




Investing in innovation

Franklin DynaTech Fund



Not FDIC Insured | No Bank Guarantee | May Lose Value



“We strive to live at the intersection where new ideas can make great long-term investments.”

Matthew J. Moberg
Lead Portfolio Manager

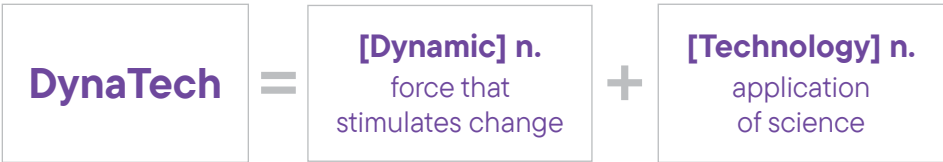
Rupert H. Johnson Jr.
Portfolio Manager

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

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

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

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



WHAT ARE THE RISKS?

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

What’s inside

Our investment philosophy is grounded by the following framework:



Innovation is accelerating
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Innovation demands active management
Page 3–4



Innovation is everywhere
Page 5

Advantageously situated in Silicon Valley

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

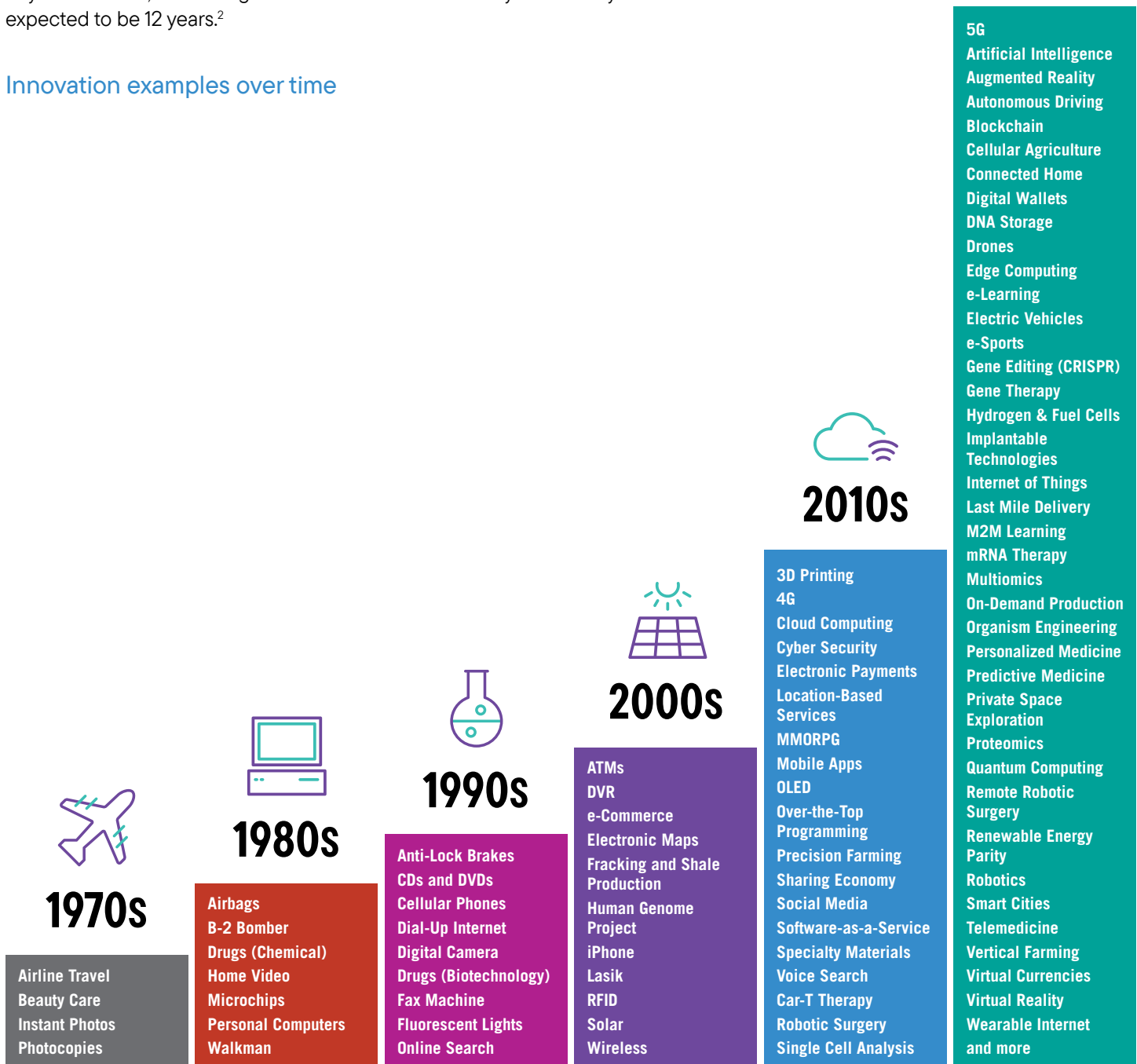


Innovation is accelerating

Creating investment opportunities now.

We are living in a period of unprecedented economic change, often referred to as the fourth industrial revolution.¹ This affords us with a compelling environment in which to invest. In 1955, the average tenure of companies in the S&P 500 was 61 years. In 2016, the average had shortened down to 24 years and by 2027 it is expected to be 12 years.²

