

ANNUAL REPORT AND SHAREHOLDER LETTER

# FRANKLIN INVESTORS SECURITIES TRUST

October 31, 2023



FRANKLIN  
TEMPLETON

**Franklin Convertible Securities Fund**

**Franklin Equity Income Fund**

**Franklin Managed Income Fund**

The Securities and Exchange Commission has adopted new regulations that will result in changes to the design and delivery of annual and semiannual shareholder reports beginning in July 2024.

If you have previously elected to receive shareholder reports electronically, you will continue to do so and need not take any action.

Otherwise, paper copies of the Fund's shareholder reports will be mailed to you beginning in July 2024. If you would like to receive shareholder reports and other communications from the Fund electronically instead of by mail, you may make that request at any time by contacting your financial intermediary (such as a broker-dealer or bank) or, if you are a direct investor, enrolling at [franklintempleton.com](https://franklintempleton.com).

You may access [franklintempleton.com](https://franklintempleton.com) by scanning the code below.



**Not FDIC Insured | May Lose Value | No Bank Guarantee**



# SHAREHOLDER LETTER

Dear Shareholder,

We are pleased to provide the annual report of Franklin Investors Securities Trust for the 12-month reporting period ended October 31, 2023. Please read on for a detailed look at prevailing economic and market conditions during the Fund's reporting period and to learn how those conditions have affected Fund performance.

As always, we remain committed to providing you with excellent service and a full spectrum of investment choices. We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our website, **[www.franklintempleton.com](http://www.franklintempleton.com)**. Here you can gain immediate access to market and investment information, including:

- Fund prices and performance.
- Market insights and commentaries from our portfolio Managers, and
- A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,



Gregory E. Johnson  
Chairman  
Franklin Investors Securities Trust

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Visit **franklintempleton.com** for fund updates, to access your account, or to find helpful financial planning tools.

# Franklin Convertible Securities Fund

## Fund Overview

The Fund closed to new investors with limited exceptions on August 29, 2018. Existing investors may continue to purchase additional shares of the Fund.

### **Q. What is the Fund's investment strategy?**

**A.** 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.

### **Q. What were the overall market conditions during the Fund's reporting period?**

**A.** During the 12-month period under review, global financial markets benefited from resilient global economic growth, generally better-than-expected corporate earnings, decelerating inflation in many regions, the temporary suspension of the U.S. debt ceiling, and several major central banks' slower pace or pausing of interest-rate hikes. However, banking-industry stress in early 2023, recession fears, and concerns about central banks' rate paths intermittently pressured investor sentiment.

As measured by MSCI indices in U.S.-dollar terms, emerging market equities modestly outpaced a global index, developed market stocks slightly lagged it, and frontier market equities significantly trailed it. Since a late-2022 low, the recovery in stocks through July 2023 was driven partly by investor enthusiasm about artificial intelligence, subsiding inflation concerns, and hopes for interest-rate cuts if recession hits. However, investor risk appetite soured in the period's last three months as it became clearer that key central banks like the U.S. Federal Reserve (Fed) intend to hold interest rates higher for longer. Rising sovereign bond

yields and energy prices, along with China's property market crisis, Fitch Ratings' downgrade of U.S. long-term debt, and heightened geopolitical tensions, further weighed on equity markets near period-end.

U.S. equities advanced as the country's banking system stabilized, economic growth accelerated, and the Fed slowed its interest-rate hikes and paused on two occasions. Stocks in Europe outperformed those in other major regions (all in U.S.-dollar terms) as concerns about the banking industry eased, and consumer and business sentiment improved. The European Central Bank and the Bank of England raised their policy rates multiple times but paused their rate hikes near period-end. In Asia, stocks rose despite concerns about China's economy and troubled property market. The People's Bank of China lowered its key loan prime rate and the reserve requirement ratio for banks. The Bank of Japan raised the cap on the 10-year government bond yield and allowed greater flexibility with its yield curve control.

As it pertains to the Fund specifically, the U.S. and global convertible bond (CB) market started the period on an upward path. But since July, CB performance has disappointed as a sustained cross-asset selloff dragged the asset class lower. During the Fund's fiscal year, performance within the group varied widely as U.S.-based "busted" (credit-/rate-sensitive) convertibles (+3.9%) held up better than both equity-sensitive convertibles (-2.8%) and balanced convertibles (-8.7%). The pattern was similar on a global level, where CBs were generally more buoyant: global busted CBs (+8.0%) fared best of all, equity-sensitive CBs actually advanced (+0.8%), and balanced CBs sustained less than half the losses (-4.2%) as the U.S.-only group.

Total 2022 convertible issuance, at \$39.5 billion, was the smallest in records going back to 1998. Issuance picked up in 2023, with global CB issuance through October 2023 totaling \$65.1 billion, led by the U.S. and was on track to reach \$75 to \$85 billion globally by the end of the year. Expectations for "higher-for-longer" interest rates may encourage issuers to refinance straight debt with lower-coupon convertibles—a potentially attractive option for names with 2024/2025 maturities.

In general, the majority of CB issuers were still well-capitalized companies with strong liquidity. Roughly half of the issuers of convertible securities (in the U.S. and globally) had no other outstanding debt on their books, so they were experiencing lower cost-of-capital debt conditions.

## Q. How did we respond to these changing market conditions?

**A.** Through recent market changes, we continued to manage the Fund in the same manner that we have found to be successful for decades. We once again focused on investing in balanced convertibles, those with a preferable blend of both bond and equity characteristics. Balanced convertibles typically provide more upside and less downside relative to the underlying equity. We believe these characteristics are the reason to own convertibles versus owning equity or straight debt. We have found the greatest long-term success by following this strategy through all market conditions and continue to do so.

## Performance Overview

For the 12 months under review, the Fund's Class A shares posted a +0.62% 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 -0.48% cumulative total return.<sup>1</sup> You can find the Fund's long-term performance data in the Performance Summary beginning on page 7.

*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](http://franklintempleton.com) or call (800) 342-5236.*

## Portfolio Composition

10/31/23

	% of Total Net Assets
Convertible Bonds	87.3%
Convertible Preferred Stocks	5.2%
Common Stocks	4.3%
Short-Term Investments & Other Net Assets	3.2%

## Q. What were the leading contributors to performance?

**A.** In absolute terms, broad-based gains made in the first half of the Fund's fiscal year were diminished by a modest loss in the latter half, thereby limiting the scope of contributing sectors and individual securities. For the year as a whole, eight out of 11 equity sector allocations were

net contributors, led by communication services, information technology (IT) and financials.

The majority of our communication services holdings traded higher while a much larger portion of the portfolio was comprised of IT companies, several of which posted double-digit percentage gains. IT sector contributor Coupa Software (business spending management platform; sold by period-end) convertibles benefited from the company's acquisition of Thoma Bravo (not a Fund holding) at a substantial premium to its stock price at the time of the deal. Their tie-up triggered the right to put Coupa's convertible bonds at par value (a "put" is an option that gives the owner an opportunity to sell the security at a specified price within a defined timeframe). Other strong performers included HubSpot (customer relationship management platform) and cybersecurity specialist Palo Alto Networks (sold by period-end). Alternative asset manager KKR & Co., a position which matured and was converted, was the best of three net contributors in the financials sector. KKR manages multiple asset classes including private equity, energy, infrastructure, real estate, credit and, through its strategic partners, hedge funds. Similar to other "alts" managers, KKR reported mixed quarter results over the summer, with asset flows a bit light (but improving) and earnings that were ahead of Wall Street's consensus expectations, driven mostly by stronger market performance and transaction fees. KKR also provided what we view as a strong outlook, with the company noting that it will have more than 30 strategies in the market over the next 18 months, with solid identifiable growth in insurance and wealth management. The asset-backed origination market is one of KKR's best opportunities in private credit—a newly created vertical in its business line—as banks pull back in the space, while the operating backdrop continues to improve.

A minor overall gain in the consumer discretionary sector was bracketed on the high and low ends by e-commerce companies, topped by home furnishings retailer Wayfair and China-based PDD Holdings, which operates the country's popular Pinduoduo commerce platform as well as the Temu deep-discount global online marketplace. Wayfair's underlying equity value skyrocketed in early 2023 when it announced a cost-cutting plan of up to \$1.4 billion per year, laid off 1,750 employees, and said it would reach its breakeven profitability target earlier in 2023 than initially expected.

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](http://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 30.

To a lesser extent, the Fund's industrials, materials, energy and utilities sector investments also added to returns, though utilities were just about breakeven as the gains associated with Northern California power company PG&E and other contributors were nearly erased by several that declined in the face of rising interest rates. And though health care was an area of weakness, a handful of these holdings rallied solidly, including Insmed and Intercept Pharmaceuticals. Insmed, which focuses its drug discovery efforts on rare metabolic diseases and endocrine disorders with unmet medical needs, reported topline results from the ARISE study for Arikayce, an inhaled antibiotic that is approved for patients with a lung infection called MAC (*Mycobacterium avium* complex). Arikayce was already FDA approved for patients who have not responded adequately to other antibiotic therapies, and Insmed is now pursuing development in previously untreated patients. The ARISE study was designed to validate a patient-reported outcome (PRO) tool for the ongoing Phase 3 ENCORE study. Importantly, the ARISE results showed that not only do more patients on Arikayce clear the infection when the drug is added to their standard of care, but this correlated to meaningful improvements in respiratory function—and suggested no modifications will be needed to ENCORE.

**Q. What were the leading detractors from performance?**

**A.** In the latter half of the year, holdings in the health care, consumer staples and real estate sectors stopped serving as net contributors and flipped into full-year detractors, with the bulk of their combined decline owing to poor-performing medical technology and device companies such as Insulet (disposable insulin delivery devices) and DexCom (continuous glucose monitoring systems), as well as biotechnology names such as PTC Therapeutics (developer of small molecule drugs and gene therapies for rare disorders) and Revance Therapeutics (innovative aesthetic and therapeutic offerings for skin diseases). The selloff in Insulet and Dexcom was due in large part to the market reaction around new studies touting the effectiveness of GLP-1 drugs (such as Ozempic and Wegovy) to treat Type 2 diabetes, which some investors believe may eventually reduce the demand for both companies' products. Additionally, Insulet contended with greater price pressures and increased competition in the insulin market and shed more than a quarter of its convertible bond value despite an accelerating growth rate amid record quarterly new user starts.

Mixed results in the IT sector were anchored to the downside by Wolfspeed, Viavi Solutions and BILL Holdings. Wolfspeed—operating in semiconductor manufacturing and specializing in power and radio frequency semiconductors

and materials processing—fared worst of all and was the Fund's largest overall detractor of the year. Wolfspeed reported mixed financial results as accounting changes tied to facility startup and underutilization costs were included for the first time. It was still ramping up its state-of-the-art 200-millimeter silicon carbide fabrication plant in Mohawk Valley, New York. The facility is expected to generate about \$100 million of quarterly revenues at some point in the second half of 2024, which would represent about 20% of capacity utilization. Given the inclusion of startup and underutilization charges in its financial results, Wolfspeed's gross profit margin and operating margin contracted sharply year-over-year. Wolfspeed's North Carolina materials production facility plans to expand its capacity tenfold and is on track to produce silicon wafers in the latter half of 2024. Wolfspeed still believes that when both facilities are ramped up and at "full" capacity, it can potentially achieve 50%+ gross profit margins. In our view, the company is tackling a lot in trying to ramp up multiple facilities. However, we also believe gallium nitride and silicon carbide products are making inroads in the power semiconductor market, where Wolfspeed can ultimately be a leader in this transition. We also see Wolfspeed as a "clean tech" leader since its silicon carbide products are critical to improving alternative energy solutions to help reduce global pollution.

Elsewhere in the portfolio, the e-commerce contributors mentioned above were partially offset by several other e-commerce/retail detractors including Etsy (U.S.-based e-commerce sales platform for specialty, hand-crafted and creative goods) and RH (Restoration Hardware; high-end home décor and furnishings). Many such companies experienced lower gross merchandise sales as the pandemic goods-buying surge slowly wore off amid a concomitant rebound in services-sector spending. In general, we think these companies still possess competitive advantages that could revive sales and revenue once inflation abates further. In the utilities sector, most of our holdings traded lower including a substantial loss for NextEra Energy.

**Q. Were there any significant changes to the Fund during the reporting period?**

**A.** Cash and equivalents roughly doubled (from 1.6% to 3.1%) and the portfolio mix at year-end included 4.3% of total net assets in non-convertible equities, whereas none were held 12 months ago. The equity weighting was a temporary phenomenon due to the recent conversion of a few maturing convertibles. Convertibles remained the bulk of the portfolio with 92.6% exposure by period-end. Often called "balanced" convertibles, those with deltas (a measure of their equity sensitivity) near the middle of the range from 0.0 to 1.0 can participate more with an issuer's equity upside

than they do with the downside. These are the types of convertibles we continue to prefer, as we feel this is the most appealing aspect of the asset class.

### Top 10 Holdings

10/31/23

Company Industry, Country	% of Total Net Assets
Jazz Investments I Ltd. Pharmaceuticals, United States	2.7%
Cable One, Inc. Media, United States	2.6%
Neurocrine Biosciences, Inc. Biotechnology, United States	2.6%
BILL Holdings, Inc. Software, United States	2.6%
Ivanhoe Mines Ltd. Metals & Mining, Canada	2.5%
CenterPoint Energy, Inc. Multi-Utilities, United States	2.5%
Liberty Broadband Corp. Media, United States	2.4%
Snap, Inc. Interactive Media & Services, United States	2.4%
Shift4 Payments, Inc. Financial Services, United States	2.4%
Apollo Global Management, Inc. Financial Services, United States	2.4%

Our weighting in higher-growth companies within the IT sector (representing 20.1% of the portfolio at period-end) is significantly lower than it was a year ago, when the allocation covered nearly a third of total assets. This was due to our sale of “busted” convertibles, maturities, and reductions in market value in that sector, but it also reflected a reclassification of sector constituent companies which took place earlier in the year. Additionally, a shift in the composition of the new-issuance market has reduced our new purchases in that sector. The decline in the relative size of the Fund’s IT holdings has resulted in proportional growth of other sector allocations; the largest upward shifts went to industrials, financials (due primarily to a reclassification of certain portfolio positions from IT to financials), health care, consumer staples and electric utility company convertibles foremost.

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

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*The foregoing information reflects our analysis, opinions and portfolio holdings as of October 31, 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 October 31, 2023

The performance tables and graphs 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 10/31/23<sup>1</sup>

*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](http://franklintempleton.com).*

Share Class	Cumulative Total Return <sup>2</sup>	Average Annual Total Return <sup>3</sup>	
<b>A<sup>4</sup></b>			
1-Year	+0.62%		-4.92%
5-Year	+56.68%		+8.17%
10-Year	+132.81%		+8.20%
<b>Advisor</b>			
1-Year	+0.87%		+0.87%
5-Year	+58.71%		+9.68%
10-Year	+138.72%		+9.09%
		30-Day Standardized Yield <sup>6</sup>	
Share Class	Distribution Rate <sup>5</sup>	(with fee waiver)	(without fee waiver)
A	0.99%	0.79%	0.78%
Advisor	1.32%	1.09%	1.08%

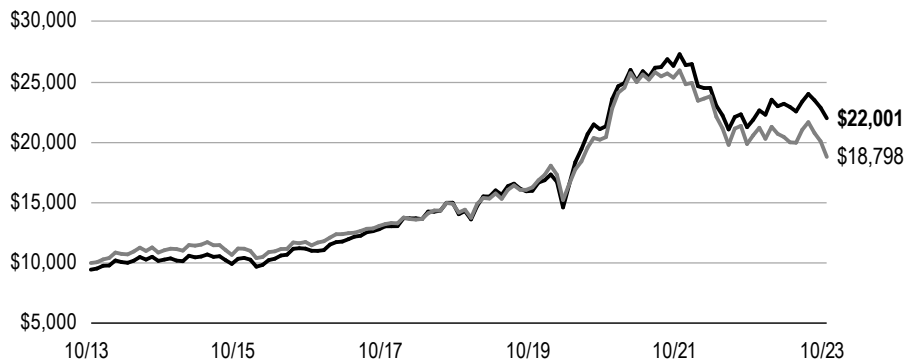
*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com)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

See page 9 for Performance Summary footnotes.

### Total Return Index Comparison for a Hypothetical \$10,000 Investment<sup>1</sup>

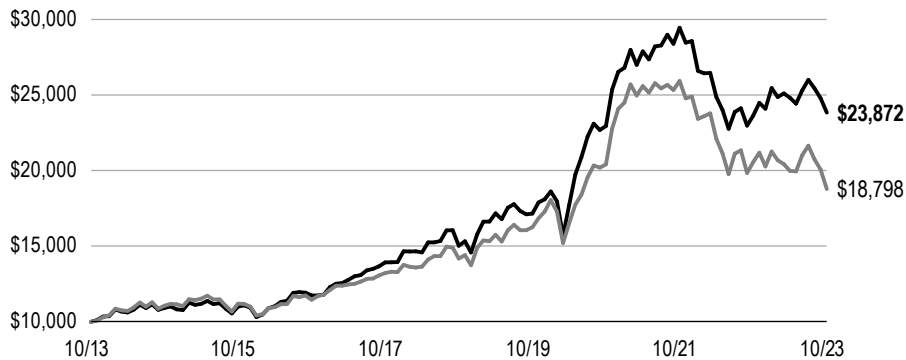
Total return represents the change in value of an investment over the periods shown. It includes any applicable maximum sales charge, Fund expenses, account fees and reinvested distributions. The unmanaged index includes reinvestment of any income or distributions. It differs from the Fund in composition and does not pay management fees or expenses. One cannot invest directly in an index.

#### Class A (10/31/13–10/31/23)



— Franklin Convertible Securities Fund      — ICE BofA All Alternatives U.S. Convertibles Index<sup>7</sup>

#### Advisor Class (10/31/13–10/31/23)



— Franklin Convertible Securities Fund      — ICE BofA All Alternatives U.S. Convertibles Index<sup>7</sup>

See page 9 for Performance Summary footnotes.

## Distributions (11/1/22–10/31/23)

Share Class	Net Investment Income	Short-Term Capital Gain	Long-Term Capital Gain	Total
A	\$0.1608	\$0.0839	\$1.4460	\$1.6907
C	\$0.0175	\$0.0839	\$1.4460	\$1.5474
R6	\$0.2263	\$0.0839	\$1.4460	\$1.7562
Advisor	\$0.2110	\$0.0839	\$1.4460	\$1.7409

## Total Annual Operating Expenses<sup>8</sup>

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.

Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance.

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 and debt securities when the underlying stock price is low relative to the conversion price. Low-rated, high-yield bonds are subject to greater price volatility, illiquidity and possibility of default. Fixed income securities involve interest rate, credit, inflation and reinvestment risks, and possible loss of principal. As interest rates rise, the value of fixed income securities falls. International investments are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in emerging markets. 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.

1. Gross expenses are the Fund's total annual operating expenses as of the Fund's prospectus available at the time of publication. Actual expenses 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. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice.
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 10/31/23.
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. Source: FactSet. The ICE BofA All Alternatives U.S. Convertibles Index comprises domestic securities of all quality grades that are convertible into U.S. dollar-denominated common stock, ADRs or cash equivalents and have a delta (measure of equity sensitivity) that indicates the security likely has a balance between the debt and equity characteristics of the security.
8. 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](http://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 5/1/23	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
		Ending Account Value 10/31/23	Expenses Paid During Period 5/1/23–10/31/23 <sup>1,2</sup>	Ending Account Value 10/31/23	Expenses Paid During Period 5/1/23–10/31/23 <sup>1,2</sup>	
A	\$1,000	\$959.40	\$3.86	\$1,021.26	\$3.99	0.78%
C	\$1,000	\$955.80	\$7.55	\$1,017.48	\$7.79	1.53%
R6	\$1,000	\$960.30	\$2.34	\$1,022.82	\$2.42	0.47%
Advisor	\$1,000	\$960.60	\$2.63	\$1,022.52	\$2.71	0.53%

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 184/365 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

## Fund Overview

### Q. What is the Fund's investment strategy?

A. 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.

### Q. What were the overall market conditions during the Fund's reporting period?

A. In the U.S., gross domestic product expanded in the fourth quarter of 2022 and the first half of 2023 amid rising investment and resilient spending on services. The labor market remained tight as unemployment was very low by historic standards and wages continued to grow. To control inflation, the U.S. Federal Reserve (Fed) raised the federal funds target rate six times, ending at a range of 5.25%–5.50%, the highest level since 2001. The central bank hinted that interest rates would likely be higher for longer than investors had expected though the pace of hikes seemed to be nearing an end as the period closed. The Fed also indicated that it would continue to reduce its U.S. Treasury and agency debt and mortgage-backed security holdings. Several prominent bank failures drove increased uncertainty among investors, but government intervention led to swift reorganizations and equities recovered from a brief decline.

