

SEMIANNUAL REPORT AND SHAREHOLDER LETTER

FRANKLIN INVESTORS SECURITIES TRUST

April 30, 2023



FRANKLIN
TEMPLETON

Franklin Convertible Securities Fund

Franklin Equity Income Fund

Franklin Managed Income Fund

SHAREHOLDER LETTER

Dear Shareholder:

During the six months ended April 30, 2023, the U.S. economy remained out of recessionary territory, with gross domestic product (GDP) advancing 2.6%, annualized, in the fourth quarter of 2022 and another 1.1% in the first quarter of 2023. The latter figure included significant gains in consumer consumption, which held up well over the period under review. The U.S. job market, albeit slowing as the period progressed, continued to add jobs with an average of 315,000 new positions created each month for the period under review. The unemployment rate hovered around 50-year lows, reaching 3.5% in March 2023. Inflation was still a main concern for both central bank officials and market participants. The 12-month change in the Consumer Price Index (CPI) dropped from 7.7% in October 2022 to 5.0% in March 2023, but a good portion of the change was due to lower energy prices. Core CPI, which excludes the more volatile energy and food sectors, saw a smaller decline of 0.7 percentage point (pp) over the same period to 5.6%.

The U.S. Federal Reserve (Fed) slowed its path of federal funds rate hikes from 75 basis points (bps) per meeting to 25 bps, bringing the rate to 4.75%–5.00% by the end of the period. U.S. regional banks came under stress in March and April 2023, with several failures requiring regulatory intervention. The Fed acknowledged that it expected credit lending standards would likely tighten, which would have similar effects to further rate hikes, lessening the need for the Fed to make additional rate increases in the future. The Fed continued to message that it does not foresee any rate cuts over the course of 2023; however, it did state that its decisions will be data dependent over the course of the next few meetings.

Despite continued challenges from elevated inflation, higher interest rates and several well-publicized failures in the banking sector near period-end, U.S. stocks, as measured by the Standard & Poor's® 500 Index (S&P 500®), posted a +8.63% total return amid signs of resilience in the U.S. economy.¹ The 10-year U.S. Treasury (UST) note's yield (which moves inversely to price) fell over the period to recognize the Fed's aggressive actions toward reducing overall inflation. The yield curve for all USTs remained inverted during the period, at one point reaching the largest inversion in more than four decades, as investors became increasingly concerned about the economic outlook. In this falling rate environment, investment-grade bonds,

as measured by the Bloomberg U.S. Aggregate Bond Index, posted a +6.91% total return.¹

While uneven economic conditions are a concern for many investors, we remain committed to our long-term perspective and disciplined investment approach as we conduct a rigorous, fundamental analysis of securities, which balances long-term opportunities and risk management.

We believe active, professional investment management serves investors well. We also recognize the important role of financial professionals 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.

Franklin Investors Securities Trust's semiannual report, covering Franklin Convertible Securities Fund, Franklin Equity Income Fund and Franklin Managed Income Fund, includes more detail about investment decisions during the period. All securities markets fluctuate in value, as do mutual fund share prices.

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

Sincerely,



Gregory E. Johnson
Chairman
Franklin Investors Securities Trust

This letter reflects our analysis and opinions as of April 30, 2023, 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.

¹ Source: Morningstar.

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

Not FDIC Insured	May Lose Value	No Bank Guarantee
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Visit **franklintempleton.com** for fund updates, to access your account, or to find helpful financial planning tools.

SEMIANNUAL REPORT

Economic and Market Overview

U.S. equities, as measured by the Standard & Poor's® 500 Index, posted a +8.63% total return for the six months ended April 30, 2023.¹ Despite continued challenges from elevated inflation, higher interest rates and the failure of several U.S. banks in March 2023, stocks, led by the information technology sector, gained amid signs of resilience in the U.S. economy.

U.S. gross domestic product growth slowed in 2023's first quarter as the pace of business investment eased, inventories declined and the housing market weakened. Although consumer spending continued to rise, deteriorating financial conditions kept consumer sentiment at historically low levels. Meanwhile, inflation, which remained heightened relative to recent decades, showed signs of easing. The annual inflation rate, as measured by the Consumer Price Index, slowed to 5.0% in March 2023, the lowest rate since May 2021, as energy costs declined sharply, used car prices fell and food prices grew at a slower rate.

The U.S. unemployment rate remained at historically low levels during the period, briefly hitting a 54-year low of 3.4% in January 2023 before rising marginally to 3.5% in March. Wage growth eased toward the end of the period, raising market expectations that the U.S. Federal Reserve (Fed) would slow its rate of increasing interest rates. Rising interest rates translated to higher borrowing costs for individuals and businesses, which discouraged some economic activity. Despite interest-rate increases, bank failures contributed to lower mortgage rates toward the end of the period.

In an effort to control inflation, the Fed raised the federal funds target rate four times during the period to end at a range of 4.75%–5.00%. The Fed stepped down the pace of its interest-rate hikes from 75 basis points (bps) at its November 2022 meeting to 50 bps in December, followed by 25-bp increases in February and March 2023. At its March 2023 meeting, the Fed said it would continue to reduce bond holdings, but it departed from previous statements by softening its firm outlook on future rate hikes. Additionally, Fed Chair Jerome Powell said the central bank most likely would not cut rates in 2023.

The foregoing information reflects our analysis and opinions as of April 30, 2023. 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.
See www.franklintempletondatasources.com for additional data provider information.

Franklin Convertible Securities Fund

This semiannual report for Franklin Convertible Securities Fund covers the period ended April 30, 2023. The Fund closed to new investors with limited exceptions on August 29, 2018. Existing investors may continue to purchase additional shares of the Fund.

Your Fund's Goal and Main Investments

The Fund seeks to maximize total return, consistent with reasonable risk, by seeking to optimize capital appreciation and high current income under varying market conditions. The Fund normally invests at least 80% of its net assets in convertible securities and common stock received upon conversion of convertible securities.

Performance Overview

For the six months under review, the Fund's Class A shares posted a +4.88% cumulative total return. In comparison, the Fund's benchmark, the ICE BofA All Alternatives U.S. Convertibles Index, which tracks the domestic convertible securities market, posted a -2.82% cumulative total return.¹ You can find the Fund's long-term performance data in the Performance Summary beginning on page 8.

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

Investment Strategy

When choosing convertible securities for the Fund, we attempt to maintain a balance in the portfolio between the equity and debt characteristics of convertible securities with an emphasis on the equity features. We also consider the company's long-term earnings, asset value and cash flow potential. By investing in convertible securities, the Fund seeks the opportunity to participate in the capital appreciation of underlying stocks, while at the same time relying on the fixed income aspect of the convertible securities to provide current income and reduced price volatility, which can limit the risk of loss in a down equity market. Some of the convertible securities in which the Fund may invest have been structured to provide enhanced yield, increased equity exposure or enhanced downside protection.

These securities, generally referred to as enhanced convertible securities, typically provide a benefit to the issuer in exchange for the enhanced features, such as a conversion premium that is paid by the Fund. We may invest in convertible securities of companies of any capitalization size, but we generally seek to make the portfolio representative of the entire convertible securities market.

Portfolio Composition

4/30/23

	% of Total Net Assets
Convertible Bonds	82.6%
Convertible Preferred Stocks	11.7%
Common Stocks	1.5%
Short-Term Investments & Other Net Assets	4.2%

Manager's Discussion

In absolute terms, the Fund saw a positive turnaround from weak results in the latter half of 2022 as all 11 of its sector allocations added to returns during the six months under review, led by health care, information technology (IT), financials and consumer discretionary holdings.

Mixed results in the health care sector were buoyed foremost by sharp rallies in Insulet, PTC Therapeutics and Revance Therapeutics. Diabetes-care technology company Insulet specializes in customizable, non-injection, automated insulin delivery systems. Our convertible bond position shadowed a steady move up in Insulet's underlying share price powered by the U.S. launch of its next-generation insulin pump device, Omnipod 5, and the potential for accelerating growth in the coming months and years. Omnipod 5 is a tubeless insulin pump that seamlessly integrates with Dexcom's continuous glucose monitoring devices to form a so-called "artificial pancreas" (Dexcom is also held by the Fund). Insulet reported strong sales and anticipates beginning the launch of Omnipod 5 outside the U.S. in mid-2023 and has also completed its U.S. Food and Drug Administration (FDA) application for approval of a pump for basal-only insulin users, which would increase Insulet's U.S. addressable market by about 75%, according to our analysis. PTC, meanwhile, is a U.S. pharmaceutical company focused on the development of orally administered small molecule drugs and gene therapy that regulates gene expression by targeting post-transcriptional control mechanisms in rare diseases, and which has been making headway in

1. Source: Morningstar.

The index is unmanaged and includes reinvestment of any income or distributions. It does not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

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

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Schedule of Investments (SOI). The SOI begins on page 26.

recent clinical trials in the therapeutic areas of metabolism, neurology and oncology.

IT continued to be the Fund's largest sector allocation, though the weighting was trimmed down to less than a quarter of the overall portfolio by period-end. Multiple IT holdings advanced, none more so than business spending management platform provider Coupa Software (sold by period-end), which was also the biggest contributor across the portfolio. During the current phase of business consolidation and spending restraint in a weak economy, Coupa enjoyed a rise in its subscriber base and greater adoption of its artificial intelligence (AI)-driven data sets, which offer high-value insights on business transactions, spending and confidence globally. That said, the primary catalyst for the strong performance in Coupa's underlying securities came from its eventual acquisition by Thoma Bravo (not held by the Fund), a private equity and growth capital firm known for being particularly active in acquiring software companies.

The other notable IT contributors included customer relationship management platform provider HubSpot, Envestnet (fintech platform for financial advisors in wealth management) and Silicon Laboratories. In particular, Silicon Labs, which designs and develops proprietary, analog-intensive, mixed-signal integrated circuits (semiconductors) for a broad range of applications and has a strong foothold as an Internet of Things (IoT) components maker, was also our largest position in IT (on average for the period). The company's December 2022 quarter financials generally topped consensus estimates, as did management's guidance for the first quarter of 2023; overall, this was a rare "beat and raise" in the current IT business environment, on the back of low expectations. In particular, Silicon Labs' sales were up 23% year-over-year to US\$257.3 million, which beat Wall Street's consensus estimate of US\$250.3 million. According to Silicon Labs' CEO (chief executive officer), the strength of the company's opportunity funnel and design-win pipeline bolstered confidence in its ability to continue carving out a leadership position in IoT while navigating the current economic uncertainty.

The Fund's financial services holdings all traded higher, none more so than Shift4 Payments, which was also our largest position in the sector. Shift4 is a fintech providing secure end-to-end (integrated) payment processing solutions. In early 2023, the company announced quarterly earnings results for the fourth quarter of 2022; while earnings missed consensus estimates, revenues beat them slightly, and the company provided strong guidance for the rest of 2023. Shift4's payments technology has created a niche among restaurants, hotels, complex retail, and sports and

entertainment venues, and the company has been showing momentum in a difficult economic environment.

Top 10 Holdings

4/30/23

Company Industry, Country	% of Total Net Assets
Insulet Corp. <i>Health Care Equipment & Supplies, United States</i>	2.6%
Ivanhoe Mines Ltd. <i>Metals & Mining, Canada</i>	2.5%
Jazz Investments I Ltd. <i>Pharmaceuticals, United States</i>	2.5%
Shift4 Payments, Inc. <i>Financial Services, United States</i>	2.5%
Envestnet, Inc. <i>Software, United States</i>	2.4%
Dexcom, Inc. <i>Health Care Equipment & Supplies, United States</i>	2.4%
Cable One, Inc. <i>Media, United States</i>	2.4%
PG&E Corp. <i>Electric Utilities, United States</i>	2.2%
Etsy, Inc. <i>Broadline Retail, United States</i>	2.2%
BILL Holdings, Inc. <i>Software, United States</i>	2.2%

Consumer discretionary holdings generally began to stage a comeback in the first quarter of 2023 following weakness in 2022. Most of the Fund's related convertibles appreciated, including standout contributor Burlington Stores, an American national off-price department store retailer. The Fund also saw strong results in the utilities sector, in which PG&E was a key contributor. After emerging from bankruptcy two years ago, the company has moved forward following a spate of wildfire-related liabilities and claims while focusing on reducing further environmental and regulatory risks. PG&E also produced better-than-expected earnings in its latest quarterly financials. In communication services, mixed results were supported foremost by Cable ONE.

When compared to the sectors mentioned above, the Fund held much smaller allocations in the other five that added incrementally to the Fund's overall gain (in descending order of positive impact): materials, industrials, consumer staples, real estate and energy. Among these holdings, the standout contributors included Ivanhoe Mines in materials, Axon Enterprise in industrials, and Freshpet in consumer staples.

In contrast, within IT, our overall gains were reduced primarily by double-digit percentage losses in Wolfsped, Viavi Solutions and BILL Holdings. Wolfsped—the Fund's largest overall detractor for the period—operates in semiconductor manufacturing and specializes in power and radio frequency (RF) semiconductors, with product families

that include silicon carbide materials, power-switching devices and RF devices targeted for applications such as electric vehicles, fast-charging inverters, power supplies, telecom, military and aerospace. While we received multiple indications that the macro environment was negatively impacting semiconductor demand and enterprise software investment in 2022, the fourth-quarter 2022 earnings season surprised to the downside in terms of the pace of deceleration, which had a negative impact on Wolfspeed and others. Nonetheless, Wolfspeed's revenues greatly beat consensus expectations. It has been ramping up production of its carbide chips and benefits from government subsidies stemming from the passing of the US Semiconductor CHIPS Act, which sets aside US\$52 billion to boost domestic semiconductor research and production. Today, the U.S. represents only a small portion of global semiconductor manufacturing capacity, despite the technology being invented in the country. The worldwide semiconductor market expanded rapidly with a second consecutive year of double-digit growth in 2022. Global demand for chips is growing at an accelerated rate, and we think it will only accelerate further as more and more devices are designed to be "smart" and connected. Despite the recent bout of volatility, we believe Wolfspeed looks set to grow rapidly for years to become a key player in the electric vehicle market.

In the health care sector, overall gains were trimmed by selloffs in Neurocrine Biosciences, Ascendis Pharma and a few other, much smaller detractors that had a limited impact on returns. Neurocrine, which specializes in treatments for neurological and endocrine related diseases and disorders, announced it had re-entered into a strategic collaboration with Voyager (not owned by the Fund) to co-develop and commercialize Voyager's GBA1 gene replacement program and three other gene therapy programs focused on central nervous system and neurological targets. Neurocrine's equity value fell on the news as many investors questioned the partnership, given that Neurocrine had previously partnered with Voyager years ago in a program that was terminated due to poor efficacy and a concerning adverse event profile. Perhaps more importantly, in our view, this and other company activity—including its ongoing investments in medical technology company Becton Dickinson (not held by the Fund)—signaled to investors that Neurocrine has potentially become less interested in any merger-and-acquisition deals than it was last year. We are also waiting to see if there is a meaningful inflection in the 2023 sales of Ingrezza, which belongs to a class of medications called vesicular monoamine transporter 2 (VMAT2) inhibitors and is used to treat an uncontrollable movement disorder called

tardive dyskinesia, following the company's aggressive sales force expansion.

Most of Ascendis Pharma's decline occurred in April 2023, though our convertible position suffered only about half of the decline seen in its common stock. Nonetheless, the company showed weakness based on uncertainty around one of its key drug candidates. Ascendis received a letter from the FDA stating that it had "identified deficiencies" in the company's NDA (new drug application) for TransCon-PTH for hypoparathyroidism, which is also awaiting approval by the European Medicines Agency later this year. The deficiencies were not disclosed and had not been brought up in any previous discussions. Ascendis was in talks with the FDA to learn more about the issues before addressing them publicly, but this event likely pushed the approval timeline forward. Toward the end of April, the base case assumption was that the company will soon receive a complete response letter, as the FDA hasn't made a final decision on the application for the experimental drug. In the meantime, Ascendis will continue giving TransCon-PTH to patients enrolled in ongoing clinical studies; notably, there haven't been any new safety issues identified with the drug in those trials. We expect FDA approval at some point in the near future, albeit delayed. We also contacted Ascendis management to gather details and assess exactly how long this delay will take. Our analysis suggests the deficiencies are manufacturing or device related; company management continued to assert that the deficiencies are not related to efficacy, safety or any preclinical findings, and pointed to the fact that such deficiencies are common with drug-device combination products like TransCon-PTH.

Other detractors included designer luxury goods and consignment reseller The RealReal in the consumer discretionary sector, wireless telecommunication services provider T-Mobile US in communication services, and precision ball and roller bearing manufacturer RBC Bearings in the industrials sector.

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

Alan E. Muschott, CFA
Lead Portfolio Manager

Eric Webster, CFA
Portfolio Manager

The foregoing information reflects our analysis, opinions and portfolio holdings as of April 30, 2023, 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 April 30, 2023

The performance tables 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 4/30/23¹

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

Share Class	Cumulative Total Return ²	Average Annual Total Return ³
A⁴		
6-Month	+4.88%	-0.90%
1-Year	-0.47%	-5.95%
5-Year	+68.09%	+9.70%
10-Year	+169.05%	+9.78%
Advisor		
6-Month	+5.01%	+5.01%
1-Year	-0.21%	-0.21%
5-Year	+70.17%	+11.22%
10-Year	+176.01%	+10.69%

Share Class	Distribution Rate ⁵	30-Day Standardized Yield ⁶	
		(with fee waiver)	(without fee waiver)
A	0.71%	0.90%	0.89%
Advisor	1.01%	1.20%	1.19%

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

See page 9 for Performance Summary footnotes.

Distributions (11/1/22–4/30/23)

Share Class	Net Investment Income	Short-Term Capital Gain	Long-Term Capital Gain	Total
A	\$0.0791	\$0.0839	\$1.4460	\$1.6090
C	\$0.0076	\$0.0839	\$1.4460	\$1.5375
R6	\$0.1130	\$0.0839	\$1.4460	\$1.6429
Advisor	\$0.1040	\$0.0839	\$1.4460	\$1.6339

Total Annual Operating Expenses⁷

Share Class	With Fee Waiver	Without Fee Waiver
A	0.83%	0.84%
Advisor	0.58%	0.59%

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. Convertible securities are subject to the risks of stocks when the underlying stock price is high relative to the conversion price (because more of the security's value resides in the conversion feature) and debt securities when the underlying stock price is low relative to the conversion price (because the conversion feature is less valuable). A convertible security is not as sensitive to interest rate changes as a similar non-convertible debt security, and generally has less potential for gain or loss than the underlying stock. The Fund may invest in high-yielding, fixed income securities. High yields reflect the higher credit risk associated with these lower-rated securities and, in some cases, the lower market prices for these instruments. Interest rate movements may affect the Fund's share price and yield. Bond prices generally move in the opposite direction of interest rates. As prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. The Fund may also invest in foreign securities, which involve special risks, including political uncertainty and currency volatility. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. The Fund's prospectus also includes a description of the main investment risks.

1. Gross expenses are the Fund's total annual operating expenses as of the Fund's prospectus available at the time of publication. Actual fees may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 2/29/24 without Board consent.
 2. Cumulative total return represents the change in value of an investment over the periods indicated.
 3. Average annual total return represents the average annual change in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.
 4. Prior to 9/10/18, these shares were offered at a higher initial sales charge of 5.75%, thus actual returns (with sales charges) would have differed. Average annual total returns (with sales charges) have been restated to reflect the current maximum initial sales charge of 5.50%.
 5. Distribution rate is based on an annualization of the respective class's past four quarterly dividends and the maximum offering price (NAV for Advisor Class) per share on 4/30/23.
 6. The Fund's 30-day standardized yield is calculated over a trailing 30-day period using the yield to maturity on bonds and/or the dividends accrued on stocks. It may not equal the Fund's actual income distribution rate, which reflects the Fund's past dividends paid to shareholders.
 7. Figures are as stated in the Fund's current prospectus and may differ from the expense ratios disclosed in the Your Fund's Expenses and Financial Highlights sections in this report. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.
- See www.franklintempletondatasources.com for additional data provider information.

Your Fund's Expenses

As a Fund shareholder, you can incur two types of costs: (1) transaction costs, including sales charges (loads) on Fund purchases and redemptions; and (2) ongoing Fund costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses. The table below shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a \$1,000 investment held for the six months indicated.

Actual Fund Expenses

The table below provides information about actual account values and actual expenses in the columns under the heading "Actual." In these columns the Fund's actual return, which includes the effect of Fund expenses, is used to calculate the "Ending Account Value" for each class of shares. You can estimate the expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by \$1,000 (*if your account had an \$8,600 value, then $\$8,600 \div \$1,000 = 8.6$*). Then multiply the result by the number in the row for your class of shares under the headings "Actual" and "Expenses Paid During Period" (*if Actual Expenses Paid During Period were \$7.50, then $8.6 \times \$7.50 = \64.50*). In this illustration, the actual expenses paid this period are \$64.50.

Hypothetical Example for Comparison with Other Funds

Under the heading "Hypothetical" in the table, information is provided about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. This information may not be used to estimate the actual ending account balance or expenses you paid for the period, but it can help you compare ongoing costs of investing in the Fund with those of other funds. To do so, compare this 5% hypothetical example for the class of shares you hold with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transactional costs. Therefore, information under the heading "Hypothetical" is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transactional costs were included, your total costs would have been higher.

Share Class	Beginning Account Value 11/1/22	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 4/30/23	Expenses Paid During Period 11/1/22–4/30/23 ^{1,2}	Ending Account Value 4/30/23	Expenses Paid During Period 11/1/22–4/30/23 ^{1,2}	
A	\$1,000	\$1,048.80	\$4.20	\$1,020.69	\$4.15	0.83%
C	\$1,000	\$1,044.60	\$8.00	\$1,016.97	\$7.89	1.58%
R6	\$1,000	\$1,050.60	\$2.52	\$1,022.33	\$2.49	0.50%
Advisor	\$1,000	\$1,050.10	\$2.94	\$1,021.93	\$2.90	0.58%

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 181/365 to reflect the one-half year period.

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

Franklin Equity Income Fund

This semiannual report for Franklin Equity Income Fund covers the period ended April 30, 2023.

Your Fund's Goal and Main Investments

The Fund seeks to maximize total return by emphasizing high current income and long-term capital appreciation, consistent with reasonable risk, by normally investing at least 80% of its net assets in equity securities, including securities convertible into common stocks. The Fund generally invests predominantly in common stocks, and the remainder of its assets in other equity-related instruments such as convertible securities and equity-linked notes (ELNs) and may also invest in foreign securities.

