustrative purposes only and not necessarily representative of Franklin DynaTech Fund's past or future portfolio composition. There is no assurance that the Fund will invest in any or all of these innovation examples. This information is not intended as an investment recommendation nor does it constitute investment advice.



INNOVATION DEMANDS ACTIVE MANAGEMENT

Duration and Pace are often misunderstood.

Secular trends are transforming our world at an unprecedented pace and, as a result, the future may arrive faster than investors expect. Foundational change in the cost to create and transmit data, amplified by increased regulation and demographics should create an environment of accelerating economic change. We continue to see steady long-term adoption of e-commerce, software-as-a-service, social networking, cloud, medical technologies and e-payments. We are also optimistic on future investments such as in autonomous driving, genetics, immunotherapy, new composite materials, quantum computing, blockchain, drones, virtual & augmented reality, IoT (Internet of Things) and artificial intelligence.

By the Numbers



TRANSPORTATION

When Uber was founded, the U.S. taxi market was **\$2 billion**. In 2018, the ride sharing market was estimated to be **\$17 billion**.³



COMMUNICATIONS

It took **39 years** for telephones to reach 40% of the population. It took smartphones just **10 years**.⁴



ENTERTAINMENT

Epic's Fortnite, an online video game, generates **\$2.4 billion** annually.⁵ The highest grossing movie ever, Avatar, generated **\$3.2 billion** since 2009.⁶



FINANCE

In 2017, **48 million** people in the US⁷ used mobile payments, compared to **464 million** in China.⁸



INFORMATION TECH

Since going public in 2004, Salesforce's revenue has grown by more than **20% every year**.⁹



HEALTHCARE

In 1999, the first human genome was mapped for a total cost of **\$2.7 billion**—in 2018, the cost fell below **\$1,000**.^{10,11}



INDUSTRIAL

In 2010, robotics spending was growing at a **7% CAGR**.^{12,13} It is expected to grow at a **20% CAGR**¹⁴ through 2022.



ADVERTISING

From 1996 to 2017, a **21-year** period, U.S. digital advertising grew at a **32% CAGR**.¹⁵

This information is for illustrative purposes only and is not necessarily representative of the Franklin DynaTech Fund's past or future portfolio composition. As of September 30, 2020, Epic, Uber and Salesforce.com represented 0.00%, 0.00% and 1.37%, respectively, of the total net assets of the Franklin DynaTech Fund.

3. Source: "Ride Sharing." *Statistica*, [statista.com/outlook/368/100/ride-sharing/worldwide#market-globalRevenue](https://www.statista.com/outlook/368/100/ride-sharing/worldwide#market-globalRevenue).

4. Source: McGrath, Rita Gunther. "The Pace of Technology Adoption is Speeding Up." *Harvard Business Review*, 25 November 2013.

5. Source: "Fortnite tops SuperData's 2018 chart with \$2.4 billion digital revenue.," [gamesindustry.biz, gamesindustry.biz/articles/2019-01-16-fortnite-tops-2018-superdata-chart-with-usd2-4b-digital-revenue](https://www.gamesindustry.biz/articles/2019-01-16-fortnite-tops-2018-superdata-chart-with-usd2-4b-digital-revenue).

6. Source: "Avatar (2009)." *The Numbers*®, [the-numbers.com/movie/Avatar#tab=summary](https://www.the-numbers.com/movie/Avatar#tab=summary).

7. Source: "The Mobile Payment Series: U.S." eMarketer, [emarketer.com/content/the-mobile-payments-series-the-us](https://www.emarketer.com/content/the-mobile-payments-series-the-us).

8. Source: "The Mobile Payment Series: U.S." eMarketer, [emarketer.com/content/the-mobile-payments-series-china](https://www.emarketer.com/content/the-mobile-payments-series-china).

9. Source: Bloomberg.

10. Source: "The Cost of Sequencing a Human Genome." National Human Genome Research Institute, [genome.gov/sequencingcosts](https://www.genome.gov/sequencingcosts).

11. Source: "Illumina Promises To Sequence Human Genome for \$100—But Not Quite Yet.," *Forbes*, [forbes.com/sites/matthewherper/2017/01/09/illumina-promises-to-sequence-human-genome-for-100-but-not-quite-yet/#11a32e4f386d](https://www.forbes.com/sites/matthewherper/2017/01/09/illumina-promises-to-sequence-human-genome-for-100-but-not-quite-yet/#11a32e4f386d).