### Q. How did we respond to these changing market conditions?

A. As a bottom-up, fundamental research driven strategy, our focus is on identifying and evaluating the specific opportunities and risks facing high-quality companies we own or could own. Over the past 12-18 months, we have had a relatively cautious view of earnings, particularly for companies in the discretionary and industrials sectors where estimates for 2023-24 seemed to be at risk. This more cautious view has largely been reflected through position sizing. Additions were made to names that we believe have strong long-term prospects, as well as more certainty of cash flows, higher confidence in company strategy and durability of end markets. We continue to have an overweight to the energy sector as long-term supply/demand drivers are supportive of oil prices and capital discipline within the industry remains healthy. We have seen additional opportunities in health care as well. We remain committed to investing primarily in common stocks though we continue to find usage of a smaller group of convertibles and equity-linked notes as compelling ways to participate in long-term capital appreciation opportunities while reducing volatility and generating attractive levels of income.

## Performance Overview

For the 12 months under review, the Fund's Class A shares posted a -0.25% 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 +0.13% cumulative total return.<sup>1</sup> 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 +10.14% cumulative total return.<sup>1</sup> You can find the Fund's long-term performance data in the Performance Summary beginning on page 14.

*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](http://franklintempleton.com) or call (800) 342-5236.*

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](http://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 39.**

**Q. What were the leading contributors to performance?**

**A.** The Fund saw positive contributions from the information technology (IT) and financials sectors. Broadcom and Oracle were listed among the strongest holdings in the IT sector. Broadcom has seen strong demand for its products and services and from the adoption of its artificial intelligence (AI) offerings. Oracle's solid year-to-date stock performance was boosted by its cloud infrastructure business. In the financials sector, our exposure to several private asset managers has been positive. Companies such as Apollo Global Management and Ares Management continue to see strong earnings growth from capital inflows into their broad range of offerings. In the banking industry, a strong, diversified revenue base helped provide some protection from economic headwinds for JPMorgan Chase. Elsewhere, a leading individual stock contributor was Eaton in the industrials sector. The power management company continues to see strength across its industrial, automotive, utility and non-residential construction markets.

**Portfolio Composition**

10/31/23

	<b>% of Total Net Assets</b>
Oil, Gas & Consumable Fuels	11.2%
Capital Markets	8.0%
Banks	7.1%
Pharmaceuticals	5.7%
Electric Utilities	5.5%
Health Care Equipment & Supplies	4.5%
Health Care Providers & Services	4.4%
Beverages	3.7%
Semiconductors & Semiconductor Equipment	3.6%
Life Sciences Tools & Services	3.3%
Household Products	3.1%
Aerospace & Defense	2.7%
Software	2.7%
Consumer Staples Distribution & Retail	2.7%
Other*	28.4%
Short-Term Investments & Other Net Assets	3.4%

\*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.

**Q. What were the leading detractors from performance?**

**A.** Our investment in the health care sector weighed on Fund results with a large position in Johnson & Johnson (JNJ) among the leading detractors. JNJ, which was a strong relative performer in 2022, faced competitive pressures that hurt its stock. The utilities sector also hindered returns with a position in NextEra Energy detracting from performance. The shares of the renewable energy provider were pressured

by investor concerns of slower growth and the financing of future capital projects. While financials were a contributor at the sector level, recession fears had a negative impact on the shares of Bank of America. In the energy sector, the shares of Chevron declined on concerns that slower economic growth would weigh on energy demand. The Fund was also hurt by a position in Target in the consumer discretionary sector. The omnichannel retailer faced softer sales trends and weaker margin performance in a tougher economic environment for discretionary spending.

**Top 10 Holdings**

10/31/23

<b>Company Industry, Country</b>	<b>% of Total Net Assets</b>
JPMorgan Chase & Co. <i>Banks, United States</i>	4.2%
Chevron Corp. <i>Oil, Gas &amp; Consumable Fuels, United States</i>	3.5%
Johnson & Johnson <i>Pharmaceuticals, United States</i>	3.4%
Morgan Stanley <i>Capital Markets, United States</i>	3.2%
Procter & Gamble Co. (The) <i>Household Products, United States</i>	3.1%
Oracle Corp. <i>Software, United States</i>	2.7%
Bank of America Corp. <i>Banks, United States</i>	2.5%
Duke Energy Corp. <i>Electric Utilities, United States</i>	2.5%
Broadcom, Inc. <i>Semiconductors &amp; Semiconductor Equipment, United States</i>	2.5%
NextEra Energy, Inc. <i>Electric Utilities, United States</i>	2.3%

**Q. Were there any significant changes to the Fund during the reporting period?**

**A.** The Fund continues to be active with the addition and exiting of several holdings over the course of the year. We remain committed to fundamental research and look to identify high-quality companies that have attractive capital appreciation opportunities, and which we believe can perform relatively well in both stronger and weaker markets. The Fund became slightly more concentrated during the period and held fewer positions as compared to last year. We have generally been adding to positions in the health care and energy sectors while reducing weightings in the consumer discretionary and utilities sectors. Even as sector weightings fluctuated during the year, our goal was to maintain a diversified portfolio of what we believe are market leading companies.

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

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*The foregoing information reflects our analysis, opinions and portfolio holdings as of October 31, 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 October 31, 2023

The performance tables and graphs 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 10/31/23<sup>1</sup>

*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](http://franklintempleton.com).*

Share Class	Cumulative Total Return <sup>2</sup>	Average Annual Total Return <sup>3</sup>
<b>A<sup>4</sup></b>		
1-Year	-0.25%	-5.74%
5-Year	+42.15%	+6.08%
10-Year	+108.39%	+7.01%

<b>Advisor</b>		
1-Year	-0.00% <sup>a</sup>	-0.00% <sup>a</sup>
5-Year	+43.96%	+7.56%
10-Year	+113.62%	+7.89%

Share Class	Distribution Rate <sup>5</sup>	30-Day Standardized Yield <sup>6</sup>	
		(with fee waiver)	(without fee waiver)
A	2.62%	1.93%	1.91%
Advisor	3.03%	2.29%	2.28%

*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](http://franklintempleton.com) or call (800) 342-5236.*

<sup>a</sup>Rounds to less than 0.01%.

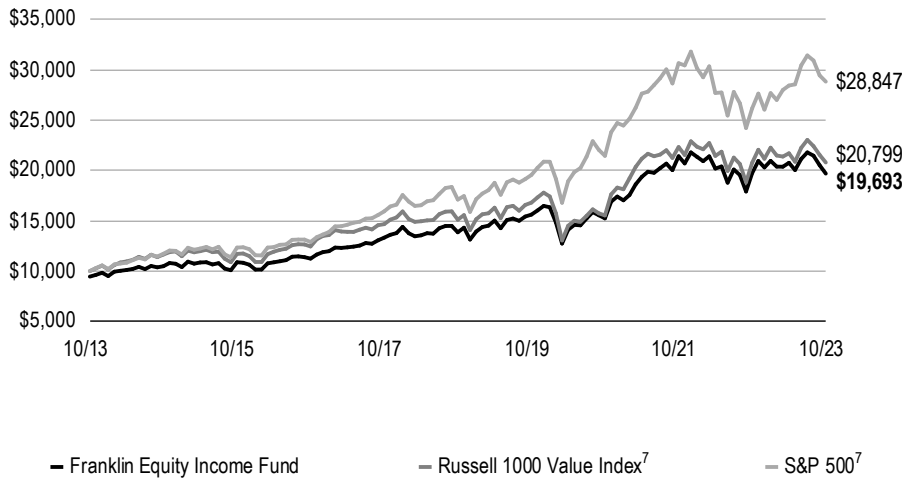
See page 16 for Performance Summary footnotes.



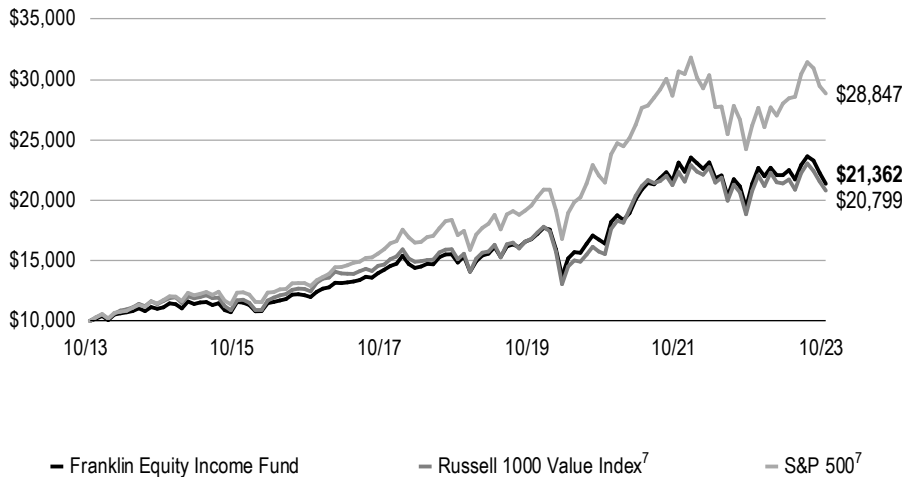
## Total Return Index Comparison for a Hypothetical \$10,000 Investment<sup>1</sup>

Total return represents the change in value of an investment over the periods shown. It includes any applicable maximum sales charge, Fund expenses, account fees and reinvested distributions. The unmanaged indexes include reinvestment of any income or distributions. They differ from the Fund in composition and do not pay management fees or expenses. One cannot invest directly in an index.

### Class A (10/31/13–10/31/23)



### Advisor Class (10/31/13–10/31/23)



See page 16 for Performance Summary footnotes.

## Distributions (11/1/22–10/31/23)

Share Class	Net Investment Income	Long-Term Capital Gain	Total
A	\$0.7236	\$0.9002	\$1.6238
C	\$0.4570	\$0.9002	\$1.3572
R	\$0.6563	\$0.9002	\$1.5565
R6	\$0.8170	\$0.9002	\$1.7172
Advisor	\$0.7939	\$0.9002	\$1.6941

## Total Annual Operating Expenses<sup>8</sup>

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.

Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance.

All investments involve risks, including possible loss of principal. Equity securities are subject to price fluctuation and possible loss of principal. Distributions are not guaranteed and are subject to change. 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. International investments are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in emerging markets. 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.

- Gross expenses are the Fund's total annual operating expenses as of the Fund's prospectus available at the time of publication. Actual expenses 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. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice.
- Cumulative total return represents the change in value of an investment over the periods indicated.
- 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.
- 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%.
- 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 10/31/23.
- 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.
- Source: FactSet. The Russell 1000<sup>®</sup> Value Index is market capitalization weighted and measures the performance of those Russell 1000<sup>®</sup> Index companies with relatively lower price-to-book ratios and lower forecasted growth rates. The S&P 500 is a market capitalization-weighted index of 500 stocks designed to measure total U.S. equity market performance.
- 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](http://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 5/1/23	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
		Ending Account Value 10/31/23	Expenses Paid During Period 5/1/23–10/31/23 <sup>1,2</sup>	Ending Account Value 10/31/23	Expenses Paid During Period 5/1/23–10/31/23 <sup>1,2</sup>	
A	\$1,000	\$948.20	\$4.00	\$1,021.10	\$4.15	0.81%
C	\$1,000	\$944.90	\$7.67	\$1,017.32	\$7.95	1.56%
R	\$1,000	\$946.70	\$5.23	\$1,019.84	\$5.42	1.07%
R6	\$1,000	\$949.80	\$2.39	\$1,022.76	\$2.48	0.49%
Advisor	\$1,000	\$949.40	\$2.77	\$1,022.36	\$2.88	0.56%

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 184/365 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

## Fund Overview

### Q. What is the Fund's investment strategy?

A. 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.

### Portfolio Composition

10/31/23

	% of Total Net Assets
Corporate Bonds	54.8%
Common Stocks	27.6%
Equity-Linked Securities	8.9%
U.S. Government and Agency Securities	5.0%
Management Investment Companies	1.2%
Other	1.0%
Short-Term Investments & Other Net Assets	1.5%

### Q. What were the overall market conditions during the Fund's reporting period?

A. The Fund generated positive returns during the period, driven by strong performance from fixed income holdings. Positive returns within the Fund's fixed income allocation were slightly offset by negative performance within equities. Relative to the Fund's blended benchmark, the overweight allocation to credit supported absolute performance. Throughout the period, the Federal Reserve (Fed) continued to increase interest rates from 2022 levels to counteract stubborn inflation. Despite the Fed's hawkish stance, the labor market remains tight and the economy continues to grow with gross domestic product in excess of 2%. The Fund used interest rate futures to hedge duration in the period. However, this did not cause the change to Net Assets from Operations for the fiscal year to exceed 5%.

### Q. How did we respond to these changing market conditions?

A. 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). As interest rates rose during the period, the Fund took advantage of higher yield investment opportunities within fixed income and ended the period with a considerable shift in asset allocation. By period-end, equity allocation was 37.9% and fixed income allocation reached 60.6%, while cash equivalents comprised 1.5% of the Fund.

## Performance Overview

For the 12 months under review, the Fund's Class A shares posted a cumulative total return of +0.34%. In comparison, the Fund's primary benchmark, the Bloomberg U.S. Aggregate Index, which measures the performance of the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, posted a +0.36% cumulative total return.<sup>1</sup> 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 +0.62% cumulative total return.<sup>2</sup> 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

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](http://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 48.

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 primary benchmark, the Standard & Poor's® 500 Index (S&P 500®), which is designed to measure total U.S. equity market performance, posted a +10.14% cumulative total return.<sup>1</sup> You can find the Fund's long-term performance data in the Performance Summary beginning on page 21.

The Fund was able to successfully meet its monthly distributions under its managed distribution policy without the return of capital and without an associated impact from return of capital on the Fund's net asset value per share. The policy had no material impact on the Fund's investment strategy.

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#### **Q. What were the leading contributors to performance?**

**A.** Fixed income holdings contributed the highest returns to the Fund during the year, led by the health care, materials, and consumer discretionary sectors. Community Health Systems and Bausch Health Companies performed best within health care, while ArcelorMittal SA and Ford Motor Company contributed the highest absolute performance within the materials and consumer discretionary sectors, respectively. British American Tobacco was also a top performer within the consumer staples sector. At period-end, the Fund no longer held Bausch Health Companies. Within the Fund's equity allocation, the information technology (IT), materials, and communication services sectors performed best. Broadcom and Microchip Technology contributed within IT, while Rio Tinto added value within materials. JP Morgan Chase & Co also aided returns within financials.

#### **Q. What were the leading detractors from performance?**

**A.** U.S. Treasuries detracted the most from performance within the Fund's fixed income allocation. Mauser Packaging Solutions and Emergent BioSolutions also detracted within the materials and health care sectors, respectively. The Fund no longer holds a position in Emergent BioSolutions, as of

the period-end on October 31, 2023. In terms of equities, the financials, health care, and energy sectors were the leading detractors. Bank of America and U.S. Bancorp hindered returns within financials, while Bristol-Myers Squibb and Chevron were the worst performers within the health care and energy sectors, respectively.

#### **Top Five Fixed Income Holdings**

10/31/23

<b>Company Industry, Country</b>	<b>% of Total Net Assets</b>
U.S. Treasury Notes <i>Financial Services, United States</i>	2.8%
U.S. Treasury Bonds <i>Financial Services, United States</i>	2.3%
CHS/Community Health Systems, Inc. <i>Health Care Providers &amp; Services, United States</i>	1.3%
BAT Capital Corp. <i>Tobacco, United Kingdom</i>	1.2%
Barclays plc <i>Banks, United Kingdom</i>	1.1%

#### **Top Five Equity Holdings**

10/31/23

<b>Company Industry, Country</b>	<b>% of Total Net Assets</b>
Chevron Corp. <i>Oil, Gas &amp; Consumable Fuels, United States</i>	2.0%
Union Pacific Corp. <i>Ground Transportation, United States</i>	1.5%
Texas Instruments, Inc. <i>Semiconductors &amp; Semiconductor Equipment, United States</i>	1.5%
JPMorgan Chase & Co. <i>Banks, United States</i>	1.5%
Home Depot, Inc. (The) <i>Specialty Retail, United States</i>	1.3%

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

Edward D. Perks, CFA  
Co-Lead Portfolio Manager

Brendan Circle, CFA  
Co-Lead Portfolio Manager

Todd Brighton, CFA  
Portfolio Manager

*The foregoing information reflects our analysis, opinions and portfolio holdings as of October 31, 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 October 31, 2023

The performance tables and graphs 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 10/31/23<sup>1</sup>

*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](http://franklintempleton.com).*

Share Class	Cumulative Total Return <sup>2</sup>	Average Annual Total Return <sup>3</sup>
<b>A<sup>4</sup></b>		
1-Year	+0.34%	-5.16%
5-Year	+25.85%	+3.53%
10-Year	+62.27%	+4.36%

Advisor		
1-Year	+0.60%	+0.60%
5-Year	+27.42%	+4.97%
10-Year	+66.55%	+5.23%

Share Class	Distribution Rate <sup>5</sup>	30-Day Standardized Yield <sup>6</sup>
A	4.64%	4.21%
Advisor	5.17%	4.71%

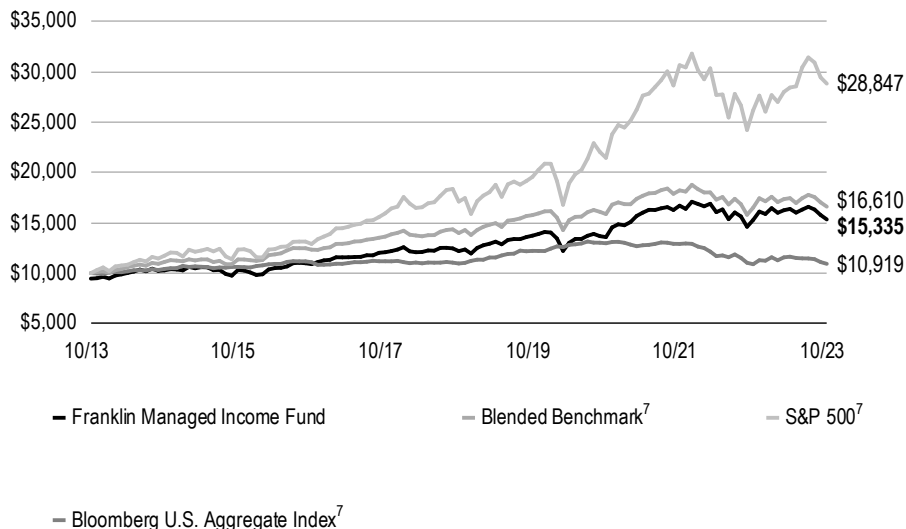
*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com)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

See page 24 for Performance Summary footnotes.