Innovation examples over time



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

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

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

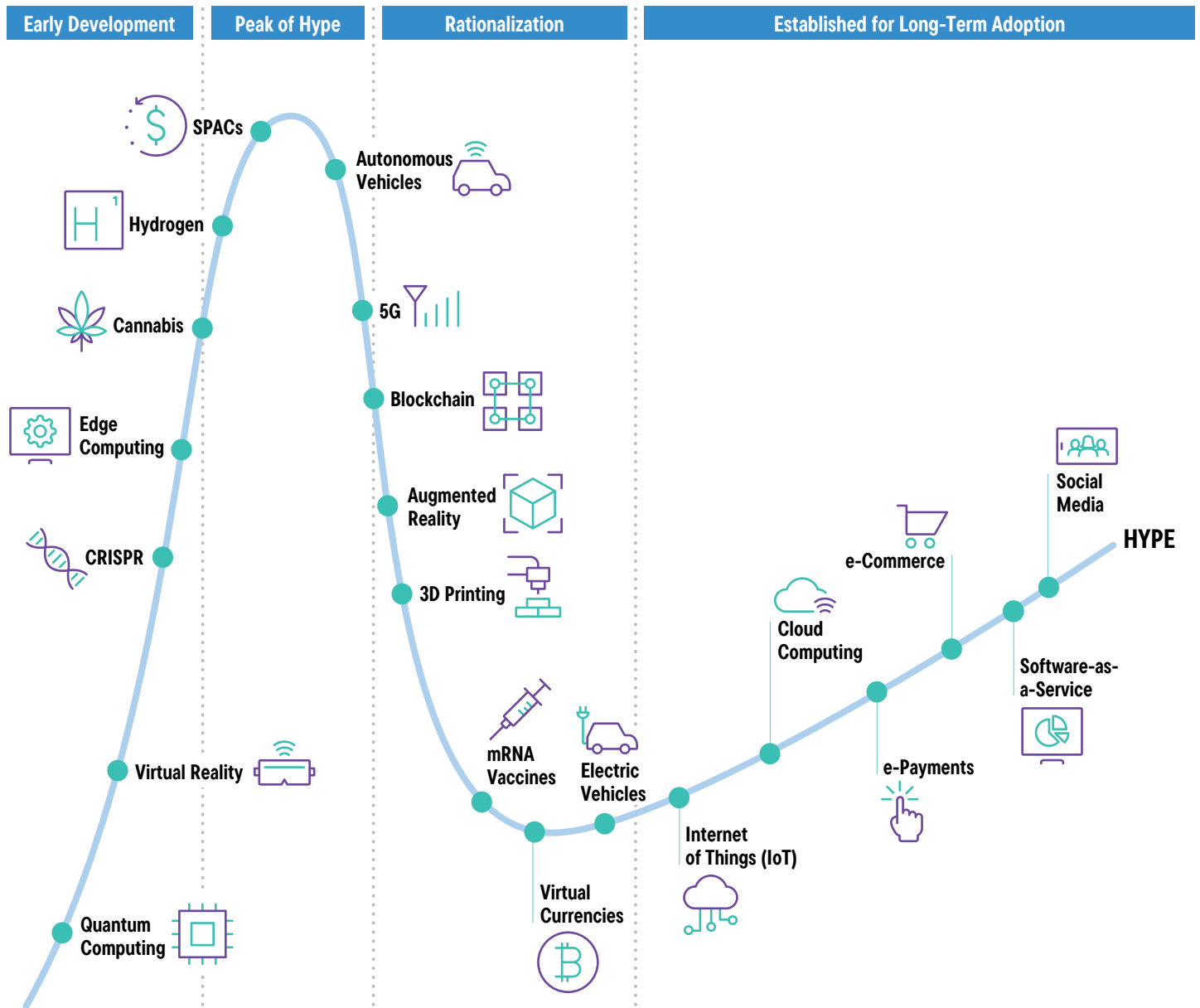


Innovation demands active management

Duration and pace are often misunderstood.

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

Innovation and hype cycle



Source: Franklin Templeton illustration of industry disruptors applied to the Gartner Hype Cycle.

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Innovation demands active management

Duration and pace are often misunderstood.

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

By the numbers



Transportation

Electric vehicle battery packs cost **90%** less in 2022 than in 2008.³ At current prices a typical EV battery pack costs about \$9,000,⁴ which is still nearly 15% of the total EV cost.⁵



Finance

49% of Americans used a mobile wallet sometime over the last quarter in 2022.¹³ Globally, there remain **1.7 billion** unbanked citizens, but two-thirds now own a mobile phone.¹⁴



Communications

Of the 5.2 billion worldwide internet users, **92%** are on social media⁶ and actively engage across an average of 6.6 social networks.⁷ In 2010, there were only **two** platforms with over 500 million users;⁸ in 2023 there are over **14** such platforms.⁹



Health care

Over **670 million** doses of the COVID-19 vaccine have been delivered to people in the US since December 2020,¹⁵ and mRNA is now being explored to treat malaria, HIV, tuberculosis, and Zika by triggering an immune response to attack tumors.¹⁶



Entertainment

