THE SIMPLE WAY TO INVEST
Franklin NextStep Funds™
TAKE THE NEXT STEP

You're working hard for your money. The next step is getting your money to work for you. Each of the three Franklin NextStep Funds is a professionally managed, diversified investment fund that offers the following benefits: **Simplicity, Diversification and Expertise.**

1 | Simplicity

**An all-in-one portfolio matched to three levels of risk**

The biggest challenge for most investors is finding the right mix of investments to help them reach their goals at a risk level that they can live with over time. Franklin NextStep Funds offer a simple solution with all-in-one portfolios that are continually rebalanced to match the appropriate risk level, based on each fund’s investment objective.

Your advisor can help to select the fund that is right for you. They’ll help you define your goals, how much time you have to invest and your tolerance for risk.

**Three Funds Aligned to Relative Risk/Return Levels**

![Diagram showing three funds aligned to relative risk/return levels](image)

- **Franklin NextStep Conservative Fund**: May be best for investors seeking to reduce market volatility or who have a shorter time period to invest.
- **Franklin NextStep Moderate Fund**: May be best for investors seeking long-term growth and a balanced approach to total return and risk.
- **Franklin NextStep Growth Fund**: May be best for investors who want strong long-term return potential and are more comfortable with a higher level of volatility.

*Diversification does not guarantee a profit or protect against a loss.*

Fund allocations are provided for illustrative purposes only and the categorization of the funds as conservative, moderate and growth is relative. There is no guarantee that the Franklin NextStep Funds will be allocated in a similar manner.
Diversification

A broad mix of funds invested across fund managers, asset classes and countries

A traditional mutual fund is a portfolio of investments, often within a single asset class, like stocks or bonds. Franklin NextStep Funds take diversification to a new level. That’s because each Franklin NextStep Fund is a multi-asset fund that invests in a portfolio of underlying funds. Each of these underlying funds may in turn invest in stocks, bonds and/or alternative investments. The result is three portfolios that are invested broadly across fund managers, asset classes and countries.

One Fund, Multiple Types of Diversification

<table>
<thead>
<tr>
<th>Fund Managers</th>
<th>Asset Classes</th>
<th>Countries</th>
</tr>
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<tbody>
<tr>
<td>Invests in a portfolio of mutual funds and exchange traded funds (ETFs) from Franklin Templeton (typically no more than 50%) and other fund management companies.</td>
<td>Combines underlying funds invested in stocks, bonds and alternative investments, when appropriate, across a broad range of companies and industries.*</td>
<td>Taps into international markets to provide global growth opportunities which may boost return potential while also helping to reduce the risk of investing in only one country.</td>
</tr>
</tbody>
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Why Diversification Matters

Multi-asset funds may help investors avoid large performance swings. That’s because as one asset category experiences average or even poor returns, often another category will perform well.

By diversifying with a variety of investments that don’t typically move in the same direction, your portfolio’s overall investment returns will generally have a smoother ride.

Diversification does not guarantee a profit or protect against a loss.

* Alternative investments include less traditional asset classes such as, real estate, commodities and hedge strategies. Performance and market movement of alternative investments do not typically follow stocks and bonds. Alternative investments may be included in Franklin NextStep Moderate Fund and Franklin NextStep Growth Fund.
**3 | Expertise**

**Professionally managed to navigate the ups and downs of the market**

Franklin NextStep Funds’ portfolio management team takes a proactive, risk-aware approach. This means that along with carefully analyzing current market conditions, they constantly research and adjust the underlying funds as they seek to take advantage of opportunities and strive to avoid unnecessary risks.

### Allocation Ranges—Adapting to Opportunities and Risks

<table>
<thead>
<tr>
<th></th>
<th>Conservative</th>
<th>Moderate</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stock Funds</strong></td>
<td>10–30%</td>
<td>45–65%</td>
<td>60–80%</td>
</tr>
<tr>
<td><strong>Bond Funds</strong></td>
<td>70–90%</td>
<td>35–55%</td>
<td>20–40%</td>
</tr>
<tr>
<td><strong>Alternative Investment Funds</strong></td>
<td>—</td>
<td>0–5%</td>
<td>0–10%</td>
</tr>
</tbody>
</table>

**KEY BENEFITS FOR YOU**

- World-class investment management
- An all-in-one portfolio
- Broadly diversified with access to top tier managers
- Matched to investors based on risk and goals
- Continuously managed to align with fund objectives

**Talk with your financial advisor to learn more about Franklin NextStep Funds.**

Investors should consult their financial advisor for help selecting the appropriate fund or fund combination, based on, among other factors, an evaluation of their investment objectives, time horizons and risk tolerance.
FRANKLIN TEMPLETON

We’re dedicated to one goal: delivering exceptional asset management for our clients. By bringing together multiple, world-class investment teams in a single firm, we’re able to offer specialized expertise across styles and asset classes, all supported by the strength and resources of one of the world’s largest asset managers.

70+  $698.3 B+
YEARS OF EXPERIENCE  ASSETS UNDER MANAGEMENT

600+  34
INVESTMENT PROFESSIONALS1  COUNTRIES WITH OFFICES

As of 12/31/19.
1. Investment professionals include portfolio managers, portfolio managers/analysts, research analysts and traders of Franklin, Templeton, Franklin Mutual Series, and subsidiary investment management groups.
A FEW MORE WORDS ABOUT ASSET ALLOCATION

While an asset allocation plan can be a valuable tool to help reduce overall volatility, all investments involve risks, including possible loss of principal. Because these funds invest in underlying funds, which may engage in a variety of investment strategies involving certain risks, the Franklin NextStep Funds are subject to those same risks. In addition, shareholders of the NextStep Funds will indirectly bear the fees and expenses of the underlying funds. The risks described herein are the principal risks of the Franklin NextStep Funds and the underlying funds. Typically, the more aggressive the investment, or the greater the potential return, the more risk involved. Generally, investors should be comfortable with some fluctuation in the value of their investments, especially over the short term. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as the prices of bonds in a fund adjust to a rise in interest rates, that fund's share price may decline. Foreign investing carries additional risks such as currency and market volatility and political or social instability; risks which are heightened in developing countries. Investments in derivatives involve costs and create economic leverage, which may result in significant volatility and cause the funds to participate in losses (as well as gains) that significantly exceed the funds' initial investment. These risks are described in the funds' prospectus. Investors should consult their financial advisor for help selecting the appropriate fund of funds, or fund combination, based on an evaluation of their investment objectives and risk tolerance.

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