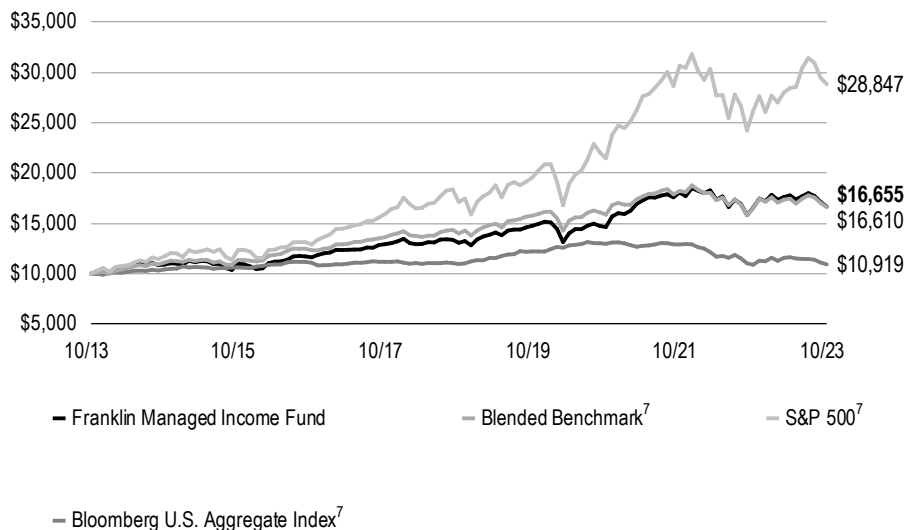
## Total Return Index Comparison for a Hypothetical \$10,000 Investment<sup>1</sup>

Total return represents the change in value of an investment over the periods shown. It includes any applicable maximum sales charge, Fund expenses, account fees and reinvested distributions. The unmanaged indexes include reinvestment of any income or distributions. They differ from the Fund in composition and do not pay management fees or expenses. One cannot invest directly in an index.

### Class A (10/31/13–10/31/23)



### Advisor Class (10/31/13–10/31/23)



See page 24 for Performance Summary footnotes.



## Net Asset Value

Share Class (Symbol)	10/31/23	10/31/22	Change
A (FBLAX)	\$11.25	\$11.73	-\$0.48
C (FBMCX)	\$11.13	\$11.61	-\$0.48
R (FBFQX)	\$11.28	\$11.77	-\$0.49
R6 (FBFRX)	\$11.28	\$11.77	-\$0.49
Advisor (FBFZX)	\$11.28	\$11.76	-\$0.48

## Distributions (11/1/22–10/31/23)

Share Class	Net Investment Income
A	\$0.5448
C	\$0.4482
R	\$0.5164
R6	\$0.5876
Advisor	\$0.5768

## Total Annual Operating Expenses<sup>8</sup>

Share Class	With Fee Waiver	Without Fee Waiver
A	0.91%	0.92%
Advisor	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.**

Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance.

**All investments involve risks, including possible loss of principal.** Fixed income securities involve interest rate, credit, inflation and reinvestment risks, and possible loss of principal. As interest rates rise, the value of fixed income securities falls. **Equity securities** are subject to price fluctuation and possible loss of principal. 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.

The Fund is not guaranteed to achieve its investment goal 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.

FRANKLIN MANAGED INCOME FUND  
PERFORMANCE SUMMARY

1. Gross expenses are the Fund's total annual operating expenses as of the Fund's prospectus available at the time of publication. Actual expenses 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. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice.
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 October dividend and the maximum offering price (NAV for Advisor Class) per share on 10/31/23.
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. Source: FactSet. The Bloomberg U.S. Aggregate Index measures the performance of the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable-rate mortgage pass-throughs), asset-backed securities and commercial mortgage-backed securities (agency and nonagency). The Blended Benchmark (50% MSCI USA High Dividend Yield Index, 25% ICE BofA U.S. Corporate & High Yield Index and 25% Bloomberg U.S. Aggregate Bond Index) is a combination of leading stock and bond indexes. The MSCI USA High Dividend Yield Index is based on the MSCI USA Index, its parent index, and includes large- and mid-capitalization stocks. The index is designed to reflect the performance of equities in the parent index (excluding real estate investment trusts) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent. 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 S&P. The S&P 500 is a market capitalization-weighted index of 500 stocks designed to measure total U.S. equity market performance.
8. 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](http://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 5/1/23	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
		Ending Account Value 10/31/23	Expenses Paid During Period 5/1/23–10/31/23 <sup>1,2</sup>	Ending Account Value 10/31/23	Expenses Paid During Period 5/1/23–10/31/23 <sup>1,2</sup>	
A	\$1,000	\$936.10	\$4.34	\$1,020.72	\$4.53	0.89%
C	\$1,000	\$932.50	\$7.99	\$1,016.94	\$8.34	1.64%
R	\$1,000	\$934.40	\$5.56	\$1,019.46	\$5.80	1.14%
R6	\$1,000	\$937.20	\$2.83	\$1,022.28	\$2.96	0.58%
Advisor	\$1,000	\$936.70	\$3.12	\$1,021.98	\$3.26	0.64%

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 184/365 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

	Year Ended October 31,				
	2023	2022	2021	2020	2019
<b>Class A</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$20.43	\$31.15	\$27.11	\$22.13	\$20.65
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.18	0.14	0.19	0.22	0.21
Net realized and unrealized gains (losses) . . . . .	(0.02)	(5.47)	7.01	6.67	2.47
Total from investment operations . . . . .	0.16	(5.33)	7.20	6.89	2.68
Less distributions from:					
Net investment income . . . . .	(0.16)	(0.15)	(0.23)	(0.30)	(0.45)
Net realized gains . . . . .	(1.53)	(5.24)	(2.93)	(1.61)	(0.75)
Total distributions . . . . .	(1.69)	(5.39)	(3.16)	(1.91)	(1.20)
Net asset value, end of year . . . . .	\$18.90	\$20.43	\$31.15	\$27.11	\$22.13
Total return <sup>c</sup> . . . . .	0.62%	(19.94)%	27.98%	33.49%	13.84%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.82%	0.83%	0.83%	0.83%	0.85%
Expenses net of waiver and payments by affiliates <sup>d</sup> . . . . .	0.81%	0.83% <sup>e</sup>	0.82%	0.83% <sup>e</sup>	0.83%
Net investment income . . . . .	0.91%	0.61%	0.64%	0.96%	0.97%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$901,820	\$1,067,202	\$1,621,832	\$1,385,821	\$1,169,928
Portfolio turnover rate . . . . .	22.92%	6.64%	32.67%	32.46%	26.83%

<sup>a</sup>The 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.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>d</sup>Benefit of expense reduction rounds to less than 0.01%.

<sup>e</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

**Franklin Convertible Securities Fund** (continued)

	Year Ended October 31,				
	2023	2022	2021	2020	2019
<b>Class C</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$19.92	\$30.53	\$26.66	\$21.77	\$20.31
Income from investment operations <sup>a</sup> :					
Net investment income (loss) <sup>b</sup> . . . . .	0.03	(0.03)	(0.03)	0.05	0.04
Net realized and unrealized gains (losses) . . . . .	(0.02)	(5.34)	6.89	6.56	2.45
Total from investment operations . . . . .	0.01	(5.37)	6.86	6.61	2.49
Less distributions from:					
Net investment income . . . . .	(0.02)	—	(0.06)	(0.11)	(0.28)
Net realized gains . . . . .	(1.53)	(5.24)	(2.93)	(1.61)	(0.75)
Total distributions . . . . .	(1.55)	(5.24)	(2.99)	(1.72)	(1.03)
Net asset value, end of year . . . . .	\$18.38	\$19.92	\$30.53	\$26.66	\$21.77
Total return <sup>c</sup> . . . . .	(0.16)%	(20.53)%	27.04%	32.48%	13.03%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.57%	1.58%	1.57%	1.59%	1.60%
Expenses net of waiver and payments by affiliates <sup>d</sup> . . . . .	1.56%	1.57%	1.57% <sup>e</sup>	1.58%	1.58%
Net investment income (loss) . . . . .	0.15%	(0.15)%	(0.10)%	0.21%	0.22%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$67,313	\$100,936	\$198,611	\$233,295	\$256,075
Portfolio turnover rate . . . . .	22.92%	6.64%	32.67%	32.46%	26.83%

<sup>a</sup>The 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.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>d</sup>Benefit of expense reduction rounds to less than 0.01%.

<sup>e</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

**Franklin Convertible Securities Fund** (continued)

	Year Ended October 31,				
	2023	2022	2021	2020	2019
<b>Class R6</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$20.62	\$31.39	\$27.29	\$22.28	\$20.78
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.25	0.22	0.29	0.31	0.28
Net realized and unrealized gains (losses) . . . . .	(0.03)	(5.52)	7.07	6.69	2.50
Total from investment operations . . . . .	0.22	(5.30)	7.36	7.00	2.78
Less distributions from:					
Net investment income . . . . .	(0.23)	(0.23)	(0.33)	(0.38)	(0.53)
Net realized gains . . . . .	(1.53)	(5.24)	(2.93)	(1.61)	(0.75)
Total distributions . . . . .	(1.76)	(5.47)	(3.26)	(1.99)	(1.28)
Net asset value, end of year . . . . .	\$19.08	\$20.62	\$31.39	\$27.29	\$22.28
Total return . . . . .	0.89%	(19.65)%	28.43%	33.89%	14.26%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.51%	0.51%	0.53%	0.55%	0.54%
Expenses net of waiver and payments by affiliates <sup>c</sup> . . . . .	0.49%	0.48%	0.50%	0.50%	0.49%
Net investment income . . . . .	1.23%	0.95%	0.97%	1.30%	1.31%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$89,591	\$95,418	\$127,846	\$113,642	\$51,791
Portfolio turnover rate . . . . .	22.92%	6.64%	32.67%	32.46%	26.83%

<sup>a</sup>The 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.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Benefit of expense reduction rounds to less than 0.01%.

**Franklin Convertible Securities Fund** (continued)

	Year Ended October 31,				
	2023	2022	2021	2020	2019
<b>Advisor Class</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$20.43	\$31.16	\$27.11	\$22.14	\$20.65
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.23	0.20	0.26	0.28	0.26
Net realized and unrealized gains (losses) . . . . .	(0.02)	(5.48)	7.03	6.66	2.49
Total from investment operations . . . . .	0.21	(5.28)	7.29	6.94	2.75
Less distributions from:					
Net investment income . . . . .	(0.21)	(0.21)	(0.31)	(0.36)	(0.51)
Net realized gains . . . . .	(1.53)	(5.24)	(2.93)	(1.61)	(0.75)
Total distributions . . . . .	(1.74)	(5.45)	(3.24)	(1.97)	(1.26)
Net asset value, end of year . . . . .	\$18.90	\$20.43	\$31.16	\$27.11	\$22.14
Total return . . . . .	0.87%	(19.75)%	28.34%	33.80%	14.18%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.57%	0.58%	0.58%	0.58%	0.60%
Expenses net of waiver and payments by affiliates <sup>c</sup> . . . . .	0.56%	0.58% <sup>d</sup>	0.57%	0.58% <sup>d</sup>	0.58%
Net investment income . . . . .	1.16%	0.85%	0.89%	1.20%	1.22%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$1,474,802	\$1,894,863	\$3,355,546	\$2,773,524	\$2,379,435
Portfolio turnover rate . . . . .	22.92%	6.64%	32.67%	32.46%	26.83%

<sup>a</sup>The 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.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Benefit of expense reduction rounds to less than 0.01%.

<sup>d</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

## Schedule of Investments, October 31, 2023

## Franklin Convertible Securities Fund

	Country	Shares	Value
<b>Common Stocks 4.3%</b>			
<b>Capital Markets 1.1%</b>			
KKR & Co., Inc. . . . .	United States	523,200	\$28,985,280
<b>Electric Utilities 3.2%</b>			
American Electric Power Co., Inc. . . . .	United States	279,660	21,125,517
NextEra Energy, Inc. . . . .	United States	554,360	32,319,187
<sup>a</sup> PG&E Corp. . . . .	United States	1,619,947	26,405,136
			79,849,840
<b>Total Common Stocks (Cost \$105,285,509) . . . . .</b>			<b>108,835,120</b>
<b>Convertible Preferred Stocks 5.2%</b>			
<b>Financial Services 2.4%</b>			
Apollo Global Management, Inc., 6.75% . . . . .	United States	1,240,000	59,656,400
<b>Machinery 1.0%</b>			
RBC Bearings, Inc., 5%, A. . . . .	United States	250,000	26,297,500
<b>Multi-Utilities 1.8%</b>			
NiSource, Inc., 7.75% . . . . .	United States	450,000	45,670,500
<b>Total Convertible Preferred Stocks (Cost \$132,000,000) . . . . .</b>			<b>131,624,400</b>
		<b>Principal Amount<sup>c</sup></b>	
<b>Convertible Bonds 87.3%</b>			
<b>Aerospace &amp; Defense 1.9%</b>			
<sup>b</sup> Axon Enterprise, Inc., Senior Note, 144A, 0.5%, 12/15/27 . . . . .	United States	45,000,000	48,532,500
<b>Biotechnology 8.6%</b>			
Ascendis Pharma A/S, Senior Note, 2.25%, 4/01/28 . . . . .	Denmark	32,500,000	28,803,125
Insmed, Inc., Senior Note, 0.75%, 6/01/28 . . . . .	United States	46,000,000	44,482,000
Intercept Pharmaceuticals, Inc., Senior Note, 2%, 5/15/26 . . . . .	United States	21,000,000	20,870,094
<sup>b</sup> Mirum Pharmaceuticals, Inc., Senior Note, 144A, 4%, 5/01/29 . . . . .	United States	16,500,000	19,274,062
Neurocrine Biosciences, Inc., Senior Note, 2.25%, 5/15/24 . . . . .	United States	44,750,000	66,006,250
PTC Therapeutics, Inc., Senior Note, 1.5%, 9/15/26 . . . . .	United States	48,000,000	38,112,000
			217,547,531
<b>Broadline Retail 4.4%</b>			
Etsy, Inc., Senior Note, 0.125%, 9/01/27 . . . . .	United States	72,500,000	57,567,419
PDD Holdings, Inc., Senior Note, Zero Cpn., 12/01/25 . . . . .	China	55,000,000	54,834,945
			112,402,364
<b>Communications Equipment 0.8%</b>			
<sup>b</sup> Viavi Solutions, Inc., Senior Note, 144A, 1.625%, 3/15/26 . . . . .	United States	20,709,000	19,021,216
<b>Construction &amp; Engineering 1.5%</b>			
<sup>b</sup> Fluor Corp., Senior Note, 144A, 1.125%, 8/15/29 . . . . .	United States	39,000,000	37,625,250
<b>Consumer Staples Distribution &amp; Retail 0.6%</b>			
<sup>b</sup> Chefs' Warehouse, Inc. (The), Senior Note, 144A, 2.375%, 12/15/28	United States	21,000,000	16,212,000
<b>Electric Utilities 1.2%</b>			
<sup>b</sup> Duke Energy Corp., Senior Note, 144A, 4.125%, 4/15/26 . . . . .	United States	30,500,000	29,773,181
<b>Energy Equipment &amp; Services 1.2%</b>			
Oil States International, Inc., Senior Note, 4.75%, 4/01/26 . . . . .	United States	28,000,000	29,440,429



Franklin Convertible Securities Fund (continued)

	Country	Principal Amount <sup>a</sup>	Value
<b>Convertible Bonds (continued)</b>			
<b>Financial Services 5.1%</b>			
Block, Inc.,			
Senior Note, Zero Cpn., 5/01/26 . . . . .	United States	24,500,000	\$20,457,500
Senior Note, 0.25%, 11/01/27 . . . . .	United States	45,000,000	33,862,500
<sup>b</sup> Repay Holdings Corp., Senior Note, 144A, Zero Cpn., 2/01/26 . . . . .	United States	19,000,000	15,229,469
Shift4 Payments, Inc.,			
Senior Note, Zero Cpn., 12/15/25 . . . . .	United States	36,000,000	32,400,000
Senior Note, 0.5%, 8/01/27 . . . . .	United States	35,000,000	27,507,693
			129,457,162
<b>Food Products 2.5%</b>			
<sup>b</sup> Freshpet, Inc., Senior Note, 144A, 3%, 4/01/28 . . . . .	United States	27,000,000	28,923,750
Post Holdings, Inc., Senior Note, 2.5%, 8/15/27 . . . . .	United States	36,000,000	34,326,000
			63,249,750
<b>Ground Transportation 3.3%</b>			
Lyft, Inc., Senior Note, 1.5%, 5/15/25 . . . . .	United States	61,000,000	55,937,000
Uber Technologies, Inc., Senior Note, Zero Cpn., 12/15/25 . . . . .	United States	30,000,000	27,413,293
			83,350,293
<b>Health Care Equipment &amp; Supplies 6.7%</b>			
Dexcom, Inc.,			
Senior Note, 0.25%, 11/15/25 . . . . .	United States	31,000,000	29,450,000
<sup>b</sup> Senior Note, 144A, 0.375%, 5/15/28 . . . . .	United States	32,250,000	28,509,000
Haemonetics Corp., Senior Note, Zero Cpn., 3/01/26 . . . . .	United States	37,500,000	32,345,610
Insulet Corp., Senior Note, 0.375%, 9/01/26 . . . . .	United States	50,000,000	46,325,000
<sup>b</sup> Integer Holdings Corp., Senior Note, 144A, 2.125%, 2/15/28 . . . . .	United States	30,000,000	33,052,718
			169,682,328
<b>Health Care Providers &amp; Services 1.4%</b>			
Accolade, Inc., Senior Note, 0.5%, 4/01/26 . . . . .	United States	19,000,000	15,020,524
Guardant Health, Inc., Senior Note, Zero Cpn., 11/15/27 . . . . .	United States	20,000,000	13,532,877
NeoGenomics, Inc., Senior Note, 0.25%, 1/15/28 . . . . .	United States	9,500,000	6,904,738
			35,458,139
<b>Hotel &amp; Resort REITs 0.8%</b>			
Pebblebrook Hotel Trust, Senior Note, 1.75%, 12/15/26 . . . . .	United States	26,000,000	20,607,909
<b>Hotels, Restaurants &amp; Leisure 2.8%</b>			
Booking Holdings, Inc., Senior Note, 0.75%, 5/01/25 . . . . .	United States	19,000,000	29,048,392
Vail Resorts, Inc., Senior Note, Zero Cpn., 1/01/26 . . . . .	United States	48,000,000	41,970,000
			71,018,392
<b>Interactive Media &amp; Services 2.4%</b>			
Snap, Inc.,			
Senior Note, Zero Cpn., 5/01/27 . . . . .	United States	41,000,000	30,770,500
Senior Note, 0.125%, 3/01/28 . . . . .	United States	43,000,000	29,347,500
			60,118,000
<b>IT Services 4.6%</b>			
Cloudflare, Inc., Senior Note, Zero Cpn., 8/15/26 . . . . .	United States	66,200,000	55,508,700
Okta, Inc., Senior Note, 0.125%, 9/01/25 . . . . .	United States	53,000,000	47,461,500