3.8 billion people, **40%** of the global population, played video games in 2022.¹⁰ The market for consumer spending in gaming is now estimated at **\$185 billion**, nearly three times the \$66 billion spending for traditional TV advertising.¹¹



e-Commerce

2.6 billion online shoppers generated over **\$6 trillion** dollars of worldwide e-commerce sales in 2022.¹⁷ The growth of e-commerce stores from 9.7 million in 2020 to 26 million in 2022 corresponds to a **+64% CAGR**.¹⁸



Information tech

The world is generating **329 million** terabytes of data every day—the equivalent of a 250-page book for every single person on earth created every second. The data generated since 2021 is already more than all the data generated from 2010 through 2020.¹²



Artificial intelligence

The latest artificial intelligence chatbot uses 17.5 billion features in its model—more than 10X the features in prior models, with improved results.¹⁹ The chatbot passed a Wharton MBA exam, scored 60% accuracy on the US Medical Licensing Exam, placed in the 90th percentile on the Uniform Bar Exam, and 99th percentile on the GRE Verbal exam.²⁰

This information is for illustrative purposes only and is not necessarily representative of the Franklin Innovation Fund's past or future portfolio composition.

10. "Ready, player four billion: the rise of video games," *The Economist*, March 20th 2023.

11. M. Majidi, "Linear TV advertising spending in the United States from 2019 to 2026," *Statista*, May 2022.

12. F. Duarte, "Amount of data created daily (2023)," *Exploding Topics*, April 3rd 2023.

13. "As mobile wallets gain in popularity, growing number of Americans still prefer convenience of plastic," *J.D. Power*, January 24th 2023.