Performance Overview

For the six months under review, the Fund's Class A shares posted a +5.20% cumulative total return. In comparison, the Fund's primary benchmark, the Russell 1000® Value Index, which measures performance of those Russell 1000® Index companies with relatively lower price-to-book ratios and lower forecasted growth rates, posted a +4.54% cumulative total return.¹ The Fund's secondary benchmark, the Standard & Poor's® 500 Index (S&P 500®), which is designed to measure total U.S. equity market performance, posted a +8.63% cumulative total return.¹ You can find the Fund's long-term performance data in the Performance Summary beginning on page 13.

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

Investment Strategy

We seek to invest in a broadly diversified portfolio of equity securities that we consider to be financially strong, with a focus on blue chip companies. We apply a bottom-up approach to investing in individual securities. We will assess the market price of a company's securities relative to our evaluation of the company's long-term earnings, cash flow potential and balance sheet strength. We also consider

a company's price/earnings ratio, return on capital, profit margins and asset value. We consider dividend yield and the opportunity for dividend growth in selecting stocks for the Fund because we believe that, over time, dividend income can contribute significantly to total return and can be a more consistent source of investment return than capital appreciation. We seek to take advantage of price dislocations that result from the market's short-term focus and choose to invest in those companies that, in our opinion, offer the best trade-off between growth opportunity, business and financial risk, and valuation.

Portfolio Composition

4/30/23

	% of Total Net Assets
Oil, Gas & Consumable Fuels	10.4%
Banks	7.6%
Capital Markets	7.4%
Pharmaceuticals	6.5%
Electric Utilities	6.2%
Health Care Equipment & Supplies	5.1%
Health Care Providers & Services	4.7%
Beverages	3.8%
Aerospace & Defense	3.6%
Life Sciences Tools & Services	3.4%
Semiconductors & Semiconductor Equipment	3.1%
Household Products	3.0%
Chemicals	2.9%
Consumer Staples Distribution & Retail	2.7%
Other*	26.6%
Short-Term Investments & Other Net Assets	3.0%

*Categories within the Other category are listed in full in the Fund's Schedule of Investments (SOI), which can be found later in this report.

Manager's Discussion

Franklin Equity Income Fund performance was positive for the six months under review and outpaced that of its primary benchmark, the Russell 1000® Value Index. Most sectors contributed to absolute returns, with information technology (IT) and consumer staples driving results. Broadcom and Oracle were top contributors in the IT sector. Broadcom is a designer and developer of a wide range of semiconductor and infrastructure software products. We believe Broadcom is well-positioned for several secular tailwinds,

1. Source: Morningstar.

Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company.

The indexes are unmanaged and include reinvestment of any income or distributions. They do not include any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

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

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Schedule of Investments (SOI).

The SOI begins on page 35.

including the rollout of generative artificial intelligence and infrastructure upgrades for the next-generation internet. Enterprise software company Oracle has shown resilience in its database franchise and solid growth of its back-office enterprise applications businesses. The company continues to realize growth in its cloud computing offering as customers work in new and powerful ways to accelerate their business.

Top 10 Holdings

4/30/23

Company Industry, Country	% of Total Net Assets
JPMorgan Chase & Co. Banks, United States	4.0%
Johnson & Johnson Pharmaceuticals, United States	3.7%
Chevron Corp. Oil, Gas & Consumable Fuels, United States	3.6%
Morgan Stanley Capital Markets, United States	3.4%
Procter & Gamble Co. (The) Household Products, United States	3.0%
Raytheon Technologies Corp. Aerospace & Defense, United States	2.9%
HCA Healthcare, Inc. Health Care Providers & Services, United States	2.9%
Bank of America Corp. Banks, United States	2.6%
Oracle Corp. Software, United States	2.6%
Duke Energy Corp. Electric Utilities, United States	2.5%

In the consumer staples sector, price increases to offset inflation boosted revenue growth for Procter & Gamble. The company benefits from a robust product portfolio, new innovations and customer loyalty. In the financials sector, a strong, diversified revenue base helped provide some protection from economic headwinds for JPMorgan Chase. The financial services company has been able to expand its net interest margins, and its key capital ratios remain strong. The company also saw an inflow of customer deposits during the recent regional banking crisis in March 2023, an indication of how many consumers view the company as one of the strongest financial institutions. Conversely, recession fears and the regional banking crisis weighed on the shares of Bank of America and Truist Financial, which dampened Fund performance.

The health care sector was another top weighting in the Fund and an area of high conviction for us. HCA Healthcare was a leading contributor for the period. The nation's largest hospital operator has seen improvements in its key business drivers, including admissions volume, pricing, reimbursement, and labor expenses. In contrast, health insurer UnitedHealth Group detracted from Fund

performance for the period as growing inflation pressured profit margins for many companies in the health care sector.

Railroads finished a difficult 2022 and underperformed the broader industrials sector on the back of weaker intermodal volumes, deteriorating service, and lowered expectations. Our position in Norfolk Southern was among the railroad companies that struggled over the period. Elsewhere, while oil prices remained elevated, they fell from historical highs amid concerns that a possible recession would weigh on energy demand. As a result, the shares of oil producers, such as Chevron, declined and hampered Fund performance.

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

Matthew D. Quinlan
Lead Portfolio Manager

Alan E. Muschott, CFA
Todd Brighton, CFA

Portfolio Management Team

The foregoing information reflects our analysis, opinions and portfolio holdings as of April 30, 2023, 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 April 30, 2023

The performance tables 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 4/30/23¹

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

Share Class	Cumulative Total Return ²	Average Annual Total Return ³
A⁴		
6-Month	+5.20%	-0.58%
1-Year	+2.84%	-2.82%
5-Year	+53.26%	+7.69%
10-Year	+144.15%	+8.72%

Advisor		
6-Month	+5.32%	+5.32%
1-Year	+3.06%	+3.06%
5-Year	+55.14%	+9.18%
10-Year	+150.47%	+9.62%

Share Class	Distribution Rate ⁵	30-Day Standardized Yield ⁶	
		(with fee waiver)	(without fee waiver)
A	2.19%	1.83%	1.82%
Advisor	2.56%	2.19%	2.18%

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

See page 14 for Performance Summary footnotes.

Distributions (11/1/22–4/30/23)

Share Class	Net Investment Income	Long-Term Capital Gain	Total
A	\$0.3486	\$0.9002	\$1.2488
C	\$0.2430	\$0.9002	\$1.1432
R	\$0.3149	\$0.9002	\$1.2151
R6	\$0.3954	\$0.9002	\$1.2956
Advisor	\$0.3835	\$0.9002	\$1.2837

Total Annual Operating Expenses⁷

Share Class	With Fee Waiver	Without Fee Waiver
A	0.83%	0.84%
Advisor	0.58%	0.59%

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. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. The Fund's distributions to shareholders may decline when prevailing interest rates fall, when the Fund experiences defaults on debt securities it holds or when the Fund realizes a loss upon the sale of a debt security. Investments in equity-linked notes often have risks similar to their underlying securities, which could include management risk, market risk and, as applicable, foreign securities and currency risks. Convertible securities are subject to the risks of stocks when the underlying stock price is high relative to the conversion price and debt securities when the underlying stock price is low relative to the conversion price. The Fund's investment in foreign securities also involves special risks, including currency fluctuations and economic as well as political uncertainty. These and other risks are described more fully in the Fund's prospectus.

1. Gross expenses are the Fund's total annual operating expenses as of the Fund's prospectus available at the time of publication. Actual fees may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 2/29/24 without Board consent.
2. Cumulative total return represents the change in value of an investment over the periods indicated.
3. Average annual total return represents the average annual change in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.
4. Prior to 9/10/18, these shares were offered at a higher initial sales charge of 5.75%, thus actual returns (with sales charges) would have differed. Average annual total returns (with sales charges) have been restated to reflect the current maximum initial sales charge of 5.50%.
5. Distribution rate is based on an annualization of the respective class's current quarterly dividend and the maximum offering price (NAV for Advisor Class) per share on 4/30/23.
6. The Fund's 30-day standardized yield is calculated over a trailing 30-day period using the yield to maturity on bonds and/or the dividends accrued on stocks. It may not equal the Fund's actual income distribution rate, which reflects the Fund's past dividends paid to shareholders.
7. Figures are as stated in the Fund's current prospectus and may differ from the expense ratios disclosed in the Your Fund's Expenses and Financial Highlights sections in this report. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.

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

Your Fund's Expenses

As a Fund shareholder, you can incur two types of costs: (1) transaction costs, including sales charges (loads) on Fund purchases and redemptions; and (2) ongoing Fund costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses. The table below shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a \$1,000 investment held for the six months indicated.

Actual Fund Expenses

The table below provides information about actual account values and actual expenses in the columns under the heading "Actual." In these columns the Fund's actual return, which includes the effect of Fund expenses, is used to calculate the "Ending Account Value" for each class of shares. You can estimate the expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by \$1,000 (*if your account had an \$8,600 value, then $\$8,600 \div \$1,000 = 8.6$*). Then multiply the result by the number in the row for your class of shares under the headings "Actual" and "Expenses Paid During Period" (*if Actual Expenses Paid During Period were \$7.50, then $8.6 \times \$7.50 = \64.50*). In this illustration, the actual expenses paid this period are \$64.50.

Hypothetical Example for Comparison with Other Funds

Under the heading "Hypothetical" in the table, information is provided about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. This information may not be used to estimate the actual ending account balance or expenses you paid for the period, but it can help you compare ongoing costs of investing in the Fund with those of other funds. To do so, compare this 5% hypothetical example for the class of shares you hold with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transactional costs. Therefore, information under the heading "Hypothetical" is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transactional costs were included, your total costs would have been higher.

Share Class	Beginning Account Value 11/1/22	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 4/30/23	Expenses Paid During Period 11/1/22–4/30/23 ^{1,2}	Ending Account Value 4/30/23	Expenses Paid During Period 11/1/22–4/30/23 ^{1,2}	
A	\$1,000	\$1,052.00	\$4.21	\$1,020.69	\$4.14	0.83%
C	\$1,000	\$1,048.10	\$8.01	\$1,016.97	\$7.89	1.58%
R	\$1,000	\$1,050.70	\$5.48	\$1,019.45	\$5.39	1.08%
R6	\$1,000	\$1,053.70	\$2.54	\$1,022.32	\$2.50	0.50%
Advisor	\$1,000	\$1,053.20	\$2.94	\$1,021.93	\$2.89	0.58%

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 181/365 to reflect the one-half year period.

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

Franklin Managed Income Fund

This semiannual report for Franklin Managed Income Fund covers the period ended April 30, 2023.

Your Fund's Goal and Main Investments

The Fund seeks to maximize income to support monthly distributions, while maintaining the prospects for capital appreciation by investing, under normal market conditions, in a diversified portfolio of stocks (substantially dividend paying) and debt securities. The Fund normally invests at least 25% of its total assets in debt securities, including bonds, notes, debentures and money market securities, and at least 25% of its total assets in equity securities, primarily common and preferred stock.

Performance Overview

For the six months under review, the Fund's Class A shares posted a cumulative total return of +7.19%. In comparison, the Fund's primary benchmark, the Bloomberg U.S. Aggregate Bond Index, which measures the performance of the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, posted a +6.91% cumulative total return.¹ The Fund's secondary benchmark, the blended 50% MSCI USA High Dividend Yield Index, 25% ICE BofA U.S. Corporate & High Yield Index and 25% Bloomberg U.S. Aggregate Bond Index (Blended Benchmark), which is a combination of leading stock and bond indexes, posted a +5.73% cumulative total return.² The MSCI USA High Dividend Yield Index is designed to reflect the performance of equities in the MSCI USA Index (excluding REITs) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent. The MSCI USA Index is designed to measure the performance of the large- and mid-capitalization segments of the U.S. market. The ICE BofA U.S. Corporate & High Yield Index tracks the performance of U.S. dollar-denominated investment-grade corporate debt publicly issued in the U.S. domestic market, and below investment grade, but not in default, U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market and includes issues with a credit rating of BBB or below, as rated by credit rating agencies Moody's and Standard & Poor's. The Fund's third benchmark, the Standard & Poor's® 500 Index (S&P 500®), which is designed to measure total U.S. equity market performance, posted a +8.63% cumulative total return.¹

1. Source: Morningstar.

2. Source: FactSet. The Blended Benchmark was calculated internally.

The indexes are unmanaged and include reinvestment of any income or distributions. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

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

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Schedule of Investments (SOI). The SOI begins on page 44.

You can find the Fund's long-term performance data in the Performance Summary beginning on page 19.

Portfolio Composition

4/30/23

	% of Total Net Assets
Corporate Bonds	52.7%
Common Stocks	27.9%
Equity-Linked Securities	9.1%
U.S. Government and Agency Securities	5.1%
Management Investment Companies	1.7%
Other	0.7%
Short-Term Investments & Other Net Assets	2.8%

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

Investment Strategy

We apply a bottom-up approach to investing in individual securities. We will assess the market price of a company's securities relative to our evaluation of the company's long-term earnings, asset value and cash flow potential. We also consider a company's price/earnings ratio, profit margins and liquidation value. In determining an optimal mix of equity and fixed income investments for the Fund, we assess changing economic, market and industry conditions.

The Fund seeks income by investing in a combination of corporate, agency and government bonds issued in the U.S. and other countries, as well as common stocks of companies in any market capitalization range and convertible securities. The Fund seeks capital appreciation by investing in equity securities and convertible securities of companies from a variety of industries. The Fund also invests in equity-linked notes, which are hybrid derivative-type instruments designed to combine the characteristics of one or more securities (usually a single stock, a stock index or a basket of stocks) and a related equity derivative. We may, from time to time, use for various purposes equity-related derivatives, including call and put options and futures on equity securities and equity indexes, options on equity index futures, as well

as interest-rate, currency and credit-related derivatives. These purposes include enhancing Fund returns, increasing liquidity, gaining exposure to securities or markets in more efficient or less expensive ways and/or hedging risks.

Manager's Discussion

The Fund generated positive returns during the period, with strong performance from both equity and fixed income holdings. The Fund meaningfully shifted its asset allocation over the period to favor an overweight allocation to fixed income over equities. An overweight allocation to corporate credit broadly led to strong performance relative to the Fund's blended benchmark.

The Fund entered the period with an equity weighting of 55.1% and a fixed income weighting of 44.7% (while holding 0.2% in cash equivalents), with the Fund actively adjusting its asset allocation near the beginning of the period under review. The Fund ended the period with an equity weighting of 38.8% and fixed income exposure of 59.2% (while holding 2.0% in cash equivalents).

Dividend stocks, particularly value-oriented sectors, underperformed growth-oriented sectors during the period under review. The equity component of the Fund's blended benchmark advanced, with the MSCI USA High Dividend Yield Index posting positive returns for the six-month period. The Fund's equity positions outperformed the Fund's blended benchmark. Corporate credit spreads tightened during the period under review as inflationary pressures started to abate and expectations for further central bank tightening decreased during the period. In addition to tightening credit spreads, interest rates broadly decreased during the period, which benefited the more duration sensitive positions in the Fund. Fixed income returns for the Fund outperformed the Fund's blended benchmark. The Bloomberg U.S. Aggregate Bond Index posted positive returns, while ICE BofAML US Corporate & High Yield Index also posted positive returns during the period.

Fixed Income

Fixed income holdings posted positive returns during the period, with outperformance relative to the Fund's blended fixed income benchmark. As an asset class, fixed income outperformed the equity asset class. The Fund's duration positioning was relatively in-line with the Fund's benchmark during the period. The Fund had an overweight position in corporate credit during the period as corporate credit spreads within both investment-grade and subinvestment-grade issues tightened, which contributed to the outperformance relative to the Fund's benchmark.

Top Five Fixed Income Holdings

4/30/23

Company Industry, Country	% of Total Net Assets
U.S. Treasury Notes <i>Financial Services, United States</i>	3.1%
U.S. Treasury Bonds <i>Financial Services, United States</i>	2.0%
CHS/Community Health Systems, Inc. <i>Health Care Providers & Services, United States</i>	1.7%
BAT Capital Corp. <i>Tobacco, United Kingdom</i>	1.1%
Barclays plc <i>Banks, United Kingdom</i>	1.1%

Every corporate credit sector generated positive absolute returns during the period under review. Relative to the Fund's blended benchmark, the leading sector contributors were health care, materials and information technology (IT). Our holdings in U.S. Treasuries contributed to absolute and relative results. The Fund's lack of exposure to agency mortgage-backed securities detracted from performance relative to its benchmark during the period.

The largest contributors to performance were found in the health care sector, with bonds of hospital peers Community Health Systems and Tenet Healthcare producing strong returns. Outside of health care, JBS SA within the consumer staples sector, as well as Broadcom and Oracle within the IT sector, generated strong returns. U.S. Treasuries were also a key contributor during the period.

In contrast, high-yield health care holding Emergent BioSolutions (not held at period-end) was one of only a few fixed income detractors.

Equity

The Fund's allocation to equity holdings decreased over the period. As an asset class, equities underperformed fixed income during the period. The Fund actively trimmed its equity overweight during the period under review.

IT, utilities, consumer staples and materials were the notable positive absolute contributors during the period, with financials, consumer discretionary and health care as absolute detractors from performance during the period.

Relative to the Fund's benchmark, the largest sector contributors were financials and IT, while the largest detractors were consumer discretionary and consumer staples.

Absolute returns in IT were led by semiconductor peers Broadcom and Microchip Technology, while consumer staples company Procter & Gamble was a key contributor as well. Within the utilities sector, peers Southern Company and

Edison International were key performers, while Rio Tinto and Air Products and Chemicals were large contributors within the materials sector.

Top Five Equity Holdings

4/30/23

Company Industry, Country	% of Total Net Assets
JPMorgan Chase & Co. <i>Banks, United States</i>	2.6%
Chevron Corp. <i>Oil, Gas & Consumable Fuels, United States</i>	2.0%
Texas Instruments, Inc. <i>Semiconductors & Semiconductor Equipment, United States</i>	1.5%
Bank of America Corp. <i>Banks, United States</i>	1.5%
Morgan Stanley <i>Capital Markets, United States</i>	1.4%

JPMorgan Chase and Morgan Stanley were also two of the largest contributors to absolute Fund performance during the period, despite the financials sector as a whole being a detractor during the period.

At the individual security level, the largest detractors from absolute performance during the period came from financial peers Bank of America, Truist Financial and US Bancorp. Outside of these, utility company Dominion Energy weighed on results.

During the period, the Fund used derivatives such as equity call and put options to sell and reduce positions and/or to initiate and add to positions which generated gains during the period under review.

Edward D. Perks, CFA
Co-Lead Portfolio Manager

Brendan Circle, CFA
Co-Lead Portfolio Manager

Todd Brighton, CFA
Portfolio Manager

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.

The foregoing information reflects our analysis, opinions and portfolio holdings as of April 30, 2023, 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

Performance Summary as of April 30, 2023

The performance tables 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 4/30/23¹

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

Share Class	Cumulative Total Return ²	Average Annual Total Return ³
A⁴		
6-Month	+7.19%	+1.31%
1-Year	+2.00%	-3.59%
5-Year	+35.42%	+5.05%
10-Year	+80.93%	+5.51%

Advisor		
6-Month	+7.40%	+7.40%
1-Year	+2.37%	+2.37%
5-Year	+37.30%	+6.55%
10-Year	+85.99%	+6.40%

Share Class	Distribution Rate ⁵	30-Day Standardized Yield ⁶	
		(with fee waiver)	(without fee waiver)
A	4.24%	3.44%	3.43%
Advisor	4.73%	3.89%	3.88%

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

See page 20 for Performance Summary footnotes.

Net Asset Value

Share Class (Symbol)	4/30/23	10/31/22	Change
A (FBLAX)	\$12.30	\$11.73	+\$0.57
C (FBMCX)	\$12.17	\$11.61	+\$0.56
R (FBFQX)	\$12.34	\$11.77	+\$0.57
R6 (FBFRX)	\$12.34	\$11.77	+\$0.57
Advisor (FBFZX)	\$12.34	\$11.76	+\$0.58

Distributions (11/1/22–4/30/23)

Share Class	Net Investment Income
A	\$0.2688
C	\$0.2196
R	\$0.2542
R6	\$0.2906
Advisor	\$0.2852

Total Annual Operating Expenses⁷

Share Class	With Fee Waiver	Without Fee Waiver
A	0.91%	0.92%
C	0.66%	0.67%

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. The Fund's share price and yield will be affected by interest rate movements. Bond prices generally move in the opposite direction of interest rates. As the prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. The Fund's prospectus also includes a description of the main investment risks.

The Fund is not guaranteed to achieve its investment goal of making monthly distributions while maintaining prospects for capital appreciation nor is there any guarantee that the Fund will provide sufficient income at or through the investor's retirement. In addition, some of its distributions may be treated in part as a return of capital which will decrease shareholders' cost basis in the Fund and affect the amount of any capital gain or loss that they realize when selling or exchanging Fund shares. The annual payout rate may be adjusted higher or lower from year to year and could vary substantially over time. It is possible for the Fund to suffer substantial investment losses and simultaneously experience additional asset reductions as a result of its distributions to shareholders under the managed distribution policy. Investors who hold the Fund within a tax-advantaged retirement account should consult their tax advisors to discuss tax consequences of receiving cash distributions. In addition, use of the Fund or election of the option to receive distribution payments in cash may be restricted in certain retirement plans by the terms of the governing plan documents and/or the discretion of the plan administrator. Investors are strongly advised to consult with their financial advisor for assistance before selecting the appropriate Fund, based on their goals and personal situations, including time horizon, retirement income needs, risk tolerance, and tax bracket.

1. Gross expenses are the Fund's total annual operating expenses as of the Fund's prospectus available at the time of publication. Actual fees may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 2/29/24 without Board consent.

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

3. Average annual total return represents the average annual change in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.

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

5. Distribution rate is based on an annualization of the respective class's April dividend and the maximum offering price (NAV for Advisor Class) per share on 4/30/23.

6. The Fund's 30-day standardized yield is calculated over a trailing 30-day period using the yield to maturity on bonds and/or the dividends accrued on stocks. It may not equal the Fund's actual income distribution rate, which reflects the Fund's past dividends paid to shareholders.

7. Figures are as stated in the Fund's current prospectus and may differ from the expense ratios disclosed in the Your Fund's Expenses and Financial Highlights sections in this report. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.

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

Your Fund's Expenses

As a Fund shareholder, you can incur two types of costs: (1) transaction costs, including sales charges (loads) on Fund purchases and redemptions; and (2) ongoing Fund costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses. The table below shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a \$1,000 investment held for the six months indicated.