**Franklin Convertible Securities Fund** (continued)

	Country	Principal Amount <sup>1</sup>	Value
<b>Convertible Bonds</b> (continued)			
<b>IT Services</b> (continued)			
Wix.com Ltd., Senior Note, Zero Cpn., 8/15/25 . . . . .	Israel	15,400,000	\$13,613,600
			<u>116,583,800</u>
<b>Media 6.1%</b>			
Cable One, Inc., Senior Note, Zero Cpn., 3/15/26 . . . . .	United States	48,750,000	39,999,375
Senior Note, 1.125%, 3/15/28 . . . . .	United States	36,250,000	26,951,875
<sup>b</sup> Liberty Broadband Corp., Senior Bond, 144A, 3.125%, 3/31/53 . . .	United States	62,000,000	61,808,275
<sup>b</sup> Liberty Media Corp., Senior Note, 144A, 3.75%, 3/15/28 . . . . .	United States	23,000,000	25,116,000
			<u>153,875,525</u>
<b>Metals &amp; Mining 2.6%</b>			
<sup>b</sup> Ivanhoe Mines Ltd., Senior Note, 144A, 2.5%, 4/15/26 . . . . .	Canada	55,000,000	64,543,519
<b>Multi-Utilities 2.5%</b>			
<sup>b</sup> CenterPoint Energy, Inc., Senior Note, 144A, 4.25%, 8/15/26 . . . .	United States	65,000,000	63,797,500
<b>Pharmaceuticals 3.5%</b>			
Jazz Investments I Ltd., Senior Note, 1.5%, 8/15/24 . . . . .	United States	34,750,000	33,559,812
Senior Note, 2%, 6/15/26 . . . . .	United States	35,000,000	35,525,000
Revance Therapeutics, Inc., Senior Note, 1.75%, 2/15/27 . . . . .	United States	27,000,000	20,340,187
			<u>89,424,999</u>
<b>Professional Services 1.4%</b>			
Upwork, Inc., Senior Note, 0.25%, 8/15/26 . . . . .	United States	44,000,000	36,212,000
<b>Real Estate Management &amp; Development 1.2%</b>			
Zillow Group, Inc., Senior Note, 2.75%, 5/15/25 . . . . .	United States	31,500,000	30,666,233
<b>Semiconductors &amp; Semiconductor Equipment 2.8%</b>			
MACOM Technology Solutions Holdings, Inc., Senior Note, 0.25%, 3/15/26 . . . . .	United States	31,000,000	32,333,000
Wolfspeed, Inc., Senior Note, 0.25%, 2/15/28 . . . . .	United States	29,900,000	18,672,550
<sup>b</sup> Senior Note, 144A, 1.875%, 12/01/29 . . . . .	United States	35,000,000	21,000,000
			<u>72,005,550</u>
<b>Software 11.9%</b>			
BILL Holdings, Inc., Senior Note, Zero Cpn., 12/01/25 . . . . .	United States	37,500,000	35,671,875
Senior Note, Zero Cpn., 4/01/27 . . . . .	United States	37,000,000	29,600,000
BlackLine, Inc., Senior Note, 0.125%, 8/01/24 . . . . .	United States	9,500,000	9,232,517
Envestnet, Inc., Senior Note, 0.75%, 8/15/25 . . . . .	United States	4,900,000	4,468,800
<sup>b</sup> Senior Note, 144A, 2.625%, 12/01/27 . . . . .	United States	47,500,000	40,850,000
Guidewire Software, Inc., Senior Note, 1.25%, 3/15/25 . . . . .	United States	44,000,000	44,374,000
HubSpot, Inc., Senior Note, 0.375%, 6/01/25 . . . . .	United States	37,500,000	58,668,750
Splunk, Inc., Senior Note, 1.125%, 9/15/25 . . . . .	United States	22,500,000	24,221,250
Workiva, Inc., Senior Note, 1.125%, 8/15/26 . . . . .	United States	7,000,000	8,624,000
<sup>b</sup> Senior Note, 144A, 1.25%, 8/15/28 . . . . .	United States	49,000,000	44,565,500
			<u>300,276,692</u>

**Franklin Convertible Securities Fund** (continued)

	Country	Principal Amount <sup>†</sup>	Value
<b>Convertible Bonds</b> (continued)			
<b>Specialty Retail 5.5%</b>			
Burlington Stores, Inc., Senior Note, 2.25%, 4/15/25	United States	13,000,000	\$12,586,267
<sup>b</sup> Senior Note, 144A, 1.25%, 12/15/27	United States	42,287,000	37,889,152
RealReal, Inc. (The), Senior Note, 1%, 3/01/28	United States	30,000,000	12,150,000
RH, Senior Note, Zero Cpn., 9/15/24	United States	24,000,000	28,164,000
Wayfair, Inc., Senior Note, 3.25%, 9/15/27	United States	47,250,000	45,478,125
<sup>b</sup> Senior Note, 144A, 3.5%, 11/15/28	United States	3,450,000	4,014,075
			140,281,619
<b>Total Convertible Bonds (Cost \$2,420,077,909)</b>			<b>2,211,163,881</b>
<b>Total Long Term Investments (Cost \$2,657,363,418)</b>			<b>2,451,623,401</b>
 <b>Short Term Investments 3.1%</b>			
	Country	Shares	Value
<b>Money Market Funds 3.1%</b>			
<sup>c,d</sup> Institutional Fiduciary Trust - Money Market Portfolio, 5.035%	United States	79,626,510	79,626,510
<b>Total Money Market Funds (Cost \$79,626,510)</b>			<b>79,626,510</b>
<b>Total Short Term Investments (Cost \$79,626,510)</b>			<b>79,626,510</b>
<b>Total Investments (Cost \$2,736,989,928) 99.9%</b>			<b>\$2,531,249,911</b>
<b>Other Assets, less Liabilities 0.1%</b>			<b>2,276,951</b>
<b>Net Assets 100.0%</b>			<b>\$2,533,526,862</b>

See Abbreviations on page 81.

<sup>†</sup>The principal amount is stated in U.S. dollars unless otherwise indicated.

<sup>a</sup>Non-income producing.

<sup>b</sup>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 October 31, 2023, the aggregate value of these securities was \$639,737,167, representing 25.3% of net assets.

<sup>c</sup>See Note 3(f) regarding investments in affiliated management investment companies.

<sup>d</sup>The rate shown is the annualized seven-day effective yield at period end.

## Financial Highlights

### Franklin Equity Income Fund

	Year Ended October 31,				
	2023	2022	2021	2020	2019
<b>Class A</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$28.35	\$33.10	\$24.22	\$26.23	\$24.86
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.55	0.49	0.44	0.49	0.46
Net realized and unrealized gains (losses) . . . . .	(0.57)	(2.94)	9.26	(1.11)	2.49
Total from investment operations . . . . .	(0.02)	(2.45)	9.70	(0.62)	2.95
Less distributions from:					
Net investment income . . . . .	(0.72)	(0.63)	(0.60)	(0.63)	(0.58)
Net realized gains . . . . .	(0.90)	(1.67)	(0.22)	(0.76)	(1.00)
Total distributions . . . . .	(1.62)	(2.30)	(0.82)	(1.39)	(1.58)
Net asset value, end of year . . . . .	\$26.71	\$28.35	\$33.10	\$24.22	\$26.23
Total return <sup>c</sup> . . . . .	(0.25)%	(7.84)%	40.58%	(2.43)%	12.73%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.83%	0.83%	0.85%	0.86%	0.86%
Expenses net of waiver and payments by affiliates <sup>d</sup> . . . . .	0.82%	0.82%	0.85% <sup>e</sup>	0.85%	0.85%
Net investment income . . . . .	1.93%	1.64%	1.47%	1.98%	1.85%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$2,777,434	\$2,841,036	\$2,952,462	\$1,953,985	\$2,017,910
Portfolio turnover rate . . . . .	29.01%	25.41%	25.49%	26.90%	23.23%

<sup>a</sup>The 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.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>d</sup>Benefit of expense reduction rounds to less than 0.01%.

<sup>e</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

**Franklin Equity Income Fund** (continued)

	Year Ended October 31,				
	2023	2022	2021	2020	2019
<b>Class C</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$28.11	\$32.83	\$24.03	\$26.01	\$24.64
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.34	0.26	0.22	0.30	0.28
Net realized and unrealized gains (losses) . . . . .	(0.56)	(2.91)	9.17	(1.10)	2.47
Total from investment operations . . . . .	(0.22)	(2.65)	9.39	(0.80)	2.75
Less distributions from:					
Net investment income . . . . .	(0.46)	(0.40)	(0.37)	(0.42)	(0.38)
Net realized gains . . . . .	(0.90)	(1.67)	(0.22)	(0.76)	(1.00)
Total distributions . . . . .	(1.36)	(2.07)	(0.59)	(1.18)	(1.38)
Net asset value, end of year . . . . .	\$26.53	\$28.11	\$32.83	\$24.03	\$26.01
Total return <sup>c</sup> . . . . .	(0.97)%	(8.53)%	39.51%	(3.19)%	11.91%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.58%	1.58%	1.60%	1.61%	1.61%
Expenses net of waiver and payments by affiliates <sup>d</sup> . . . . .	1.57%	1.57%	1.60% <sup>e</sup>	1.60%	1.60%
Net investment income . . . . .	1.20%	0.89%	0.73%	1.23%	1.10%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$95,960	\$181,548	\$202,148	\$161,707	\$208,734
Portfolio turnover rate . . . . .	29.01%	25.41%	25.49%	26.90%	23.23%

<sup>a</sup>The 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.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>d</sup>Benefit of expense reduction rounds to less than 0.01%.

<sup>e</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

**Franklin Equity Income Fund** (continued)

	Year Ended October 31,				
	2023	2022	2021	2020	2019
<b>Class R</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$28.37	\$33.12	\$24.24	\$26.23	\$24.85
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.48	0.42	0.36	0.43	0.41
Net realized and unrealized gains (losses) . . . . .	(0.57)	(2.94)	9.27	(1.10)	2.49
Total from investment operations . . . . .	(0.09)	(2.52)	9.63	(0.67)	2.90
Less distributions from:					
Net investment income . . . . .	(0.66)	(0.56)	(0.53)	(0.56)	(0.52)
Net realized gains . . . . .	(0.90)	(1.67)	(0.22)	(0.76)	(1.00)
Total distributions . . . . .	(1.56)	(2.23)	(0.75)	(1.32)	(1.52)
Net asset value, end of year . . . . .	\$26.72	\$28.37	\$33.12	\$24.24	\$26.23
Total return . . . . .	(0.52)%	(8.07)%	40.22%	(2.62)%	12.50%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.08%	1.08%	1.09%	1.08%	1.09%
Expenses net of waiver and payments by affiliates <sup>c</sup> . . . . .	1.07%	1.07%	1.09% <sup>d</sup>	1.08% <sup>d</sup>	1.08%
Net investment income . . . . .	1.67%	1.40%	1.22%	1.75%	1.62%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$10,671	\$9,580	\$9,426	\$5,795	\$7,284
Portfolio turnover rate . . . . .	29.01%	25.41%	25.49%	26.90%	23.23%

<sup>a</sup>The 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.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Benefit of expense reduction rounds to less than 0.01%.

<sup>d</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

**Franklin Equity Income Fund** (continued)

	Year Ended October 31,				
	2023	2022	2021	2020	2019
<b>Class R6</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$28.40	\$33.17	\$24.27	\$26.29	\$24.91
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.64	0.59	0.54	0.57	0.54
Net realized and unrealized gains (losses) . . . . .	(0.55)	(2.95)	9.27	(1.11)	2.50
Total from investment operations . . . . .	0.09	(2.36)	9.81	(0.54)	3.04
Less distributions from:					
Net investment income . . . . .	(0.82)	(0.74)	(0.69)	(0.72)	(0.66)
Net realized gains . . . . .	(0.90)	(1.67)	(0.22)	(0.76)	(1.00)
Total distributions . . . . .	(1.72)	(2.41)	(0.91)	(1.48)	(1.66)
Net asset value, end of year . . . . .	\$26.77	\$28.40	\$33.17	\$24.27	\$26.29
Total return . . . . .	0.08%	(7.53)%	41.02%	(2.07)%	13.12%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.51%	0.51%	0.53%	0.52%	0.53%
Expenses net of waiver and payments by affiliates <sup>c</sup> . . . . .	0.49%	0.49%	0.51%	0.51%	0.51%
Net investment income . . . . .	2.26%	1.97%	1.80%	2.32%	2.19%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$149,692	\$159,953	\$150,328	\$97,565	\$96,406
Portfolio turnover rate . . . . .	29.01%	25.41%	25.49%	26.90%	23.23%

<sup>a</sup>The 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.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Benefit of expense reduction rounds to less than 0.01%.

**Franklin Equity Income Fund** (continued)

	Year Ended October 31,				
	2023	2022	2021	2020	2019
<b>Advisor Class</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$28.40	\$33.16	\$24.26	\$26.27	\$24.90
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.62	0.56	0.51	0.55	0.50
Net realized and unrealized gains (losses) . . . . .	(0.57)	(2.94)	9.28	(1.11)	2.51
Total from investment operations . . . . .	0.05	(2.38)	9.79	(0.56)	3.01
Less distributions from:					
Net investment income . . . . .	(0.79)	(0.71)	(0.67)	(0.69)	(0.64)
Net realized gains . . . . .	(0.90)	(1.67)	(0.22)	(0.76)	(1.00)
Total distributions . . . . .	(1.69)	(2.38)	(0.89)	(1.45)	(1.64)
Net asset value, end of year . . . . .	\$26.76	\$28.40	\$33.16	\$24.26	\$26.27
Total return . . . . .	(—)% <sup>c</sup>	(7.62)%	40.94%	(2.18)%	13.04%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.58%	0.58%	0.60%	0.61%	0.61%
Expenses net of waiver and payments by affiliates <sup>e</sup> . . . . .	0.57%	0.57%	0.60% <sup>d</sup>	0.60%	0.60%
Net investment income . . . . .	2.18%	1.89%	1.70%	2.21%	2.10%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$329,595	\$382,893	\$378,891	\$219,362	\$173,739
Portfolio turnover rate . . . . .	29.01%	25.41%	25.49%	26.90%	23.23%

<sup>a</sup>The 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.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Rounds to less than 0.01%.

<sup>d</sup>Benefit of expense reduction rounds to less than 0.01%.

<sup>e</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.



## Schedule of Investments, October 31, 2023

## Franklin Equity Income Fund

	Country	Shares	Value
<b>Common Stocks 84.9%</b>			
<b>Aerospace &amp; Defense 2.7%</b>			
L3Harris Technologies, Inc. . . . .	United States	80,000	\$14,352,800
Lockheed Martin Corp. . . . .	United States	15,500	7,046,920
RTX Corp. . . . .	United States	870,000	70,809,300
			92,209,020
<b>Air Freight &amp; Logistics 2.0%</b>			
United Parcel Service, Inc., B . . . . .	United States	467,500	66,034,375
<b>Banks 6.6%</b>			
Bank of America Corp. . . . .	United States	2,565,000	67,562,100
JPMorgan Chase & Co. . . . .	United States	1,027,500	142,884,150
Truist Financial Corp. . . . .	United States	460,000	13,045,600
			223,491,850
<b>Beverages 3.7%</b>			
Coca-Cola Co. (The) . . . . .	United States	865,000	48,863,850
PepsiCo, Inc. . . . .	United States	455,000	74,292,400
			123,156,250
<b>Capital Markets 7.5%</b>			
Ares Management Corp., A . . . . .	United States	655,000	64,576,450
BlackRock, Inc. . . . .	United States	70,500	43,165,740
Blackstone, Inc. . . . .	United States	409,500	37,817,325
Morgan Stanley . . . . .	United States	1,510,000	106,938,200
			252,497,715
<b>Chemicals 0.9%</b>			
BASF SE . . . . .	Germany	475,000	21,946,324
Huntsman Corp. . . . .	United States	400,000	9,332,000
			31,278,324
<b>Commercial Services &amp; Supplies 0.2%</b>			
Republic Services, Inc., A . . . . .	United States	50,000	7,424,500
<b>Communications Equipment 2.3%</b>			
Cisco Systems, Inc. . . . .	United States	1,470,000	76,631,100
<b>Consumer Finance 0.2%</b>			
American Express Co. . . . .	United States	55,000	8,031,650
<b>Consumer Staples Distribution &amp; Retail 2.7%</b>			
Target Corp. . . . .	United States	267,500	29,636,325
Walmart, Inc. . . . .	United States	365,000	59,644,650
			89,280,975
<b>Diversified Telecommunication Services 0.2%</b>			
TELUS Corp. . . . .	Canada	459,000	7,400,663
<b>Electric Utilities 4.4%</b>			
Duke Energy Corp. . . . .	United States	935,000	83,112,150
Evergy, Inc. . . . .	United States	475,000	23,341,500
NextEra Energy, Inc. . . . .	United States	710,000	41,393,000
			147,846,650
<b>Electrical Equipment 2.4%</b>			
Eaton Corp. plc. . . . .	United States	326,500	67,882,615
Emerson Electric Co. . . . .	United States	160,000	14,235,200
			82,117,815
<b>Electronic Equipment, Instruments &amp; Components 1.1%</b>			
TE Connectivity Ltd. . . . .	United States	309,500	36,474,575

**Franklin Equity Income Fund** (continued)

	Country	Shares	Value
<b>Common Stocks</b> (continued)			
<b>Financial Services 1.0%</b>			
Apollo Global Management, Inc. ....	United States	450,000	\$34,848,000
<b>Food Products 1.0%</b>			
Mondelez International, Inc., A. ....	United States	497,500	32,939,475
<b>Ground Transportation 0.7%</b>			
Norfolk Southern Corp. ....	United States	125,000	23,848,750
<b>Health Care Equipment &amp; Supplies 3.9%</b>			
Becton Dickinson & Co. ....	United States	148,500	37,537,830
<sup>a</sup> Boston Scientific Corp. ....	United States	725,000	37,112,750
Medtronic plc ....	United States	780,000	55,036,800
			129,687,380
<b>Health Care Providers &amp; Services 4.4%</b>			
HCA Healthcare, Inc. ....	United States	335,000	75,756,900
UnitedHealth Group, Inc. ....	United States	135,000	72,300,600
			148,057,500
<b>Health Care REITs 0.8%</b>			
Healthpeak Properties, Inc. ....	United States	595,000	9,252,250
Ventas, Inc. ....	United States	400,000	16,984,000
			26,236,250
<b>Hotels, Restaurants &amp; Leisure 1.3%</b>			
McDonald's Corp. ....	United States	161,000	42,209,370
<b>Household Products 3.1%</b>			
Procter & Gamble Co. (The) ....	United States	705,000	105,771,150
<b>Industrial REITs 0.4%</b>			
Prologis, Inc. ....	United States	145,000	14,608,750
<b>Insurance 0.3%</b>			
Arthur J Gallagher & Co. ....	United States	35,000	8,242,150
<b>Interactive Media &amp; Services 0.3%</b>			
<sup>a</sup> Alphabet, Inc., A ....	United States	82,500	10,236,600
<b>Life Sciences Tools &amp; Services 2.0%</b>			
Danaher Corp. ....	United States	118,000	22,658,360
Thermo Fisher Scientific, Inc. ....	United States	102,500	45,588,925
			68,247,285
<b>Machinery 1.1%</b>			
Caterpillar, Inc. ....	United States	95,000	21,474,750
Illinois Tool Works, Inc. ....	United States	75,000	16,809,000
			38,283,750
<b>Media 1.3%</b>			
Comcast Corp., A ....	United States	1,035,000	42,735,150
<b>Oil, Gas &amp; Consumable Fuels 10.4%</b>			
Canadian Natural Resources Ltd. ....	Canada	420,000	26,682,600
Chevron Corp. ....	United States	810,000	118,041,300
EOG Resources, Inc. ....	United States	588,000	74,235,000
Shell plc, ADR. ....	Netherlands	1,020,000	66,442,800
Suncor Energy, Inc. ....	Canada	2,000,000	64,800,000
			350,201,700
<b>Pharmaceuticals 5.7%</b>			
AstraZeneca plc, ADR. ....	United Kingdom	677,500	42,838,325
Bristol-Myers Squibb Co. ....	United States	325,000	16,747,250

Franklin Equity Income Fund (continued)

	Country	Shares	Value
<b>Common Stocks (continued)</b>			
<b>Pharmaceuticals (continued)</b>			
Johnson & Johnson .....	United States	775,000	\$114,963,500
Pfizer, Inc. ....	United States	560,000	17,113,600
			<u>191,662,675</u>
<b>Residential REITs 1.3%</b>			
Mid-America Apartment Communities, Inc. ....	United States	360,000	42,534,000
<b>Semiconductors &amp; Semiconductor Equipment 3.6%</b>			
Broadcom, Inc. ....	United States	98,100	82,538,397
Texas Instruments, Inc. ....	United States	267,500	37,987,675
			<u>120,526,072</u>
<b>Software 2.7%</b>			
Oracle Corp. ....	United States	865,000	89,441,000
<b>Specialty Retail 2.1%</b>			
Lowe's Cos., Inc. ....	United States	127,000	24,202,390
Tractor Supply Co. ....	United States	240,000	46,214,400
			<u>70,416,790</u>
<b>Trading Companies &amp; Distributors 0.6%</b>			
United Rentals, Inc. ....	United States	52,500	21,329,175
<b>Total Common Stocks (Cost \$2,195,874,200)</b> .....			<b><u>2,855,938,434</u></b>
<b><sup>b</sup>Equity-Linked Securities 9.5%</b>			
<b>Banks 0.5%</b>			
<sup>c</sup> UBS AG into Bank of America Corp., 144A, 7%, 11/22/23 .....	United States	677,000	18,270,400
<b>Capital Markets 0.5%</b>			
<sup>c</sup> Royal Bank of Canada into Blackstone, Inc., 144A, 9%, 8/30/24. . .	United States	186,500	17,966,416
<b>Chemicals 1.6%</b>			
<sup>c</sup> Citigroup Global Markets Holdings, Inc. into Huntsman Corp., 144A, 8%, 5/09/24 .....	United States	894,000	21,720,993
<sup>c</sup> Royal Bank of Canada into Linde plc, 144A, 6.5%, 11/29/23. ....	United States	83,500	32,198,511
			<u>53,919,504</u>
<b>Consumer Finance 0.7%</b>			
<sup>c</sup> BofA Finance LLC into American Express Co., 144A, 7.25%, 2/12/24	United States	160,000	24,120,976
<b>Energy Equipment &amp; Services 0.6%</b>			
<sup>c</sup> JPMorgan Chase Bank NA into Technip Energies NV, 144A, 6%, 7/19/24 .....	France	160,000	19,333,442
<b>Health Care Equipment &amp; Supplies 0.6%</b>			
<sup>c</sup> Citigroup Global Markets Holdings, Inc. into Boston Scientific Corp., 144A, 5.5%, 6/21/24 .....	United States	385,000	19,979,972
<b>Industrial REITs 0.6%</b>			
<sup>c</sup> Barclays Bank plc into Prologis, Inc., 144A, 7.5%, 12/29/23. ....	United States	191,800	19,595,909
<b>Interactive Media &amp; Services 1.0%</b>			
<sup>c</sup> Goldman Sachs International Bank into Alphabet, Inc., 144A, 6.25%, 3/28/24 .....	United States	279,500	33,014,584
<b>Life Sciences Tools &amp; Services 1.3%</b>			
<sup>c</sup> Merrill Lynch International & Co. CV into Danaher Corp., 144A, 5.5%, 4/30/24 .....	United States	120,000	26,433,003
<sup>c</sup> Royal Bank of Canada into Thermo Fisher Scientific, Inc., 144A, 5.5%, 10/09/24 .....	United States	36,000	16,690,589
			<u>43,123,592</u>