14. S. Shetty, "Start-up uses mobile data as a credit score for the global unbanked," *CNBC*, January 3rd 2020.

15. J. A. Ladapo, "FDA and CDC response to the Florida Surgeon General," *CDC Newsroom*, March 10th 2023.

16. J. Hamzelou, "What's next for mRNA vaccines," *MIT Technology Review*, January 5th 2023.

17. E. Cramer-Flood, "Global Ecommerce Forecast 2022," *eMarketer*, February 2nd 2022.

18. M. Kiniulis, "Study: what is the number of ecommerce sites worldwide in 2022?" *Markinblog*, May 5th 2022.

19. R. Garlick et al., "AI Time: 10 ways artificial intelligence is getting real," *Citi Global Insights*, December 14th 2022.

20. E. Castillo, "OpenAI's GPT-4 is here. It's passing more exams," *Best Colleges*, March 16 2023.



Innovation is everywhere

But it's often misclassified.

Innovation today is pervasive

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

Examples of developing innovation platforms²¹

Disruptive Commerce



- General commerce
- Media
- Sharing economy
- Verticals: travel, autos, real estate, etc.
- Transport & logistics
- e-Payments
- Distributed lending

Genomic Advancements



- Sequencers & equipment
- Diagnostics
- Gene silencing or muting
- Gene editing
- Agriculture

Intelligent Machines



- Robotics
- 3D printing
- Internet of things
- Automated driving
- Drones
- Health care implantables

Energy Transformation



- Solar, wind, nuclear, geothermal
- Grid hardening, smart grid & AI optimization
- Distributed generation & storage
- Electric vehicles

Exponential Data











- Artificial intelligence & machine learning
- Cloud computing
- Edge computing
- Data analysis
- Augmented & virtual reality
- Blockchain

Innovation is often misclassified

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

We look beyond standard industry classifications to spot where innovation exists²¹

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

²¹ This commentary reflects the analysis and opinions of the Franklin DynaTech Fund investment team as of December 31, 2024, and may differ from the opinions of other portfolio managers, investment teams or platforms at Franklin Templeton. Because market and economic conditions are subject to rapid change, the analysis and opinions provided may change without notice. The commentary does not provide a complete analysis of every material fact regarding any country, market, industry or security. An assessment of a particular country, market, security, investment or strategy is not intended as an investment recommendation nor does it constitute investment advice. Statements of fact are from sources considered reliable, but no representation or warranty is made as to their completeness or accuracy.

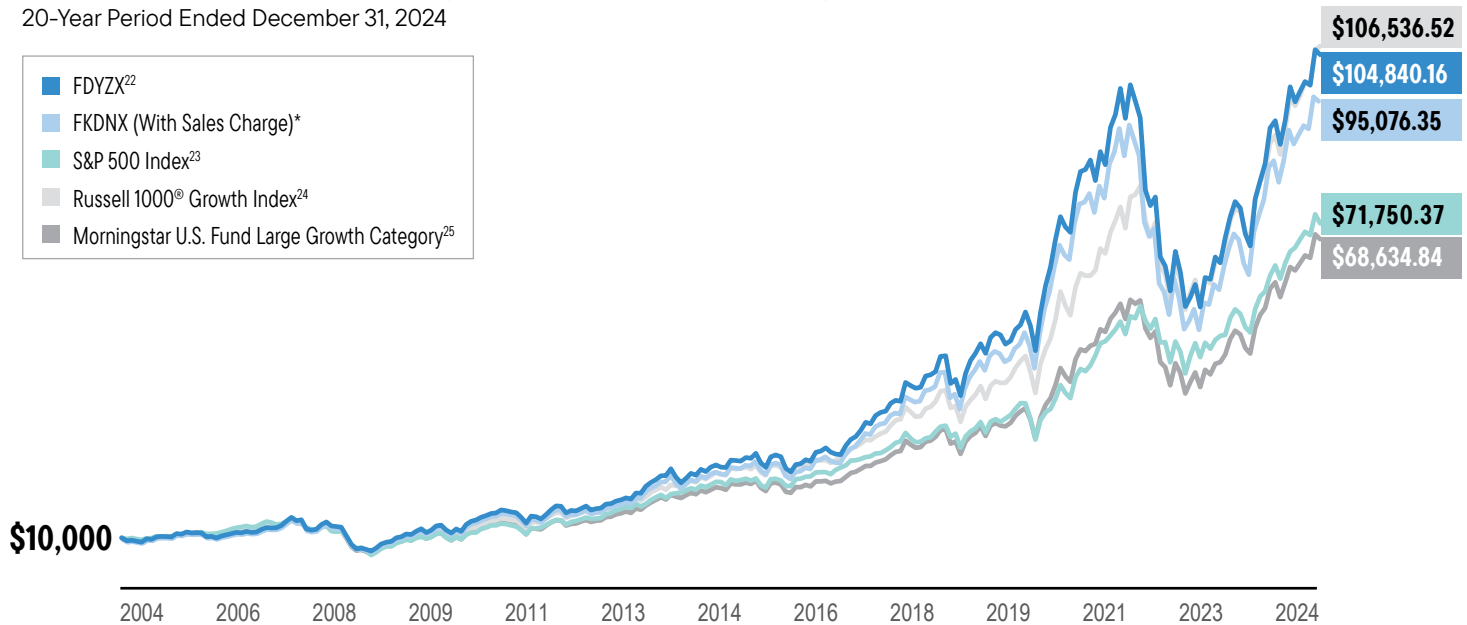
Franklin DynaTech Fund—Advisor Class (FDYZX) and Class A (FKDNX)