12. Source: Compounded Annual Growth Rate (CAGR) is the mean annual growth rate of an investment over a specified period of time.

13. Source: "Robots: Building New Business Models." Siemens, 20 April 2016, [siemens.com/innovation/en/home/picture-of-the-future/digitalization-and-software/autonomous-systems-facts-and-forecasts.html](https://www.siemens.com/innovation/en/home/picture-of-the-future/digitalization-and-software/autonomous-systems-facts-and-forecasts.html).

14. Source: "Worldwide Spending on Robotics and Drones to Accelerate Over the Next Five Years, Reaching \$201.3 Billion in 2022, According to New IDC Spending Guide." IDC, 18 July 2018, [idc.com/getdoc.jsp?containerId=prUS44150218](https://www.idc.com/getdoc.jsp?containerId=prUS44150218).

15. Source: IAB Internet Advertising Revenue Report.






INNOVATION IS EVERYWHERE

But it's often misclassified.

Innovation Is Everywhere

Innovation today is pervasive. It is not confined to any singular niche of the economy. We highlight a few examples below.











Examples of Developing Innovation Platforms¹⁶

Global E-Commerce 	Genomic Breakthroughs 	Intelligent Machines 	New Finance 	Exponential Data 
<ul style="list-style-type: none"> • General Commerce • Media • The Sharing Economy • Verticals: Travel, Autos, Real Estate, etc. • Transport & Logistics 	<ul style="list-style-type: none"> • Sequencers & Equipment • Diagnostics • Gene Silencing or Muting • Gene Editing • Agriculture 	<ul style="list-style-type: none"> • Robotics • 3D Printing • Internet of Things • Automated Driving • Drones • Healthcare Implantables 	<ul style="list-style-type: none"> • ePayments • Exchanges • Blockchain • Virtual Currencies • Distributed Lending • Alternative Data 	<ul style="list-style-type: none"> • Internet of Things: Machine2Machine Learning • Cloud Computing • Edge Computing • Data Analysis • Augmented & Virtual Reality

Innovation Is Often Misclassified

We believe we manage a broadly diversified growth portfolio, and the index providers may not have fully caught up to how companies should be classified. Many innovative companies that are new are classified in the technology sector initially. As these companies mature, they may move over to a more appropriate classification.

We Look Beyond Standard Industry Classifications to Spot Where Innovation Exists¹⁶

Sub-Sector Examples	Current Sector Classification 	Actual Sector Impacted 	Why?
Robotics and 3D Printing	Information Technology 	Industrials 	The products these companies manufacture are purchased by industrial companies.
Payment Providers	Information Technology 	Financials 	Payment companies are changing the way we shop and the methods in which we transact to improve ease of use and security.
Software as a Service	Information Technology 	Multiple Sectors 	More software companies specialized in providing software to only one industry.
Telecommunications Infrastructure	Real Estate 	Communications 	Demand for wireless towers and data centers is being driven by data consumption growth.