Actual Fund Expenses

The table below provides information about actual account values and actual expenses in the columns under the heading "Actual." In these columns the Fund's actual return, which includes the effect of Fund expenses, is used to calculate the "Ending Account Value" for each class of shares. You can estimate the expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by \$1,000 (*if your account had an \$8,600 value, then $\$8,600 \div \$1,000 = 8.6$*). Then multiply the result by the number in the row for your class of shares under the headings "Actual" and "Expenses Paid During Period" (*if Actual Expenses Paid During Period were \$7.50, then $8.6 \times \$7.50 = \64.50*). In this illustration, the actual expenses paid this period are \$64.50.

Hypothetical Example for Comparison with Other Funds

Under the heading "Hypothetical" in the table, information is provided about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. This information may not be used to estimate the actual ending account balance or expenses you paid for the period, but it can help you compare ongoing costs of investing in the Fund with those of other funds. To do so, compare this 5% hypothetical example for the class of shares you hold with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transactional costs. Therefore, information under the heading "Hypothetical" is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transactional costs were included, your total costs would have been higher.

Share Class	Beginning Account Value 11/1/22	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 4/30/23	Expenses Paid During Period 11/1/22–4/30/23 ^{1,2}	Ending Account Value 4/30/23	Expenses Paid During Period 11/1/22–4/30/23 ^{1,2}	
A	\$1,000	\$1,071.90	\$4.62	\$1,020.34	\$4.50	0.90%
C	\$1,000	\$1,067.40	\$8.45	\$1,016.62	\$8.24	1.65%
R	\$1,000	\$1,070.30	\$5.90	\$1,019.10	\$5.75	1.15%
R6	\$1,000	\$1,073.50	\$3.00	\$1,021.90	\$2.92	0.58%
Advisor	\$1,000	\$1,074.00	\$3.34	\$1,021.57	\$3.26	0.65%

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 181/365 to reflect the one-half year period.

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

Financial Highlights

Franklin Convertible Securities Fund

	Six Months Ended April 30, 2023 (unaudited)	Year Ended October 31,				
		2022	2021	2020	2019	2018
Class A						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$20.43	\$31.15	\$27.11	\$22.13	\$20.65	\$20.68
Income from investment operations ^a :						
Net investment income ^b	0.08	0.14	0.19	0.22	0.21	0.16
Net realized and unrealized gains (losses)	0.88	(5.47)	7.01	6.67	2.47	1.35
Total from investment operations	0.96	(5.33)	7.20	6.89	2.68	1.51
Less distributions from:						
Net investment income	(0.08)	(0.15)	(0.23)	(0.30)	(0.45)	(0.49)
Net realized gains	(1.53)	(5.24)	(2.93)	(1.61)	(0.75)	(1.05)
Total distributions	(1.61)	(5.39)	(3.16)	(1.91)	(1.20)	(1.54)
Net asset value, end of period	\$19.78	\$20.43	\$31.15	\$27.11	\$22.13	\$20.65
Total return ^c	4.88%	(19.94)%	27.98%	33.49%	13.84%	7.65%
Ratios to average net assets^d						
Expenses before waiver and payments by affiliates	0.84%	0.83%	0.83%	0.83%	0.85%	0.86%
Expenses net of waiver and payments by affiliates ^e	0.83%	0.83% ^f	0.82%	0.83% ^f	0.83%	0.84%
Net investment income	0.85%	0.61%	0.64%	0.96%	0.97%	0.76%
Supplemental data						
Net assets, end of period (000's)	\$1,009,403	\$1,067,202	\$1,621,832	\$1,385,821	\$1,169,928	\$1,153,875
Portfolio turnover rate	10.59%	6.64%	32.67%	32.46%	26.83%	35.90%

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

^bBased on average daily shares outstanding.

^cTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

^dRatios are annualized for periods less than one year.

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

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

Franklin Convertible Securities Fund (continued)

	Six Months Ended April 30, 2023 (unaudited)	Year Ended October 31,				
		2022	2021	2020	2019	2018
Class C						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$19.92	\$30.53	\$26.66	\$21.77	\$20.31	\$20.37
Income from investment operations ^a :						
Net investment income (loss) ^b	0.01	(0.03)	(0.03)	0.05	0.04	(—) ^c
Net realized and unrealized gains (losses)	0.85	(5.34)	6.89	6.56	2.45	1.33
Total from investment operations	0.86	(5.37)	6.86	6.61	2.49	1.33
Less distributions from:						
Net investment income	(0.01)	—	(0.06)	(0.11)	(0.28)	(0.34)
Net realized gains	(1.53)	(5.24)	(2.93)	(1.61)	(0.75)	(1.05)
Total distributions	(1.54)	(5.24)	(2.99)	(1.72)	(1.03)	(1.39)
Net asset value, end of period	\$19.24	\$19.92	\$30.53	\$26.66	\$21.77	\$20.31
Total return ^d	4.46%	(20.53)%	27.04%	32.48%	13.03%	6.84%
Ratios to average net assets^e						
Expenses before waiver and payments by affiliates	1.59%	1.58%	1.57%	1.59%	1.60%	1.61%
Expenses net of waiver and payments by affiliates ^f	1.58%	1.57%	1.57% ^g	1.58%	1.58%	1.59%
Net investment income (loss)	0.10%	(0.15)%	(0.10)%	0.21%	0.22%	0.01%
Supplemental data						
Net assets, end of period (000's)	\$85,531	\$100,936	\$198,611	\$233,295	\$256,075	\$299,716
Portfolio turnover rate	10.59%	6.64%	32.67%	32.46%	26.83%	35.90%

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

^bBased on average daily shares outstanding.

^cAmount rounds to less than \$0.01 per share.

^dTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

^eRatios are annualized for periods less than one year.

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

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

Franklin Convertible Securities Fund (continued)

	Six Months Ended April 30, 2023 (unaudited)	Year Ended October 31,				
		2022	2021	2020	2019	2018
Class R6						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$20.62	\$31.39	\$27.29	\$22.28	\$20.78	\$20.79
Income from investment operations ^a :						
Net investment income ^b	0.12	0.22	0.29	0.31	0.28	0.24
Net realized and unrealized gains (losses)	0.88	(5.52)	7.07	6.69	2.50	1.36
Total from investment operations	1.00	(5.30)	7.36	7.00	2.78	1.60
Less distributions from:						
Net investment income	(0.11)	(0.23)	(0.33)	(0.38)	(0.53)	(0.56)
Net realized gains	(1.53)	(5.24)	(2.93)	(1.61)	(0.75)	(1.05)
Total distributions	(1.64)	(5.47)	(3.26)	(1.99)	(1.28)	(1.61)
Net asset value, end of period	\$19.98	\$20.62	\$31.39	\$27.29	\$22.28	\$20.78
Total return ^c	5.06%	(19.65)%	28.43%	33.89%	14.26%	8.07%
Ratios to average net assets^d						
Expenses before waiver and payments by affiliates	0.52%	0.51%	0.53%	0.55%	0.54%	0.55%
Expenses net of waiver and payments by affiliates ^e	0.50%	0.48%	0.50%	0.50%	0.49%	0.49%
Net investment income	1.18%	0.95%	0.97%	1.30%	1.31%	1.11%
Supplemental data						
Net assets, end of period (000's)	\$92,232	\$95,418	\$127,846	\$113,642	\$51,791	\$57,824
Portfolio turnover rate	10.59%	6.64%	32.67%	32.46%	26.83%	35.90%

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

^bBased on average daily shares outstanding.

^cTotal return is not annualized for periods less than one year.

^dRatios are annualized for periods less than one year.

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

Franklin Convertible Securities Fund (continued)

	Six Months Ended April 30, 2023 (unaudited)	Year Ended October 31,				
		2022	2021	2020	2019	2018
Advisor Class						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$20.43	\$31.16	\$27.11	\$22.14	\$20.65	\$20.68
Income from investment operations ^a :						
Net investment income ^b	0.11	0.20	0.26	0.28	0.26	0.21
Net realized and unrealized gains (losses)	0.87	(5.48)	7.03	6.66	2.49	1.35
Total from investment operations	0.98	(5.28)	7.29	6.94	2.75	1.56
Less distributions from:						
Net investment income	(0.10)	(0.21)	(0.31)	(0.36)	(0.51)	(0.54)
Net realized gains	(1.53)	(5.24)	(2.93)	(1.61)	(0.75)	(1.05)
Total distributions	(1.63)	(5.45)	(3.24)	(1.97)	(1.26)	(1.59)
Net asset value, end of period	\$19.78	\$20.43	\$31.16	\$27.11	\$22.14	\$20.65
Total return ^c	5.01%	(19.75)%	28.34%	33.80%	14.18%	7.91%
Ratios to average net assets^d						
Expenses before waiver and payments by affiliates	0.59%	0.58%	0.58%	0.58%	0.60%	0.61%
Expenses net of waiver and payments by affiliates ^e	0.58%	0.58% ^f	0.57%	0.58% ^f	0.58%	0.59%
Net investment income	1.11%	0.85%	0.89%	1.20%	1.22%	1.01%
Supplemental data						
Net assets, end of period (000's)	\$1,686,728	\$1,894,863	\$3,355,546	\$2,773,524	\$2,379,435	\$2,189,462
Portfolio turnover rate	10.59%	6.64%	32.67%	32.46%	26.83%	35.90%

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

^bBased on average daily shares outstanding.

^cTotal return is not annualized for periods less than one year.

^dRatios are annualized for periods less than one year.

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

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

Schedule of Investments (unaudited), April 30, 2023

Franklin Convertible Securities Fund

	Country	Shares	Value
Common Stocks 1.5%			
Electric Utilities 1.5%			
NextEra Energy, Inc.	United States	554,360	\$42,480,607
Total Common Stocks (Cost \$40,480,902)			42,480,607
Convertible Preferred Stocks 11.7%			
Automobile Components 1.7%			
^a Aptiv plc, 5.5%, A	United States	430,000	48,671,700
Capital Markets 2.1%			
KKR Group Co., Inc., 6%, C	United States	960,000	61,315,200
Electric Utilities 3.3%			
American Electric Power Co., Inc., 6.125%	United States	600,000	30,504,000
PG&E Corp., 5.5%	United States	430,000	64,452,700
			94,956,700
Machinery 1.0%			
RBC Bearings, Inc., 5%, A.	United States	250,000	27,622,500
Multi-Utilities 1.7%			
^b NiSource, Inc., 7.75%	United States	450,000	47,713,500
Wireless Telecommunication Services 1.9%			
^c 2020 Cash Mandatory Exchangeable Trust, 144A, 5.25%	United States	48,000	56,018,880
Total Convertible Preferred Stocks (Cost \$276,576,363)			336,298,480
		Principal Amount[*]	
Convertible Bonds 82.6%			
Aerospace & Defense 1.8%			
^c Axon Enterprise, Inc., Senior Note, 144A, 0.5%, 12/15/27	United States	45,000,000	50,850,000
Biotechnology 7.7%			
Ascendis Pharma A/S, Senior Note, 2.25%, 4/01/28	Denmark	32,500,000	27,096,875
Insmid, Inc., Senior Note, 0.75%, 6/01/28	United States	46,000,000	38,182,779
Intercept Pharmaceuticals, Inc., Senior Note, 2%, 5/15/26	United States	21,000,000	17,624,148
^c Mirum Pharmaceuticals, Inc., Senior Note, 144A, 4%, 5/01/29	United States	16,500,000	18,884,250
Neurocrine Biosciences, Inc., Senior Note, 2.25%, 5/15/24	United States	44,750,000	60,323,000
PTC Therapeutics, Inc., Senior Note, 1.5%, 9/15/26	United States	48,000,000	58,680,000
			220,791,052
Broadline Retail 4.0%			
Etsy, Inc., Senior Note, 0.125%, 9/01/27	United States	72,500,000	63,931,885
PDD Holdings, Inc., Senior Note, Zero Cpn., 12/01/25	China	55,000,000	52,195,000
			116,126,885
Communications Equipment 2.1%			
Viavi Solutions, Inc., Senior Note, 1.75%, 6/01/23	United States	40,969,000	40,948,515
^c Senior Note, 144A, 1.625%, 3/15/26	United States	20,709,000	20,178,332
			61,126,847
Consumer Staples Distribution & Retail 0.7%			
^c Chefs' Warehouse, Inc. (The), Senior Note, 144A, 2.375%, 12/15/28	United States	21,000,000	21,236,248

Franklin Convertible Securities Fund (continued)

	Country	Principal Amount ¹	Value
Convertible Bonds (continued)			
Energy Equipment & Services 1.0%			
Oil States International, Inc., Senior Note, 4.75%, 4/01/26	United States	28,000,000	\$29,303,600
Financial Services 4.9%			
Block, Inc.,			
Senior Note, Zero Cpn., 5/01/26	United States	24,500,000	20,224,750
Senior Note, 0.25%, 11/01/27	United States	45,000,000	34,875,000
◦Repay Holdings Corp., Senior Note, 144A, Zero Cpn., 2/01/26 . . .	United States	19,000,000	14,373,500
Shift4 Payments, Inc.,			
Senior Note, Zero Cpn., 12/15/25	United States	36,000,000	39,438,000
Senior Note, 0.5%, 8/01/27	United States	35,000,000	31,325,000
			140,236,250
Food Products 2.5%			
◦Freshpet, Inc., Senior Note, 144A, 3%, 4/01/28	United States	27,000,000	32,555,250
◦Post Holdings, Inc., Senior Note, 144A, 2.5%, 8/15/27	United States	36,000,000	37,882,800
			70,438,050
Ground Transportation 2.8%			
Lyft, Inc., Senior Note, 1.5%, 5/15/25	United States	61,000,000	54,351,000
Uber Technologies, Inc., Senior Note, Zero Cpn., 12/15/25	United States	30,000,000	26,242,578
			80,593,578
Health Care Equipment & Supplies 7.3%			
Dexcom, Inc., Senior Note, 0.25%, 11/15/25	United States	63,000,000	69,062,375
Haemonetics Corp., Senior Note, Zero Cpn., 3/01/26	United States	37,500,000	32,133,683
Insulet Corp., Senior Note, 0.375%, 9/01/26	United States	50,000,000	74,875,000
◦Integer Holdings Corp., Senior Note, 144A, 2.125%, 2/15/28	United States	30,000,000	34,200,000
			210,271,058
Health Care Providers & Services 1.3%			
Accolade, Inc., Senior Note, 0.5%, 4/01/26	United States	19,000,000	15,382,779
Guardant Health, Inc., Senior Note, Zero Cpn., 11/15/27	United States	20,000,000	13,510,173
NeoGenomics, Inc., Senior Note, 0.25%, 1/15/28	United States	9,500,000	6,869,687
			35,762,639
Hotel & Resort REITs 0.8%			
Pebblebrook Hotel Trust, Senior Note, 1.75%, 12/15/26	United States	26,000,000	22,483,819
Hotels, Restaurants & Leisure 2.5%			
Booking Holdings, Inc., Senior Note, 0.75%, 5/01/25	United States	19,000,000	28,414,346
Vail Resorts, Inc., Senior Note, Zero Cpn., 1/01/26	United States	48,000,000	43,650,000
			72,064,346
Interactive Media & Services 2.1%			
Snap, Inc.,			
Senior Note, Zero Cpn., 5/01/27	United States	41,000,000	29,930,000
Senior Note, 0.125%, 3/01/28	United States	43,000,000	29,777,500
			59,707,500
IT Services 5.2%			
Cloudflare, Inc., Senior Note, Zero Cpn., 8/15/26	United States	66,200,000	54,946,000
Okta, Inc., Senior Note, 0.125%, 9/01/25	United States	53,000,000	47,488,000

Franklin Convertible Securities Fund (continued)

	Country	Principal Amount ¹	Value
Convertible Bonds (continued)			
IT Services (continued)			
Wix.com Ltd.,			
Senior Note, Zero Cpn., 7/01/23	Israel	34,800,000	\$34,328,612
Senior Note, Zero Cpn., 8/15/25	Israel	15,400,000	13,451,900
			<hr/> 150,214,512
Life Sciences Tools & Services 0.9%			
Illumina, Inc., Senior Note, Zero Cpn., 8/15/23	United States	25,750,000	<hr/> 25,441,527
Media 5.3%			
Cable One, Inc.,			
Senior Note, Zero Cpn., 3/15/26	United States	48,750,000	40,121,250
Senior Note, 1.125%, 3/15/28	United States	36,250,000	27,966,875
°Liberty Broadband Corp., Senior Bond, 144A, 3.125%, 3/31/53 ...	United States	62,000,000	61,566,000
°Liberty Media Corp., Senior Note, 144A, 3.75%, 3/15/28	United States	23,000,000	23,345,000
			<hr/> 152,999,125
Metals & Mining 2.5%			
°Ivanhoe Mines Ltd., Senior Note, 144A, 2.5%, 4/15/26	Canada	55,000,000	<hr/> 73,122,500
Pharmaceuticals 3.6%			
Jazz Investments I Ltd.,			
Senior Note, 1.5%, 8/15/24	United States	34,750,000	33,327,867
Senior Note, 2%, 6/15/26	United States	35,000,000	38,193,750
Revance Therapeutics, Inc., Senior Note, 1.75%, 2/15/27	United States	27,000,000	32,940,000
			<hr/> 104,461,617
Professional Services 1.2%			
Upwork, Inc., 0.25%, 8/15/26	United States	44,000,000	<hr/> 34,892,000
Real Estate Management & Development 1.1%			
Zillow Group, Inc., Senior Note, 2.75%, 5/15/25	United States	31,500,000	<hr/> 32,130,000
Semiconductors & Semiconductor Equipment 4.8%			
MACOM Technology Solutions Holdings, Inc., Senior Note, 0.25%, 3/15/26	United States	31,000,000	29,914,290
Silicon Laboratories, Inc., Senior Note, 0.625%, 6/15/25	United States	49,000,000	58,988,142
Wolfspeed, Inc.,			
Senior Note, 0.25%, 2/15/28	United States	29,900,000	21,813,246
° Senior Note, 144A, 1.875%, 12/01/29	United States	35,000,000	26,022,500
			<hr/> 136,738,178
Software 11.1%			
BILL Holdings, Inc.,			
Zero Cpn., 4/01/27	United States	37,000,000	29,304,000
Senior Note, Zero Cpn., 12/01/25	United States	37,500,000	34,425,000
Blackline, Inc., Senior Note, 0.125%, 8/01/24	United States	9,500,000	9,612,301
Envestnet, Inc.,			
Senior Note, 1.75%, 6/01/23	United States	12,500,000	12,578,125
Senior Note, 0.75%, 8/15/25	United States	4,900,000	4,569,250
° Senior Note, 144A, 2.625%, 12/01/27	United States	47,500,000	52,060,000
Guidewire Software, Inc., Senior Note, 1.25%, 3/15/25	United States	44,000,000	42,526,000
HubSpot, Inc., Senior Note, 0.375%, 6/01/25	United States	37,500,000	58,331,250
Palo Alto Networks, Inc., Senior Note, 0.75%, 7/01/23	United States	12,000,000	24,588,000
Splunk, Inc., Senior Note, 1.125%, 9/15/25	United States	22,500,000	21,285,000

Franklin Convertible Securities Fund (continued)

	Country	Principal Amount [*]	Value
Convertible Bonds (continued)			
Software (continued)			
Workiva, Inc., Senior Note, 1.125%, 8/15/26	United States	22,000,000	\$29,164,568
			318,443,494
Specialty Retail 5.4%			
Burlington Stores, Inc., Senior Note, 2.25%, 4/15/25	United States	53,000,000	59,956,250
RealReal, Inc. (The), Senior Note, 1%, 3/01/28	United States	30,000,000	11,907,000
RH, Senior Note, Zero Cpn., 9/15/24	United States	24,000,000	32,016,000
^{d,e} Wayfair, Inc., Senior Note, 144A, 3.25%, 9/15/27	United States	60,000,000	50,700,000
			154,579,250
Total Convertible Bonds (Cost \$2,436,352,176)			2,374,014,075
Total Long Term Investments (Cost \$2,753,409,441)			2,752,793,162
Short Term Investments 4.1%			
	Country	Shares	Value
Money Market Funds 4.1%			
^{d,e} Institutional Fiduciary Trust - Money Market Portfolio, 4.483%	United States	118,127,441	118,127,441
Total Money Market Funds (Cost \$118,127,441)			118,127,441
^fInvestments from Cash Collateral Received for Loaned Securities 0.0%[†]			
Money Market Funds 0.0%[†]			
^{d,e} Institutional Fiduciary Trust - Money Market Portfolio, 4.483%	United States	34,000	34,000
Total Investments from Cash Collateral Received for Loaned Securities (Cost \$34,000)			34,000
Total Short Term Investments (Cost \$118,161,441)			118,161,441
Total Investments (Cost \$2,871,570,882) 99.9%			\$2,870,954,603
Other Assets, less Liabilities 0.1%			2,940,466
Net Assets 100.0%			\$2,873,895,069

See Abbreviations on page 77.

^{*}The principal amount is stated in U.S. dollars unless otherwise indicated.[†]Rounds to less than 0.1% of net assets.^aA portion or all of the security is on loan at April 30, 2023. See Note 1(f).^bSee Note 9 regarding holdings of 5% voting securities.^cSecurity was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. Regulation S securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At April 30, 2023, the aggregate value of these securities was \$572,995,260, representing 19.9% of net assets.^dSee Note 3(f) regarding investments in affiliated management investment companies.^eThe rate shown is the annualized seven-day effective yield at period end.^fSee Note 1(f) regarding securities on loan.

Financial Highlights

Franklin Equity Income Fund

	Six Months Ended April 30, 2023 (unaudited)	Year Ended October 31,				
		2022	2021	2020	2019	2018
Class A						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$28.35	\$33.10	\$24.22	\$26.23	\$24.86	\$25.06
Income from investment operations ^a :						
Net investment income ^b	0.29	0.49	0.44	0.49	0.46	0.42
Net realized and unrealized gains (losses)	1.15	(2.94)	9.26	(1.11)	2.49	0.58
Total from investment operations	1.44	(2.45)	9.70	(0.62)	2.95	1.00
Less distributions from:						
Net investment income	(0.35)	(0.63)	(0.60)	(0.63)	(0.58)	(0.57)
Net realized gains	(0.90)	(1.67)	(0.22)	(0.76)	(1.00)	(0.63)
Total distributions	(1.25)	(2.30)	(0.82)	(1.39)	(1.58)	(1.20)
Net asset value, end of period	\$28.54	\$28.35	\$33.10	\$24.22	\$26.23	\$24.86
Total return ^c	5.20%	(7.84)%	40.58%	(2.43)%	12.73%	3.98%
Ratios to average net assets^d						
Expenses before waiver and payments by affiliates	0.84%	0.83%	0.85%	0.86%	0.86%	0.85%
Expenses net of waiver and payments by affiliates ^e	0.83%	0.82%	0.85% ^f	0.85%	0.85%	0.84%
Net investment income	2.05%	1.64%	1.47%	1.98%	1.85%	1.66%
Supplemental data						
Net assets, end of period (000's)	\$2,946,935	\$2,841,036	\$2,952,462	\$1,953,985	\$2,017,910	\$1,752,181
Portfolio turnover rate	14.97%	25.41%	25.49%	26.90%	23.23%	28.40%

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

^bBased on average daily shares outstanding.

^cTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

^dRatios are annualized for periods less than one year.

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

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

Franklin Equity Income Fund (continued)

	Six Months Ended April 30, 2023 (unaudited)	Year Ended October 31,				
		2022	2021	2020	2019	2018
Class C						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$28.11	\$32.83	\$24.03	\$26.01	\$24.64	\$24.86
Income from investment operations ^a :						
Net investment income ^b	0.18	0.26	0.22	0.30	0.28	0.26
Net realized and unrealized gains (losses)	1.14	(2.91)	9.17	(1.10)	2.47	0.53
Total from investment operations	1.32	(2.65)	9.39	(0.80)	2.75	0.79
Less distributions from:						
Net investment income	(0.24)	(0.40)	(0.37)	(0.42)	(0.38)	(0.38)
Net realized gains	(0.90)	(1.67)	(0.22)	(0.76)	(1.00)	(0.63)
Total distributions	(1.14)	(2.07)	(0.59)	(1.18)	(1.38)	(1.01)
Net asset value, end of period	\$28.29	\$28.11	\$32.83	\$24.03	\$26.01	\$24.64
Total return ^c	4.81%	(8.53)%	39.51%	(3.19)%	11.91%	3.16%
Ratios to average net assets^d						
Expenses before waiver and payments by affiliates	1.59%	1.58%	1.60%	1.61%	1.61%	1.60%
Expenses net of waiver and payments by affiliates ^e	1.58%	1.57%	1.60% ^f	1.60%	1.60%	1.59%
Net investment income	1.30%	0.89%	0.73%	1.23%	1.10%	0.91%
Supplemental data						
Net assets, end of period (000's)	\$180,383	\$181,548	\$202,148	\$161,707	\$208,734	\$204,402
Portfolio turnover rate	14.97%	25.41%	25.49%	26.90%	23.23%	28.40%

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

^bBased on average daily shares outstanding.

^cTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

^dRatios are annualized for periods less than one year.

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

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

Franklin Equity Income Fund (continued)

	Six Months Ended April 30, 2023 (unaudited)	Year Ended October 31,				
		2022	2021	2020	2019	2018
Class R						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$28.37	\$33.12	\$24.24	\$26.23	\$24.85	\$25.05
Income from investment operations ^a :						
Net investment income ^b	0.25	0.42	0.36	0.43	0.41	0.36
Net realized and unrealized gains (losses)	1.15	(2.94)	9.27	(1.10)	2.49	0.58
Total from investment operations	1.40	(2.52)	9.63	(0.67)	2.90	0.94
Less distributions from:						
Net investment income	(0.31)	(0.56)	(0.53)	(0.56)	(0.52)	(0.51)
Net realized gains	(0.90)	(1.67)	(0.22)	(0.76)	(1.00)	(0.63)
Total distributions	(1.21)	(2.23)	(0.75)	(1.32)	(1.52)	(1.14)
Net asset value, end of period	\$28.56	\$28.37	\$33.12	\$24.24	\$26.23	\$24.85
Total return ^c	5.07%	(8.07)%	40.22%	(2.62)%	12.50%	3.75%
Ratios to average net assets^d						
Expenses before waiver and payments by affiliates	1.09%	1.08%	1.09%	1.08%	1.09%	1.08%
Expenses net of waiver and payments by affiliates ^e	1.08%	1.07%	1.09% ^f	1.08% ^f	1.08%	1.07%
Net investment income	1.80%	1.40%	1.22%	1.75%	1.62%	1.43%
Supplemental data						
Net assets, end of period (000's)	\$10,598	\$9,580	\$9,426	\$5,795	\$7,284	\$6,750
Portfolio turnover rate	14.97%	25.41%	25.49%	26.90%	23.23%	28.40%

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

^bBased on average daily shares outstanding.

^cTotal return is not annualized for periods less than one year.

^dRatios are annualized for periods less than one year.

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

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

Franklin Equity Income Fund (continued)

	Six Months Ended April 30, 2023 (unaudited)	Year Ended October 31,				
		2022	2021	2020	2019	2018
Class R6						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$28.40	\$33.17	\$24.27	\$26.29	\$24.91	\$25.11
Income from investment operations ^a :						
Net investment income ^b	0.34	0.59	0.54	0.57	0.54	0.50
Net realized and unrealized gains (losses)	1.16	(2.95)	9.27	(1.11)	2.50	0.59
Total from investment operations	1.50	(2.36)	9.81	(0.54)	3.04	1.09
Less distributions from:						
Net investment income	(0.40)	(0.74)	(0.69)	(0.72)	(0.66)	(0.66)
Net realized gains	(0.90)	(1.67)	(0.22)	(0.76)	(1.00)	(0.63)
Total distributions	(1.30)	(2.41)	(0.91)	(1.48)	(1.66)	(1.29)
Net asset value, end of period	\$28.60	\$28.40	\$33.17	\$24.27	\$26.29	\$24.91
Total return ^c	5.37%	(7.53)%	41.02%	(2.07)%	13.12%	4.35%
Ratios to average net assets^d						
Expenses before waiver and payments by affiliates	0.51%	0.51%	0.53%	0.52%	0.53%	0.52%
Expenses net of waiver and payments by affiliates ^e	0.50%	0.49%	0.51%	0.51%	0.51%	0.50%
Net investment income	2.38%	1.97%	1.80%	2.32%	2.19%	2.00%
Supplemental data						
Net assets, end of period (000's)	\$169,938	\$159,953	\$150,328	\$97,565	\$96,406	\$81,171
Portfolio turnover rate	14.97%	25.41%	25.49%	26.90%	23.23%	28.40%

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

^bBased on average daily shares outstanding.

^cTotal return is not annualized for periods less than one year.

^dRatios are annualized for periods less than one year.

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

Franklin Equity Income Fund (continued)

	Six Months Ended April 30, 2023 (unaudited)	Year Ended October 31,				
		2022	2021	2020	2019	2018
Advisor Class						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$28.40	\$33.16	\$24.26	\$26.27	\$24.90	\$25.10
Income from investment operations ^a :						
Net investment income ^b	0.33	0.56	0.51	0.55	0.50	0.46
Net realized and unrealized gains (losses)	1.14	(2.94)	9.28	(1.11)	2.51	0.60
Total from investment operations	1.47	(2.38)	9.79	(0.56)	3.01	1.06
Less distributions from:						
Net investment income	(0.38)	(0.71)	(0.67)	(0.69)	(0.64)	(0.63)
Net realized gains	(0.90)	(1.67)	(0.22)	(0.76)	(1.00)	(0.63)
Total distributions	(1.28)	(2.38)	(0.89)	(1.45)	(1.64)	(1.26)
Net asset value, end of period	\$28.59	\$28.40	\$33.16	\$24.26	\$26.27	\$24.90
Total return ^c	5.32%	(7.62)%	40.94%	(2.18)%	13.04%	4.22%
Ratios to average net assets^d						
Expenses before waiver and payments by affiliates	0.59%	0.58%	0.60%	0.61%	0.61%	0.60%
Expenses net of waiver and payments by affiliates ^e	0.58%	0.57%	0.60% ^f	0.60%	0.60%	0.59%
Net investment income	2.31%	1.89%	1.70%	2.21%	2.10%	1.91%
Supplemental data						
Net assets, end of period (000's)	\$377,877	\$382,893	\$378,891	\$219,362	\$173,739	\$109,435
Portfolio turnover rate	14.97%	25.41%	25.49%	26.90%	23.23%	28.40%

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

^bBased on average daily shares outstanding.

^cTotal return is not annualized for periods less than one year.

^dRatios are annualized for periods less than one year.

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

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

Schedule of Investments (unaudited), April 30, 2023

Franklin Equity Income Fund

	Country	Shares	Value
Common Stocks 82.3%			
Aerospace & Defense 3.6%			
L3Harris Technologies, Inc.	United States	85,000	\$16,587,750
Lockheed Martin Corp.	United States	16,700	7,756,315
Raytheon Technologies Corp.	United States	1,085,000	108,391,500
			132,735,565
Air Freight & Logistics 2.5%			
United Parcel Service, Inc., B	United States	501,500	90,174,715
Banks 7.0%			
Bank of America Corp.	United States	2,565,000	75,103,200
JPMorgan Chase & Co.	United States	1,077,500	148,953,600
Truist Financial Corp.	United States	1,000,000	32,580,000
			256,636,800
Beverages 3.8%			
Coca-Cola Co. (The)	United States	906,000	58,119,900
PepsiCo, Inc.	United States	430,000	82,082,700
			140,202,600
Capital Markets 6.3%			
Ares Management Corp.	United States	665,000	58,247,350
BlackRock, Inc.	United States	74,000	49,668,800
Morgan Stanley.	United States	1,382,500	124,383,525
			232,299,675
Chemicals 1.4%			
BASF SE	Germany	620,000	32,071,873
Huntsman Corp.	United States	715,000	19,154,850
			51,226,723
Commercial Services & Supplies 0.2%			
Republic Services, Inc.	United States	50,000	7,231,000
Communications Equipment 2.1%			
Cisco Systems, Inc.	United States	1,630,000	77,017,500
Consumer Finance 0.4%			
American Express Co.	United States	98,000	15,811,320
Consumer Staples Distribution & Retail 2.7%			
Target Corp.	United States	317,000	50,006,750
Walmart, Inc.	United States	335,000	50,574,950
			100,581,700
Diversified Telecommunication Services 0.3%			
TELUS Corp.	Canada	459,000	9,731,640
Electric Utilities 5.4%			
Duke Energy Corp.	United States	945,000	93,441,600
Entergy Corp.	United States	155,000	16,674,900
Evergy, Inc.	United States	475,000	29,502,250
NextEra Energy, Inc.	United States	775,500	59,426,565
			199,045,315
Electrical Equipment 1.7%			
Eaton Corp. plc.	United States	295,000	49,300,400
Emerson Electric Co.	United States	160,000	13,321,600
			62,622,000

Franklin Equity Income Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Financial Services 1.9%			
Apollo Global Management, Inc.	United States	1,090,000	\$69,095,100
Food Products 1.0%			
Mondelez International, Inc., A.	United States	502,500	38,551,800
Ground Transportation 1.1%			
Norfolk Southern Corp.	United States	195,500	39,692,365
Health Care Equipment & Supplies 2.3%			
Medtronic plc	United States	950,000	86,402,500
Health Care Providers & Services 3.9%			
HCA Healthcare, Inc.	United States	269,000	77,291,770
UnitedHealth Group, Inc.	United States	131,500	64,709,835
			142,001,605
Health Care REITs 0.9%			
Healthpeak Properties, Inc.	United States	1,430,000	31,417,100
Hotels, Restaurants & Leisure 1.2%			
McDonald's Corp.	United States	153,500	45,397,625
Household Products 3.0%			
Procter & Gamble Co. (The)	United States	710,000	111,029,800
Industrial REITs 0.1%			
Prologis, Inc.	United States	30,000	3,757,500
Insurance 0.2%			
Arthur J Gallagher & Co.	United States	35,000	7,282,100
Life Sciences Tools & Services 1.9%			
Danaher Corp.	United States	110,000	26,060,100
Thermo Fisher Scientific, Inc.	United States	80,500	44,669,450
			70,729,550
Machinery 0.9%			
Caterpillar, Inc.	United States	66,500	14,550,200
Illinois Tool Works, Inc.	United States	80,000	19,355,200
			33,905,400
Media 1.1%			
Comcast Corp., A	United States	967,500	40,025,475
Oil, Gas & Consumable Fuels 9.7%			
Canadian Natural Resources Ltd.	Canada	410,000	24,997,700
Chevron Corp.	United States	795,000	134,021,100
EOG Resources, Inc.	United States	610,000	72,876,700
Shell plc, ADR.	Netherlands	1,210,000	74,995,800
Suncor Energy, Inc.	Canada	1,560,000	48,859,200
			355,750,500
Pharmaceuticals 6.5%			
AstraZeneca plc, ADR.	United Kingdom	610,000	44,664,200
Bristol-Myers Squibb Co.	United States	420,000	28,043,400
Johnson & Johnson	United States	830,000	135,871,000
Pfizer, Inc.	United States	830,000	32,278,700
			240,857,300

Franklin Equity Income Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Residential REITs 1.2%			
Mid-America Apartment Communities, Inc.	United States	290,000	\$44,602,000
Semiconductors & Semiconductor Equipment 3.1%			
Broadcom, Inc.	United States	136,500	85,517,250
Texas Instruments, Inc.	United States	175,000	29,260,000
			114,777,250
Software 2.6%			
Oracle Corp.	United States	1,012,500	95,904,000
Specialized REITs 0.1%			
Public Storage	United States	14,000	4,127,620
Specialty Retail 1.5%			
Lowe's Cos., Inc.	United States	137,500	28,576,625
Tractor Supply Co.	United States	115,000	27,416,000
			55,992,625
Water Utilities 0.7%			
Essential Utilities, Inc.	United States	641,294	27,383,254
Total Common Stocks (Cost \$2,171,217,841)			3,033,999,022
^aEquity-Linked Securities 10.0%			
Banks 0.6%			
^b UBS AG into Bank of America Corp., 144A, 7%, 11/22/23	United States	677,000	20,811,810
Broadline Retail 0.8%			
^b Citigroup Global Markets Holdings, Inc. into Amazon.com, Inc., 144A, 6.25%, 5/12/23	United States	13,000	27,984,459
Chemicals 1.5%			
^{b,c} Citigroup Global Markets Holdings, Inc. into Huntsman Corp., 144A, 8%, 5/09/24	United States	894,000	23,865,189
^b Royal Bank of Canada into Linde plc, 144A, 6.5%, 11/29/23.	United States	83,500	30,779,833
			54,645,022
Consumer Finance 0.7%			
^b BofA Finance LLC into American Express Co., 144A, 7.25%, 2/12/24	United States	160,000	25,922,493
Electrical Equipment 0.7%			
^b Royal Bank of Canada into Eaton Corp. plc, 144A, 6.25%, 9/15/23	United States	169,100	27,223,155
Health Care Providers & Services 0.8%			
^b Royal Bank of Canada into HCA Healthcare, Inc., 144A, 7.25%, 8/09/23	United States	112,700	27,916,808
Industrial REITs 0.6%			
^b Barclays Bank plc into Prologis, Inc., 144A, 7.5%, 12/29/23	United States	191,800	23,607,872
Interactive Media & Services 0.8%			
^b Goldman Sachs International Bank into Alphabet, Inc., 144A, 6.25%, 3/28/24	United States	279,500	29,839,078
Life Sciences Tools & Services 1.5%			
^b Goldman Sachs International Bank into Thermo Fisher Scientific, Inc., 144A, 6.25%, 9/25/23	United States	44,500	25,021,792
^b Merrill Lynch International & Co. CV into Danaher Corp., 144A, 5.5%, 4/30/24	United States	120,000	28,807,562
			53,829,354

Franklin Equity Income Fund (continued)

	Country	Shares	Value
^aEquity-Linked Securities (continued)			
Machinery 0.7%			
^b Citigroup Global Markets Holdings, Inc. into Caterpillar, Inc., 144A, 8.5%, 10/17/23	United States	123,500	\$25,039,368
Oil, Gas & Consumable Fuels 0.7%			
^b BNP Paribas Issuance BV into Canadian Natural Resources Ltd., 144A, 9.5%, 1/12/24	Canada	452,000	27,441,122
Specialty Retail 0.6%			
^b Citigroup Global Markets Holdings, Inc. into Tractor Supply Co., 144A, 7.25%, 6/09/23	United States	102,500	22,658,379
Total Equity-Linked Securities (Cost \$354,306,110)			366,918,920
Convertible Preferred Stocks 4.7%			
Capital Markets 1.1%			
KKR Group Co., Inc., 6%, C	United States	630,000	40,238,100
Electric Utilities 0.8%			
NextEra Energy, Inc., 6.926%	United States	665,000	31,481,100
Health Care Equipment & Supplies 2.8%			
Becton Dickinson & Co., 6%, B	United States	600,000	30,336,000
Boston Scientific Corp., 5.5%, A	United States	572,500	71,980,425
			102,316,425
Total Convertible Preferred Stocks (Cost \$175,319,067)			174,035,625
Total Long Term Investments (Cost \$2,700,843,018)			3,574,953,567
Short Term Investments 3.1%			
	Country	Shares	Value
Money Market Funds 3.1%			
^{d,e} Institutional Fiduciary Trust - Money Market Portfolio, 4.483%	United States	115,563,792	115,563,792
Total Money Market Funds (Cost \$115,563,792)			115,563,792
Total Short Term Investments (Cost \$115,563,792)			115,563,792
Total Investments (Cost \$2,816,406,810) 100.1%			\$3,690,517,359
Other Assets, less Liabilities (0.1%)			(4,786,330)
Net Assets 100.0%			\$3,685,731,029

See Abbreviations on page 77.

^a See Note 1(e) regarding equity-linked securities.

^b Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. Regulation S securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At April 30, 2023, the aggregate value of these securities was \$366,918,920, representing 10.0% of net assets.

^c A portion or all of the security purchased on a delayed delivery basis. See Note 1(c).

^d See Note 3(f) regarding investments in affiliated management investment companies.

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

Financial Highlights

Franklin Managed Income Fund

	Six Months Ended April 30, 2023 (unaudited)	Year Ended October 31,				
		2022	2021	2020	2019	2018
Class A						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$11.73	\$13.83	\$11.73	\$12.80	\$11.89	\$12.36
Income from investment operations ^a :						
Net investment income ^b	0.22	0.35	0.30	0.31	0.29	0.27
Net realized and unrealized gains (losses)	0.62	(1.46)	2.36	(0.44)	1.17	(0.16)
Total from investment operations	0.84	(1.11)	2.66	(0.13)	1.46	0.11
Less distributions from:						
Net investment income	(0.27)	(0.50)	(0.47)	(0.46)	(0.41)	(0.38)
Net realized gains	—	(0.49)	(0.09)	(0.48)	(0.14)	(0.20)
Total distributions	(0.27)	(0.99)	(0.56)	(0.94)	(0.55)	(0.58)
Net asset value, end of period	\$12.30	\$11.73	\$13.83	\$11.73	\$12.80	\$11.89
Total return ^c	7.19%	(8.52)%	23.01%	(1.06)%	12.64%	0.89%
Ratios to average net assets^d						
Expenses before waiver and payments by affiliates	0.91%	0.91%	0.92%	0.93%	0.96%	1.02%
Expenses net of waiver and payments by affiliates ^e	0.90%	0.90%	0.91%	0.91%	0.94%	1.01%
Net investment income	3.64%	2.72%	2.27%	2.55%	2.36%	2.22%
Supplemental data						
Net assets, end of period (000's)	\$3,222,995	\$3,102,045	\$3,523,379	\$2,860,390	\$2,966,899	\$2,586,246
Portfolio turnover rate	45.35%	75.02%	39.64%	64.69%	53.02%	63.64%

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

^bBased on average daily shares outstanding.

^cTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

^dRatios are annualized for periods less than one year.

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

Franklin Managed Income Fund (continued)

	Six Months Ended April 30, 2023 (unaudited)	Year Ended October 31,				
		2022	2021	2020	2019	2018
Class C						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$11.61	\$13.68	\$11.61	\$12.67	\$11.78	\$12.25
Income from investment operations ^a :						
Net investment income ^b	0.17	0.25	0.20	0.22	0.20	0.19
Net realized and unrealized gains (losses)	0.61	(1.43)	2.34	(0.43)	1.15	(0.17)
Total from investment operations	0.78	(1.18)	2.54	(0.21)	1.35	0.02
Less distributions from:						
Net investment income	(0.22)	(0.40)	(0.38)	(0.37)	(0.32)	(0.29)
Net realized gains	—	(0.49)	(0.09)	(0.48)	(0.14)	(0.20)
Total distributions	(0.22)	(0.89)	(0.47)	(0.85)	(0.46)	(0.49)
Net asset value, end of period	\$12.17	\$11.61	\$13.68	\$11.61	\$12.67	\$11.78
Total return ^c	6.74%	(9.15)%	22.07%	(1.79)%	11.79%	0.14%
Ratios to average net assets^d						
Expenses before waiver and payments by affiliates	1.66%	1.66%	1.66%	1.68%	1.71%	1.76%
Expenses net of waiver and payments by affiliates ^e	1.65%	1.65%	1.65%	1.66%	1.69%	1.75%
Net investment income	2.89%	1.94%	1.54%	1.84%	1.61%	1.48%
Supplemental data						
Net assets, end of period (000's)	\$150,556	\$168,085	\$259,206	\$341,521	\$491,751	\$493,762
Portfolio turnover rate	45.35%	75.02%	39.64%	64.69%	53.02%	63.64%

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

^bBased on average daily shares outstanding.

^cTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

^dRatios are annualized for periods less than one year.

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

Franklin Managed Income Fund (continued)

	Six Months Ended April 30, 2023 (unaudited)	Year Ended October 31,				
		2022	2021	2020	2019	2018
Class R						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$11.77	\$13.88	\$11.76	\$12.84	\$11.92	\$12.39
Income from investment operations ^a :						
Net investment income ^b	0.21	0.32	0.27	0.28	0.26	0.26
Net realized and unrealized gains (losses)	0.61	(1.47)	2.38	(0.45)	1.18	(0.18)
Total from investment operations	0.82	(1.15)	2.65	(0.17)	1.44	0.08
Less distributions from:						
Net investment income	(0.25)	(0.47)	(0.44)	(0.43)	(0.38)	(0.35)
Net realized gains	—	(0.49)	(0.09)	(0.48)	(0.14)	(0.20)
Total distributions	(0.25)	(0.96)	(0.53)	(0.91)	(0.52)	(0.55)
Net asset value, end of period	\$12.34	\$11.77	\$13.88	\$11.76	\$12.84	\$11.92
Total return ^c	7.03%	(8.79)%	22.84%	(1.38)%	12.43%	0.63%
Ratios to average net assets^d						
Expenses before waiver and payments by affiliates	1.16%	1.16%	1.16%	1.18%	1.21%	1.27%
Expenses net of waiver and payments by affiliates ^e	1.15%	1.15%	1.15%	1.16%	1.19%	1.26%
Net investment income	3.39%	2.47%	2.03%	2.33%	2.11%	1.97%
Supplemental data						
Net assets, end of period (000's)	\$3,360	\$2,976	\$3,435	\$3,093	\$4,081	\$3,371
Portfolio turnover rate	45.35%	75.02%	39.64%	64.69%	53.02%	63.64%

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

^bBased on average daily shares outstanding.