**Franklin Equity Income Fund** (continued)

	Country	Shares	Value
<b><sup>b</sup>Equity-Linked Securities</b> (continued)			
<b>Machinery 0.7%</b>			
<sup>c</sup> Citigroup Global Markets Holdings, Inc. into Caterpillar, Inc., 144A, 8%, 11/01/24 . . . . .	United States	95,000	\$22,474,136
<b>Oil, Gas &amp; Consumable Fuels 0.8%</b>			
<sup>c</sup> BNP Paribas Issuance BV into Canadian Natural Resources Ltd., 144A, 9.5%, 1/12/24 . . . . .	Canada	452,000	28,778,287
<b>Trading Companies &amp; Distributors 0.6%</b>			
<sup>c</sup> Citigroup Global Markets Holdings, Inc. into United Rentals, Inc., 144A, 9%, 9/27/24 . . . . .	United States	45,500	19,253,935
<b>Total Equity-Linked Securities (Cost \$330,860,713)</b> . . . . .			<b>319,831,153</b>
<b>Convertible Preferred Stocks 2.2%</b>			
<b>Electric Utilities 1.1%</b>			
NextEra Energy, Inc., 6.926% . . . . .	United States	962,500	36,132,250
<b>Financial Services 1.1%</b>			
Apollo Global Management, Inc., 6.75% . . . . .	United States	790,500	38,030,955
<b>Total Convertible Preferred Stocks (Cost \$84,781,851)</b> . . . . .			<b>74,163,205</b>
<b>Total Long Term Investments (Cost \$2,611,516,764)</b> . . . . .			<b>3,249,932,792</b>
<b>Short Term Investments 3.4%</b>			
<b>Money Market Funds 3.4%</b>			
<sup>d,e</sup> Institutional Fiduciary Trust - Money Market Portfolio, 5.035% . . . . .	United States	114,853,407	114,853,407
<b>Total Money Market Funds (Cost \$114,853,407)</b> . . . . .			<b>114,853,407</b>
<b>Total Short Term Investments (Cost \$114,853,407)</b> . . . . .			<b>114,853,407</b>
<b>Total Investments (Cost \$2,726,370,171) 100.0%</b> . . . . .			<b>\$3,364,786,199</b>
<b>Other Assets, less Liabilities (0.0)%<sup>†</sup></b> . . . . .			<b>(1,433,259)</b>
<b>Net Assets 100.0%</b> . . . . .			<b>\$3,363,352,940</b>

See Abbreviations on page 81.

<sup>†</sup> Rounds to less than 0.1% of net assets.

<sup>a</sup> Non-income producing.

<sup>b</sup> See Note 1(d) regarding equity-linked securities.

<sup>c</sup> 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 October 31, 2023, the aggregate value of these securities was \$319,831,153, representing 9.5% of net assets.

<sup>d</sup> See Note 3(f) regarding investments in affiliated management investment companies.

<sup>e</sup> The rate shown is the annualized seven-day effective yield at period end.

## Financial Highlights

### Franklin Managed Income Fund

	Year Ended October 31,				
	2023	2022	2021	2020	2019
<b>Class A</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$11.73	\$13.83	\$11.73	\$12.80	\$11.89
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.46	0.35	0.30	0.31	0.29
Net realized and unrealized gains (losses) . . . . .	(0.40)	(1.46)	2.36	(0.44)	1.17
Total from investment operations . . . . .	0.06	(1.11)	2.66	(0.13)	1.46
Less distributions from:					
Net investment income . . . . .	(0.54)	(0.50)	(0.47)	(0.46)	(0.41)
Net realized gains . . . . .	—	(0.49)	(0.09)	(0.48)	(0.14)
Total distributions . . . . .	(0.54)	(0.99)	(0.56)	(0.94)	(0.55)
Net asset value, end of year . . . . .	\$11.25	\$11.73	\$13.83	\$11.73	\$12.80
Total return <sup>c</sup> . . . . .	0.34%	(8.52)%	23.01%	(1.06)%	12.64%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.90%	0.91%	0.92%	0.93%	0.96%
Expenses net of waiver and payments by affiliates <sup>d</sup> . . . . .	0.89%	0.90%	0.91%	0.91%	0.94%
Net investment income . . . . .	3.78%	2.72%	2.27%	2.55%	2.36%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$2,844,145	\$3,102,045	\$3,523,379	\$2,860,390	\$2,966,899
Portfolio turnover rate . . . . .	92.40%	75.02%	39.64%	64.69%	53.02%

<sup>a</sup>The 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.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>d</sup>Benefit of expense reduction rounds to less than 0.01%.

**Franklin Managed Income Fund** (continued)

	Year Ended October 31,				
	2023	2022	2021	2020	2019
<b>Class C</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$11.61	\$13.68	\$11.61	\$12.67	\$11.78
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.36	0.25	0.20	0.22	0.20
Net realized and unrealized gains (losses) . . . . .	(0.39)	(1.43)	2.34	(0.43)	1.15
Total from investment operations . . . . .	(0.03)	(1.18)	2.54	(0.21)	1.35
Less distributions from:					
Net investment income . . . . .	(0.45)	(0.40)	(0.38)	(0.37)	(0.32)
Net realized gains . . . . .	—	(0.49)	(0.09)	(0.48)	(0.14)
Total distributions . . . . .	(0.45)	(0.89)	(0.47)	(0.85)	(0.46)
Net asset value, end of year . . . . .	\$11.13	\$11.61	\$13.68	\$11.61	\$12.67
Total return <sup>c</sup> . . . . .	(0.46)%	(9.15)%	22.07%	(1.79)%	11.79%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.65%	1.66%	1.66%	1.68%	1.71%
Expenses net of waiver and payments by affiliates <sup>d</sup> . . . . .	1.64%	1.65%	1.65%	1.66%	1.69%
Net investment income . . . . .	3.01%	1.94%	1.54%	1.84%	1.61%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$115,185	\$168,085	\$259,206	\$341,521	\$491,751
Portfolio turnover rate . . . . .	92.40%	75.02%	39.64%	64.69%	53.02%

<sup>a</sup>The 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.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>d</sup>Benefit of expense reduction rounds to less than 0.01%.

**Franklin Managed Income Fund** (continued)

	Year Ended October 31,				
	2023	2022	2021	2020	2019
<b>Class R</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$11.77	\$13.88	\$11.76	\$12.84	\$11.92
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.43	0.32	0.27	0.28	0.26
Net realized and unrealized gains (losses) . . . . .	(0.40)	(1.47)	2.38	(0.45)	1.18
Total from investment operations . . . . .	0.03	(1.15)	2.65	(0.17)	1.44
Less distributions from:					
Net investment income . . . . .	(0.52)	(0.47)	(0.44)	(0.43)	(0.38)
Net realized gains . . . . .	—	(0.49)	(0.09)	(0.48)	(0.14)
Total distributions . . . . .	(0.52)	(0.96)	(0.53)	(0.91)	(0.52)
Net asset value, end of year . . . . .	\$11.28	\$11.77	\$13.88	\$11.76	\$12.84
Total return . . . . .	0.02%	(8.79)%	22.84%	(1.38)%	12.43%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.15%	1.16%	1.16%	1.18%	1.21%
Expenses net of waiver and payments by affiliates <sup>c</sup> . . . . .	1.14%	1.15%	1.15%	1.16%	1.19%
Net investment income . . . . .	3.52%	2.47%	2.03%	2.33%	2.11%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$2,382	\$2,976	\$3,435	\$3,093	\$4,081
Portfolio turnover rate . . . . .	92.40%	75.02%	39.64%	64.69%	53.02%

<sup>a</sup>The 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.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Benefit of expense reduction rounds to less than 0.01%.

**Franklin Managed Income Fund** (continued)

	Year Ended October 31,				
	2023	2022	2021	2020	2019
<b>Class R6</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$11.77	\$13.88	\$11.76	\$12.85	\$11.93
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.50	0.39	0.34	0.35	0.33
Net realized and unrealized gains (losses) . . . . .	(0.40)	(1.46)	2.39	(0.45)	1.18
Total from investment operations . . . . .	0.10	(1.07)	2.73	(0.10)	1.51
Less distributions from:					
Net investment income . . . . .	(0.59)	(0.55)	(0.52)	(0.51)	(0.45)
Net realized gains . . . . .	—	(0.49)	(0.09)	(0.48)	(0.14)
Total distributions . . . . .	(0.59)	(1.04)	(0.61)	(0.99)	(0.59)
Net asset value, end of year . . . . .	\$11.28	\$11.77	\$13.88	\$11.76	\$12.85
Total return . . . . .	0.61%	(8.23)%	23.52%	(0.86)%	13.14%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.59%	0.60%	0.60%	0.60%	0.63%
Expenses net of waiver and payments by affiliates <sup>c</sup> . . . . .	0.58%	0.59%	0.59%	0.58%	0.61%
Net investment income . . . . .	4.10%	3.05%	2.59%	2.87%	2.69%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$174,925	\$169,511	\$184,084	\$155,563	\$159,877
Portfolio turnover rate . . . . .	92.40%	75.02%	39.64%	64.69%	53.02%

<sup>a</sup>The 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.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Benefit of expense reduction rounds to less than 0.01%.



**Franklin Managed Income Fund** (continued)

	Year Ended October 31,				
	2023	2022	2021	2020	2019
<b>Advisor Class</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$11.76	\$13.87	\$11.76	\$12.84	\$11.92
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.49	0.38	0.34	0.34	0.32
Net realized and unrealized gains (losses) . . . . .	(0.39)	(1.46)	2.37	(0.44)	1.18
Total from investment operations . . . . .	0.10	(1.08)	2.71	(0.10)	1.50
Less distributions from:					
Net investment income . . . . .	(0.58)	(0.54)	(0.51)	(0.50)	(0.44)
Net realized gains . . . . .	—	(0.49)	(0.09)	(0.48)	(0.14)
Total distributions . . . . .	(0.58)	(1.03)	(0.60)	(0.98)	(0.58)
Net asset value, end of year . . . . .	\$11.28	\$11.76	\$13.87	\$11.76	\$12.84
Total return . . . . .	0.60%	(8.31)%	23.34%	(0.86)%	12.96%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.65%	0.66%	0.67%	0.68%	0.71%
Expenses net of waiver and payments by affiliates <sup>c</sup> . . . . .	0.64%	0.65%	0.66%	0.66%	0.69%
Net investment income . . . . .	4.03%	2.98%	2.52%	2.79%	2.61%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$191,532	\$203,346	\$228,617	\$166,947	\$180,882
Portfolio turnover rate . . . . .	92.40%	75.02%	39.64%	64.69%	53.02%

<sup>a</sup>The 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.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Benefit of expense reduction rounds to less than 0.01%.

## Schedule of Investments, October 31, 2023

## Franklin Managed Income Fund

	Country	Shares	Value
<b>Common Stocks 27.6%</b>			
<b>Aerospace &amp; Defense 1.4%</b>			
Lockheed Martin Corp. . . . .	United States	75,000	\$34,098,000
RTX Corp. . . . .	United States	155,000	12,615,450
			46,713,450
<b>Banks 3.8%</b>			
Bank of America Corp. . . . .	United States	1,300,000	34,242,000
Fifth Third Bancorp . . . . .	United States	600,000	14,226,000
JPMorgan Chase & Co. . . . .	United States	350,000	48,671,000
Truist Financial Corp. . . . .	United States	650,000	18,434,000
US Bancorp . . . . .	United States	300,000	9,564,000
			125,137,000
<b>Beverages 0.7%</b>			
Coca-Cola Co. (The) . . . . .	United States	125,000	7,061,250
PepsiCo, Inc. . . . .	United States	100,000	16,328,000
			23,389,250
<b>Biotechnology 2.2%</b>			
AbbVie, Inc. . . . .	United States	250,000	35,295,000
<sup>a</sup> Amgen, Inc. . . . .	United States	150,000	38,355,000
			73,650,000
<b>Capital Markets 1.9%</b>			
Charles Schwab Corp. (The) . . . . .	United States	200,000	10,408,000
<sup>a</sup> Goldman Sachs Group, Inc. (The) . . . . .	United States	50,000	15,180,500
Morgan Stanley. . . . .	United States	550,000	38,951,000
			64,539,500
<b>Chemicals 0.8%</b>			
Air Products and Chemicals, Inc. . . . .	United States	43,000	12,144,920
LyondellBasell Industries NV, A . . . . .	United States	150,000	13,536,000
			25,680,920
<b>Consumer Staples Distribution &amp; Retail 0.3%</b>			
Target Corp. . . . .	United States	100,000	11,079,000
<b>Diversified Telecommunication Services 0.1%</b>			
Verizon Communications, Inc. . . . .	United States	100,000	3,513,000
<b>Electric Utilities 2.8%</b>			
Duke Energy Corp. . . . .	United States	400,000	35,556,000
Edison International . . . . .	United States	350,000	22,071,000
Southern Co. (The) . . . . .	United States	500,000	33,650,000
			91,277,000
<b>Ground Transportation 0.9%</b>			
Union Pacific Corp. . . . .	United States	150,000	31,141,500
<b>Health Care Providers &amp; Services 0.2%</b>			
CVS Health Corp. . . . .	United States	100,000	6,901,000
<b>Household Products 0.9%</b>			
Procter & Gamble Co. (The) . . . . .	United States	200,000	30,006,000
<b>Industrial Conglomerates 0.6%</b>			
Honeywell International, Inc. . . . .	United States	100,000	18,326,000
<b>IT Services 0.4%</b>			
<sup>b</sup> International Business Machines Corp. . . . .	United States	100,000	14,464,000

Franklin Managed Income Fund (continued)

	Country	Shares	Value
<b>Common Stocks (continued)</b>			
<b>Media 0.1%</b>			
Comcast Corp., A . . . . .	United States	100,000	\$4,129,000
<b>Metals &amp; Mining 0.8%</b>			
Rio Tinto plc, ADR. . . . .	Australia	400,000	25,736,000
<b>Multi-Utilities 1.0%</b>			
DTE Energy Co. . . . .	United States	150,000	14,457,000
Sempra. . . . .	United States	250,000	17,507,500
			31,964,500
<b>Oil, Gas &amp; Consumable Fuels 2.9%</b>			
Chevron Corp. . . . .	United States	450,000	65,578,500
Exxon Mobil Corp.. . . . .	United States	300,000	31,755,000
			97,333,500
<b>Pharmaceuticals 1.6%</b>			
AstraZeneca plc, ADR. . . . .	United Kingdom	350,000	22,130,500
Johnson & Johnson . . . . .	United States	200,000	29,668,000
			51,798,500
<b>Semiconductors &amp; Semiconductor Equipment 2.4%</b>			
Analog Devices, Inc. . . . .	United States	200,000	31,466,000
Texas Instruments, Inc. . . . .	United States	350,000	49,703,500
			81,169,500
<b>Specialty Retail 1.3%</b>			
Home Depot, Inc. (The). . . . .	United States	150,000	42,703,500
<b>Tobacco 0.5%</b>			
Philip Morris International, Inc. . . . .	United States	200,000	17,832,000
<b>Total Common Stocks (Cost \$801,123,108) . . . . .</b>			<b>918,484,120</b>
<b>Management Investment Companies 1.2%</b>			
<b>Capital Markets 1.2%</b>			
<sup>e</sup> Franklin U.S. Low Volatility ETF. . . . .	United States	780,000	36,332,400
<sup>e</sup> Western Asset Diversified Income Fund. . . . .	United States	250,905	3,116,240
			39,448,640
<b>Total Management Investment Companies (Cost \$31,871,257) . . . . .</b>			<b>39,448,640</b>
<b><sup>d</sup>Equity-Linked Securities 8.9%</b>			
<b>Aerospace &amp; Defense 1.4%</b>			
<sup>e</sup> BNP Paribas Issuance BV into Northrop Grumman Corp., 144A, 7.5%, 9/10/24 . . . . .	United States	54,000	24,108,249
<sup>e</sup> Merrill Lynch International & Co. CV into RTX Corp., 144A, 7.5%, 10/02/24 . . . . .	United States	295,700	23,199,185
			47,307,434
<b>Air Freight &amp; Logistics 0.6%</b>			
<sup>e</sup> Merrill Lynch International & Co. CV into United Parcel Service, Inc., 144A, 8.5%, 10/02/24. . . . .	United States	143,650	20,813,430
<b>Automobiles 0.2%</b>			
<sup>e</sup> Barclays Bank plc into Ford Motor Co., 144A, 12%, 2/09/24. . . . .	United States	725,000	7,434,723
<b>Banks 0.2%</b>			
<sup>e</sup> Citigroup Global Markets Holdings, Inc. into Bank of America Corp., 144A, 8%, 8/16/24 . . . . .	United States	200,000	5,586,173

**Franklin Managed Income Fund** (continued)

	Country	Shares	Value
<b>Equity-Linked Securities</b> (continued)			
<b>Broadline Retail 0.4%</b>			
<sup>e</sup> Goldman Sachs International Bank into Amazon.com, Inc., 144A, 9%, 11/20/24	United States	98,000	\$11,968,180
<b>Capital Markets 0.2%</b>			
<sup>e</sup> UBS AG into Charles Schwab Corp. (The), 144A, 10%, 7/17/24	United States	150,000	7,916,886
<b>Communications Equipment 1.0%</b>			
<sup>e</sup> Mizuho Markets Cayman LP into Cisco Systems, Inc., 144A, 7.5%, 7/23/24	United States	600,000	31,396,766
<b>Consumer Staples Distribution &amp; Retail 0.5%</b>			
<sup>e</sup> Barclays Bank plc into Target Corp., 144A, 8.5%, 10/08/24	United States	135,000	15,167,437
<b>Electric Utilities 0.5%</b>			
<sup>e</sup> Mizuho Markets Cayman LP into NextEra Energy, Inc., 144A, 8%, 3/19/24	United States	275,000	16,514,111
<b>Ground Transportation 0.6%</b>			
<sup>e</sup> UBS AG into Union Pacific Corp., 144A, 8%, 3/13/24	United States	100,000	20,728,973
<b>Machinery 0.3%</b>			
<sup>e</sup> National Bank of Canada into Cummins, Inc., 144A, 8.5%, 2/13/24	United States	45,000	10,094,835
<b>Media 0.8%</b>			
<sup>e</sup> Royal Bank of Canada into Comcast Corp., 144A, 8%, 7/12/24	United States	660,000	27,542,736
<b>Oil, Gas &amp; Consumable Fuels 0.3%</b>			
<sup>e</sup> Citigroup Global Markets Holdings, Inc. into Exxon Mobil Corp., 144A, 9.5%, 2/22/24	United States	100,000	10,871,551
<b>Pharmaceuticals 0.9%</b>			
<sup>e</sup> National Bank of Canada into Bristol-Myers Squibb Co., 144A, 8%, 9/05/24	United States	530,000	28,904,302
<b>Semiconductors &amp; Semiconductor Equipment 0.3%</b>			
<sup>e</sup> Mizuho Markets Cayman LP into Microchip Technology, Inc., 144A, 10%, 11/12/24	United States	150,000	11,027,176
<b>Software 0.7%</b>			
<sup>e</sup> Societe Generale SA into Workday, Inc., 144A, 9%, 11/13/24	United States	115,000	24,307,867
<b>Total Equity-Linked Securities (Cost \$308,421,274)</b>			<b>297,582,580</b>
<b>Convertible Preferred Stocks 0.6%</b>			
<b>Electric Utilities 0.6%</b>			
NextEra Energy, Inc., 6.926%	United States	500,000	18,770,000
<b>Total Convertible Preferred Stocks (Cost \$22,220,190)</b>			<b>18,770,000</b>
		<b>Principal Amount<sup>f</sup></b>	
<b>Corporate Bonds 54.8%</b>			
<b>Aerospace &amp; Defense 1.0%</b>			
Boeing Co. (The), Senior Bond, 3.2%, 3/01/29	United States	15,000,000	12,966,461
Senior Note, 5.04%, 5/01/27	United States	5,000,000	4,843,197
Senior Note, 5.15%, 5/01/30	United States	15,000,000	14,061,608
			31,871,266
<b>Automobiles 0.4%</b>			
<sup>f</sup> General Motors Co., Senior Bond, 5.6%, 10/15/32	United States	15,000,000	13,702,605