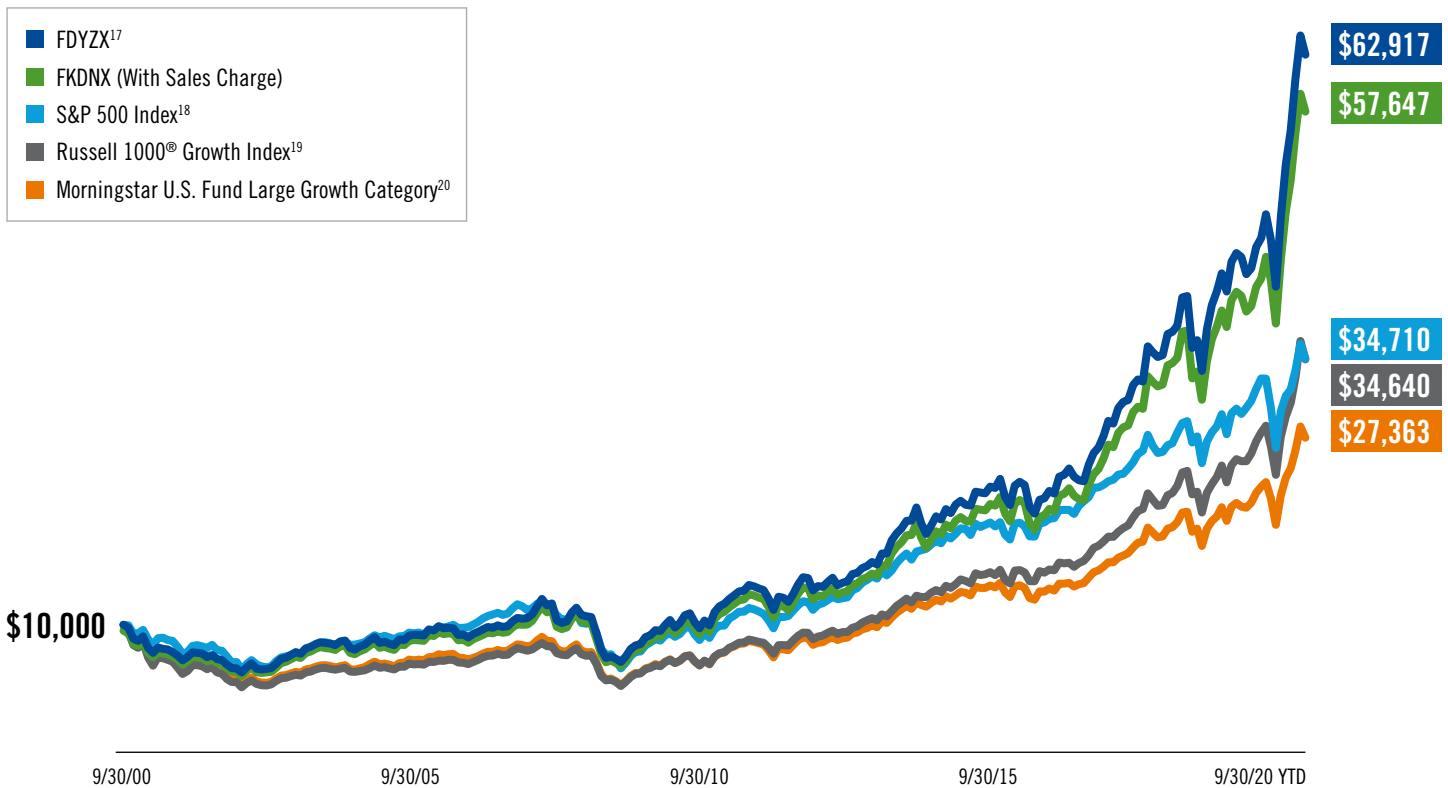
16. This commentary reflects the analysis and opinions of the Franklin DynaTech Fund investment team as of September 30, 2020, and may differ from the opinions of other portfolio managers, investment teams or platforms at Franklin Templeton. Because market and economic conditions are subject to rapid change, the analysis and opinions provided may change without notice. The commentary does not provide a complete analysis of every material fact regarding any country, market, industry or security. An assessment of a particular country, market, security, investment or strategy is not intended as an investment recommendation nor does it constitute investment advice. Statements of fact are from sources considered reliable, but no representation or warranty is made as to their completeness or accuracy.

FRANKLIN DYNATECH FUND—ADVISOR CLASS (FDYZX) AND CLASS A (FKDNX)

Fund statistics for period ended September 30, 2020

20 Years of Impressive Long-Term Performance

Hypothetical Investment Scenario (Growth of \$10,000 Investment)
9/30/2000–9/30/2020



The hypothetical scenario does not take into account federal or state taxes. If it had, the net results would have been lower. Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund's investment return and principal value will change with market conditions, and you may have a gain or a loss when you sell your shares. Please call Franklin Templeton at (800) DIAL BEN/342-5236 or visit franklintempleton.com for the most recent month-end performance.

Advisor Class shares are only offered to certain eligible investors as stated in the prospectus. They are offered without sales charges or Rule 12b-1 fees. The fund offers multiple share classes, which are subject to different fees and expenses that will affect their performance. Please see the prospectus for details.