^cTotal return is not annualized for periods less than one year.

^dRatios are annualized for periods less than one year.

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

Franklin Managed Income Fund (continued)

	Six Months Ended April 30, 2023 (unaudited)	Year Ended October 31,				
		2022	2021	2020	2019	2018
Class R6						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$11.77	\$13.88	\$11.76	\$12.85	\$11.93	\$12.39
Income from investment operations ^a :						
Net investment income ^b	0.24	0.39	0.34	0.35	0.33	0.31
Net realized and unrealized gains (losses)	0.62	(1.46)	2.39	(0.45)	1.18	(0.14)
Total from investment operations	0.86	(1.07)	2.73	(0.10)	1.51	0.17
Less distributions from:						
Net investment income	(0.29)	(0.55)	(0.52)	(0.51)	(0.45)	(0.43)
Net realized gains	—	(0.49)	(0.09)	(0.48)	(0.14)	(0.20)
Total distributions	(0.29)	(1.04)	(0.61)	(0.99)	(0.59)	(0.63)
Net asset value, end of period	\$12.34	\$11.77	\$13.88	\$11.76	\$12.85	\$11.93
Total return ^c	7.35%	(8.23)%	23.52%	(0.86)%	13.14%	1.23%
Ratios to average net assets^d						
Expenses before waiver and payments by affiliates	0.59%	0.60%	0.60%	0.60%	0.63%	0.68%
Expenses net of waiver and payments by affiliates ^e	0.58%	0.59%	0.59%	0.58%	0.61%	0.66%
Net investment income	3.96%	3.05%	2.59%	2.87%	2.69%	2.56%
Supplemental data						
Net assets, end of period (000's)	\$189,917	\$169,511	\$184,084	\$155,563	\$159,877	\$138,923
Portfolio turnover rate	45.35%	75.02%	39.64%	64.69%	53.02%	63.64%

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

^bBased on average daily shares outstanding.

^cTotal return is not annualized for periods less than one year.

^dRatios are annualized for periods less than one year.

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

Franklin Managed Income Fund (continued)

	Six Months Ended April 30, 2023 (unaudited)	Year Ended October 31,				
		2022	2021	2020	2019	2018
Advisor Class						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$11.76	\$13.87	\$11.76	\$12.84	\$11.92	\$12.39
Income from investment operations ^a :						
Net investment income ^b	0.24	0.38	0.34	0.34	0.32	0.30
Net realized and unrealized gains (losses)	0.63	(1.46)	2.37	(0.44)	1.18	(0.16)
Total from investment operations	0.87	(1.08)	2.71	(0.10)	1.50	0.14
Less distributions from:						
Net investment income	(0.29)	(0.54)	(0.51)	(0.50)	(0.44)	(0.41)
Net realized gains	—	(0.49)	(0.09)	(0.48)	(0.14)	(0.20)
Total distributions	(0.29)	(1.03)	(0.60)	(0.98)	(0.58)	(0.61)
Net asset value, end of period	\$12.34	\$11.76	\$13.87	\$11.76	\$12.84	\$11.92
Total return ^c	7.40%	(8.31)%	23.34%	(0.86)%	12.96%	1.14%
Ratios to average net assets^d						
Expenses before waiver and payments by affiliates	0.66%	0.66%	0.67%	0.68%	0.71%	0.77%
Expenses net of waiver and payments by affiliates ^e	0.65%	0.65%	0.66%	0.66%	0.69%	0.76%
Net investment income	3.89%	2.98%	2.52%	2.79%	2.61%	2.47%
Supplemental data						
Net assets, end of period (000's)	\$228,392	\$203,346	\$228,617	\$166,947	\$180,882	\$124,265
Portfolio turnover rate	45.35%	75.02%	39.64%	64.69%	53.02%	63.64%

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

^bBased on average daily shares outstanding.

^cTotal return is not annualized for periods less than one year.

^dRatios are annualized for periods less than one year.

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

Schedule of Investments (unaudited), April 30, 2023

Franklin Managed Income Fund

	Country	Shares	Value
Common Stocks 27.9%			
Aerospace & Defense 1.3%			
Lockheed Martin Corp.	United States	75,000	\$34,833,750
Raytheon Technologies Corp.	United States	155,000	15,484,500
			50,318,250
Air Freight & Logistics 0.5%			
United Parcel Service, Inc., B	United States	100,000	17,981,000
Banks 4.4%			
^a Bank of America Corp.	United States	1,450,000	42,456,000
Citigroup, Inc.	United States	550,000	25,888,500
JPMorgan Chase & Co.	United States	440,000	60,825,600
Truist Financial Corp.	United States	500,000	16,290,000
US Bancorp	United States	650,000	22,282,000
			167,742,100
Beverages 0.5%			
Coca-Cola Co. (The)	United States	300,000	19,245,000
Biotechnology 0.9%			
^a AbbVie, Inc.	United States	125,000	18,890,000
Amgen, Inc.	United States	60,000	14,384,400
			33,274,400
Capital Markets 1.4%			
Morgan Stanley.	United States	600,000	53,982,000
Chemicals 0.3%			
Air Products and Chemicals, Inc.	United States	43,000	12,657,480
Communications Equipment 0.5%			
^a Cisco Systems, Inc.	United States	400,000	18,900,000
Consumer Staples Distribution & Retail 0.4%			
Target Corp.	United States	100,000	15,775,000
Diversified Telecommunication Services 0.7%			
Verizon Communications, Inc.	United States	700,000	27,181,000
Electric Utilities 2.7%			
^a American Electric Power Co., Inc.	United States	160,000	14,787,200
Duke Energy Corp.	United States	250,000	24,720,000
Edison International	United States	350,000	25,760,000
^a Southern Co. (The)	United States	500,000	36,775,000
			102,042,200
Ground Transportation 0.8%			
^a Union Pacific Corp.	United States	150,000	29,355,000
Health Care Providers & Services 0.8%			
CVS Health Corp.	United States	400,000	29,324,000
Household Products 0.8%			
Procter & Gamble Co. (The)	United States	200,000	31,276,000
Industrial Conglomerates 0.5%			
Honeywell International, Inc.	United States	100,000	19,984,000
Media 0.5%			
Comcast Corp., A	United States	425,000	17,582,250
Metals & Mining 0.7%			
Rio Tinto plc, ADR.	Australia	400,000	25,596,000
Multi-Utilities 1.7%			
Dominion Energy, Inc.	United States	500,000	28,570,000

Franklin Managed Income Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Multi-Utilities (continued)			
DTE Energy Co.	United States	150,000	\$16,861,500
Sempra Energy.	United States	125,000	19,436,250
			64,867,750
Oil, Gas & Consumable Fuels 2.9%			
^a Chevron Corp.	United States	450,000	75,861,000
Exxon Mobil Corp..	United States	300,000	35,502,000
			111,363,000
Pharmaceuticals 1.3%			
Johnson & Johnson	United States	150,000	24,555,000
Pfizer, Inc..	United States	600,000	23,334,000
			47,889,000
Semiconductors & Semiconductor Equipment 2.6%			
Broadcom, Inc.	United States	62,000	38,843,000
Texas Instruments, Inc.	United States	350,000	58,520,000
			97,363,000
Specialty Retail 1.2%			
Home Depot, Inc. (The).	United States	150,000	45,081,000
Tobacco 0.5%			
Philip Morris International, Inc.	United States	200,000	19,994,000
Total Common Stocks (Cost \$861,367,439)			1,058,773,430
Management Investment Companies 1.7%			
Capital Markets 1.7%			
^b Franklin Systematic Style Premia ETF.	United States	840,000	18,068,400
^{b,c} Franklin U.S. Low Volatility ETF.	United States	840,000	40,108,320
^b Western Asset Diversified Income Fund.	United States	500,905	6,682,073
			64,858,793
Total Management Investment Companies (Cost \$59,370,544)			64,858,793
^dEquity-Linked Securities 9.1%			
Aerospace & Defense 1.1%			
^e Citigroup Global Markets Holdings, Inc. into Northrop Grumman Corp., 144A, 7.5%, 10/06/23	United States	45,000	21,219,710
^e Merrill Lynch International & Co. CV into Raytheon Technologies Corp., 144A, 7.5%, 5/08/24	United States	200,000	20,166,671
			41,386,381
Automobiles 0.2%			
^e Barclays Bank plc into Ford Motor Co., 144A, 12%, 2/09/24.	United States	725,000	9,063,665
Banks 1.4%			
^e Barclays Bank plc into JPMorgan Chase & Co., 144A, 8%, 9/08/23	United States	275,000	37,113,739
^e JPMorgan Chase Bank NA into Bank of America Corp., 144A, 9%, 2/02/24	United States	450,000	14,007,834
			51,121,573
Biotechnology 0.5%			
^e BNP Paribas Issuance BV into AbbVie, Inc., 144A, 8%, 3/12/24	United States	130,000	20,234,052

Franklin Managed Income Fund (continued)

	Country	Shares	Value
^dEquity-Linked Securities (continued)			
Containers & Packaging 0.4%			
^e Mizuho Markets Cayman LP into International Paper Co., 144A, 10.5%, 12/15/23	United States	400,000	\$13,738,384
Electric Utilities 0.5%			
^e Mizuho Markets Cayman LP into NextEra Energy, Inc., 144A, 8%, 3/19/24	United States	275,000	20,576,707
Ground Transportation 0.5%			
^e UBS AG into Union Pacific Corp., 144A, 8%, 3/13/24	United States	100,000	19,769,390
Machinery 0.3%			
^e National Bank of Canada into Cummins, Inc., 144A, 8.5%, 2/13/24	United States	45,000	10,978,438
Media 0.1%			
^e BNP Paribas Issuance BV into Comcast Corp., 144A, 8.5%, 8/10/23	United States	100,000	4,269,986
Oil, Gas & Consumable Fuels 0.3%			
^e Citigroup Global Markets Holdings, Inc. into Exxon Mobil Corp., 144A, 9.5%, 2/22/24	United States	100,000	11,898,725
Pharmaceuticals 0.6%			
^e Mizuho Markets Cayman LP into Bristol-Myers Squibb Co., 144A, 8.5%, 12/04/23	United States	300,000	21,086,525
Semiconductors & Semiconductor Equipment 1.9%			
^e Mizuho Markets Cayman LP into Microchip Technology, Inc., 144A, 10%, 6/26/23	United States	629,300	46,512,397
^e Royal Bank of Canada into Analog Devices, Inc., 144A, 10%, 5/19/23	United States	145,000	25,650,748
			72,163,145
Software 1.3%			
^e Mizuho Markets Cayman LP into Workday, Inc., 144A, 10%, 8/03/23	United States	289,000	49,273,604
Total Equity-Linked Securities (Cost \$334,196,100)			345,560,575
Convertible Preferred Stocks 0.3%			
Electric Utilities 0.3%			
American Electric Power Co., Inc., 6.125%	United States	200,000	10,168,000
Total Convertible Preferred Stocks (Cost \$10,637,061)			10,168,000
		Principal Amount^f	
Corporate Bonds 52.7%			
Aerospace & Defense 0.9%			
Boeing Co. (The),			
Senior Bond, 3.2%, 3/01/29	United States	15,000,000	13,743,577
Senior Note, 5.04%, 5/01/27	United States	5,000,000	5,026,248
Senior Note, 5.15%, 5/01/30	United States	15,000,000	15,122,306
			33,892,131
Automobile Components 0.2%			
Goodyear Tire & Rubber Co. (The), Senior Note, 5.25%, 7/15/31 . .	United States	7,500,000	6,475,500
Automobiles 0.8%			
Ford Motor Co., Senior Bond, 6.1%, 8/19/32	United States	15,000,000	14,319,163
General Motors Co., Senior Bond, 5.6%, 10/15/32	United States	15,000,000	14,706,170
			29,025,333
Banks 4.4%			
Bank of America Corp.,			
Senior Bond, 3.419% to 12/19/27, FRN thereafter, 12/20/28 . . .	United States	10,000,000	9,291,214

Franklin Managed Income Fund (continued)

	Country	Principal Amount [†]	Value
Corporate Bonds (continued)			
Banks (continued)			
Bank of America Corp., (continued)			
Senior Bond, 4.571% to 4/26/32, FRN thereafter, 4/27/33	United States	15,000,000	\$14,319,423
L, Sub. Bond, 4.183%, 11/25/27	United States	10,000,000	9,654,213
Barclays plc,			
Senior Bond, 4.337%, 1/10/28	United Kingdom	15,000,000	14,479,543
Senior Bond, 5.746% to 8/08/32, FRN thereafter, 8/09/33	United Kingdom	10,000,000	9,850,013
Senior Note, 7.385% to 11/01/27, FRN thereafter, 11/02/28	United Kingdom	15,000,000	15,986,209
Citigroup, Inc.,			
Senior Bond, 3.668% to 7/23/27, FRN thereafter, 7/24/28	United States	20,000,000	18,945,388
Senior Bond, 6.27% to 11/16/32, FRN thereafter, 11/17/33	United States	10,000,000	10,819,865
PNC Financial Services Group, Inc. (The), Senior Bond, 6.037% to 10/27/32, FRN thereafter, 10/28/33	United States	10,000,000	10,478,479
Truist Bank, Sub. Bond, 2.636% to 9/16/24, FRN thereafter, 9/17/29	United States	10,000,000	9,375,059
Truist Financial Corp., Senior Bond, 6.123% to 10/27/32, FRN thereafter, 10/28/33	United States	10,000,000	10,409,499
US Bancorp,			
Senior Bond, 5.85% to 10/20/32, FRN thereafter, 10/21/33	United States	10,000,000	10,302,240
Senior Note, 4.548% to 7/21/27, FRN thereafter, 7/22/28	United States	10,000,000	9,729,321
Wells Fargo & Co., Senior Bond, 4.478% to 4/03/30, FRN thereafter, 4/04/31	United States	15,000,000	14,450,085
			168,090,551
Biotechnology 1.1%			
AbbVie, Inc.,			
Senior Bond, 4.55%, 3/15/35	United States	15,000,000	14,699,228
Senior Bond, 4.5%, 5/14/35	United States	10,000,000	9,737,089
Amgen, Inc., Senior Bond, 5.25%, 3/02/33	United States	15,000,000	15,439,667
			39,875,984
Broadline Retail 0.3%			
Amazon.com, Inc., Senior Bond, 3.6%, 4/13/32	United States	10,000,000	9,512,605
Capital Markets 1.6%			
Goldman Sachs Group, Inc. (The),			
Senior Bond, 2.615% to 4/21/31, FRN thereafter, 4/22/32	United States	10,000,000	8,351,166
Senior Bond, 2.65% to 10/20/31, FRN thereafter, 10/21/32	United States	15,000,000	12,488,923
Morgan Stanley,			
Senior Bond, 2.699% to 1/21/30, FRN thereafter, 1/22/31	United States	10,000,000	8,636,106
Senior Bond, 6.342% to 10/17/32, FRN thereafter, 10/18/33	United States	15,000,000	16,320,316
Sub. Bond, 4.35%, 9/08/26	United States	15,000,000	14,682,083
			60,478,594
Chemicals 2.4%			
Celanese US Holdings LLC, Senior Note, 6.33%, 7/15/29	United States	20,000,000	20,275,696
CF Industries, Inc., Senior Bond, 5.15%, 3/15/34	United States	12,500,000	12,161,955
Dow Chemical Co. (The), Senior Bond, 6.3%, 3/15/33	United States	10,000,000	11,004,368
DuPont de Nemours, Inc., Senior Note, 4.493%, 11/15/25	United States	10,000,000	9,976,069
Huntsman International LLC, Senior Bond, 4.5%, 5/01/29	United States	20,000,000	18,812,046
[†] International Flavors & Fragrances, Inc., Senior Bond, 144A, 2.3%, 11/01/30	United States	10,000,000	8,133,614
[†] SCIH Salt Holdings, Inc., Senior Secured Note, 144A, 4.875%, 5/01/28	United States	10,000,000	9,013,255
			89,377,003
Communications Equipment 0.2%			
[†] CommScope Technologies LLC, Senior Bond, 144A, 6%, 6/15/25	United States	10,000,000	9,413,128

Franklin Managed Income Fund (continued)

	Country	Principal Amount ¹	Value
Corporate Bonds (continued)			
Consumer Finance 2.7%			
AerCap Ireland Capital DAC / AerCap Global Aviation Trust, Senior Bond, 3.4%, 10/29/33	Ireland	20,000,000	\$16,093,181
Capital One Financial Corp.,			
Senior Bond, 2.618% to 11/01/31, FRN thereafter, 11/02/32	United States	10,000,000	7,768,011
Senior Bond, 5.268% to 5/09/32, FRN thereafter, 5/10/33	United States	10,000,000	9,546,601
Senior Note, 3.273% to 2/28/29, FRN thereafter, 3/01/30	United States	15,000,000	13,020,196
Ford Motor Credit Co. LLC,			
Senior Note, 7.35%, 11/04/27	United States	15,000,000	15,462,030
Senior Note, 3.625%, 6/17/31	United States	15,000,000	12,383,705
General Motors Financial Co., Inc.,			
Senior Bond, 6.4%, 1/09/33	United States	10,000,000	10,290,216
Senior Note, 4.3%, 4/06/29	United States	20,000,000	18,653,042
			103,216,982
Consumer Staples Distribution & Retail 0.3%			
Target Corp., Senior Bond, 4.5%, 9/15/32	United States	10,000,000	10,077,224
Containers & Packaging 1.1%			
^e Ardagh Packaging Finance plc / Ardagh Holdings USA, Inc., Senior Note, 144A, 5.25%, 8/15/27	United States	25,000,000	21,408,984
^e Mauser Packaging Solutions Holding Co., Secured Note, 144A, 9.25%, 4/15/27	United States	20,000,000	19,003,374
			40,412,358
Diversified REITs 0.5%			
^e VICI Properties LP / VICI Note Co., Inc., Senior Bond, 144A, 4.625%, 12/01/29	United States	20,000,000	18,599,392
Diversified Telecommunication Services 0.5%			
Verizon Communications, Inc., Senior Note, 2.355%, 3/15/32	United States	25,000,000	20,532,149
Electric Utilities 2.7%			
Edison International, Senior Note, 6.95%, 11/15/29	United States	20,000,000	21,740,820
Pacific Gas and Electric Co.,			
Senior Bond, 4.55%, 7/01/30	United States	25,000,000	23,252,549
Senior Bond, 6.15%, 1/15/33	United States	10,000,000	10,155,863
Southern Co. (The), Senior Bond, 5.7%, 10/15/32	United States	15,000,000	15,851,890
^e Vistra Operations Co. LLC, Senior Secured Bond, 144A, 4.3%, 7/15/29	United States	36,000,000	33,266,538
			104,267,660
Electrical Equipment 0.5%			
^e Regal Rexnord Corp., Senior Note, 144A, 6.05%, 4/15/28	United States	20,000,000	20,206,391
Electronic Equipment, Instruments & Components 1.2%			
Flex Ltd.,			
Senior Bond, 4.875%, 5/12/30	United States	20,000,000	19,496,571
Senior Note, 6%, 1/15/28	United States	10,000,000	10,221,571
Jabil, Inc., Senior Bond, 3%, 1/15/31	United States	20,000,000	17,068,517
			46,786,659
Entertainment 0.5%			
^e Warnermedia Holdings, Inc., Senior Bond, 144A, 4.279%, 3/15/32	United States	20,000,000	17,777,317
Financial Services 0.5%			
Fiserv, Inc., Senior Bond, 3.5%, 7/01/29	United States	20,000,000	18,636,544
Food Products 1.5%			
^e JBS USA LUX SA / JBS USA Food Co. / JBS USA Finance, Inc., Senior Bond, 144A, 5.5%, 1/15/30	United States	5,000,000	4,779,825

Franklin Managed Income Fund (continued)

	Country	Principal Amount ^a	Value
Corporate Bonds (continued)			
Food Products (continued)			
°JBS USA LUX SA / JBS USA Food Co. / JBS USA Finance, Inc., (continued)			
Senior Bond, 144A, 3.75%, 12/01/31	United States	5,000,000	\$4,167,769
Senior Note, 144A, 3.625%, 1/15/32	United States	20,000,000	16,809,600
Pilgrim's Pride Corp., Senior Note, 4.25%, 4/15/31	United States	21,000,000	18,285,979
°Post Holdings, Inc., Senior Bond, 144A, 5.5%, 12/15/29	United States	15,000,000	14,280,622
			58,323,795
Ground Transportation 1.1%			
°Ashtead Capital, Inc., Senior Bond, 144A, 5.5%, 8/11/32	United Kingdom	25,000,000	24,731,220
Union Pacific Corp., Senior Bond, 4.5%, 1/20/33	United States	15,000,000	15,115,568
			39,846,788
Health Care Equipment & Supplies 1.3%			
Edwards Lifesciences Corp., Senior Bond, 4.3%, 6/15/28	United States	9,700,000	9,711,807
°GE Healthcare Technologies, Inc., Senior Bond, 144A, 5.905%, 11/22/32	United States	15,000,000	16,066,009
°Medline Borrower LP, Senior Note, 144A, 5.25%, 10/01/29	United States	10,000,000	8,659,481
Senior Secured Note, 144A, 3.875%, 4/01/29	United States	15,000,000	13,137,798
			47,575,095
Health Care Providers & Services 5.4%			
Centene Corp., Senior Note, 4.625%, 12/15/29	United States	25,000,000	23,585,000
°CHS/Community Health Systems, Inc., Secured Note, 144A, 6.125%, 4/01/30	United States	20,000,000	14,252,428
Senior Secured Note, 144A, 8%, 3/15/26	United States	40,000,000	39,696,468
Senior Secured Note, 144A, 8%, 12/15/27	United States	10,000,000	9,919,642
CVS Health Corp., Senior Bond, 3.25%, 8/15/29	United States	15,000,000	13,825,463
Senior Bond, 3.75%, 4/01/30	United States	10,000,000	9,370,523
°DaVita, Inc., Senior Bond, 144A, 3.75%, 2/15/31	United States	10,500,000	8,464,828
Senior Note, 144A, 4.625%, 6/01/30	United States	16,000,000	13,951,504
°Fresenius Medical Care US Finance III, Inc., Senior Bond, 144A, 3%, 12/01/31	Germany	20,000,000	15,797,964
HCA, Inc., Senior Bond, 4.125%, 6/15/29	United States	10,000,000	9,485,662
° Senior Bond, 144A, 3.625%, 3/15/32	United States	15,000,000	13,296,001
Humana, Inc., Senior Bond, 5.875%, 3/01/33	United States	15,000,000	16,164,631
Tenet Healthcare Corp., Senior Note, 6.125%, 10/01/28	United States	10,000,000	9,714,083
Senior Secured Note, 4.375%, 1/15/30	United States	10,000,000	9,200,538
			206,724,735
Hotels, Restaurants & Leisure 1.7%			
Expedia Group, Inc., Senior Bond, 3.8%, 2/15/28	United States	15,000,000	14,168,628
° Senior Note, 5%, 2/15/26	United States	10,000,000	10,005,011
°Penn Entertainment, Inc., Senior Note, 144A, 5.625%, 1/15/27 . . .	United States	10,000,000	9,516,900
Starbucks Corp., Senior Bond, 3%, 2/14/32	United States	10,000,000	8,934,002
°Wynn Las Vegas LLC / Wynn Las Vegas Capital Corp., Senior Bond, 144A, 5.5%, 3/01/25	United States	4,000,000	3,949,318
Senior Bond, 144A, 5.25%, 5/15/27	United States	20,000,000	19,258,088
			65,831,947