Franklin Managed Income Fund (continued)

	Country	Principal Amount <sup>f</sup>	Value
<b>Corporate Bonds (continued)</b>			
<b>Banks 5.6%</b>			
Bank of America Corp.,			
Senior Bond, 3.419% to 12/19/27, FRN thereafter, 12/20/28 . . .	United States	20,000,000	\$17,810,750
Senior Bond, 5.872% to 9/14/33, FRN thereafter, 9/15/34 . . . . .	United States	15,000,000	14,130,974
Barclays plc,			
Senior Bond, 4.337%, 1/10/28 . . . . .	United Kingdom	15,000,000	13,715,326
Senior Bond, 5.746% to 8/08/32, FRN thereafter, 8/09/33 . . . . .	United Kingdom	10,000,000	8,979,654
Senior Note, 7.385% to 11/01/27, FRN thereafter, 11/02/28 . . . . .	United Kingdom	15,000,000	15,169,454
Citigroup, Inc.,			
Senior Bond, 3.668% to 7/23/27, FRN thereafter, 7/24/28 . . . . .	United States	20,000,000	18,124,860
Senior Bond, 6.27% to 11/16/32, FRN thereafter, 11/17/33 . . . . .	United States	10,000,000	9,713,765
Fifth Third Bancorp, Senior Note, 6.339% to 7/26/28, FRN thereafter, 7/27/29 . . . . .	United States	10,000,000	9,689,344
JPMorgan Chase & Co., Senior Bond, 6.254% to 10/22/33, FRN thereafter, 10/23/34 . . . . .	United States	10,000,000	9,869,104
PNC Financial Services Group, Inc. (The), Senior Bond, 6.037% to 10/27/32, FRN thereafter, 10/28/33. . . . .	United States	10,000,000	9,421,320
Truist Bank, Sub. Bond, 2.636% to 9/16/24, FRN thereafter, 9/17/29	United States	10,000,000	9,227,594
Truist Financial Corp., Senior Bond, 5.122% to 1/25/33, FRN thereafter, 1/26/34 . . . . .	United States	10,000,000	8,584,171
US Bancorp,			
Senior Bond, 5.85% to 10/20/32, FRN thereafter, 10/21/33 . . . . .	United States	10,000,000	9,191,337
Senior Note, 4.548% to 7/21/27, FRN thereafter, 7/22/28 . . . . .	United States	10,000,000	9,285,669
Wells Fargo & Co., Senior Bond, 5.389% to 4/23/33, FRN thereafter, 4/24/34 . . . . .	United States	25,000,000	22,642,849
			185,556,171
<b>Biotechnology 1.1%</b>			
AbbVie, Inc.,			
Senior Bond, 4.55%, 3/15/35 . . . . .	United States	15,000,000	13,194,629
Senior Bond, 4.5%, 5/14/35 . . . . .	United States	10,000,000	8,740,515
Amgen, Inc., Senior Bond, 5.25%, 3/02/33. . . . .	United States	15,000,000	13,996,244
			35,931,388
<b>Broadline Retail 0.3%</b>			
Amazon.com, Inc., Senior Bond, 3.6%, 4/13/32 . . . . .	United States	10,000,000	8,686,769
<b>Capital Markets 2.0%</b>			
Charles Schwab Corp. (The), Senior Bond, 5.853% to 5/18/33, FRN thereafter, 5/19/34 . . . . .	United States	10,000,000	9,176,654
Goldman Sachs Group, Inc. (The),			
Senior Bond, 2.65% to 10/20/31, FRN thereafter, 10/21/32 . . . . .	United States	15,000,000	11,282,798
Senior Bond, 6.561% to 10/23/33, FRN thereafter, 10/24/34 . . . . .	United States	10,000,000	9,943,940
Morgan Stanley,			
Senior Bond, 2.699% to 1/21/30, FRN thereafter, 1/22/31 . . . . .	United States	10,000,000	8,037,645
Senior Bond, 6.342% to 10/17/32, FRN thereafter, 10/18/33 . . . . .	United States	15,000,000	14,710,625
Senior Bond, 5.424% to 7/20/33, FRN thereafter, 7/21/34 . . . . .	United States	15,000,000	13,695,342
			66,847,004
<b>Chemicals 2.1%</b>			
Celanese US Holdings LLC, Senior Note, 6.33%, 7/15/29 . . . . .	United States	20,000,000	19,288,642
<sup>f</sup> Dow Chemical Co. (The), Senior Bond, 6.3%, 3/15/33 . . . . .	United States	10,000,000	10,051,480
DuPont de Nemours, Inc., Senior Note, 4.493%, 11/15/25 . . . . .	United States	10,000,000	9,747,396
Huntsman International LLC, Senior Bond, 4.5%, 5/01/29 . . . . .	United States	20,000,000	17,901,219
<sup>e</sup> SCIH Salt Holdings, Inc., Senior Secured Note, 144A, 4.875%, 5/01/28 . . . . .	United States	15,000,000	12,969,183
			69,957,920

**Franklin Managed Income Fund** (continued)

	Country	Principal Amount <sup>1</sup>	Value
<b>Corporate Bonds</b> (continued)			
<b>Communications Equipment 0.2%</b>			
<sup>e</sup> CommScope, Inc., Senior Secured Note, 144A, 6%, 3/01/26 . . . . .	United States	10,000,000	\$8,413,304
<b>Consumer Finance 3.0%</b>			
AerCap Ireland Capital DAC / AerCap Global Aviation Trust, Senior Bond, 3.3%, 1/30/32 . . . . .	Ireland	20,000,000	15,491,608
Capital One Financial Corp., Senior Bond, 5.268% to 5/09/32, FRN thereafter, 5/10/33 . . . . .	United States	10,000,000	8,557,702
Senior Note, 6.312% to 6/07/28, FRN thereafter, 6/08/29 . . . . .	United States	10,000,000	9,578,173
Senior Note, 3.273% to 2/28/29, FRN thereafter, 3/01/30 . . . . .	United States	15,000,000	12,305,360
Ford Motor Credit Co. LLC, Senior Note, 7.35%, 11/04/27 . . . . .	United States	15,000,000	15,220,094
Senior Note, 3.625%, 6/17/31 . . . . .	United States	15,000,000	11,865,754
General Motors Financial Co., Inc., Senior Bond, 3.6%, 6/21/30 . . . . .	United States	20,000,000	16,512,787
<sup>f</sup> Senior Bond, 6.4%, 1/09/33 . . . . .	United States	10,000,000	9,584,783
			99,116,261
<b>Consumer Staples Distribution &amp; Retail 0.3%</b>			
Target Corp., Senior Bond, 4.5%, 9/15/32 . . . . .	United States	10,000,000	9,077,210
<b>Containers &amp; Packaging 0.6%</b>			
<sup>e</sup> Mauser Packaging Solutions Holding Co., Senior Secured Note, 144A, 7.875%, 8/15/26 . . . . .	United States	20,000,000	18,752,379
<b>Diversified REITs 0.5%</b>			
<sup>e</sup> VICI Properties LP / VICI Note Co., Inc., Senior Bond, 144A, 4.625%, 12/01/29 . . . . .	United States	20,000,000	17,318,406
<b>Diversified Telecommunication Services 0.6%</b>			
Verizon Communications, Inc., Senior Note, 2.355%, 3/15/32 . . . . .	United States	25,000,000	18,703,279
<b>Electric Utilities 3.2%</b>			
Edison International, Senior Note, 6.95%, 11/15/29 . . . . .	United States	20,000,000	20,344,639
<sup>e</sup> NRG Energy, Inc., Senior Secured Bond, 144A, 7%, 3/15/33 . . . . .	United States	10,000,000	9,463,906
Pacific Gas and Electric Co., Senior Bond, 4.55%, 7/01/30 . . . . .	United States	25,000,000	21,650,118
Senior Bond, 6.15%, 1/15/33 . . . . .	United States	10,000,000	9,211,002
Southern Co. (The), Senior Bond, 5.7%, 10/15/32 . . . . .	United States	15,000,000	14,383,381
<sup>e</sup> Vistra Operations Co. LLC, Senior Secured Bond, 144A, 4.3%, 7/15/29 . . . . .	United States	36,000,000	31,344,611
			106,397,657
<b>Electrical Equipment 0.6%</b>			
<sup>e</sup> Regal Rexnord Corp., Senior Note, 144A, 6.05%, 4/15/28 . . . . .	United States	20,000,000	19,139,937
<b>Electronic Equipment, Instruments &amp; Components 1.3%</b>			
Flex Ltd., Senior Bond, 4.875%, 5/12/30 . . . . .	United States	20,000,000	18,167,485
Senior Note, 6%, 1/15/28 . . . . .	United States	10,000,000	9,902,847
Jabil, Inc., Senior Bond, 3%, 1/15/31 . . . . .	United States	20,000,000	15,852,641
			43,922,973
<b>Entertainment 0.8%</b>			
Netflix, Inc., Senior Bond, 4.875%, 4/15/28 . . . . .	United States	10,000,000	9,643,064
Warnermedia Holdings, Inc., Senior Note, 4.279%, 3/15/32 . . . . .	United States	20,000,000	16,590,296
			26,233,360
<b>Financial Services 0.5%</b>			
Fiserv, Inc., Senior Bond, 3.5%, 7/01/29 . . . . .	United States	20,000,000	17,550,622

Franklin Managed Income Fund (continued)

	Country	Principal Amount <sup>a</sup>	Value
<b>Corporate Bonds (continued)</b>			
<b>Food Products 1.3%</b>			
<sup>e</sup> JBS USA LUX SA / JBS USA Food Co. / JBS Luxembourg SARL, Senior Bond, 144A, 6.75%, 3/15/34	United States	15,000,000	\$14,066,700
JBS USA LUX SA / JBS USA Food Co. / JBS USA Finance, Inc., Senior Note, 5.5%, 1/15/30	United States	10,000,000	9,144,986
Senior Note, 3.75%, 12/01/31	United States	5,000,000	3,889,659
Pilgrim's Pride Corp., Senior Note, 4.25%, 4/15/31	United States	21,000,000	17,320,384
			44,421,729
<b>Ground Transportation 0.9%</b>			
<sup>e</sup> Ashtead Capital, Inc., Senior Bond, 144A, 5.5%, 8/11/32	United Kingdom	15,000,000	13,430,867
Senior Bond, 144A, 5.95%, 10/15/33	United Kingdom	10,000,000	9,129,342
Union Pacific Corp., Senior Bond, 4.5%, 1/20/33	United States	10,000,000	9,059,747
			31,619,956
<b>Health Care Equipment &amp; Supplies 1.1%</b>			
Edwards Lifesciences Corp., Senior Bond, 4.3%, 6/15/28	United States	9,700,000	9,092,841
GE HealthCare Technologies, Inc., WI, Senior Note, 5.905%, 11/22/32	United States	15,000,000	14,526,137
<sup>e</sup> Medline Borrower LP, Senior Secured Note, 144A, 3.875%, 4/01/29	United States	15,000,000	12,679,510
			36,298,488
<b>Health Care Providers &amp; Services 5.3%</b>			
Centene Corp., Senior Note, 4.625%, 12/15/29	United States	25,000,000	22,353,519
<sup>e</sup> CHS/Community Health Systems, Inc., Secured Note, 144A, 6.125%, 4/01/30	United States	11,435,000	4,443,070
Senior Secured Note, 144A, 8%, 3/15/26	United States	20,000,000	18,308,513
Senior Secured Note, 144A, 5.625%, 3/15/27	United States	15,000,000	12,198,430
Senior Secured Note, 144A, 8%, 12/15/27	United States	10,000,000	8,492,350
CVS Health Corp., Senior Bond, 3.25%, 8/15/29	United States	15,000,000	12,964,686
Senior Bond, 3.75%, 4/01/30	United States	10,000,000	8,703,509
<sup>e</sup> DaVita, Inc., Senior Bond, 144A, 3.75%, 2/15/31	United States	10,500,000	7,556,539
Senior Note, 144A, 4.625%, 6/01/30	United States	16,000,000	12,552,323
<sup>e</sup> Fresenius Medical Care US Finance III, Inc., Senior Bond, 144A, 3%, 12/01/31	Germany	20,000,000	13,926,241
HCA, Inc., Senior Bond, 4.125%, 6/15/29	United States	10,000,000	8,878,420
Senior Bond, 5.5%, 6/01/33	United States	15,000,000	13,691,436
Humana, Inc., Senior Bond, 5.875%, 3/01/33	United States	15,000,000	14,553,038
Tenet Healthcare Corp., Senior Note, 6.125%, 10/01/28	United States	10,000,000	9,283,800
Senior Secured Note, 4.375%, 1/15/30	United States	10,000,000	8,467,727
			176,373,601
<b>Health Care REITs 0.5%</b>			
Healthpeak OP LLC, Senior Note, 5.25%, 12/15/32	United States	20,000,000	18,123,493
<b>Hotels, Restaurants &amp; Leisure 2.2%</b>			
<sup>e</sup> Carnival Corp., Senior Note, 144A, 5.75%, 3/01/27	United States	20,000,000	17,870,740
Expedia Group, Inc., Senior Bond, 3.8%, 2/15/28	United States	15,000,000	13,582,800
Senior Note, 5%, 2/15/26	United States	10,000,000	9,777,302

**Franklin Managed Income Fund** (continued)

	Country	Principal Amount <sup>1</sup>	Value
<b>Corporate Bonds</b> (continued)			
<b>Hotels, Restaurants &amp; Leisure</b> (continued)			
Starbucks Corp., Senior Bond, 2.55%, 11/15/30 . . . . .	United States	10,000,000	\$8,069,924
<sup>e</sup> Wynn Las Vegas LLC / Wynn Las Vegas Capital Corp., Senior Note, 144A, 5.25%, 5/15/27 . . . . .	United States	25,000,000	23,117,985
			72,418,751
<b>Household Durables 0.3%</b>			
Toll Brothers Finance Corp., Senior Bond, 4.35%, 2/15/28 . . . . .	United States	10,000,000	9,189,717
<b>Insurance 1.3%</b>			
Brown & Brown, Inc., Senior Bond, 2.375%, 3/15/31 . . . . .	United States	31,000,000	23,269,853
<sup>e</sup> Five Corners Funding Trust III, Senior Note, 144A, 5.791%, 2/15/33	United States	10,000,000	9,462,283
MetLife, Inc., Junior Sub. Bond, 6.4%, 12/15/36 . . . . .	United States	10,000,000	9,393,364
			42,125,500
<b>Interactive Media &amp; Services 0.3%</b>			
Meta Platforms, Inc., Senior Note, 3.85%, 8/15/32 . . . . .	United States	10,000,000	8,695,277
<b>Machinery 0.6%</b>			
Ingersoll Rand, Inc., Senior Bond, 5.7%, 8/14/33 . . . . .	United States	20,000,000	18,906,848
<b>Metals &amp; Mining 2.3%</b>			
<sup>e</sup> Alcoa Nederland Holding BV, Senior Note, 144A, 4.125%, 3/31/29.	United States	15,000,000	13,081,615
ArcelorMittal SA,			
Senior Bond, 4.25%, 7/16/29 . . . . .	Luxembourg	7,700,000	6,939,363
Senior Note, 6.55%, 11/29/27 . . . . .	Luxembourg	25,000,000	25,126,676
Freeport-McMoRan, Inc., Senior Bond, 4.625%, 8/01/30 . . . . .	United States	20,000,000	17,643,004
<sup>e</sup> Glencore Funding LLC, Senior Bond, 144A, 4.875%, 3/12/29 . . . . .	Australia	15,000,000	14,025,702
			76,816,360
<b>Multi-Utilities 0.8%</b>			
Dominion Energy, Inc., A, Senior Note, 4.35%, 8/15/32 . . . . .	United States	15,000,000	12,993,295
Sempra, Senior Bond, 5.5%, 8/01/33 . . . . .	United States	15,000,000	13,959,073
			26,952,368
<b>Oil, Gas &amp; Consumable Fuels 2.5%</b>			
BP Capital Markets America, Inc., Senior Bond, 3.633%, 4/06/30 . . . . .	United States	10,000,000	8,836,792
<sup>e</sup> Calumet Specialty Products Partners LP / Calumet Finance Corp.,			
Senior Note, 144A, 11%, 4/15/25 . . . . .	United States	15,000,000	15,054,538
Cheniere Corpus Christi Holdings LLC, Senior Secured Note, 3.7%,			
11/15/29 . . . . .	United States	10,000,000	8,716,941
Energy Transfer LP, Senior Bond, 5.75%, 2/15/33 . . . . .	United States	15,000,000	14,072,910
Occidental Petroleum Corp., Senior Note, 6.375%, 9/01/28 . . . . .	United States	10,000,000	10,072,957
Williams Cos., Inc. (The),			
Senior Bond, 4.65%, 8/15/32 . . . . .	United States	10,000,000	8,816,741
Senior Bond, 5.65%, 3/15/33 . . . . .	United States	20,000,000	18,879,840
			84,450,719
<b>Passenger Airlines 1.0%</b>			
<sup>e</sup> Delta Air Lines, Inc. / SkyMiles IP Ltd., Senior Secured Note, 144A,			
4.75%, 10/20/28 . . . . .	United States	25,000,000	23,510,215
<sup>e</sup> Mileage Plus Holdings LLC / Mileage Plus Intellectual Property			
Assets Ltd., Senior Secured Note, 144A, 6.5%, 6/20/27 . . . . .	United States	11,250,000	11,122,286
			34,632,501
<b>Personal Care Products 0.6%</b>			
Haleon US Capital LLC, Senior Note, 3.625%, 3/24/32 . . . . .	United States	25,000,000	20,839,121



Franklin Managed Income Fund (continued)