Fund statistics for period ended December 31, 2024

20 years of impressive long-term performance

Hypothetical Investment Scenario (Growth of \$10,000 Investment)

20-Year Period Ended December 31, 2024



*Class A shares Maximum Initial Charge – 5.50%

The hypothetical scenario does not take into account federal or state taxes. If it had, the net results would have been lower.

Performance data quoted represents past performance, which does not guarantee future results. Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Returns with sales charge reflect a deduction of the stated maximum sales charge. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. Returns for periods of less than one year are not annualized. Please call Franklin Templeton at (800) DIAL BEN/342-5236 or visit franklintempleton.com for the most recent month-end performance.

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

Morningstar rating™²⁶

Rating Category: Large Growth



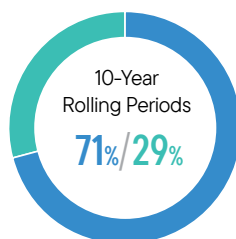
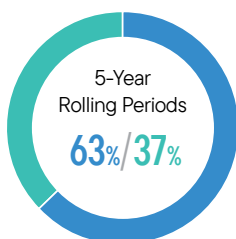
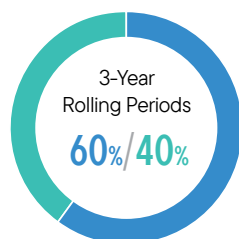
As of 12/31/2024, the fund's Advisor Class shares received a 3-star overall Morningstar Rating™, measuring risk-adjusted returns against 1020, 952, and 748 U.S.-domiciled Large Growth mutual funds and exchange traded funds over the 3-, 5- and 10-year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics. The 3-, 5-, and 10-year Morningstar rating metrics for the fund's Advisor Class have been provided above.

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

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

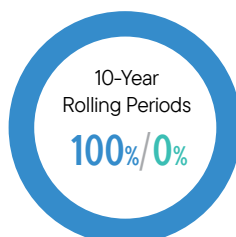
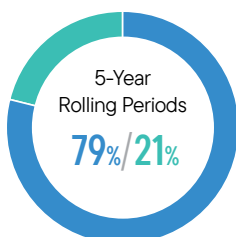
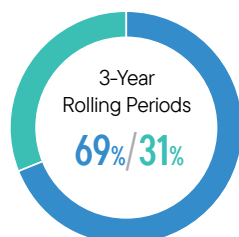
Rolling Returns: FDYZX²² vs. Russell 1000[®] Growth Index²⁴

20-Year Period Ended December 31, 2024



Rolling Returns: FDYZX²² vs. S&P 500 Index²³

20-Year Period Ended December 31, 2024

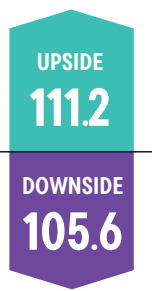
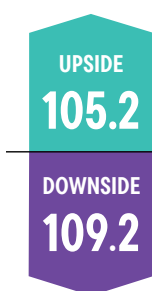


