

CORE/HYBRID

U.S. GROWTH

**SECTOR** 

U.S. VALUE

GLOBAL GROWTH



# Franklin Equity Group®

PERSPECTIVE GROUNDED IN OVER 60 YEARS OF INVESTMENT EXPERIENCE



## FRANKLIN EQUITY GROUP

# Core/Hybrid • U.S. Growth • Sector U.S. Value • Global Growth

Building equity is an integral part of most investors' financial plan, and there are a variety of ways to invest in stocks when planning for the future. Franklin Equity Group has been working with investors globally for more than 60 years to pursue their long-term goals. The group offers investors a range of investment options, managed by experienced teams and based on bottom-up security selection, integrated and disciplined risk management and an unwavering commitment to solid long-term returns to our shareholders.

#### WE ARE RESEARCH FOCUSED

Portfolio managers and analysts conduct fundamental, bottom-up research on a company-by-company basis to select stocks for portfolio consideration. In addition, the portfolio teams leverage in-house credit research, which provides additional insight into a company's financial health.

#### **OUR EXPERIENCE RUNS DEEP**

Founded in 1947, Franklin Equity Group has a team of over 70 investment professionals spread around the globe with an average tenure of over 12 years. Over 30 dedicated industry specialists, organized into sector teams, provide a robust research platform leveraged by the Franklin Equity Group portfolio teams.

#### WE EVALUATE AND MANAGE RISK

We strive to provide investors with strong risk-adjusted returns over the long term by employing an integrated and disciplined risk management process to help monitor, evaluate and manage portfolio risk across the teams.

#### WE OFFER COMPREHENSIVE EQUITY SOLUTIONS

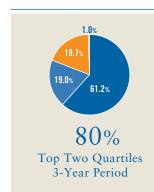
Franklin Equity Group's investment expertise is offered to investors through products that span market cap, sector and risk profile to meet a multitude of investments needs.



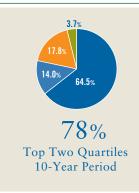
"Through a disciplined investment process grounded in rigorous, bottom-up research, our team of investment professionals is committed to achieving results for shareholders, one company at a time."

ED JAMIESON, CIO OF FRANKLIN EQUITY GROUP

#### STRONG PERFORMANCE







Across multiple time frames, at least 78% of Franklin Equity Group funds' assets (Class A) ranked in the top half of their respective Lipper peer group, ended December 31, 2013.1

■ 1ST QUARTILE

■ 2ND QUARTILE ■ 3RD QUARTILE

4TH QUARTILE

#### **COMPELLING RISK-ADJUSTED RETURNS**

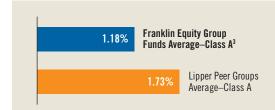
83% Of Assets Outperformed 3-Year Period

84% Of Assets Outperformed 5-Year Period

79% Of Assets Outperformed 10-Year Period

Based on Information Ratio, at least 79% of Franklin Equity Group funds' assets (Class A) outperformed their respective Lipper peer group average, on a risk-adjusted basis, over the 3-, 5-, and 10-year periods, ended December 31, 2013.2

#### **LOWER FUND EXPENSES**



32% Lower Than Peers

96% of Franklin Equity Group funds had lower expense ratios than their respective Lipper peer group average, as of December 31, 2013.3

Total number of Franklin Equity Group funds in the analysis: 24. Total number of Lipper peer group categories in the analysis: 19. Each Lipper peer group consisted of between 11 and 132 funds. 1. Source: Lipper, Inc., 12/31/13. Lipper figures do not include sales charges and are for Class A shares only. Of the eligible Franklin Equity Group funds tracked by Lipper, 8, 6, 5 and 5 ranked in the top quartile; 5, 5, 10 and 4 ranked in the second quartile; 9, 8, 4 and 3 ranked in the third quartile; and 6, 5, 4 and 3 ranked in the fourth quartile of their respective Lipper peer groups for the 1-, 3-, 5- and 10-year periods, respectively, for cumulative total return. Past performance does not guarantee future results.

2. Source: Lipper, Inc., 12/31/13. Risk-adjusted returns, as measured by information ratio, reflect the expected active return of a portfolio divided by the amount of risk that the manager takes relative to an index or peer group. Typically, the higher the information ratio, the better the manager. Past performance does not guarantee future results.