Overall Morningstar Rating™²¹

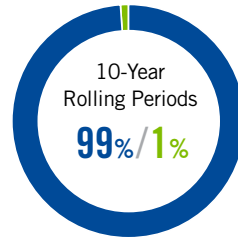
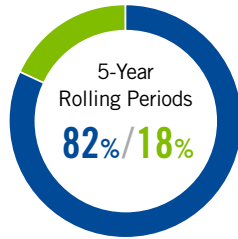
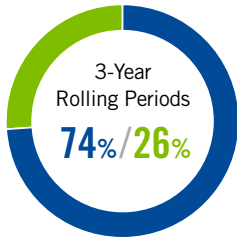


Rating Category: **Large Growth**

As of 9/30/2020, the fund's Advisor Class shares received a 5-star overall Morningstar Rating™, measuring risk-adjusted returns against 1,229, 1,095 and 813 U.S.-domiciled Large Growth mutual funds and exchange traded funds over the 3-, 5- and 10-year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics.

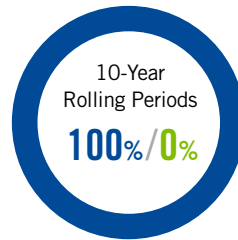
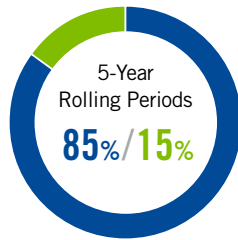
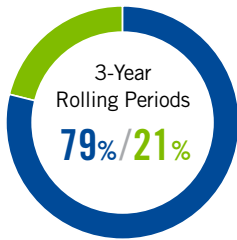
Rolling Returns: FDYZX¹⁷ vs. Russell 1000[®] Growth Index¹⁹

20-Year Period ended September 30, 2020



Rolling Returns: FDYZX¹⁷ vs. S&P 500 Index¹⁸

20-Year Period ended September 30, 2020

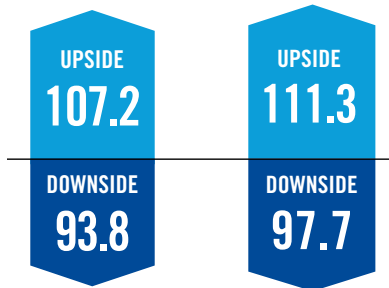


■ Outperformed ■ Underperformed

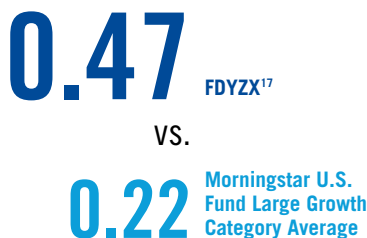
Over longer holding periods, Franklin DynaTech Fund–Advisor Class (FDYZX) has historically outperformed.

20-Year Period Capture Ratios²²

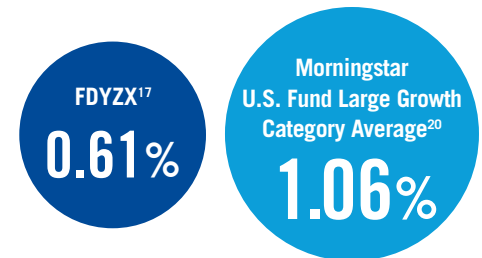
FDYZX¹⁷ vs. Russell 1000[®] Growth Index¹⁹ FDYZX¹⁷ vs. S&P 500 Index¹⁸



20-Year Sharpe Ratio²³



Net Expense Ratios



Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund's investment return and principal value will change with market conditions, and you may have a gain or a loss when you sell your shares. Please call Franklin Templeton at (800) DIAL BEN/342-5236 or visit franklintempleton.com for the most recent month-end performance.

17. The fund offers other share classes, subject to different fees and expenses that will affect their performance. Effective 5/15/2008, the fund began offering Advisor Class shares. For periods prior to the fund's Advisor Class inception date, a restated figure is used based on the fund's oldest share class, Class A performance, excluding the effect of Class A's maximum initial sales charge but reflecting the effect of the Class A Rule 12b-1 fees; and b) for periods after the fund's Advisor Class inception date, actual Advisor Class performance is used, reflecting all charges and fees applicable to that class.