Franklin Managed Income Fund (continued)

	Country	Principal Amount ^c	Value
Corporate Bonds (continued)			
Household Durables 0.3%			
Toll Brothers Finance Corp., Senior Bond, 4.35%, 2/15/28	United States	10,000,000	\$9,586,178
Insurance 1.2%			
Brown & Brown, Inc., Senior Bond, 2.375%, 3/15/31	United States	31,000,000	25,419,057
^e Five Corners Funding Trust III, Senior Note, 144A, 5.791%, 2/15/33	United States	10,000,000	10,238,418
MetLife, Inc., Junior Sub. Bond, 6.4%, 12/15/36	United States	10,000,000	10,042,650
			45,700,125
Interactive Media & Services 0.2%			
Meta Platforms, Inc., Senior Note, 3.85%, 8/15/32	United States	10,000,000	9,446,486
Metals & Mining 2.5%			
^e Alcoa Nederland Holding BV, Senior Note, 144A, 4.125%, 3/31/29.	United States	15,000,000	13,637,248
ArcelorMittal SA,			
^c Senior Bond, 4.25%, 7/16/29	Luxembourg	7,700,000	7,350,585
Senior Note, 6.55%, 11/29/27	Luxembourg	25,000,000	26,131,271
^e FMG Resources August 2006 Pty. Ltd., Senior Note, 144A, 5.875%,			
4/15/30	Australia	15,000,000	14,561,229
Freeport-McMoRan, Inc.,			
Senior Bond, 4.625%, 8/01/30	United States	15,000,000	14,309,922
Senior Note, 4.125%, 3/01/28	United States	5,000,000	4,726,725
^e Glencore Funding LLC, Senior Bond, 144A, 4.875%, 3/12/29.	Australia	15,000,000	14,873,664
			95,590,644
Multi-Utilities 0.4%			
Dominion Energy, Inc., A, Senior Note, 4.35%, 8/15/32	United States	15,000,000	14,459,461
Oil, Gas & Consumable Fuels 2.4%			
BP Capital Markets America, Inc., Senior Bond, 3.633%, 4/06/30.	United States	10,000,000	9,585,768
^e Calumet Specialty Products Partners LP / Calumet Finance Corp.,			
Senior Note, 144A, 11%, 4/15/25	United States	15,000,000	15,428,529
Cheniere Corpus Christi Holdings LLC, Senior Secured Note, 3.7%,			
11/15/29	United States	10,000,000	9,364,931
Energy Transfer LP, Senior Bond, 5.75%, 2/15/33	United States	15,000,000	15,312,870
Occidental Petroleum Corp., Senior Note, 6.375%, 9/01/28	United States	10,000,000	10,439,633
Williams Cos., Inc. (The),			
Senior Bond, 4.65%, 8/15/32	United States	20,000,000	19,417,144
Senior Bond, 5.65%, 3/15/33	United States	10,000,000	10,367,218
			89,916,093
Passenger Airlines 1.0%			
^e Delta Air Lines, Inc. / SkyMiles IP Ltd., Senior Secured Note, 144A,			
4.75%, 10/20/28.	United States	25,000,000	24,291,866
^e Mileage Plus Holdings LLC / Mileage Plus Intellectual Property			
Assets Ltd., Senior Secured Note, 144A, 6.5%, 6/20/27	United States	12,750,000	12,744,905
			37,036,771
Personal Care Products 0.6%			
Haleon US Capital LLC, Senior Note, 3.625%, 3/24/32	United States	25,000,000	22,966,524
Pharmaceuticals 2.1%			
^e 1375209 BC Ltd., Senior Secured Note, 144A, 9%, 1/30/28.	Canada	5,454,000	5,405,541
^e Bausch Health Cos., Inc., Senior Secured Note, 144A, 5.5%,			
11/01/25	United States	30,000,000	26,189,107
^e Bayer US Finance II LLC, Senior Note, 144A, 4.25%, 12/15/25	Germany	15,000,000	14,712,090
Mylan, Inc., Senior Note, 4.55%, 4/15/28	United States	19,000,000	18,210,229
Royalty Pharma plc, Senior Bond, 2.15%, 9/02/31	United States	20,000,000	15,963,878
			80,480,845

Franklin Managed Income Fund (continued)

	Country	Principal Amount ^a	Value
Corporate Bonds (continued)			
Semiconductors & Semiconductor Equipment 1.8%			
Broadcom, Inc.,			
Senior Bond, 4.3%, 11/15/32	United States	10,000,000	\$9,173,355
Senior Bond, 144A, 3.469%, 4/15/34	United States	30,000,000	24,797,579
Intel Corp., Senior Bond, 5.2%, 2/10/33	United States	10,000,000	10,216,447
Microchip Technology, Inc., Senior Note, 4.25%, 9/01/25	United States	5,000,000	4,911,224
Micron Technology, Inc.,			
Senior Bond, 4.663%, 2/15/30	United States	15,000,000	14,381,956
Senior Bond, 5.875%, 2/09/33	United States	5,000,000	5,044,791
			<u>68,525,352</u>
Software 1.3%			
Oracle Corp.,			
Senior Bond, 6.25%, 11/09/32	United States	10,000,000	10,800,798
Senior Bond, 3.9%, 5/15/35	United States	20,000,000	17,566,003
Workday, Inc., Senior Bond, 3.8%, 4/01/32	United States	25,000,000	22,828,649
			<u>51,195,450</u>
Specialized REITs 0.8%			
American Tower Corp., Senior Bond, 3.8%, 8/15/29	United States	25,000,000	23,499,581
Crown Castle, Inc., Senior Bond, 2.5%, 7/15/31	United States	10,000,000	8,394,785
			<u>31,894,366</u>
Specialty Retail 0.7%			
Lowe's Cos., Inc.,			
Senior Bond, 3.75%, 4/01/32	United States	20,000,000	18,563,222
Senior Note, 1.7%, 10/15/30	United States	10,000,000	8,165,053
			<u>26,728,275</u>
Technology Hardware, Storage & Peripherals 0.9%			
Apple, Inc., Senior Bond, 3.35%, 8/08/32	United States	10,000,000	9,494,608
HP, Inc., Senior Bond, 5.5%, 1/15/33	United States	25,000,000	24,817,020
			<u>34,311,628</u>
Tobacco 1.7%			
Altria Group, Inc., Senior Bond, 2.45%, 2/04/32	United States	15,000,000	11,943,611
BAT Capital Corp.,			
Senior Bond, 4.742%, 3/16/32	United Kingdom	15,000,000	14,026,848
Senior Bond, 7.75%, 10/19/32	United Kingdom	25,000,000	27,728,331
Philip Morris International, Inc., Senior Note, 5.125%, 2/15/30	United States	10,000,000	10,109,190
			<u>63,807,980</u>
Trading Companies & Distributors 0.6%			
United Rentals North America, Inc., Senior Secured Note, 144A, 6%, 12/15/29	United States	22,500,000	22,855,252
Wireless Telecommunication Services 0.8%			
Sprint LLC, Senior Note, 7.625%, 2/15/25	United States	10,000,000	10,313,879
Sprint Spectrum Co. LLC / Sprint Spectrum Co. II LLC / Sprint Spectrum Co. III LLC, Senior Secured Note, 144A, 4.738%, 3/20/25	United States	3,750,000	3,726,139
T-Mobile USA, Inc., Senior Bond, 3.5%, 4/15/31	United States	20,000,000	18,085,664
			<u>32,125,682</u>
Total Corporate Bonds (Cost \$1,936,622,588)			<u>2,001,582,977</u>

Franklin Managed Income Fund (continued)

	Country	Principal Amount [†]	Value
U.S. Government and Agency Securities 5.1%			
U.S. Treasury Bonds,			
3%, 8/15/52	United States	27,500,000	\$24,165,625
4%, 11/15/52	United States	50,000,000	53,101,562
U.S. Treasury Notes,			
4%, 10/31/29	United States	50,000,000	51,425,781
4.125%, 11/15/32	United States	60,000,000	63,337,500
Total U.S. Government and Agency Securities (Cost \$186,577,176)			192,030,468
Asset-Backed Securities 0.4%			
Passenger Airlines 0.4%			
United Airlines Pass-Through Trust,			
2020-1, A, 5.875%, 10/15/27	United States	7,186,833	7,195,194
2020-1, B, 4.875%, 7/15/27	United States	8,220,000	7,976,983
			15,172,177
Total Asset-Backed Securities (Cost \$15,406,833)			15,172,177
Mortgage-Backed Securities 0.0%[†]			
Federal National Mortgage Association (FNMA) Fixed Rate 0.0%[†]			
FNMA, 30 Year, 4%, 8/01/49	United States	1,076,206	1,046,478
Total Mortgage-Backed Securities (Cost \$1,140,106)			1,046,478
Total Long Term Investments (Cost \$3,405,317,847)			3,689,192,898
Short Term Investments 2.1%			
	Country	Shares	Value
Money Market Funds 2.0%			
^{b,f} Institutional Fiduciary Trust - Money Market Portfolio, 4.483%	United States	73,768,131	73,768,131
Total Money Market Funds (Cost \$73,768,131)			73,768,131
^g Investments from Cash Collateral Received for			
Loaned Securities 0.1%			
Money Market Funds 0.1%			
^{b,f} Institutional Fiduciary Trust - Money Market Portfolio, 4.483%	United States	5,015,000	5,015,000
Total Investments from Cash Collateral Received for Loaned Securities			
(Cost \$5,015,000)			5,015,000
Total Short Term Investments (Cost \$78,783,131)			78,783,131
Total Investments (Cost \$3,484,100,978) 99.3%			\$3,767,976,029
Options Written (0.0)%[†]			(488,250)
Other Assets, less Liabilities 0.7%			27,731,977
Net Assets 100.0%			\$3,795,219,756

Franklin Managed Income Fund (continued)

	Number of Contracts	Notional Amount [#]	Value
^hOptions Written (0.0)%[†]			
Calls - Exchange-Traded			
Equity Options			
AbbVie, Inc., May Strike Price \$165.00, Expires 5/19/23	1,250	18,890,000	\$(6,250)
American Electric Power Co., Inc., May Strike Price \$100.00, Expires 5/19/23	1,600	14,787,200	(8,000)
Bank of America Corp., May Strike Price \$40.00, Expires 5/19/23	4,500	13,176,000	(4,500)
Chevron Corp., June Strike Price \$185.00, Expires 6/16/23	2,500	42,145,000	(142,500)
Cisco Systems, Inc., June Strike Price \$55.00, Expires 6/16/23	2,000	9,450,000	(12,000)
Southern Co. (The), May Strike Price \$75.00, Expires 5/19/23	2,000	14,710,000	(120,000)
Union Pacific Corp., June Strike Price \$215.00, Expires 6/16/23	1,000	19,570,000	(68,000)
			(361,250)
Puts - Exchange-Traded			
Equity Options			
International Business Machines Corp., June Strike Price \$120.00, Expires 6/16/23	1,000	12,641,000	(127,000)
			(127,000)
Total Options Written (Premiums received \$1,780,709)			\$(488,250)

[#]Notional amount is the number of contracts multiplied by contract size, and may be multiplied by the underlying price. May include currency units, bushels, shares, pounds, barrels or other units. Currency units are stated in U.S. dollars unless otherwise indicated.

[†]The principal amount is stated in U.S. dollars unless otherwise indicated.

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

^aA portion or all of the security is held in connection with written option contracts open at period end.

^bSee Note 3(f) regarding investments in affiliated management investment companies.

^cA portion or all of the security is on loan at April 30, 2023. See Note 1(f).

^dSee Note 1(e) regarding equity-linked securities.

^eSecurity was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. Regulation S securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At April 30, 2023, the aggregate value of these securities was \$956,579,600, representing 25.2% of net assets.

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

^gSee Note 1(f) regarding securities on loan.

^hSee Note 1(d) regarding written options.

At April 30, 2023, the Fund had the following futures contracts outstanding. See Note 1(d).

Futures Contracts

Description	Type	Number of Contracts	Notional Amount [*]	Expiration Date	Value/ Unrealized Appreciation (Depreciation)
Interest rate contracts					
U.S. Treasury 10 Year Notes	Long	1,000	\$115,203,125	6/21/23	\$3,444,697
U.S. Treasury Ultra Bonds	Long	200	28,281,250	6/21/23	1,502,344
Total Futures Contracts					\$4,947,041

^{*}As of period end.

See Abbreviations on page 77.

Statements of Assets and Liabilities

April 30, 2023 (unaudited)

	Franklin Convertible Securities Fund	Franklin Equity Income Fund	Franklin Managed Income Fund
Assets:			
Investments in securities:			
Cost - Unaffiliated issuers	\$2,708,409,441	\$2,700,843,018	\$3,345,947,303
Cost - Controlled affiliates (Note 3f)	—	—	52,168,200
Cost - Non-controlled affiliates (Note 3f and 9)	163,161,441	115,563,792	85,985,475
Value - Unaffiliated issuers (Includes securities loaned of \$33,957, \$— and \$4,898,640 respectively)	\$2,705,079,662	\$3,574,953,567	\$3,624,334,105
Value - Controlled affiliates (Note 3f)	—	—	58,176,720
Value - Non-controlled affiliates (Note 3f and 9)	165,874,941	115,563,792	85,465,204
Cash	199,276	94,430	1,523,871
Receivables:			
Investment securities sold	—	18,982,702	1,421,798
Capital shares sold	2,019,307	1,360,423	1,856,419
Dividends and interest	6,618,450	5,067,831	29,284,502
European Union tax reclaims (Note 1g)	—	510,393	731,125
Deposits with brokers for:			
Futures contracts	—	—	3,550,000
Variation margin on futures contracts	—	—	850,000
Total assets	2,879,791,636	3,716,533,138	3,807,193,744
Liabilities:			
Payables:			
Investment securities purchased	401,270	24,406,926	188,859
Capital shares redeemed	2,567,021	3,199,211	2,663,751
Management fees	1,079,579	1,361,503	1,756,775
Distribution fees	281,447	754,742	789,590
Transfer agent fees	1,276,123	949,756	807,280
Trustees' fees and expenses	905	68	16
Options written, at value (premiums received \$—, \$— and \$1,780,709 respectively)	—	—	488,250
Payable upon return of securities loaned (Note 1f)	34,000	—	5,015,000
Accrued expenses and other liabilities	256,222	129,903	264,467
Total liabilities	5,896,567	30,802,109	11,973,988
Net assets, at value	\$2,873,895,069	\$3,685,731,029	\$3,795,219,756
Net assets consist of:			
Paid-in capital	\$2,922,353,184	\$2,743,370,330	\$3,471,589,622
Total distributable earnings (losses)	(48,458,115)	942,360,699	323,630,134
Net assets, at value	\$2,873,895,069	\$3,685,731,029	\$3,795,219,756

Statements of Assets and Liabilities (continued)

April 30, 2023 (unaudited)

	Franklin Convertible Securities Fund	Franklin Equity Income Fund	Franklin Managed Income Fund
Class A:			
Net assets, at value	\$1,009,403,294	\$2,946,935,394	\$3,222,995,350
Shares outstanding	51,029,767	103,264,486	261,958,179
Net asset value per share ^a	\$19.78	\$28.54	\$12.30
Maximum offering price per share (net asset value per share + 94.50%, 94.50% and 94.50%, respectively)	\$20.93	\$30.20	\$13.02
Class C:			
Net assets, at value	\$85,531,329	\$180,383,084	\$150,556,093
Shares outstanding	4,445,432	6,375,652	12,368,931
Net asset value and maximum offering price per share ^a	\$19.24	\$28.29	\$12.17
Class R:			
Net assets, at value	\$—	\$10,598,029	\$3,359,706
Shares outstanding	—	371,149	272,174
Net asset value and maximum offering price per share	\$—	\$28.56	\$12.34
Class R6:			
Net assets, at value	\$92,232,005	\$169,937,990	\$189,916,688
Shares outstanding	4,617,316	5,941,552	15,389,590
Net asset value and maximum offering price per share	\$19.98	\$28.60	\$12.34
Advisor Class:			
Net assets, at value	\$1,686,728,441	\$377,876,532	\$228,391,919
Shares outstanding	85,266,249	13,216,935	18,514,305
Net asset value and maximum offering price per share	\$19.78	\$28.59	\$12.34

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

Statements of Operations

for the six months ended April 30, 2023 (unaudited)

	Franklin Convertible Securities Fund	Franklin Equity Income Fund	Franklin Managed Income Fund
Investment income:			
Dividends: (net of foreign taxes of \$—, \$689,278 and \$0, respectively)			
Unaffiliated issuers	\$7,427,240	\$49,950,408	\$20,108,902
Controlled affiliates (Note 3f)	—	—	851,242
Non-controlled affiliates (Note 3f and 9)	3,255,637	2,433,922	1,140,594
Interest:			
Unaffiliated issuers	14,135,694	783	63,099,261
Income from securities loaned:			
Unaffiliated entities (net of fees and rebates)	57,475	—	1,874
Non-controlled affiliates (Note 3f)	181,596	5	110,830
Other income (Note 1g)	—	4,186	10,889
Total investment income	25,057,642	52,389,304	85,323,592
Expenses:			
Management fees (Note 3a)	6,826,009	8,462,266	10,298,107
Distribution fees: (Note 3c)			
Class A	1,296,526	3,631,367	3,991,223
Class C	463,338	914,016	808,633
Class R	—	25,335	7,905
Transfer agent fees: (Note 3e)			
Class A	575,729	1,584,978	1,489,903
Class C	51,570	99,761	75,591
Class R	—	5,527	1,475
Class R6	21,267	27,409	24,837
Advisor Class	973,882	205,454	101,797
Custodian fees (Note 4)	7,379	14,842	7,356
Reports to shareholders fees	89,853	97,150	100,024
Registration and filing fees	66,890	99,559	85,258
Professional fees	37,378	30,294	37,791
Trustees' fees and expenses	19,872	22,836	23,525
Other	48,128	29,839	55,164
Total expenses	10,477,821	15,250,633	17,108,589
Expense reductions (Note 4)	(2,114)	(6,823)	5,394
Expenses waived/paid by affiliates (Note 3f and 3g)	(160,747)	(235,093)	(167,698)
Net expenses	10,314,960	15,008,717	16,946,285
Net investment income	14,742,682	37,380,587	68,377,307

Statements of Operations (continued)
for the six months ended April 30, 2023 (unaudited)

	Franklin Convertible Securities Fund	Franklin Equity Income Fund	Franklin Managed Income Fund
Realized and unrealized gains (losses):			
Net realized gain (loss) from:			
Investments:			
Unaffiliated issuers	(46,378,704)	71,495,315	52,290,335
Controlled affiliates (Note 3f)	—	—	(1,281,860)
Non-controlled affiliates (Note 3f and 9)	—	—	(1,132,862)
Written options	—	—	4,189,121
Foreign currency transactions	—	(6,656)	10,639
Futures contracts	—	—	(1,630,927)
Net realized gain (loss)	(46,378,704)	71,488,659	52,444,446
Net change in unrealized appreciation (depreciation) on:			
Investments:			
Unaffiliated issuers	176,117,650	75,071,937	128,686,855
Controlled affiliates (Note 3f)	—	—	2,905,361
Non-controlled affiliates (Note 3f and 9)	1,827,000	—	1,847,791
Translation of other assets and liabilities denominated in foreign currencies	—	95,675	140,574
Written options	—	—	1,292,459
Futures contracts	—	—	4,979,081
Net change in unrealized appreciation (depreciation)	177,944,650	75,167,612	139,852,121
Net realized and unrealized gain (loss)	131,565,946	146,656,271	192,296,567
Net increase (decrease) in net assets resulting from operations	\$146,308,628	\$184,036,858	\$260,673,874

Statements of Changes in Net Assets

	Franklin Convertible Securities Fund		Franklin Equity Income Fund	
	Six Months Ended April 30, 2023 (unaudited)	Year Ended October 31, 2022	Six Months Ended April 30, 2023 (unaudited)	Year Ended October 31, 2022
Increase (decrease) in net assets:				
Operations:				
Net investment income	\$14,742,682	\$29,502,249	\$37,380,587	\$59,250,450
Net realized gain (loss)	(46,378,704)	262,990,651	71,488,659	147,407,120
Net change in unrealized appreciation (depreciation)	177,944,650	(1,257,833,160)	75,167,612	(507,120,265)
Net increase (decrease) in net assets resulting from operations.	146,308,628	(965,340,260)	184,036,858	(300,462,695)
Distributions to shareholders:				
Class A	(81,689,034)	(278,593,942)	(126,396,553)	(210,401,246)
Class C	(7,294,932)	(32,745,743)	(7,312,794)	(12,966,193)
Class R	—	—	(425,963)	(656,640)
Class R6	(7,355,401)	(27,438,151)	(7,377,038)	(11,606,633)
Advisor Class	(141,035,977)	(574,322,200)	(16,982,622)	(27,731,038)
Total distributions to shareholders	(237,375,344)	(913,100,036)	(158,494,970)	(263,361,750)
Capital share transactions: (Note 2)				
Class A	(26,488,496)	30,184,007	85,703,905	337,706,025
Class C	(12,433,374)	(29,126,451)	(2,553,522)	10,731,937
Class R	—	—	945,071	1,653,180
Class R6	(530,219)	22,030,422	8,650,313	33,598,030
Advisor Class	(154,005,239)	(290,064,516)	(7,567,298)	61,890,454
Total capital share transactions	(193,457,328)	(266,976,538)	85,178,469	445,579,626
Net increase (decrease) in net assets	(284,524,044)	(2,145,416,834)	110,720,357	(118,244,819)
Net assets:				
Beginning of period	3,158,419,113	5,303,835,947	3,575,010,672	3,693,255,491
End of period	\$2,873,895,069	\$3,158,419,113	\$3,685,731,029	\$3,575,010,672

Statements of Changes in Net Assets (continued)

	Franklin Managed Income Fund	
	Six Months Ended April 30, 2023 (unaudited)	Year Ended October 31, 2022
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$68,377,307	\$108,053,686
Net realized gain (loss)	52,444,446	51,199,736
Net change in unrealized appreciation (depreciation)	139,852,121	(511,711,146)
Net increase (decrease) in net assets resulting from operations	260,673,874	(352,457,724)
Distributions to shareholders:		
Class A	(70,666,030)	(257,376,941)
Class C	(2,908,968)	(15,769,507)
Class R	(66,433)	(231,881)
Class R6	(4,359,337)	(14,138,484)
Advisor Class	(5,155,057)	(17,188,220)
Total distributions to shareholders	(83,155,825)	(304,705,033)
Capital share transactions: (Note 2)		
Class A	(29,721,641)	133,628,627
Class C	(25,647,089)	(55,136,786)
Class R	236,098	55,797
Class R6	11,962,537	14,741,171
Advisor Class	14,908,303	11,116,066
Total capital share transactions	(28,261,792)	104,404,875
Net increase (decrease) in net assets	149,256,257	(552,757,882)
Net assets:		
Beginning of period	3,645,963,499	4,198,721,381
End of period	\$3,795,219,756	\$3,645,963,499

Notes to Financial Statements (unaudited)

1. Organization and Significant Accounting Policies

Franklin Investors Securities Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of seven separate funds, three of which are included in this report (Funds). The Funds follow the accounting and reporting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, Financial Services – Investment Companies (ASC 946) and apply the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP), including, but not limited to, ASC 946. The classes of shares offered within each of the Funds are indicated below. Class C shares automatically convert to Class A shares on a monthly basis, after they have been held for 8 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. Franklin Convertible Securities Fund closed to new investors with limited exceptions on August 29, 2018.

