An Unexpected Investor

MEET DAVE

A hypothetical illustration
This is Dave’s story.

Right before he turned 22, his grandfather passed away. Dave and his younger brother, Paul, each inherited $50,000.

Like his grandfather had done, Dave invested the money in Franklin Income Fund, which seeks to maximize income, while maintaining prospects for capital appreciation, by investing in a diversified portfolio of stocks and bonds. Paul bought Certificates of Deposit (6-Month CDs), which were earning an attractive interest rate at the time.

From 1970–2019, both Dave and Paul left the money invested and never made another contribution. While Paul never touched the money, Dave withdrew $359,688 for several important events throughout his life.

Investor’s Profile (Hypothetical)

Dave

Cincinnati, Ohio

67 Years Old

Married

FRANKLIN INCOME FUND–ADVISOR CLASS $50,000 Total Amount Invested in 1970

Let’s take a look at Dave’s journey.
Dave's journey
A hypothetical illustration

Dave invests $50,000 on January 1, 1970 in Franklin Income Fund—Advisor Class

$3,000 savings plan is opened.

1970

*It's important to note that CDs are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000 per person, and that the interest earned is also taxable. Federal and state taxes and regulations are complex and subject to change, which may materially impact your results. Franklin Templeton Distributors, Inc. (FTDI) cannot guarantee that such information is accurate, complete or timely; and disclaims any liability arising out of your use of, or any position taken in reliance on, such information.

The information here is not intended as legal, tax, investment, or financial advice or as an investment or financial recommendation, and should not be relied upon to make any withdrawal, investment, or spending decisions. It is for general informational purposes only and should not be considered investment, legal, tax, or financial advice. This communication is provided for educational and informational purposes only and should not be considered investment research. It is not tailored to your specific needs or objectives and, as such, it is not a recommendation of Franklin Templeton Distributors, Inc. (FTDI) or any of its subsidiaries. The information is provided for informational purposes only. Franklin Templeton makes no guarantees as to the accuracy or completeness of the information and cannot be held liable for adverse consequences of any use of the information presented. For more information, please visit the Franklin Templeton Disclosure Statement. This communication is not intended as legal, tax, investment, or financial advice, and should not be relied upon as such. This communication has been distributed by Franklin Templeton Distributors, Inc. (FTDI) or its subsidiaries in the U.S., and may be distributed outside the U.S. by FTDI or its affiliates. FTDI is the registered investment advisor of the U.S. stock-indexed and mix-indexed Retirement Income Funds. Results are hypothetical and do not reflect the deduction of fees or sales charges. Franklin Templeton has not endorsed, nor is it affiliated with or endorsed by any other fund or fund sponsor. Any security, strategy or investment product or service named herein are for illustrative purposes only, and should not be considered investment, legal, tax or financial advice or as an investment recommendation, or as a security, strategy or investment product or service. Always consult a qualified professional or your own independent financial advisor for personalized advice.


WHAT'S NEXT?
After all the withdrawals, Dave needs the ending value of his investment in Franklin Income Fund is over 2.3 million dollars!

What about Paul?
Remember Dave's brother, Paul, who retired in December 2007? He put all of his money into CDs to be safe. Without making any withdrawals, his investment grew to $698,496.

It was important to note that CDs are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000 per person and that the interest earned is also taxable. Federal and state taxes and regulations are complex and subject to change, which may materially impact your results. Franklin Templeton Distributors, Inc. (FTDI) cannot guarantee that such information is accurate, complete or timely; and disclaims any liability arising out of your use of, or any position taken in reliance on, such information.
Where is Dave now?
50 years later…

Open flap to see answers.
What will your journey look like?
For more information about Franklin Income Fund and to discuss what's next for you, please contact your financial advisor.