3. Lipper, Inc. 12/31/13. Expense ratios are for Class A shares only and are based on a simple average.

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## Franklin Core/Hybrid Strategies

#### IDENTIFYING INVESTMENT OPPORTUNITIES ACROSS ASSET CLASSES

#### INVESTMENT PHILOSOPHY

- Identify investments that offer the most compelling trade-off between risk and reward potential
- Attempt to profit from investments that seek to exploit a fundamental view that differs from the market consensus regarding growth potential or valuation
- Search for undervalued or out-of-favor securities that offer high current income and strong long-term appreciation potential
- Consider a wide range of investments including equities, fixed income and convertible securities to meet each product's unique investment objective



**DIRECTOR** ED PERKS, CFA LOCATION SAN MATEO, CA

#### ASSETS UNDER MANAGEMENT: \$114.6 BILLION4 NUMBER OF PROFESSIONALS: 11 AVERAGE YEARS OF INDUSTRY EXPERIENCE: 16

#### INCEPTION DATE FRANKLIN INCOME FUND Large 8/31/48 Seeks to maximize income, while maintaining prospects for capital appreciation, by investing CLASS A SYMBOL Medium in a diversified portfolio of dividend-paying stocks, bonds and convertible securities. FRANKLIN BALANCED FUND INCEPTION DATE Seeks both income and capital appreciation by investing in a combination of stocks, Large 7/3/06 convertible securities and fixed income securities. Medium CLASS A SYMBOL **FBLAX** FRANKLIN EQUITY INCOME FUND INCEPTION DATE Seeks to maximize total return by emphasizing high current income and long-term capital Large 3/15/88 appreciation, consistent with reasonable risk. The fund invests at least 80% in equity Medium CLASS A SYMBOL securities, with a focus on financially-strong "blue chip" companies (including securities convertible into common stock), and up to 20% in debt securities. FRANKLIN CONVERTIBLE SECURITIES FUND INCEPTION DATE Seeks to maximize total return, consistent with reasonable risk, by investing at least 80% of its net assets 4/15/87 in convertible securities. Convertible securities are bonds or preferred stock that may be converted into CLASS A SYMBOL FISCX common stock. INCEPTION DATE FRANKLIN FOCUSED CORE EQUITY FUND 12/13/07 Seeks capital appreciation and will generally seek to maintain a portfolio consisting of equity securities of CLASS A SYMBOL approximately 20-50 companies. FCFQX

Source for Morningstar Style Box: Morningstar® 12/31/13. The Morningstar Style Box™ reveals a fund's investment style. For equity funds, the vertical axis shows the market capitalization of the stocks owned and the horizontal axis shows investment style (value, blend or growth). All of these numbers are drawn from the fund portfolio holding figures most recently entered into Morningstar's database and the corresponding market conditions. Historical data generally cover the past three years (or portion thereof for funds in existence less than three years) of quarterly data. Past performance does not guarantee future results. © 2014 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.

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# Franklin U.S. Growth Strategies

### SEEKING SUSTAINABLE GROWTH, QUALITY AND VALUATION

#### INVESTMENT PHILOSOPHY

- Focus on companies with the potential to produce sustainable earnings and cash flow growth
- Seek high-quality companies with strong management teams and financial strength
- Assess whether the growth opportunity is already reflected in the stock price
- Utilize rigorous risk management and disciplined sell process