Class A, Class C, Class R, Class R6 & Advisor Class

Franklin Managed Income Fund
Franklin Equity Income Fund

Class A, Class C, Class R6 & Advisor Class

Franklin Convertible Securities Fund

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 Board has designated the Funds' investment manager as the valuation designee and has responsibility for oversight of valuation. The investment manager is assisted by the Funds' administrator in performing this responsibility, 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.

Equity securities, exchange traded funds, and derivative financial instruments listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Debt and certain preferred securities generally trade in the OTC market rather than on a securities exchange. The Funds' pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value.

Investments in open-end mutual funds are valued at the closing NAV.

The Funds have procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the Funds primarily employ a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the

1. Organization and Significant Accounting Policies

(continued)

a. Financial Instrument Valuation (continued)

investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Funds' business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Funds. As a result, differences may arise between the value of the Funds' portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Funds' portfolio securities to the latest indications of fair value at 4 p.m. Eastern time. At April 30, 2023, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 within the fair value hierarchy (referred to as "market level fair value"). See the Fair Value Measurements note for more information.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Funds' NAV is not calculated, which could result in differences between the value of the Funds' portfolio securities on the last business day and the last calendar day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Funds for financial reporting purposes.

b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Funds may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S.

dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

The Funds do not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments in the Statements of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

c. Securities Purchased on a Delayed Delivery Basis

Franklin Equity Income Fund purchases securities on a delayed delivery basis, with payment and delivery scheduled for a future date. These transactions are subject to market fluctuations and are subject to the risk that the value at delivery may be more or less than the trade date purchase price. Although the Fund will generally purchase these securities with the intention of holding the securities, it may sell the securities before the settlement date.

d. Derivative Financial Instruments

Certain or all Funds invested in derivative financial instruments in order to manage risk or gain exposure to various other investments or markets. Derivatives are financial contracts based on an underlying or notional amount, require no initial investment or an initial net investment that is smaller than would normally be required to have a similar response to changes in market factors, and require or permit net settlement. Derivatives contain various risks including the potential inability of the counterparty to

1. Organization and Significant Accounting Policies

(continued)

d. Derivative Financial Instruments (continued)

fulfill their obligations under the terms of the contract, the potential for an illiquid secondary market, and/or the potential for market movements which expose the Fund to gains or losses in excess of the amounts shown in the Statements of Assets and Liabilities. Realized gain and loss and unrealized appreciation and depreciation on these contracts for the period are included in the Statements of Operations.

Collateral requirements differ by type of derivative. Collateral or initial margin requirements are set by the broker or exchange clearing house for exchange traded and centrally cleared derivatives. Initial margin deposited is held at the exchange and can be in the form of cash and/or securities.

Certain or all Funds entered into exchange traded futures contracts primarily to manage and/or gain exposure to interest rate risk. A futures contract is an agreement between the Fund and a counterparty to buy or sell an asset at a specified price on a future date. Required initial margins are pledged by the Fund, and the daily change in fair value is accounted for as a variation margin payable or receivable in the Statements of Assets and Liabilities. At April 30, 2023, Franklin Convertible Securities Fund and Franklin Equity Income Fund had no futures contracts.

Certain or all Funds purchased or wrote exchange traded option contracts primarily to manage and/or gain exposure to equity volatility risk. An option is a contract entitling the holder to purchase or sell a specific amount of shares or units of an asset or notional amount of a swap (swaption), at a specified price. When an option is purchased or written, an amount equal to the premium paid or received is recorded as an asset or liability, respectively. Upon exercise of an option, the acquisition cost or sales proceeds of the underlying investment is adjusted by any premium received or paid. Upon expiration of an option, any premium received or paid is recorded as a realized gain or loss. Upon closing an option other than through expiration or exercise, the difference between the premium received or paid and the cost to close the position is recorded as a realized gain or loss. At April 30, 2023, Franklin Convertible Securities Fund and Franklin Equity Income Fund had no options.

See Note 8 regarding other derivative information.

e. Equity-Linked Securities

Certain or all Funds invest in equity-linked securities.

Equity-linked securities are hybrid financial instruments that generally combine both debt and equity characteristics into a single note form. Income received from equity-linked securities is recorded as realized gains in the Statements of Operations and may be based on the performance of an underlying equity security, an equity index, or an option position. The risks of investing in equity-linked securities include unfavorable price movements in the underlying security and the credit risk of the issuing financial institution. There may be no guarantee of a return of principal with equity-linked securities and the appreciation potential may be limited. Equity-linked securities may be more volatile and less liquid than other investments held by the Funds.

f. Securities Lending

Certain or all Funds participate in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Funds, and/or a joint repurchase agreement. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statements of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower. At April 30, 2023, Franklin Equity Income Fund had no securities on loan.

1. Organization and Significant Accounting Policies (continued)

g. Income and Deferred 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.

The Funds may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which the Funds invest. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Funds invest. When a capital gain tax is determined to apply, certain or all Funds record an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

As a result of several court cases, in certain countries across the European Union, certain or all Funds filed additional tax reclaims for previously withheld taxes on dividends earned in those countries (EU reclaims). Income recognized, if any, for EU reclaims is reflected as other income in the Statements of Operations and any related receivable, if any, is reflected as European Union tax reclaims in the Statements of Assets and Liabilities. Any fees associated with these filings are reflected in other expenses in the Statements of Operations. When uncertainty exists as to the ultimate resolution of these proceedings, the likelihood of receipt of these EU reclaims, and the potential timing of payment, no amounts are reflected in the financial statements. For U.S. income tax purposes, EU reclaims received by the Funds, if any, reduce the amount of foreign taxes Fund shareholders can use as tax deductions or credits on their income tax returns.

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 April 30, 2023, 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.

h. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Paydown gains and losses are recorded as an adjustment to interest income on the Statements of Operations. Facility fees are recognized as income over the expected term of the loan. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Funds. Distributions to shareholders are recorded on the ex-dividend date. The Franklin Managed Income Fund employs a managed distribution policy. Under this policy, the fund will distribute level monthly distributions in any given year regardless of the performance of the fund; however, the twelfth monthly payment may be greater than the initially anticipated amount if additional income or capital gains are required to be distributed. These distributions may include income and capital gains generated by the Fund, as well as a possible return of capital component, if necessary, to meet the annual distribution rate. The annual payout rate may be adjusted higher or lower from year to year in response to market conditions. 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.

1. Organization and Significant Accounting Policies

(continued)

h. Security Transactions, Investment Income, Expenses and Distributions (continued)

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.

i. 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.

j. 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.

2. Shares of Beneficial Interest

At April 30, 2023, there were an unlimited number of shares authorized (without par value). Transactions in the Funds' shares were as follows:

	Franklin Convertible Securities Fund		Franklin Equity Income Fund	
	Shares	Amount	Shares	Amount
Class A Shares:				
Six Months ended April 30, 2023				
Shares sold ^a	1,445,233	\$28,980,861	6,419,262	\$183,128,374
Shares issued in reinvestment of distributions	3,962,812	76,919,733	4,422,225	123,852,509
Shares redeemed	(6,612,873)	(132,389,090)	(7,785,993)	(221,276,978)
Net increase (decrease)	(1,204,828)	\$(26,488,496)	3,055,494	\$85,703,905
Year ended October 31, 2022				
Shares sold ^a	3,528,462	\$81,704,017	17,185,498	\$514,155,522
Shares issued in reinvestment of distributions	10,751,868	263,621,337	6,724,965	206,017,007
Shares redeemed	(14,108,546)	(315,141,347)	(12,900,507)	(382,466,504)
Net increase (decrease)	171,784	\$30,184,007	11,009,956	\$337,706,025

2. Shares of Beneficial Interest (continued)

	Franklin Convertible Securities Fund		Franklin Equity Income Fund	
	Shares	Amount	Shares	Amount
Class C Shares:				
Six Months ended April 30, 2023				
Shares sold	50,141	\$978,980	784,240	\$22,131,429
Shares issued in reinvestment of distributions	374,391	7,061,367	261,314	7,266,047
Shares redeemed ^a	(1,047,258)	(20,473,721)	(1,127,365)	(31,950,998)
Net increase (decrease)	(622,726)	\$(12,433,374)	(81,811)	\$(2,553,522)
Year ended October 31, 2022				
Shares sold	179,088	\$4,186,946	1,834,865	\$55,546,358
Shares issued in reinvestment of distributions	1,295,654	31,121,593	420,769	12,876,801
Shares redeemed ^a	(2,912,500)	(64,434,990)	(1,955,137)	(57,691,222)
Net increase (decrease)	(1,437,758)	\$(29,126,451)	300,497	\$10,731,937
Class R Shares:				
Six Months ended April 30, 2023				
Shares sold	—	\$—	33,457	\$955,651
Shares issued in reinvestment of distributions	—	—	15,172	425,332
Shares redeemed	—	—	(15,181)	(435,912)
Net increase (decrease)	—	\$—	33,448	\$945,071
Year ended October 31, 2022				
Shares sold	—	\$—	82,686	\$2,467,955
Shares issued in reinvestment of distributions	—	—	21,378	656,122
Shares redeemed	—	—	(51,002)	(1,470,897)
Net increase (decrease)	—	\$—	53,062	\$1,653,180
Class R6 Shares:				
Six Months ended April 30, 2023				
Shares sold	552,650	\$11,127,110	838,660	\$23,791,168
Shares issued in reinvestment of distributions	373,018	7,314,346	204,124	5,726,400
Shares redeemed	(936,310)	(18,971,675)	(730,778)	(20,867,255)
Net increase (decrease)	(10,642)	\$(530,219)	312,006	\$8,650,313
Year ended October 31, 2022				
Shares sold	1,766,270	\$47,640,387	1,888,227	\$56,835,158
Shares issued in reinvestment of distributions	1,097,271	27,093,993	296,335	9,065,202
Shares redeemed	(2,308,082)	(52,703,958)	(1,086,998)	(32,302,330)
Net increase (decrease)	555,459	\$22,030,422	1,097,564	\$33,598,030

2. Shares of Beneficial Interest (continued)

	Franklin Convertible Securities Fund		Franklin Equity Income Fund	
	Shares	Amount	Shares	Amount
Advisor Class Shares:				
Six Months ended April 30, 2023				
Shares sold	9,105,356	\$182,786,626	1,570,530	\$44,884,504
Shares issued in reinvestment of distributions	6,224,085	120,864,268	584,339	16,392,542
Shares redeemed	(22,801,966)	(457,656,133)	(2,419,410)	(68,844,344)
Net increase (decrease)	(7,472,525)	\$(154,005,239)	(264,541)	\$(7,567,298)
Year ended October 31, 2022				
Shares sold	22,514,113	\$514,171,857	4,809,064	\$143,377,165
Shares issued in reinvestment of distributions	19,812,549	485,167,624	870,642	26,624,989
Shares redeemed	(57,281,750)	(1,289,403,997)	(3,625,874)	(108,111,700)
Net increase (decrease)	(14,955,088)	\$(290,064,516)	2,053,832	\$61,890,454
Franklin Managed Income Fund				
	Shares	Amount		
Class A Shares:				
Six Months ended April 30, 2023				
Shares sold ^a	12,280,249	\$150,080,405		
Shares issued in reinvestment of distributions	5,619,685	68,697,144		
Shares redeemed	(20,346,411)	(248,499,190)		
Net increase (decrease)	(2,446,477)	\$(29,721,641)		
Year ended October 31, 2022				
Shares sold ^a	28,573,160	\$366,266,017		
Shares issued in reinvestment of distributions	19,338,624	250,731,226		
Shares redeemed	(38,189,802)	(483,368,616)		
Net increase (decrease)	9,721,982	\$133,628,627		
Class C Shares:				
Six Months ended April 30, 2023				
Shares sold	830,718	\$10,037,731		
Shares issued in reinvestment of distributions	236,578	2,862,057		
Shares redeemed ^a	(3,181,282)	(38,546,877)		
Net increase (decrease)	(2,113,986)	\$(25,647,089)		
Year ended October 31, 2022				
Shares sold	1,985,417	\$25,675,886		
Shares issued in reinvestment of distributions	1,202,978	15,555,196		
Shares redeemed ^a	(7,646,748)	(96,367,868)		
Net increase (decrease)	(4,458,353)	\$(55,136,786)		

2. Shares of Beneficial Interest (continued)

	Franklin Managed Income Fund	
	Shares	Amount
Class R Shares:		
Six Months ended April 30, 2023		
Shares sold	17,833	\$217,399
Shares issued in reinvestment of distributions	5,390	66,110
Shares redeemed	(3,896)	(47,411)
Net increase (decrease)	19,327	\$236,098
Year ended October 31, 2022		
Shares sold	20,379	\$262,738
Shares issued in reinvestment of distributions	17,776	231,450
Shares redeemed	(32,885)	(438,391)
Net increase (decrease)	5,270	\$55,797
Class R6 Shares:		
Six Months ended April 30, 2023		
Shares sold	2,196,912	\$26,793,434
Shares issued in reinvestment of distributions	353,731	4,337,393
Shares redeemed	(1,563,949)	(19,168,290)
Net increase (decrease)	986,694	\$11,962,537
Year ended October 31, 2022		
Shares sold	2,936,983	\$37,459,817
Shares issued in reinvestment of distributions	1,085,405	14,091,202
Shares redeemed	(2,881,346)	(36,809,848)
Net increase (decrease)	1,141,042	\$14,741,171
Advisor Class Shares:		
Six Months ended April 30, 2023		
Shares sold	3,392,391	\$41,583,969
Shares issued in reinvestment of distributions	377,769	4,629,792
Shares redeemed	(2,542,183)	(31,305,458)
Net increase (decrease)	1,227,977	\$14,908,303
Year ended October 31, 2022		
Shares sold	6,285,500	\$79,520,077
Shares issued in reinvestment of distributions	1,192,389	15,470,720
Shares redeemed	(6,672,248)	(83,874,731)
Net increase (decrease)	805,641	\$11,116,066

*May include a portion of Class C shares that were automatically converted to Class A.

3. Transactions with Affiliates

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton. Certain officers and trustees of the Trust are also officers and/or directors of the following subsidiaries:

Subsidiary	Affiliation
Franklin Advisers, Inc. (Advisers)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Distributors, LLC (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

Franklin Managed Income Fund pays an investment management fee, calculated daily and paid monthly, to Advisers based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.620%	Up to and including \$250 million
0.595%	Over \$250 million, up to and including \$500 million
0.570%	Over \$500 million, up to and including \$1 billion
0.545%	Over \$1 billion, up to and including \$2.5 billion
0.520%	Over \$2.5 billion, up to and including \$5 billion
0.495%	Over \$5 billion, up to and including \$10 billion
0.470%	Over \$10 billion, up to and including \$15 billion
0.445%	Over \$15 billion, up to and including \$20 billion
0.420%	In excess of \$20 billion

Franklin Convertible Securities Fund and Franklin Equity Income Fund pay an investment management fee, calculated daily and paid monthly, to Advisers based on the month-end net assets of each of the Funds as follows:

Annualized Fee Rate	Net Assets
0.625%	Up to and including \$100 million
0.500%	Over \$100 million, up to and including \$250 million
0.450%	Over \$250 million, up to and including \$7.5 billion
0.440%	Over \$7.5 billion, up to and including \$10 billion
0.430%	Over \$10 billion, up to and including \$12.5 billion
0.420%	Over \$12.5 billion, up to and including \$15 billion
0.400%	Over \$15 billion, up to and including \$17.5 billion
0.380%	Over \$17.5 billion, up to and including \$20 billion
0.360%	Over \$20 billion, up to and including \$35 billion
0.355%	Over \$35 billion, up to and including \$50 billion
0.350%	In excess of \$50 billion

For the period ended April 30, 2023, each Fund's annualized gross effective investment management fee rate based on average daily net assets was as follows:

3. Transactions with Affiliates (continued)

a. Management Fees (continued)

	Franklin Convertible Securities Fund	Franklin Equity Income Fund	Franklin Managed Income Fund
Gross effective investment management fee rate.	0.459%	0.465%	0.548%

b. Administrative Fees

Under an agreement with Advisers, FT Services provides administrative services to the Funds. The fee is paid by Advisers based on each of the Funds' average daily net assets, and is not an additional expense of the Funds.

c. Distribution Fees

The Board has adopted distribution plans for each share class, with the exception of Class R6 and Advisor Class shares, pursuant to Rule 12b-1 under the 1940 Act. Under the Funds' Class A reimbursement distribution plans, the Funds reimburse Distributors for costs incurred in connection with the servicing, sale and distribution of each Fund's shares up to the maximum annual plan rate 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.

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

	Franklin Convertible Securities Fund	Franklin Equity Income Fund	Franklin Managed Income Fund
Class A	0.25%	0.25%	0.35%
Class C	1.00%	1.00%	1.00%
Class R	—%	0.50%	0.50%

For Franklin Managed Income Fund, the Board has set the current rate at 0.25% per year for Class A shares until further notice and approval by the Board.

d. Sales Charges/Underwriting Agreements

Front-end sales charges and contingent deferred sales charges (CDSC) do not represent expenses of the Funds. These charges are deducted from the proceeds of sales of fund shares prior to investment or from redemption proceeds prior to remittance, as applicable. Distributors has advised the Funds of the following commission transactions related to the sales and redemptions of the Funds' shares for the period:

	Franklin Convertible Securities Fund	Franklin Equity Income Fund	Franklin Managed Income Fund
Sales charges retained net of commissions paid to unaffiliated brokers/dealers	\$5,530	\$208,983	\$136,179
CDSC retained	\$1,648	\$22,472	\$7,866

3. Transactions with Affiliates (continued)

e. Transfer Agent Fees

Each class of shares pays transfer agent fees to Investor Services for its performance of shareholder servicing obligations. Effective October 1, 2022, the fees are based on an annualized asset based fee of 0.016% plus a reduced transaction based fee. Prior to October 1, 2022, the fees were 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 period ended April 30, 2023, the Funds paid transfer agent fees as noted in the Statements of Operations of which the following amounts were retained by Investor Services:

	Franklin Convertible Securities Fund	Franklin Equity Income Fund	Franklin Managed Income Fund
Transfer agent fees	\$402,673	\$628,248	\$586,907

f. Investments in Affiliated Management Investment Companies

Certain or all Funds invest in one or more affiliated management investment companies. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Funds do not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Funds are waived on assets invested in the affiliated management investment companies, as noted in the Statements of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate.

During the period ended April 30, 2023, investments in affiliated management investment companies were as follows:

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Franklin Convertible Securities Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 4.483%	\$32,225,199	\$584,008,746	\$(498,106,504)	\$—	\$—	\$118,127,441	118,127,441	\$1,511,887
Total Non-Controlled Affiliates	\$32,225,199	\$584,008,746	\$(498,106,504)	\$—	\$—	\$118,127,441		\$1,511,887
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 4.483%	\$16,573,000	\$48,231,000	\$(64,770,000)	\$—	\$—	\$34,000	34,000	\$181,596
Total Affiliated Securities . . .	\$48,798,199	\$632,239,746	\$(562,876,504)	\$—	\$—	\$118,161,441		\$1,693,483

3. Transactions with Affiliates (continued)

f. Investments in Affiliated Management Investment Companies (continued)

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Franklin Equity Income Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 4.483%	\$130,310,388	\$309,586,155	\$(324,332,751)	\$—	\$—	\$115,563,792	115,563,792	\$2,433,922
Total Non-Controlled Affiliates	\$130,310,388	\$309,586,155	\$(324,332,751)	\$—	\$—	\$115,563,792		\$2,433,922
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 4.483%	\$—	\$2,000	\$(2,000)	\$—	\$—	\$—	—	\$5
Total Affiliated Securities . . .	\$130,310,388	\$309,588,155	\$(324,334,751)	\$—	\$—	\$115,563,792		\$2,433,927
Franklin Managed Income Fund								
Controlled Affiliates								
								Dividends
Franklin Systematic Style Premia ETF	\$25,286,000	\$—	\$(7,058,217)	\$(1,483,446)	\$1,324,063	\$18,068,400	840,000	\$515,592
Franklin U.S. Low Volatility ETF	39,259,172	—	(933,736)	201,586	1,581,298	40,108,320	840,000	335,650
Total Controlled Affiliates . . .	\$64,545,172	\$—	\$(7,991,953)	\$(1,281,860)	\$2,905,361	\$58,176,720		\$851,242
Non-Controlled Affiliates								
								Dividends
Franklin FTSE United Kingdom ETF	\$26,243,750	\$—	\$(26,699,013)	\$(1,132,862)	\$1,588,125	\$—	—	\$—
Institutional Fiduciary Trust - Money Market Portfolio, 4.483%	7,831,637	589,789,864	(523,853,370)	—	—	73,768,131	73,768,131	786,877
Western Asset Diversified Income Fund	3,105,000	3,317,407	—	—	259,666	6,682,073	500,905	353,717
Total Non-Controlled Affiliates	\$37,180,387	\$593,107,271	\$(550,552,383)	\$(1,132,862)	\$1,847,791	\$80,450,204		\$1,140,594
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 4.483%	\$9,298,000	\$36,379,000	\$(40,662,000)	\$—	\$—	\$5,015,000	5,015,000	\$110,830
Total Affiliated Securities . . .	\$111,023,559	\$629,486,271	\$(599,206,336)	\$(2,414,722)	\$4,753,152	\$143,641,924		\$2,102,666

3. Transactions with Affiliates (continued)

g. Waiver and Expense Reimbursements

Advisers has contractually agreed in advance to waive or limit its respective fees and to assume as its own expense certain expenses otherwise payable by Franklin Managed Income Fund so that the operating expenses (excluding interest expense, distribution fees, and certain non-routine expenses or costs, including those relating to litigation, indemnification, reorganizations, and liquidations) and acquired fund fees and expenses for each class of the Fund does not exceed 0.68% based on the average net assets of each class until February 29, 2024. Total expenses waived or paid are not subject to recapture subsequent to the Fund's fiscal year end.