WHAT ARE THE RISKS?
All investments involve risks, including possible loss of principal. The fund’s portfolio includes a substantial portion of higher-yielding, lower-rated corporate bonds and some floating rate loans, which are also higher-yielding and lower-rated. These investments have more credit risk than investment-grade securities and are subject to increased risk of default and potential 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. Thus, as the prices of bonds in the fund adjust to a rise in interest rates, the fund’s share price may decline. Changes in the financial strength of a bond issuer or in a bond's credit rating may affect its value. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Foreign investing involves additional risks such as currency and market volatility, as well as political and social instability. These and other risk considerations are discussed in the fund’s prospectus.

Investors should carefully consider a mutual fund’s and/or 529 college savings plan’s investment goals, risks, charges and expenses before investing. To obtain a mutual fund summary prospectus and/or prospectus or the 529 plan Investor Handbook, which contains this and other information, talk to your financial advisor, call Franklin Templeton Distributors, Inc., the principal distributor of Franklin Templeton’s U.S. registered mutual funds and the manager and underwriter for the 529 plan, at (800) DIAL BEN/342-5236 or visit franklintempleton.com. Please carefully read a mutual fund prospectus and/or 529 plan Investor Handbook before you invest or send money. With respect to investments in the 529 plan, consider whether your, or the beneficiary’s, home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in its qualified tuition program.

6. Index performance includes hypothetical withdrawals for comparison purposes. Source: © 2020 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

7. Hypothetical 6-Month CD investment ending value for the period 1/1/70–12/31/19 assumes a $50,000 initial investment on 1/1/70, no withdrawals, and the reinvestment of interest. Methodology: the annual rate for a 6-Month CD was divided by 12 to get an approximate monthly rate to run the investment illustration. Sources: The Federal Reserve H.15 Report (1/1/70–6/30/13) and Federal Reserve Economic data © 2020 FRED (7/1/13–12/31/19).

8. Annual total returns reflect the fund’s return for each year and do not take into account the withdrawals shown in this hypothetical illustration.

9. This fund offers other share classes, subject to different fees and expenses that will affect their performance.

10. Effective 12/31/96, the fund began offering Advisor Class shares. For periods prior to the fund's Advisor Class inception date, a restated figure is used based on the fund’s oldest share class, Class A1 performance, excluding the effect of Class A1’s maximum initial sales charge but reflecting the effect of the Class A1 Rule 12b-1 fees; and for periods after the fund's Advisor Class inception date, actual Advisor Class performance is used, reflecting all charges and fees applicable to that class.

11. Effective 9/10/18 Class A shares closed to new investors, were renamed Class A1 shares, and a new Class A share with a different expense structure became available. Class A performance shown has been calculated as follows: (a) for periods prior to 9/10/18, a restated figure is used based on the fund’s Class A1 performance and including any Rule 12b-1 rate differential as exists between Class A1 and Class A; and (b) for periods after 9/10/18, actual Class A performance is used, reflecting all charges and fees applicable to that class. Effective 5/1/94, the fund implemented a Rule 12b-1 plan, which affects subsequent performance.

12. Prior to 3/1/19, these shares were offered at a higher initial sales charge of 4.25%; thus actual returns would have differed. Total returns with sales charges have been restated to reflect the current maximum initial sales charge of 3.75%.

13. The fund’s 30-Day Standardized Yield is calculated using the net income (interest and dividends) per share earned over a trailing 30-day period (annualized), divided by the fund’s share price at the end of that period. It may not equal the fund’s actual income distribution rate, which reflects the fund’s past dividends paid to shareholders.

14. Beta is a measure of the fund’s volatility relative to the market, as represented by the blended 50% MSCI USA High Dividend Yield Index + 25% Bloomberg Barclays High Yield Very Liquid Index + 25% Bloomberg Barclays US Aggregate Index. The MSCI USA High Dividend Yield Index is designed to reflect the performance of mid- and large-cap equities (excluding REITs) with higher dividend income, which is sustainable and persistent, than average dividend yields of securities in the MSCI USA Index, its parent index. The Bloomberg Barclays US High Yield Very Liquid Index (VLI) is a component of the US Corporate High Yield Index designed to track a more liquid component of the USD-denominated, high yield, fixed-rate corporate bond market. A beta greater than 1.00 indicates volatility greater than the market. Based on the 3-year period ended as of the date of the calculation.