18. Source for Index: FactSet, FTSE and S&P Dow Jones. Important data provider notices and terms available at www.franklintempletondatasources.com. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

19. The Russell 1000[®] Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

20. The Morningstar U.S. Fund Large Growth Category included between 749 and 1,310 funds for this period. Returns data represents cumulative total returns and assumes reinvestment of dividends. Returns are based on the performance of all share classes of all funds within this Morningstar classification. It reflects the effect of any expense waivers and does not include sales charges.

21. Source: Morningstar[®]. For each mutual fund and exchange traded fund with at least a 3-year history, Morningstar calculates a Morningstar Rating[™] based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance, and does not take into account the effects of sales charges and loads, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The weights are: 100% 3-year rating for 36–59 months of total returns, 60% 5-year rating/40% 3-year rating for 60–119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods. Morningstar Rating[™] is for the named share class only; other classes may have different performance characteristics. Past performance is not an indicator or a guarantee of future performance. The Morningstar Rating[™] for this share class is based on Morningstar's extended performance calculation. This means that, for a share class that doesn't have a 1-, 3-, 5- or 10-year performance history, the rating shown is a hypothetical Morningstar Rating based first on the oldest active surviving share class of the fund and then any dormant or liquidated share classes. If more than one share class has the earliest inception date, Morningstar selects the share class that is freely available to investors, that is not currency-hedged, and has the lowest fee.

22. Capture ratios are based on monthly returns and calculated against the S&P 500 Index and Russell 1000 Growth[®] Index. Downside (Upside) Capture Ratio explains how well a portfolio performed on average in time periods where the benchmark's returns were less than (greater than) zero. A downside (upside) capture ratio of less than (more than) 100 indicates that a fund lost less (gained more) than its benchmark on average during periods of losses (gains) for the benchmark. **Past performance is not an indicator or a guarantee of future performance.**

23. To calculate a Sharpe Ratio, an asset's excess returns (its return in excess of the return generated by risk-free assets such as Treasury bills) are divided by the asset's standard deviation.

Franklin DynaTech Fund

Average Annual Total Returns (For Periods ended September 30, 2020)

	1-Year	3-Year	5-Year	10-Year	20-Year
Advisor Class (FDYZX)	47.83%	26.78%	24.39%	18.87%	9.63%
Class A—With Sales Charge (FKDNX) ²⁴	39.36%	24.09%	22.68%	17.90%	9.15%
Russell 1000® Growth Index ²⁵	37.53%	21.67%	20.09%	17.25%	6.40%
S&P 500 Index ²⁶	15.15%	12.28%	14.14%	13.74%	6.42%

Sales Charges: Advisor Class: none; Class A: Maximum 5.50% initial sales charge.

Total Annual Operating Expenses: With Waiver: Advisor Class: 0.61%; Class A: 0.86%;

Without Waiver: Advisor Class: 0.62%; Class A: 0.87%.

Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund's investment return and principal value will change with market conditions, and you may have a gain or a loss when you sell your shares. Please call Franklin Templeton at (800) DIAL BEN/342-5236 or visit franklintempleton.com for the most recent month-end performance.

Advisor Class shares are offered only to certain eligible investors as stated in the prospectus. They are offered without sales charges or Rule 12b-1 fees. The fund offers other share classes subject to different fees and expenses, which will affect their performance. Please see the prospectus for details.

24. Class A: 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%. Effective 5/1/94, the fund implemented a Rule 12b-1 plan, which affects subsequent performance.

25. The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

26. Source for Index: FactSet, FTSE and S&P Dow Jones. Important data provider notices and terms available at www.franklintempletondatasources.com. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

A woman in a light blue blazer and white pants is walking through a server room aisle, reaching out to touch a server rack. The room is filled with rows of server racks, with blue and green lights visible. The ceiling has a grid pattern with recessed lighting. In the background, there are red numbers 6, 5, and 4 on the wall.

**“WE DON’T JUST
THINK ABOUT
THE FUTURE,
WE INVEST IN IT.”**

Matthew J. Moberg
Lead Portfolio Manager

Rupert H. Johnson Jr.
Portfolio Manager

*Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. To obtain a summary prospectus and/or prospectus, which contains this and other information, talk to your financial advisor, call us at (800) DIAL BEN/342-5236 or visit **franklintempleton.com**. Please carefully read a prospectus before you invest or send money.*



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