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 February 29, 2024.

4. Expense Offset Arrangement

The Funds have entered into an arrangement with their custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Funds' custodian expenses. During the period ended April 30, 2023, the custodian fees were reduced as noted in the Statements of Operations.

5. Income Taxes

At April 30, 2023, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

	Franklin Convertible Securities Fund	Franklin Equity Income Fund	Franklin Managed Income Fund
Cost of investments	\$2,875,966,654	\$2,818,883,468	\$3,487,296,366
Unrealized appreciation.	\$237,134,094	\$946,724,059	\$341,299,080
Unrealized depreciation.	(242,146,145)	(75,090,168)	(56,160,626)
Net unrealized appreciation (depreciation).	\$(5,012,051)	\$871,633,891	\$285,138,454

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of convertible securities, contingent securities, equity-linked securities and wash sales.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended April 30, 2023, were as follows:

	Franklin Convertible Securities Fund	Franklin Equity Income Fund	Franklin Managed Income Fund
Purchases	\$311,202,279	\$531,921,608	\$1,685,755,579
Sales	\$846,839,726	\$534,537,858	\$1,794,912,886

6. Investment Transactions (continued)

At April 30, 2023, in connection with securities lending transactions, certain or all Funds loaned investments and received cash collateral as follows:

	Franklin Convertible Securities Fund	Franklin Equity Income Fund	Franklin Managed Income Fund
Securities lending transactions^a:			
Equity investments ^b	\$34,000	\$—	\$5,015,000

^aThe agreements can be terminated at any time.

^bThe gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statements of Assets and Liabilities.

7. Credit Risk

At April 30, 2023, Franklin Convertible Securities Fund and Franklin Managed Income Fund had 80.8% and 9.1%, respectively, of their portfolio invested in high yield securities, senior secured floating rate loans, or other securities rated below investment grade and unrated securities. These securities may be more sensitive to economic conditions causing greater price volatility and are potentially subject to a greater risk of loss due to default than higher rated securities.

8. Other Derivative Information

At April 30, 2023, investments in derivative contracts are reflected in the Statements of Assets and Liabilities as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Franklin Managed Income Fund				
Interest rate contracts				
	Variation margin on futures contracts	\$4,947,041 ^a	Variation margin on futures contracts	\$—
Equity contracts				
	Investments in securities, at value	—	Options written, at value	488,250
Total		<u>\$4,947,041</u>		<u>\$488,250</u>

^aThis amount reflects the cumulative appreciation (depreciation) of futures contracts as reported in the Schedule of Investments. Only the variation margin receivable/payable at period end is separately reported within the Statement of Assets and Liabilities. Prior variation margin movements were recorded to cash upon receipt or payment.

8. Other Derivative Information (continued)

For the period ended April 30, 2023, the effect of derivative contracts in the Statements of Operations was as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Location	Net Realized Gain (Loss) for the Period	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Period
Franklin Managed Income Fund				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Interest rate contracts				
	Futures contracts	\$(1,630,927)	Futures contracts	\$4,979,081
Equity Contracts				
	Written options	4,189,121	Written options	1,292,459
Total		<u>\$2,558,194</u>		<u>\$6,271,540</u>

For the period ended April 30, 2023, the average month end notional amount of futures contracts and options represented \$103,687,946 and 2,392,286 shares, respectively.

See Note 1(d) regarding derivative financial instruments.

9. Holdings of 5% Voting Securities of Portfolio Companies

The 1940 Act defines "affiliated companies" to include investments in portfolio companies in which a fund owns 5% or more of the outstanding voting securities. Additionally, as defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated companies' outstanding shares or has the power to exercise control over management or policies of such company. During the period ended April 30, 2023, investments in "affiliated companies" were as follows:

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares at End of Period	Investment Income
Franklin Convertible Securities Fund								
Non-Controlled Affiliates								
NiSource, Inc., 7.75% . .	\$45,886,500	\$—	\$—	\$—	\$1,827,000	\$47,713,500	450,000	Dividends \$1,743,750
Total Affiliated Securities (Value is 1.7% of Net Assets)	<u>\$45,886,500</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$1,827,000</u>	<u>\$47,713,500</u>		<u>\$1,743,750</u>

10. 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 \$2.675 billion (Global Credit Facility) which matures on February 2, 2024. 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.

10. Credit Facility (continued)

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 period ended April 30, 2023, the Funds did not use the Global Credit Facility.

11. Fair Value Measurements

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

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Funds' own assumptions in determining the fair value of financial instruments)

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

A summary of inputs used as of April 30, 2023, in valuing the Funds' assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin Convertible Securities Fund				
Assets:				
Investments in Securities:				
Common Stocks	\$42,480,607	\$—	\$—	\$42,480,607
Convertible Preferred Stocks:				
Automobile Components	48,671,700	—	—	48,671,700
Capital Markets	61,315,200	—	—	61,315,200
Electric Utilities	94,956,700	—	—	94,956,700
Machinery	27,622,500	—	—	27,622,500
Multi-Utilities	47,713,500	—	—	47,713,500
Wireless Telecommunication Services	—	56,018,880	—	56,018,880
Convertible Bonds	—	2,374,014,075	—	2,374,014,075
Short Term Investments	118,161,441	—	—	118,161,441
Total Investments in Securities	\$440,921,648	\$2,430,032,955	\$—	\$2,870,954,603
Franklin Equity Income Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense	132,735,565	—	—	132,735,565
Air Freight & Logistics	90,174,715	—	—	90,174,715
Banks	256,636,800	—	—	256,636,800
Beverages	140,202,600	—	—	140,202,600
Capital Markets	232,299,675	—	—	232,299,675
Chemicals	19,154,850	32,071,873	—	51,226,723
Commercial Services & Supplies	7,231,000	—	—	7,231,000
Communications Equipment	77,017,500	—	—	77,017,500
Consumer Finance	15,811,320	—	—	15,811,320
Consumer Staples Distribution & Retail	100,581,700	—	—	100,581,700

11. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Franklin Equity Income Fund (continued)				
Assets: (continued)				
Investments in Securities:				
Common Stocks:				
Diversified Telecommunication Services	\$9,731,640	\$—	\$—	\$9,731,640
Electric Utilities	199,045,315	—	—	199,045,315
Electrical Equipment	62,622,000	—	—	62,622,000
Financial Services	69,095,100	—	—	69,095,100
Food Products	38,551,800	—	—	38,551,800
Ground Transportation	39,692,365	—	—	39,692,365
Health Care Equipment & Supplies	86,402,500	—	—	86,402,500
Health Care Providers & Services	142,001,605	—	—	142,001,605
Health Care REITs	31,417,100	—	—	31,417,100
Hotels, Restaurants & Leisure	45,397,625	—	—	45,397,625
Household Products	111,029,800	—	—	111,029,800
Industrial REITs	3,757,500	—	—	3,757,500
Insurance	7,282,100	—	—	7,282,100
Life Sciences Tools & Services	70,729,550	—	—	70,729,550
Machinery	33,905,400	—	—	33,905,400
Media	40,025,475	—	—	40,025,475
Oil, Gas & Consumable Fuels	355,750,500	—	—	355,750,500
Pharmaceuticals	240,857,300	—	—	240,857,300
Residential REITs	44,602,000	—	—	44,602,000
Semiconductors & Semiconductor Equipment	114,777,250	—	—	114,777,250
Software	95,904,000	—	—	95,904,000
Specialized REITs	4,127,620	—	—	4,127,620
Specialty Retail	55,992,625	—	—	55,992,625
Water Utilities	27,383,254	—	—	27,383,254
Equity-Linked Securities	—	366,918,920	—	366,918,920
Convertible Preferred Stocks	174,035,625	—	—	174,035,625
Short Term Investments	115,563,792	—	—	115,563,792
Total Investments in Securities	\$3,291,526,566	\$398,990,793 ^a	\$—	\$3,690,517,359
Franklin Managed Income Fund				
Assets:				
Investments in Securities:				
Common Stocks	1,058,773,430	—	—	1,058,773,430
Management Investment Companies	64,858,793	—	—	64,858,793
Equity-Linked Securities	—	345,560,575	—	345,560,575
Convertible Preferred Stocks	10,168,000	—	—	10,168,000
Corporate Bonds	—	2,001,582,977	—	2,001,582,977
U.S. Government and Agency Securities	—	192,030,468	—	192,030,468
Asset-Backed Securities	—	15,172,177	—	15,172,177
Mortgage-Backed Securities	—	1,046,478	—	1,046,478
Short Term Investments	78,783,131	—	—	78,783,131
Total Investments in Securities	\$1,212,583,354	\$2,555,392,675	\$—	\$3,767,976,029
Other Financial Instruments:				
Futures contracts	\$4,947,041	\$—	\$—	\$4,947,041
Total Other Financial Instruments	\$4,947,041	\$—	\$—	\$4,947,041
Liabilities:				
Other Financial Instruments:				
Options written	\$488,250	\$—	\$—	\$488,250

^aIncludes foreign securities valued at \$32,071,873, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

12. New Accounting Pronouncements

In June 2022, the FASB issued Accounting Standards Update (ASU) No. 2022-03, Fair Value Measurement (Topic 820) – Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. The amendments in the ASU clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, should not be considered in measuring fair value. The ASU is effective for interim and annual reporting periods beginning after December 15, 2023, with the option of early adoption. Management has reviewed the requirements and believes that the adoption of the ASU will not have a material impact on the financial statements.

13. 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.

Abbreviations

Selected Portfolio

ADR	American Depositary Receipt
ETF	Exchange-Traded Fund
FNMA	Federal National Mortgage Association
FRN	Floating Rate Note

Shareholder Information

Board Approval of Investment Management Agreements

FRANKLIN INVESTORS SECURITIES TRUST

Franklin Convertible Securities Fund

Franklin Equity Income Fund

Franklin Managed Income Fund

(each a Fund)

At a meeting held on March 27, 2023 (Meeting), the Board of Trustees (Board) of Franklin Investors Securities Trust (Trust), including a majority of the trustees who are not “interested persons” as defined in the Investment Company Act of 1940 (Independent Trustees), reviewed and approved the continuance of the investment management agreement between Franklin Advisers, Inc. (Manager) and the Trust, on behalf of each Fund (each a Management Agreement) for the period May 1, 2023 through June 30, 2023 (Stub Period). The Independent Trustees noted that the Fund’s annual contract review was historically held at the February Board meeting and that management proposed to move the contract review to the May Board meeting. The Independent Trustees further noted management’s explanation that, to effect this change, the Board needed to consider the renewal of the Fund’s Management Agreement prior to its current April 30, 2023 expiration date. The Independent Trustees also noted that management would ask them to consider the continuation of the Management Agreement again at the May Board meeting for the 12-month period beginning July 1, 2023. The Independent Trustees received advice from and met separately with Independent Trustee counsel in considering whether to approve the continuation of each Management Agreement for the Stub Period. Although the Management Agreements for the Funds were considered at the same Board meeting, the Board considered the information provided to it about the Funds together and with respect to each Fund separately as the Board deemed appropriate.

In considering the continuation of each Management Agreement, the Board reviewed and considered information provided by the Manager at the Meeting and throughout the year at meetings of the Board and its committees. The Board also reviewed and considered information provided in response to a detailed set of requests for information submitted to the Manager by Independent Trustee counsel on behalf of the Independent Trustees in connection with the annual contract renewal process. In addition, prior to the Meeting, the Independent Trustees held a virtual contract renewal meeting at which the Independent Trustees first

conferred amongst themselves and Independent Trustee counsel about contract renewal matters; and then met with management to request additional information that the Independent Trustees reviewed and considered prior to and at the Meeting. The Board reviewed and considered all of the factors it deemed relevant in approving the continuance of each Management Agreement, including, but not limited to: (i) the nature, extent and quality of the services provided by the Manager; (ii) the investment performance of each Fund; (iii) the costs of the services provided and profits realized by the Manager and its affiliates from the relationship with each Fund; (iv) the extent to which economies of scale are realized as each Fund grows; and (v) whether fee levels reflect these economies of scale for the benefit of Fund investors.

In approving the continuance of each Management Agreement, the Board, including a majority of the Independent Trustees, determined that the terms of the Management Agreement are fair and reasonable and that the continuance of the Management Agreement is in the best interests of the applicable Fund and its shareholders. While attention was given to all information furnished, the following discusses some primary factors relevant to the Board’s determination.

Nature, Extent and Quality of Services

The Board reviewed and considered information regarding the nature, extent and quality of investment management services provided by the Manager and its affiliates to the Funds and their shareholders. This information included, among other things, the qualifications, background and experience of the senior management and investment personnel of the Manager, as well as information on succession planning where appropriate; the structure of investment personnel compensation; oversight of third-party service providers; investment performance reports and related financial information for each Fund; reports on expenses and shareholder services; legal and compliance matters; risk controls; pricing and other services provided by the Manager and its affiliates; and management fees charged by the Manager and its affiliates to US funds and other accounts, including management’s explanation of differences among accounts where relevant. The Board also reviewed and considered an annual report on payments made by Franklin Templeton (FT) or the Funds to financial intermediaries, as well as a memorandum relating to third-party servicing arrangements. The Board acknowledged

management's continued development of strategies to address areas of heightened concern in the mutual fund industry, including various regulatory initiatives and continuing geopolitical concerns.

The Board also reviewed and considered the benefits provided to Fund shareholders of investing in a fund that is part of the FT family of funds. The Board noted the financial position of Franklin Resources, Inc. (FRI), the Manager's parent, and its commitment to the mutual fund business as evidenced by its reassessment of the fund offerings in response to the market environment and project initiatives and capital investments relating to the services provided to the Funds by the FT organization. The Board specifically noted FT's commitment to technological innovation and advancement and investments to promote alternative investing.

Following consideration of such information, the Board was satisfied with the nature, extent and quality of services provided by the Manager and its affiliates to the Funds and their shareholders.

Fund Performance

The Board reviewed and considered the performance results of each Fund over various time periods ended December 31, 2022. The Board considered the performance returns for each Fund in comparison to the performance returns of mutual funds deemed comparable to the Fund included in a universe (Performance Universe) selected by Broadridge Financial Solutions, Inc. (Broadridge), an independent provider of investment company data. The Board received a description of the methodology used by Broadridge to select the mutual funds included in a Performance Universe. The Board also reviewed and considered Fund performance reports provided and discussions that occurred with portfolio managers at Board meetings throughout the year. A summary of each Fund's performance results is below.

Franklin Convertible Securities Fund - The Performance Universe for the Fund included the Fund and all retail and institutional convertible securities funds. The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was above the median of its Performance Universe. The Board also noted that the Fund's annualized income return for the one-, three-, five- and 10-year periods was below the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Franklin Equity Income Fund - The Performance Universe for the Fund included the Fund and all retail and institutional equity income funds. The Board noted that the Fund's annualized income return and annualized total return for the one-, three-, five- and 10-year periods were above the medians of its Performance Universe. The Board further noted management's view regarding the income-related attributes of the Fund (e.g., a fund's investment objective) as set forth in the Fund's registration statement and that the evaluation of the Fund's performance relative to its peers on an income return basis was appropriate given these attributes. The Board concluded that the Fund's performance was satisfactory.

Franklin Managed Income Fund - The Performance Universe for the Fund included the Fund and all retail and institutional mixed-asset target allocation moderate funds. The Board noted that the Fund's annualized income return and annualized total return for the one-, three-, five- and 10-year periods were above the medians of its Performance Universe. The Board further noted management's view regarding the income-related attributes of the Fund (e.g., a fund's investment objective) as set forth in the Fund's registration statement and that the evaluation of the Fund's performance relative to its peers on an income return basis was appropriate given these attributes. The Board concluded that the Fund's performance was satisfactory.

Comparative Fees and Expenses

The Board reviewed and considered information regarding each Fund's actual total expense ratio and its various components, including, as applicable, management fees; transfer agent expenses; underlying fund expenses; Rule 12b-1 and non-Rule 12b-1 service fees; and other non-management fees. The Board also noted the quarterly and annual reports it receives on all marketing support payments made by FT to financial intermediaries. The Board considered the actual total expense ratio and, separately, the contractual management fee rate, without the effect of fee waivers, if any (Management Rate) of each Fund in comparison to the median expense ratio and median Management Rate, respectively, of other mutual funds deemed comparable to and with a similar expense structure to the Fund selected by Broadridge (Expense Group). Broadridge fee and expense data is based upon information taken from each fund's most recent annual or semi-annual report, which reflects historical asset levels that may be quite different from those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios and Management Rates generally increase as assets decline and decrease as assets grow, the Board believed the independent

analysis conducted by Broadridge to be an appropriate measure of comparative fees and expenses. The Broadridge Management Rate includes administrative charges, and the actual total expense ratio, for comparative consistency, was shown for Class A shares for each Fund and for each of the other funds in each Fund's respective Expense Group. The Board received a description of the methodology used by Broadridge to select the mutual funds included in an Expense Group.

Franklin Convertible Securities Fund and Franklin Equity Income Fund – The Expense Group for the Franklin Convertible Securities Fund included the Fund and nine other convertible securities funds. The Expense Group for the Franklin Equity Income Fund included the Fund and 16 other equity income funds. The Board noted that the Management Rates and actual total expense ratios for the Funds were below the medians of their respective Expense Groups. The Board concluded that the Management Rates charged to the Funds are reasonable.

Franklin Managed Income Fund – The Expense Group for the Fund included the Fund and 12 other mixed-asset target allocation moderate funds. The Board noted that the Management Rate for the Fund was above the median of its Expense Group. The Board also noted that the actual total expense ratio for the Fund was below the median and in the second quintile of its Expense Group. The Board further noted that the actual total expense ratio for the Fund reflected a fee waiver from management. The Board concluded that the Management Rate charged to the Fund is reasonable.

Profitability

The Board reviewed and considered information regarding the profits realized by the Manager and its affiliates in connection with the operation of each Fund. In this respect, the Board considered the Fund profitability analysis provided by the Manager that addresses the overall profitability of FT's US fund business, as well as its profits in providing investment management and other services to each of the individual funds during the 12-month period ended September 30, 2022, being the most recent fiscal year-end for FRI. The Board noted that although management continually makes refinements to its methodologies used in calculating profitability in response to organizational and product-related changes, the overall methodology has remained consistent with that used in the Funds' profitability report presentations from prior years. The Board also noted that PricewaterhouseCoopers LLP, auditor to FRI and certain

FT funds, has been engaged by the Manager to periodically review and assess the allocation methodologies to be used solely by the Funds' Board with respect to the profitability analysis.

The Board noted management's belief that costs incurred in establishing the infrastructure necessary for the type of mutual fund operations conducted by the Manager and its affiliates may not be fully reflected in the expenses allocated to each Fund in determining its profitability, as well as the fact that the level of profits, to a certain extent, reflected operational cost savings and efficiencies initiated by management. As part of this evaluation, the Board considered management's outsourcing of certain operations, which effort has required considerable up-front expenditures by the Manager but, over the long run is expected to result in greater efficiencies. The Board also noted management's expenditures in improving shareholder services provided to the Funds, as well as the need to implement systems and meet additional regulatory and compliance requirements resulting from recent US Securities and Exchange Commission and other regulatory requirements.

The Board also considered the extent to which the Manager and its affiliates might derive ancillary benefits from fund operations, including revenues generated from transfer agent services, potential benefits resulting from personnel and systems enhancements necessitated by fund growth, as well as increased leverage with service providers and counterparties. Based upon its consideration of all these factors, the Board concluded that the level of profits realized by the Manager and its affiliates from providing services to each Fund was not excessive in view of the nature, extent, and quality of services provided to each Fund.

Economies of Scale

The Board reviewed and considered the extent to which the Manager may realize economies of scale, if any, as each Fund grows larger and whether each Fund's management fee structure reflects any economies of scale for the benefit of shareholders. With respect to possible economies of scale, the Board noted the existence of management fee breakpoints, which operate generally to share any economies of scale with a Fund's shareholders by reducing the Fund's effective management fees as the Fund grows in size. The Board considered the Manager's view that any analyses of potential economies of scale in managing a particular fund are inherently limited in light of the joint and common costs and investments the Manager incurs across the FT family of funds as a whole. The Board concluded

that to the extent economies of scale may be realized by the Manager and its affiliates, each Fund's management fee structure provided a sharing of benefits with the Fund and its shareholders as the Fund grows.

Conclusion

Based on its review, consideration and evaluation of all factors it believed relevant, including the above-described factors and conclusions, the Board unanimously approved the continuation of each Management Agreement for the Stub Period.

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.

Proxy Voting Policies and Procedures

The Trust's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Trust uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Trust's complete Policies online at franklintempleton.com. Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Trust's proxy voting records are also made available online at franklintempleton.com and posted on the U.S. Securities and Exchange Commission's website at sec.gov and reflect the most recent six-month period ended June 30.

Quarterly Schedule of Investments

The Trust files a complete schedule of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year as an exhibit to its report on Form N-PORT. Shareholders may view the filed Form N-PORT by visiting the Commission's website at sec.gov. The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

Householding of Reports and Prospectuses

You will receive, or receive notice of the availability of, each Fund's financial reports every six months. In addition, you will receive an annual updated summary prospectus (detail 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 (to the extent received by mail) and summary prospectus. This process, called "householding," will continue indefinitely

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.



Semiannual Report and Shareholder Letter
Franklin Investors Securities Trust

Investment Manager
Franklin Advisers, Inc.

Distributor
Franklin Distributors, LLC
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Shareholder Services
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