	Country	Principal Amount <sup>1</sup>	Value
<b>Corporate Bonds (continued)</b>			
<b>Pharmaceuticals 0.9%</b>			
Royalty Pharma plc, Senior Bond, 2.15%, 9/02/31 . . . . .	United States	20,000,000	\$14,694,933
Viartis, Inc., Senior Note, 2.7%, 6/22/30 . . . . .	United States	20,000,000	15,366,386
			30,061,319
<b>Semiconductors &amp; Semiconductor Equipment 1.7%</b>			
Broadcom, Inc.,			
Senior Bond, 4.3%, 11/15/32 . . . . .	United States	20,000,000	17,027,692
° Senior Bond, 144A, 3.469%, 4/15/34 . . . . .	United States	20,000,000	15,245,172
Microchip Technology, Inc., Senior Note, 4.25%, 9/01/25 . . . . .	United States	5,000,000	4,823,357
Micron Technology, Inc.,			
Senior Bond, 4.663%, 2/15/30 . . . . .	United States	15,000,000	13,448,135
Senior Bond, 5.875%, 2/09/33 . . . . .	United States	5,000,000	4,653,815
			55,198,171
<b>Software 1.2%</b>			
Oracle Corp.,			
Senior Bond, 6.25%, 11/09/32 . . . . .	United States	10,000,000	9,910,603
Senior Bond, 3.9%, 5/15/35 . . . . .	United States	20,000,000	15,761,772
Workday, Inc., Senior Note, 3.5%, 4/01/27 . . . . .	United States	15,000,000	13,931,142
			39,603,517
<b>Specialized REITs 0.9%</b>			
American Tower Corp.,			
Senior Bond, 3.8%, 8/15/29 . . . . .	United States	15,000,000	13,138,218
Senior Bond, 5.9%, 11/15/33 . . . . .	United States	10,000,000	9,450,192
Crown Castle, Inc., Senior Bond, 5.1%, 5/01/33 . . . . .	United States	10,000,000	8,888,936
			31,477,346
<b>Specialty Retail 0.8%</b>			
Lowe's Cos., Inc., Senior Bond, 5%, 4/15/33 . . . . .	United States	30,000,000	27,306,505
<b>Technology Hardware, Storage &amp; Peripherals 0.9%</b>			
Apple, Inc., Senior Bond, 3.35%, 8/08/32 . . . . .	United States	10,000,000	8,589,524
HP, Inc.,			
Senior Bond, 5.5%, 1/15/33 . . . . .	United States	15,000,000	13,777,474
Senior Note, 2.65%, 6/17/31 . . . . .	United States	10,000,000	7,635,674
			30,002,672
<b>Tobacco 1.8%</b>			
Altria Group, Inc., Senior Bond, 2.45%, 2/04/32 . . . . .	United States	15,000,000	10,953,588
BAT Capital Corp.,			
Senior Bond, 4.742%, 3/16/32 . . . . .	United Kingdom	15,000,000	12,896,411
Senior Bond, 7.75%, 10/19/32 . . . . .	United Kingdom	25,000,000	25,668,720
Philip Morris International, Inc., Senior Note, 5.125%, 2/15/30 . . . . .	United States	10,000,000	9,423,931
			58,942,650
<b>Trading Companies &amp; Distributors 0.6%</b>			
°United Rentals North America, Inc., Senior Secured Note, 144A, 6%, 12/15/29 . . . . .	United States	22,500,000	21,666,089

**Franklin Managed Income Fund** (continued)

	Country	Principal Amount <sup>†</sup>	Value
<b>Corporate Bonds</b> (continued)			
<b>Wireless Telecommunication Services 0.9%</b>			
Sprint LLC, Senior Note, 7.625%, 2/15/25 . . . . .	United States	10,000,000	\$10,150,260
<sup>e</sup> 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	2,812,500	2,781,096
T-Mobile USA, Inc., Senior Bond, 3.5%, 4/15/31 . . . . .	United States	20,000,000	16,616,252
			29,547,608
<b>Total Corporate Bonds (Cost \$1,884,382,004)</b> . . . . .			<b>1,822,848,817</b>
<b>U.S. Government and Agency Securities 5.0%</b>			
U.S. Treasury Bonds, 4.125%, 8/15/53 . . . . .	United States	87,500,000	74,867,187
U.S. Treasury Notes, 4.125%, 8/31/30 . . . . .	United States	40,000,000	38,162,500
3.875%, 8/15/33 . . . . .	United States	60,000,000	55,232,813
<b>Total U.S. Government and Agency Securities (Cost \$179,963,188)</b> . . . . .			<b>168,262,500</b>
<b>Asset-Backed Securities 0.4%</b>			
<b>Passenger Airlines 0.4%</b>			
United Airlines Pass-Through Trust, 2020-1, A, 5.875%, 10/15/27 . . . . .	United States	6,469,833	6,377,515
2020-1, B, 4.875%, 7/15/27 . . . . .	United States	7,296,000	6,996,842
			13,374,357
<b>Total Asset-Backed Securities (Cost \$13,765,833)</b> . . . . .			<b>13,374,357</b>
<b>Mortgage-Backed Securities 0.0%<sup>†</sup></b>			
<b>Federal National Mortgage Association (FNMA) Fixed Rate 0.0%<sup>†</sup></b>			
FNMA, 30 Year, 4%, 8/01/49 . . . . .	United States	1,027,137	907,996
<b>Total Mortgage-Backed Securities (Cost \$1,088,123)</b> . . . . .			<b>907,996</b>
<b>Total Long Term Investments (Cost \$3,242,834,977)</b> . . . . .			<b>3,279,679,010</b>
<b>Short Term Investments 0.5%</b>			
	Country	Shares	Value
<b>Money Market Funds 0.5%</b>			
<sup>e</sup> Institutional Fiduciary Trust - Money Market Portfolio, 5.035% . . . . .	United States	17,699,568	17,699,568
<b>Total Money Market Funds (Cost \$17,699,568)</b> . . . . .			<b>17,699,568</b>
<b>Total Short Term Investments (Cost \$17,699,568)</b> . . . . .			<b>17,699,568</b>
<b>Total Investments (Cost \$3,260,534,545) 99.0%</b> . . . . .			<b>\$3,297,378,578</b>
<b>Options Written (0.0)%<sup>†</sup></b> . . . . .			<b>(16,000)</b>
<b>Other Assets, less Liabilities 1.0%</b> . . . . .			<b>30,806,477</b>
<b>Net Assets 100.0%</b> . . . . .			<b>\$3,328,169,055</b>

**Franklin Managed Income Fund** (continued)

	Number of Contracts	Notional Amount <sup>#</sup>	Value
<b><sup>h</sup>Options Written (0.0)%<sup>†</sup></b>			
<b>Calls - Exchange-Traded</b>			
<b>Equity Options</b>			
Amgen, Inc., November Strike Price \$290.00, Expires 11/17/23 . . .	1,500	38,355,000	\$(15,000)
Goldman Sachs Group, Inc. (The), November Strike Price \$365.00, Expires 11/17/23 . . . . .	500	15,180,500	(1,000)
			<u>(16,000)</u>
<b>Total Options Written (Premiums received \$1,285,346) . . . . .</b>			<u>\$(16,000)</u>

<sup>#</sup> 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.

<sup>†</sup> The principal amount is stated in U.S. dollars unless otherwise indicated.

<sup>†</sup> Rounds to less than 0.1% of net assets.

<sup>a</sup> A portion or all of the security is held in connection with written option contracts open at year end.

<sup>b</sup> Non-income producing.

<sup>c</sup> See Note 3(f) regarding investments in affiliated management investment companies.

<sup>d</sup> See Note 1(d) regarding equity-linked securities.

<sup>e</sup> 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 October 31, 2023, the aggregate value of these securities was \$708,705,912, representing 21.3% of net assets.

<sup>f</sup> A portion or all of the security is on loan at October 31, 2023. See Note 1(e).

<sup>g</sup> The rate shown is the annualized seven-day effective yield at period end.

<sup>h</sup> See Note 1(c) regarding written options.

At October 31, 2023, the Fund had the following futures contracts outstanding. See Note 1(c).

**Futures Contracts**

Description	Type	Number of Contracts	Notional Amount <sup>*</sup>	Expiration Date	Value/ Unrealized Appreciation (Depreciation)
<b>Interest rate contracts</b>					
U.S. Treasury 10 Year Notes . . . . .	Long	1,000	\$106,171,875	12/19/23	\$(5,179,835)
U.S. Treasury Ultra Bonds . . . . .	Long	750	84,421,875	12/19/23	(13,274,089)
<b>Total Futures Contracts . . . . .</b>					<u>\$(18,453,924)</u>

<sup>\*</sup>As of period end.

See Abbreviations on page 81.

## Statements of Assets and Liabilities

October 31, 2023

	Franklin Convertible Securities Fund	Franklin Equity Income Fund	Franklin Managed Income Fund
<b>Assets:</b>			
Investments in securities:			
Cost - Unaffiliated issuers . . . . .	\$2,657,363,418	\$2,611,516,764	\$3,210,963,720
Cost - Controlled affiliates (Note 3f) . . . . .	—	—	28,553,850
Cost - Non-controlled affiliates (Note 3f) . . . . .	79,626,510	114,853,407	21,016,975
Value - Unaffiliated issuers (Includes securities loaned of \$—, \$— and \$8,499,937, respectively) . . . . .	\$2,451,623,401	\$3,249,932,792	\$3,240,230,370
Value - Controlled affiliates (Note 3f) . . . . .	—	—	36,332,400
Value - Non-controlled affiliates (Note 3f) . . . . .	79,626,510	114,853,407	20,815,808
Cash . . . . .	—	981,236	311,612
Receivables:			
Investment securities sold . . . . .	—	11,715,589	—
Capital shares sold . . . . .	954,257	907,743	2,569,784
Dividends and interest . . . . .	6,701,193	4,124,667	28,198,668
European Union tax reclaims (Note 1f) . . . . .	—	487,557	1,236,496
Deposits with brokers for:			
Futures contracts . . . . .	—	—	6,500,000
Variation margin on futures contracts . . . . .	—	—	117,193
Total assets . . . . .	2,538,905,361	3,383,002,991	3,336,312,331
<b>Liabilities:</b>			
Payables:			
Investment securities purchased . . . . .	—	14,678,653	—
Capital shares redeemed . . . . .	3,135,708	2,079,183	5,074,792
Management fees . . . . .	973,539	1,274,659	1,577,230
Distribution fees . . . . .	255,453	695,223	719,511
Transfer agent fees . . . . .	826,851	744,799	542,588
Trustees' fees and expenses . . . . .	1,900	307	1,076
Options written, at value (premiums received \$—, \$— and \$1,285,346, respectively) . . . . .	—	—	16,000
Accrued expenses and other liabilities . . . . .	185,048	177,227	212,079
Total liabilities . . . . .	5,378,499	19,650,051	8,143,276
Net assets, at value . . . . .	\$2,533,526,862	\$3,363,352,940	\$3,328,169,055
<b>Net assets consist of:</b>			
Paid-in capital . . . . .	\$2,702,481,065	\$2,663,114,819	\$3,322,414,403
Total distributable earnings (losses) . . . . .	(168,954,203)	700,238,121	5,754,652
Net assets, at value . . . . .	\$2,533,526,862	\$3,363,352,940	\$3,328,169,055

Statements of Assets and Liabilities (continued)

October 31, 2023

	Franklin Convertible Securities Fund	Franklin Equity Income Fund	Franklin Managed Income Fund
<b>Class A:</b>			
Net assets, at value	\$901,820,431	\$2,777,433,960	\$2,844,145,162
Shares outstanding	47,722,602	103,987,764	252,871,695
Net asset value per share <sup>a</sup>	\$18.90	\$26.71	\$11.25
Maximum offering price per share (net asset value per share + 94.50%)	\$20.00	\$28.26	\$11.90
<b>Class C:</b>			
Net assets, at value	\$67,312,964	\$95,959,921	\$115,184,726
Shares outstanding	3,662,920	3,617,703	10,351,556
Net asset value and maximum offering price per share <sup>a</sup>	\$18.38	\$26.53	\$11.13
<b>Class R:</b>			
Net assets, at value	\$—	\$10,671,428	\$2,382,384
Shares outstanding	—	399,339	211,114
Net asset value and maximum offering price per share	\$—	\$26.72	\$11.28
<b>Class R6:</b>			
Net assets, at value	\$89,591,206	\$149,692,325	\$174,925,252
Shares outstanding	4,694,662	5,591,564	15,507,752
Net asset value and maximum offering price per share	\$19.08	\$26.77	\$11.28
<b>Advisor Class:</b>			
Net assets, at value	\$1,474,802,261	\$329,595,306	\$191,531,531
Shares outstanding	78,040,220	12,316,831	16,984,021
Net asset value and maximum offering price per share	\$18.90	\$26.76	\$11.28

<sup>a</sup>Redemption price is equal to net asset value less contingent deferred sales charges, if applicable.

## Statements of Operations

for the year ended October 31, 2023

	Franklin Convertible Securities Fund	Franklin Equity Income Fund	Franklin Managed Income Fund
Investment income:			
Dividends: (net of foreign taxes of \$–, \$1,045,636 and \$–, respectively)			
Unaffiliated issuers . . . . .	\$14,506,321	\$94,683,585	\$38,827,624
Controlled affiliates (Note 3f) . . . . .	—	—	635,106
Non-controlled affiliates (Note 3f) . . . . .	7,071,377	5,725,132	2,725,168
Interest:			
Unaffiliated issuers . . . . .	27,734,025	713	130,252,771
Income from securities loaned:			
Unaffiliated entities (net of fees and rebates) . . . . .	59,506	324	16,964
Non-controlled affiliates (Note 3f) . . . . .	181,602	205	186,391
Other income (Note 1f) . . . . .	—	4,186	566,191
Total investment income . . . . .	49,552,831	100,414,145	173,210,215
Expenses:			
Management fees (Note 3a) . . . . .	13,176,437	16,752,161	20,350,037
Distribution fees: (Note 3c)			
Class A . . . . .	2,534,975	7,327,311	7,888,868
Class C . . . . .	858,760	1,730,000	1,486,393
Class R . . . . .	—	53,085	15,344
Transfer agent fees: (Note 3e)			
Class A . . . . .	1,014,343	3,199,327	2,846,401
Class C . . . . .	86,620	188,105	134,521
Class R . . . . .	—	11,595	2,767
Class R6 . . . . .	39,113	53,557	49,861
Advisor Class . . . . .	1,700,141	406,133	195,320
Custodian fees (Note 4) . . . . .	6,809	30,261	8,467
Reports to shareholders fees . . . . .	38,692	160,213	85,386
Registration and filing fees . . . . .	130,660	200,482	171,799
Professional fees . . . . .	82,290	69,573	75,893
Trustees' fees and expenses . . . . .	37,680	44,718	46,484
Interest expense . . . . .	—	—	6,453
Other: . . . . .	75,944	89,073	127,298
Total expenses . . . . .	19,782,464	30,315,594	33,491,292
Expense reductions (Note 4) . . . . .	(9,120)	(12,427)	13,125
Expenses waived/paid by affiliates (Note 3f and 3g) . . . . .	(376,893)	(474,118)	(320,068)
Net expenses . . . . .	19,396,451	29,829,049	33,184,349
Net investment income . . . . .	30,156,380	70,585,096	140,025,866

Statements of Operations (continued)

for the year ended October 31, 2023

	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 . . . . .	37,704,871	91,125,979	23,950,734
Controlled affiliates (Note 3f) . . . . .	—	—	809,863
Non-controlled affiliates (Note 3f) . . . . .	—	—	(6,215,094)
Written options . . . . .	—	—	5,338,417
Foreign currency transactions . . . . .	—	14,438	10,639
Forward exchange contracts . . . . .	—	(3,205)	—
Futures contracts . . . . .	—	—	(7,092,233)
Net realized gain (loss) . . . . .	37,704,871	91,137,212	16,802,326
Net change in unrealized appreciation (depreciation) on:			
Investments:			
Unaffiliated issuers . . . . .	(27,179,088)	(160,622,584)	(120,433,297)
Controlled affiliates (Note 3f) . . . . .	—	—	1,828
Non-controlled affiliates (Note 3f) . . . . .	—	—	6,840,458
Translation of other assets and liabilities denominated in foreign currencies . . . . .	—	61,538	73,238
Written options . . . . .	—	—	1,269,346
Futures contracts . . . . .	—	—	(18,421,884)
Net change in unrealized appreciation (depreciation) . . . . .	(27,179,088)	(160,561,046)	(130,670,311)
Net realized and unrealized gain (loss) . . . . .	10,525,783	(69,423,834)	(113,867,985)
Net increase (decrease) in net assets resulting from operations . . . . .	\$40,682,163	\$1,161,262	\$26,157,881

## Statements of Changes in Net Assets

	Franklin Convertible Securities Fund		Franklin Equity Income Fund	
	Year Ended October 31, 2023	Year Ended October 31, 2022	Year Ended October 31, 2023	Year Ended October 31, 2022
Increase (decrease) in net assets:				
Operations:				
Net investment income . . . . .	\$30,156,380	\$29,502,249	\$70,585,096	\$59,250,450
Net realized gain (loss) . . . . .	37,704,871	262,990,651	91,137,212	147,407,120
Net change in unrealized appreciation (depreciation) . . . . .	(27,179,088)	(1,257,833,160)	(160,561,046)	(507,120,265)
Net increase (decrease) in net assets resulting from operations.	40,682,163	(965,340,260)	1,161,262	(300,462,695)
Distributions to shareholders:				
Class A . . . . .	(85,707,219)	(278,593,942)	(165,141,379)	(210,401,246)
Class C . . . . .	(7,332,304)	(32,745,743)	(8,470,387)	(12,966,193)
Class R . . . . .	—	—	(559,295)	(656,640)
Class R6 . . . . .	(7,902,038)	(27,438,151)	(9,783,554)	(11,606,633)
Advisor Class . . . . .	(149,752,591)	(574,322,200)	(22,227,978)	(27,731,038)
Total distributions to shareholders . . . . .	(250,694,152)	(913,100,036)	(206,182,593)	(263,361,750)
Capital share transactions: (Note 2)				
Class A . . . . .	(92,071,577)	30,184,007	108,551,298	337,706,025
Class C . . . . .	(27,614,778)	(29,126,451)	(81,728,369)	10,731,937
Class R . . . . .	—	—	1,764,007	1,653,180
Class R6 . . . . .	932,846	22,030,422	(1,256,644)	33,598,030
Advisor Class . . . . .	(296,126,753)	(290,064,516)	(33,966,693)	61,890,454
Total capital share transactions . . . . .	(414,880,262)	(266,976,538)	(6,636,401)	445,579,626
Net increase (decrease) in net assets . . . . .	(624,892,251)	(2,145,416,834)	(211,657,732)	(118,244,819)
Net assets:				
Beginning of year . . . . .	3,158,419,113	5,303,835,947	3,575,010,672	3,693,255,491
End of year . . . . .	\$2,533,526,862	\$3,158,419,113	\$3,363,352,940	\$3,575,010,672



Statements of Changes in Net Assets (continued)

	Franklin Managed Income Fund	
	Year Ended October 31, 2023	Year Ended October 31, 2022
Increase (decrease) in net assets:		
Operations:		
Net investment income . . . . .	\$140,025,866	\$108,053,686
Net realized gain (loss) . . . . .	16,802,326	51,199,736
Net change in unrealized appreciation (depreciation) . . . . .	(130,670,311)	(511,711,146)
Net increase (decrease) in net assets resulting from operations . . . . .	26,157,881	(352,457,724)
Distributions to shareholders:		
Class A . . . . .	(141,714,730)	(257,376,941)
Class C . . . . .	(5,460,004)	(15,769,507)
Class R . . . . .	(130,492)	(231,881)
Class R6 . . . . .	(8,975,610)	(14,138,484)
Advisor Class . . . . .	(10,277,757)	(17,188,220)
Total distributions to shareholders . . . . .	(166,558,593)	(304,705,033)
Capital share transactions: (Note 2)		
Class A . . . . .	(137,547,804)	133,628,627
Class C . . . . .	(49,558,512)	(55,136,786)
Class R . . . . .	(492,842)	55,797
Class R6 . . . . .	13,436,915	14,741,171
Advisor Class . . . . .	(3,231,489)	11,116,066
Total capital share transactions . . . . .	(177,393,732)	104,404,875
Net increase (decrease) in net assets . . . . .	(317,794,444)	(552,757,882)
Net assets:		
Beginning of year . . . . .	3,645,963,499	4,198,721,381
End of year . . . . .	\$3,328,169,055	\$3,645,963,499

# Notes to Financial Statements

## 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 eight 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 October 31, 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. 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 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.

## 1. Organization and Significant Accounting Policies

(continued)

### c. Derivative Financial Instruments (continued)

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 October 31, 2023, Franklin Convertible Securities Fund and Franklin Equity Income Fund had no futures contracts.