■ Outperformed ■ Underperformed

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

20-Year Period Capture Ratios²⁷

FDYZX²² vs. Russell 1000[®] Growth Index²⁴ FDYZX²² vs. S&P 500 Index²³



20-Year Sharpe Ratio²⁸

0.64 FDYZX²²
VS.
0.57 Morningstar U.S. Fund Large Growth Category Average

Expense Ratios

FDYZX²²
Gross: 0.58%
Net: 0.58%

Morningstar U.S. Fund Large Growth Category Average²⁵
0.94%

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

Gross Expense Ratio reflects the total annual operating expenses for the share class shown, prior to the deduction of any waiver or reimbursement. Net Expense Ratio reflects total expenses after any fee waivers, implemented expense caps or reimbursements. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice.

Expense ratios are as of the most recent prospectus or annual report.

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

25. The Morningstar U.S. Fund Large Growth Category included between 748 and 1,020 funds for this period. Returns data represents cumulative total returns and assumes reinvestment of dividends. Returns are based on the performance of all share classes of all funds within this Morningstar classification. It reflects the effect of any expense waivers and does not include sales charges.

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

27. Capture ratios are based on monthly returns and calculated against the S&P 500 Index and Russell 1000 Growth[®] Index. Downside (Upside) Capture Ratio explains how well a portfolio performed on average in time periods where the benchmark's returns were less than (greater than) zero. A downside (upside) capture ratio of less than (more than) 100 indicates that a fund lost less (gained more) than its benchmark on average during periods of losses (gains) for the benchmark.

Past performance is not an indicator or a guarantee of future performance.

28. To calculate a Sharpe Ratio, an asset's excess returns (its return in excess of the return generated by risk-free assets such as Treasury bills) are divided by the asset's standard deviation. Standard Deviation is the measure of the degree to which a fund's return varies from the average of its previous returns. The larger the standard deviation, the greater the likelihood (and risk) that a fund's performance will fluctuate from the average return.

Franklin DynaTech Fund

Average Annual Total Returns % (For Periods Ended December 31, 2024)

	1-Year	3-Year	5-Year	10-Year	20-Year
Advisor Class (FDYZX)	30.90	4.28	15.14	15.96	12.47
Class A (FKDNX) With Sales Charge ²⁹	23.39	2.08	13.56	15.01	11.92
Russell 1000 [®] Growth Index ³⁰	33.36	10.47	18.95	16.77	12.56
S&P 500 Index ³¹	25.02	8.94	14.52	13.10	10.35

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

Total Annual Operating Expenses: Advisor Class: 0.58%; Class A: 0.83%

Performance data quoted represents past performance, which does not guarantee future results. Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Returns with sales charge reflect a deduction of the stated maximum sales charge. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. Returns for periods of less than one year are not annualized. Please call Franklin Templeton at (800) DIAL BEN/342-5236 or visit franklintempleton.com for the most recent month-end performance.

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

29. Class A: Prior to 9/10/18, these shares were offered at a higher initial sales charge of 5.75%; thus actual returns would have differed. Total returns with sales charges have been restated to reflect the current maximum initial sales charge of 5.50%. Effective 5/1/94, the fund implemented a Rule 12b-1 plan, which affects subsequent performance.

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

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

MULTITENANCY

SECTION
DECODE:CODE

TECHNOLOGY BLOCKCHA

Rupert H. Johnson Jr.
Portfolio Manager

SUMMARY:

Anonymous

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INFRASTRUCTURE AS A SERVICE (IAAS)

37500

CANCEL
CAMERA-

CANCEL

Before investing, carefully consider a Fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, or summary prospectus, if available, which is available at www.franklintempleton.com. Please read it carefully.

WHAT ARE THE RISKS?

All investments involve risks, including possible loss of principal. Equity securities are subject to price fluctuation and possible loss of principal. To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. The manager may consider **environmental, social and governance (ESG) criteria** in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. These and other risks are discussed in the fund's prospectus.



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