ASSETS UNDER MANAGEMENT: \$27.6 BILLION <sup>4</sup> NUMBER OF PROFESSIONALS: 10 AVERAGE	YEARS OF INDUSTRY	EXPERIENCE: 24
FRANKLIN GROWTH FUND Seeks long-term capital appreciation by investing substantially in equity securities of companies that are leaders in their industries, and which the managers believe are suitable for a buy-and-hold investment strategy. The fund emphasizes well-established companies and household names.	Value Blend Growth  X Large  Medium  Small	INCEPTION DATE 3/31/48 CLASS A SYMBOL FKGRX
FRANKLIN DYNATECH FUND Seeks capital appreciation by investing primarily in companies which management believes are leaders in innovation, take advantage of new technologies, have superior management, and benefit from new industry conditions in the dynamically changing global economy.	Value Blend Growth  Large  Medium  Small	INCEPTION DATE 1/1/68 CLASS A SYMBOL FKDNX
FRANKLIN FLEX CAP GROWTH FUND  Seeks capital appreciation by investing predominantly in equity securities of companies in any industry and of any market cap size.	Value Blend Growth  Large  Medium  Small	INCEPTION DATE 10/30/91 CLASS A SYMBOL FKCGX
FRANKLIN GROWTH OPPORTUNITIES FUND  Seeks capital appreciation by investing substantially in equity securities of companies demonstrating accelerating growth, increasing profitability, or above average growth or growth potential as compared to the overall economy.	Value Blend Growth  Large  Medium  Small	INCEPTION DATE 6/23/99 Class a symbol FGRAX
FRANKLIN SMALL-MID CAP GROWTH FUND  Seeks long-term capital growth by investing at least 80% of its net assets in equity securities of small- and medium-sized companies, within the market capitalization ranges of the Russell 2500™ Index for small-sized companies and Russell Midcap® Index for medium-sized companies, at the time of purchase.	Value Blend Growth Large Medium Small	INCEPTION DATE 2/14/92 Class a symbol Frsgx
FRANKLIN SMALL CAP GROWTH FUND  Seeks long-term capital growth by investing at least 80% of its net assets in the equity securities of companies with market capitalizations of generally less than \$1.5 billion, or the highest market capitalization in the Russell 2000 Index, whichever is greater, at the time of purchase.	Value Blend Growth Large Medium Small	INCEPTION DATE 5/1/00 CLASS A SYMBOL FSGRX

## Franklin Sector Strategies

## PARTICIPATING IN TRENDS MOVING MARKETS

- Sector funds offer investors the ability to focus a portion
  of their portfolio on a specific area, such as technology,
  precious metals or utilities, without having to research
  specific stocks on their own
- Please remember, investing in a fund concentrating in one sector involves special risks, which are described more fully in each fund's prospectus

ASSETS UNDER MANAGEMENT: \$5.9 BILLION4 NUMBER OF PROFESSIONALS: 24 AVERAGE YEARS OF INDUSTRY EXPERIENCE: 20			
FRANKLIN BIOTECHNOLOGY DISCOVERY FUND	FRANKLIN GOLD AND PRECIOUS METALS FUND	FRANKLIN NATURAL RESOURCES FUND	FRANKLIN UTILITIES FUND
INCEPTION DATE 9/15/97 CLASS A SYMBOL FBDIX	INCEPTION DATE 5/19/69 CLASS A SYMBOL FKRCX	INCEPTION DATE 6/5/95 CLASS A SYMBOL FRNRX	INCEPTION DATE 9/30/48 CLASS A SYMBOL FKUTX

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## Franklin U.S. Value Strategies

## VALUE INVESTING ACROSS THE MARKET CAP SPECTRUM

#### INVESTMENT PHILOSOPHY

- Examine stocks with low price to book, earnings and cash flow ratios
- Emphasize companies with low debt levels
- Analyze company balance sheets to uncover hidden value
- Look at former growth companies, "fallen angels" that may still possess excellent long-term potential
- Employ investing patience, adhering to a buy-and-hold strategy that has resulted in a low portfolio turnover record



DORECTOR DON TAYLOR

LOCATION FORT LEE, NJ

#### **ASSETS UNDER MANAGEMENT: \$26.9 BILLION<sup>4</sup>** NUMBER OF PROFESSIONALS: 14 AVERAGE YEARS OF INDUSTRY EXPERIENCE: 22 Value Blend Growth FRANKLIN RISING DIVIDENDS FUND INCEPTION DATE Large 1/14/87 Seeks long-term capital appreciation by investing at least 80% of its net assets in equity Medium CLASS A SYMBOL securities of companies of any size that have paid consistently rising dividends. **FRDPX** FRANKLIN BALANCE SHEET INVESTMENT FUND INCEPTION DATE Large 4/2/90 Seeks high total return by investing primarily in equity securities of companies of any size that Medium CLASS A SYMBOL the fund's manager believes are undervalued at the time of purchase and have the potential **FRBSX** for capital appreciation. The fund focuses on companies trading at low price-to-book values. FRANKLIN MICROCAP VALUE FUND (closed to new investors) INCEPTION DATE Large 12/12/95 Seeks high total return by investing at least 80% of its net assets in equity securities of CLASS A SYMBOL undervalued companies with a total market capitalization of less than \$500 million at the FRMCX time of purchase. Value Blend Growth FRANKLIN SMALL CAP VALUE FUND INCEPTION DATE 3/11/96 Seeks long-term total return by investing at least 80% of its net assets in equity securities of CLASS A SYMBOL Medium undervalued small-capitalization companies (Market capitalizations under \$3.5 billion at the FRVLX time of purchase.) INCEPTION DATE FRANKLIN MIDCAP VALUE FUND Large 7/1/05 Seeks long-term total return by investing at least 80% of its net assets in equity securities Medium CLASS A SYMBOL of undervalued mid-capitalization companies, which are defined as those similar in size to **FMVAX** companies in the Russell Midcap® Index, at the time of purchase. Value Blend Growth INCEPTION DATE FRANKLIN LARGE CAP VALUE FUND Large 6/1/00 Seeks long-term capital appreciation by investing at least 80% of its net assets in equity Medium CLASS A SYMBOL securities of undervalued large-capitalization companies, which are defined as those similar in size to companies in the Russell 1000<sup>®</sup> Index, at the time of purchase. Value Blend Growth FRANKLIN ALL CAP VALUE FUND INCEPTION DATE Large 6/1/07 Seeks long-term total return by primarily investing in equity securities of companies of any CLASS A SYMBOL size that the fund's manager believes are undervalued at the time of purchase and have the FRAVX Small potential for capital appreciation.

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## Franklin Global Growth Strategies

SEEKING HIGH-QUALITY, SUSTAINABLE GROWTH OUTSIDE THE U.S.

#### INVESTMENT PHILOSOPHY

- Focus on companies with the potential to produce sustainable earnings and cash flow growth
- Seek high-quality companies with strong management teams and financial strength
- Assess whether the growth opportunity is already reflected in the stock price
- Utilize rigorous risk management and disciplined sell process



DIRECTOR COLEEN BARBEAU

LOCATION NEW YORK AND LONDON

#### **AVERAGE YEARS OF INDUSTRY EXPERIENCE: 14** ASSETS UNDER MANAGEMENT: \$12.9 BILLION4 **NUMBER OF PROFESSIONALS: 18** INCEPTION DATE FRANKLIN INTERNATIONAL GROWTH FUND 6/3/08 Seeks long-term capital appreciation by investing predominantly in equity securities of mid-CLASS A SYMBOL Medium and large-capitalization companies outside the U.S. with long-term growth potential. **FNGAX** INCEPTION DATE FRANKLIN INTERNATIONAL SMALL CAP GROWTH FUND (closed to new investors) 10/15/02 Seeks long-term capital appreciation by investing predominantly in equity securities CLASS A SYMBOL Medium of smaller international companies that managers feel are poised for long-term growth. FINAX

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#### WHAT ARE THE RISKS?

All of the funds are subject to certain risks. Generally, investments offering potential for higher returns are accompanied by a higher degree of risk. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Bonds and other debt obligations are affected by changes in interest rates and the creditworthiness of their issuers. High-yield, lower-rated (junk) bonds generally have greater price swings and higher default risks. Foreign investing, especially in emerging markets, has additional risks such as currency and market volatility and political and social instability. These, and other risks to which particular funds may be subject, such as specialized industry sectors or use of complex securities, are discussed in each fund's prospectus.

VALUE BLEND GROWTH SECTOR GLOBAL INTERNATIONAL HYBRID ALTERNATIVE ASSET ALLOCATION FIXED INCOME TAX-FREE INCOME



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#### Franklin Templeton Investments

### **Your Source For:**

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- 529 College Savings Plans
- Separately Managed Accounts

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 (800) DIAL BEN/342-5236 or visit franklintempleton.com. Please carefully read a prospectus before you invest or send money.