Certain or all Funds entered into OTC forward exchange contracts primarily to manage and/or gain exposure to certain foreign currencies. A forward exchange contract is an agreement between the Fund and a counterparty to buy or sell a foreign currency at a specific exchange rate on a future date. At October 31, 2023, Franklin Convertible Securities Fund, Franklin Equity Income Fund and Franklin Managed Income Fund had no forward exchange contracts.

Certain or all Funds purchased or wrote exchange traded OTC 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 October 31, 2023, Franklin Convertible Securities Fund and Franklin Equity Income Fund had no options contracts.

See Note 8 regarding other derivative information.

### d. 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.

### e. 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. Additionally, at October 31, 2023, Franklin Managed Income Fund held \$8,796,033 in U.S. Government and Agency securities as collateral. These securities are held as collateral in segregated accounts with the Fund's custodian. The Fund cannot repledge or resell these securities held as collateral. As such, the non-cash collateral is excluded from the Statements of Assets and Liabilities. 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

**1. Organization and Significant Accounting Policies**

(continued)

**e. Securities Lending** (continued)

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 October 31, 2023, Franklin Convertible Securities Fund and Franklin Equity Income Fund had no securities on loan.

**f. 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 October 31, 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.

**g. 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.

## 1. Organization and Significant Accounting Policies

(continued)

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

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.

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.

### h. 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.

### i. 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 October 31, 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
<b>Class A Shares:</b>				
Year ended October 31, 2023				
Shares sold <sup>a</sup> . . . . .	3,067,149	\$61,111,881	14,572,533	\$415,416,374
Shares issued in reinvestment of distributions . . . . .	4,151,284	80,675,938	5,744,799	161,763,879
Shares redeemed . . . . .	(11,730,426)	(233,859,396)	(16,538,560)	(468,628,955)
Net increase (decrease) . . . . .	(4,511,993)	\$(92,071,577)	3,778,772	\$108,551,298
Year ended October 31, 2022				
Shares sold <sup>a</sup> . . . . .	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
<b>Class C Shares:</b>				
Year ended October 31, 2023				
Shares sold	126,487	\$2,434,972	1,977,276	\$55,778,901
Shares issued in reinvestment of distributions	376,284	7,098,094	301,742	8,415,691
Shares redeemed <sup>a</sup>	(1,908,009)	(37,147,844)	(5,118,778)	(145,922,961)
Net increase (decrease)	(1,405,238)	\$(27,614,778)	(2,839,760)	\$(81,728,369)
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 <sup>a</sup>	(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
<b>Class R Shares:</b>				
Year ended October 31, 2023				
Shares sold	—	\$—	104,140	\$2,955,808
Shares issued in reinvestment of distributions	—	—	19,750	556,678
Shares redeemed	—	—	(62,252)	(1,748,479)
Net increase (decrease)	—	\$—	61,638	\$1,764,007
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
<b>Class R6 Shares:</b>				
Year ended October 31, 2023				
Shares sold	1,180,680	\$23,626,407	1,347,516	\$38,294,748
Shares issued in reinvestment of distributions	398,310	7,823,257	269,828	7,613,373
Shares redeemed	(1,512,286)	(30,516,818)	(1,655,326)	(47,164,765)
Net increase (decrease)	66,704	\$932,846	(37,982)	\$(1,256,644)
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
<b>Advisor Class Shares:</b>				
Year ended October 31, 2023				
Shares sold	14,950,339	\$299,431,946	3,069,278	\$87,746,193
Shares issued in reinvestment of distributions	6,590,350	128,160,676	760,467	21,448,966
Shares redeemed	(36,239,243)	(723,719,375)	(4,994,390)	(143,161,852)
Net increase (decrease)	(14,698,554)	\$(296,126,753)	(1,164,645)	\$(33,966,693)
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
<b>Franklin Managed Income Fund</b>				
	<b>Shares</b>	<b>Amount</b>		
<b>Class A Shares:</b>				
Year ended October 31, 2023				
Shares sold <sup>a</sup>	22,216,418	\$268,709,132		
Shares issued in reinvestment of distributions	11,442,420	137,792,939		
Shares redeemed	(45,191,799)	(544,049,875)		
Net increase (decrease)	(11,532,961)	\$(137,547,804)		
Year ended October 31, 2022				
Shares sold <sup>a</sup>	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		
<b>Class C Shares:</b>				
Year ended October 31, 2023				
Shares sold	1,680,185	\$20,022,005		
Shares issued in reinvestment of distributions	448,299	5,349,424		
Shares redeemed <sup>a</sup>	(6,259,845)	(74,929,941)		
Net increase (decrease)	(4,131,361)	\$(49,558,512)		
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 <sup>a</sup>	(7,646,748)	(96,367,868)		
Net increase (decrease)	(4,458,353)	\$(55,136,786)		



**2. Shares of Beneficial Interest** (continued)

	<b>Franklin Managed Income Fund</b>	
	<b>Shares</b>	<b>Amount</b>
<b>Class R Shares:</b>		
Year ended October 31, 2023		
Shares sold . . . . .	81,913	\$983,960
Shares issued in reinvestment of distributions . . . . .	10,534	127,413
Shares redeemed . . . . .	(134,180)	(1,604,215)
Net increase (decrease) . . . . .	(41,733)	\$(492,842)
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
<b>Class R6 Shares:</b>		
Year ended October 31, 2023		
Shares sold . . . . .	3,850,218	\$46,700,145
Shares issued in reinvestment of distributions . . . . .	740,366	8,937,577
Shares redeemed . . . . .	(3,485,728)	(42,200,807)
Net increase (decrease) . . . . .	1,104,856	\$13,436,915
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
<b>Advisor Class Shares:</b>		
Year ended October 31, 2023		
Shares sold . . . . .	5,202,026	\$63,238,039
Shares issued in reinvestment of distributions . . . . .	760,551	9,185,505
Shares redeemed . . . . .	(6,264,884)	(75,655,033)
Net increase (decrease) . . . . .	(302,307)	\$(3,231,489)
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

<sup>a</sup>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 year ended October 31, 2023, each Fund's 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. . . . .	0.456%	0.459%	0.549%

#### 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. 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 year:

	Franklin Convertible Securities Fund	Franklin Equity Income Fund	Franklin Managed Income Fund
Sales charges retained net of commissions paid to unaffiliated brokers/dealers . . . . .	\$10,437	\$373,831	\$242,559
CDSC retained . . . . .	\$1,818	\$33,526	\$13,975

### 3. Transactions with Affiliates (continued)

#### e. Transfer Agent Fees

Each class of shares pays transfer agent fees, calculated monthly and paid monthly, to Investor Services for its performance of shareholder servicing obligations. Effective October 1, 2023, the fees are based on a fixed margin earned by Investor Services and are allocated to the Funds based upon relative assets and relative transactions. Prior to October 1, 2023, the fees were based on an annualized asset based fee of 0.016% 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 paid to third parties are accrued and allocated daily based upon their relative proportion of such classes' aggregate net assets. Class R6 pays Investor Services transfer agent fees allocated specifically to that class based upon its relative assets and relative transactions.

For the year ended October 31, 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 . . . . .	\$754,173	\$1,220,921	\$1,151,633

#### 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 year ended October 31, 2023, investments in affiliated management investment companies were as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income
<b>Franklin Convertible Securities Fund</b>								
<b>Non-Controlled Affiliates</b>								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 5.035%	\$32,225,199	\$932,322,869	\$(884,921,558)	\$—	\$—	\$79,626,510	79,626,510	\$4,455,752
<b>Non-Controlled Affiliates</b>								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 5.035%	\$16,573,000	\$48,231,000	\$(64,804,000)	\$—	\$—	\$—	—	\$181,602
<b>Total Affiliated Securities . . .</b>	<b>\$48,798,199</b>	<b>\$980,553,869</b>	<b>\$(949,725,558)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$79,626,510</b>		<b>\$4,637,354</b>

**3. Transactions with Affiliates** (continued)

**f. Investments in Affiliated Management Investment Companies** (continued)

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income
<b>Franklin Equity Income Fund</b>								
<b>Non-Controlled Affiliates</b>								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 5.035%	\$130,310,388	\$704,789,818	\$(720,246,799)	\$—	\$—	\$114,853,407	114,853,407	\$5,725,132
<b>Non-Controlled Affiliates</b>								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 5.035%	\$—	\$1,556,000	\$(1,556,000)	\$—	\$—	\$—	—	\$205
<b>Total Affiliated Securities . . .</b>	<b>\$130,310,388</b>	<b>\$706,345,818</b>	<b>\$(721,802,799)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$114,853,407</b>		<b>\$5,725,337</b>
<b>Franklin Managed Income Fund</b>								
<b>Controlled Affiliates</b>								
								Dividends
Franklin U.S. Low Volatility ETF	\$39,259,172	\$—	\$(3,738,463)	\$809,863	\$1,828	\$36,332,400	780,000	\$635,106
<b>Non-Controlled Affiliates</b>								
								Dividends
Franklin FTSE United Kingdom ETF . . . . .	\$26,243,750	\$—	\$(26,699,013)	\$(1,132,862)	\$1,588,125	\$—		\$—
Franklin Systematic Style Premia ETF . . . . .	25,286,000	—	(25,284,171)	(4,675,392)	4,673,563	—		515,592
Institutional Fiduciary Trust - Money Market Portfolio, 5.035%	7,831,637	1,048,794,430	(1,038,926,499)	—	—	17,699,568	17,699,568	1,551,371
Western Asset Diversified Income Fund . . . . .	3,105,000	3,317,407	(3,478,097)	(406,840)	578,770	3,116,240	250,905	658,205
<b>Total Non-Controlled Affiliates</b>	<b>\$62,466,387</b>	<b>\$1,052,111,837</b>	<b>\$(1,094,387,780)</b>	<b>\$(6,215,094)</b>	<b>\$6,840,458</b>	<b>\$20,815,808</b>		<b>\$2,725,168</b>
<b>Non-Controlled Affiliates</b>								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 5.035%	\$9,298,000	\$56,126,000	\$(65,424,000)	\$—	\$—	\$—	—	\$186,391
<b>Total Affiliated Securities . . .</b>	<b>\$111,023,559</b>	<b>\$1,108,237,837</b>	<b>\$(1,163,550,243)</b>	<b>\$(5,405,231)</b>	<b>\$6,842,286</b>	<b>\$57,148,208</b>		<b>\$3,546,665</b>

**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,

### 3. Transactions with Affiliates (continued)

#### g. Waiver and Expense Reimbursements (continued)

reorganizations, and liquidations) 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.

Transfer agent fees on Class R6 shares of the Funds have been capped so that transfer agent fees for that class 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 previously 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 year ended October 31, 2023, the custodian fees were reduced as noted in the Statement of Operations. Effective July 10, 2023, earned credits, if any, will be recognized as income.

### 5. Income Taxes

For tax purposes, capital losses may be carried over to offset future capital gains.

At October 31, 2023, the capital loss carryforwards were as follows:

	Franklin Convertible Securities Fund	Franklin Equity Income Fund	Franklin Managed Income Fund
Capital loss carryforwards not subject to expiration:			
Short term . . . . .	\$—	\$—	\$32,004,979

The tax character of distributions paid during the years ended October 31, 2023 and 2022, was as follows:

	Franklin Convertible Securities Fund		Franklin Equity Income Fund	
	2023	2022	2023	2022
Distributions paid from:				
Ordinary income . . . . .	\$39,502,376	\$76,360,776	\$92,825,064	\$84,206,466
Long term capital gain . . . . .	211,191,776	836,739,260	113,357,529	179,155,284
	\$250,694,152	\$913,100,036	\$206,182,593	\$263,361,750
	Franklin Managed Income Fund			
	2023	2022		
Distributions paid from:				
Ordinary income . . . . .	\$166,558,593	\$161,876,295		
Long term capital gain . . . . .	—	142,828,738		
	\$166,558,593	\$304,705,033		

**5. Income Taxes** (continued)

At October 31, 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 . . . . .	\$2,740,224,763	\$2,734,134,804	\$3,245,575,007
Unrealized appreciation. . . . .	\$99,694,040	\$777,202,296	\$174,273,092
Unrealized depreciation. . . . .	(308,668,892)	(146,550,901)	(140,939,445)
Net unrealized appreciation (depreciation). . . . .	\$(208,974,852)	\$630,651,395	\$33,333,647
Distributable earnings:			
Undistributed ordinary income. . . . .	\$2,467,064	\$9,106,103	\$3,160,572
Undistributed long term capital gains. . . . .	37,553,585	59,999,940	—
Total distributable earnings . . . . .	\$40,020,649	\$69,106,043	\$3,160,572

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

The Funds, except for Franklin Managed Income Fund, utilized a tax accounting practice to treat a portion of the proceeds from capital shares redeemed as a distribution from realized capital gains.

**6. Investment Transactions**

Purchases and sales of investments (excluding short term securities) for the year ended October 31, 2023, were as follows:

	Franklin Convertible Securities Fund	Franklin Equity Income Fund	Franklin Managed Income Fund
Purchases . . . . .	\$640,905,905	\$1,020,736,709	\$3,355,958,071
Sales . . . . .	\$1,356,207,138	\$1,117,764,675	\$3,594,455,128

**7. Credit Risk and Defaulted Securities**

At October 31, 2023, Franklin Convertible Securities Fund and Franklin Managed Income Fund had 82.5% and 5.8%, 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 October 31, 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
<b>Franklin Managed Income Fund</b>				
Interest rate contracts . . . . .				
	Variation margin on futures contracts	\$—	Variation margin on futures contracts	\$18,453,924 <sup>a</sup>
Equity contracts . . . . .				
	Investments in securities, at value	—	Options written, at value	16,000
Total . . . . .		<u>\$—</u>		<u>\$18,469,924</u>

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

For the year ended October 31, 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 Year	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Year
<b>Franklin Equity Income Fund</b>				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Foreign exchange contracts . . . . .				
	Forward exchange contracts	<u>\$(3,205)</u>	Forward exchange contracts	<u>\$—</u>
Total . . . . .		<u>\$(3,205)</u>		<u>\$—</u>
<b>Franklin Managed Income Fund</b>				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Interest rate contracts . . . . .				
	Futures contracts	(7,092,233)	Futures contracts	(18,421,884)
Equity Contracts . . . . .				
	Written options	<u>5,338,417</u>	Written options	<u>1,269,346</u>
Total . . . . .		<u>\$(1,753,816)</u>		<u>\$(17,152,538)</u>

For the year ended October 31, 2023, the average month end notional amount of futures contracts and options were as follows:

	Franklin Managed Income Fund
Futures contracts . . . . .	\$ 144,716,707
Options . . . . .	1,393,923

See Note 1(c) 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 year ended October 31, 2023, investments in "affiliated companies" were as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income
<b>Franklin Convertible Securities Fund</b>								
<b>Non-Controlled Affiliates</b>								
								Dividends
NiSource, Inc., 7.75% . . . . .	\$45,886,500	\$—	\$—	\$—	\$— <sup>a</sup>	\$— <sup>a</sup>	— <sup>a</sup>	\$2,615,625
<b>Total Affiliated Securities</b> (Value is —% of Net Assets) . . . . .	\$45,886,500	\$—	\$—	\$—	\$—	\$—		\$2,615,625

<sup>a</sup>As of October 31, 2023, no longer an affiliate.

## 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.

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 year ended October 31, 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)

**11. Fair Value Measurements** (continued)

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 October 31, 2023, in valuing the Funds' assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
<b>Franklin Convertible Securities Fund</b>				
<b>Assets:</b>				
Investments in Securities:				
Common Stocks . . . . .	\$108,835,120	\$—	\$—	\$108,835,120
Convertible Preferred Stocks . . . . .	131,624,400	—	—	131,624,400
Convertible Bonds . . . . .	—	2,211,163,881	—	2,211,163,881
Short Term Investments . . . . .	79,626,510	—	—	79,626,510
Total Investments in Securities . . . . .	<u>\$320,086,030</u>	<u>\$2,211,163,881</u>	<u>\$—</u>	<u>\$2,531,249,911</u>
<b>Franklin Equity Income Fund</b>				
<b>Assets:</b>				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense . . . . .	92,209,020	—	—	92,209,020
Air Freight & Logistics . . . . .	66,034,375	—	—	66,034,375
Banks . . . . .	223,491,850	—	—	223,491,850
Beverages . . . . .	123,156,250	—	—	123,156,250
Capital Markets . . . . .	252,497,715	—	—	252,497,715
Chemicals . . . . .	9,332,000	21,946,324	—	31,278,324
Commercial Services & Supplies . . . . .	7,424,500	—	—	7,424,500
Communications Equipment . . . . .	76,631,100	—	—	76,631,100
Consumer Finance . . . . .	8,031,650	—	—	8,031,650
Consumer Staples Distribution & Retail . . . . .	89,280,975	—	—	89,280,975
Diversified Telecommunication Services . . . . .	7,400,663	—	—	7,400,663
Electric Utilities . . . . .	147,846,650	—	—	147,846,650
Electrical Equipment . . . . .	82,117,815	—	—	82,117,815
Electronic Equipment, Instruments & Components . . . . .	36,474,575	—	—	36,474,575
Financial Services . . . . .	34,848,000	—	—	34,848,000
Food Products . . . . .	32,939,475	—	—	32,939,475
Ground Transportation . . . . .	23,848,750	—	—	23,848,750
Health Care Equipment & Supplies . . . . .	129,687,380	—	—	129,687,380
Health Care Providers & Services . . . . .	148,057,500	—	—	148,057,500
Health Care REITs . . . . .	26,236,250	—	—	26,236,250
Hotels, Restaurants & Leisure . . . . .	42,209,370	—	—	42,209,370
Household Products . . . . .	105,771,150	—	—	105,771,150
Industrial REITs . . . . .	14,608,750	—	—	14,608,750
Insurance . . . . .	8,242,150	—	—	8,242,150
Interactive Media & Services . . . . .	10,236,600	—	—	10,236,600
Life Sciences Tools & Services . . . . .	68,247,285	—	—	68,247,285
Machinery . . . . .	38,283,750	—	—	38,283,750
Media . . . . .	42,735,150	—	—	42,735,150
Oil, Gas & Consumable Fuels . . . . .	350,201,700	—	—	350,201,700
Pharmaceuticals . . . . .	191,662,675	—	—	191,662,675
Residential REITs . . . . .	42,534,000	—	—	42,534,000
Semiconductors & Semiconductor Equipment . . . . .	120,526,072	—	—	120,526,072
Software . . . . .	89,441,000	—	—	89,441,000
Specialty Retail . . . . .	70,416,790	—	—	70,416,790
Trading Companies & Distributors . . . . .	21,329,175	—	—	21,329,175
Equity-Linked Securities . . . . .	—	319,831,153	—	319,831,153
Convertible Preferred Stocks . . . . .	74,163,205	—	—	74,163,205
Short Term Investments . . . . .	114,853,407	—	—	114,853,407
Total Investments in Securities . . . . .	<u>\$3,023,008,722</u>	<u>\$341,777,477<sup>a</sup></u>	<u>\$—</u>	<u>\$3,364,786,199</u>

## 11. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
<b>Franklin Managed Income Fund</b>				
<b>Assets:</b>				
Investments in Securities:				
Common Stocks . . . . .	\$918,484,120	\$—	\$—	\$918,484,120
Management Investment Companies . . . . .	39,448,640	—	—	39,448,640
Equity-Linked Securities . . . . .	—	297,582,580	—	297,582,580
Convertible Preferred Stocks . . . . .	18,770,000	—	—	18,770,000
Corporate Bonds . . . . .	—	1,822,848,817	—	1,822,848,817
U.S. Government and Agency Securities . . . . .	—	168,262,500	—	168,262,500
Asset-Backed Securities . . . . .	—	13,374,357	—	13,374,357
Mortgage-Backed Securities . . . . .	—	907,996	—	907,996
Short Term Investments . . . . .	17,699,568	—	—	17,699,568
Total Investments in Securities . . . . .	\$994,402,328	\$2,302,976,250	\$—	\$3,297,378,578
<b>Liabilities:</b>				
Other Financial Instruments:				
Options written . . . . .	\$16,000	\$—	\$—	\$16,000
Futures contracts . . . . .	18,453,924	—	—	18,453,924
Total Other Financial Instruments . . . . .	\$18,469,924	\$—	\$—	\$18,469,924

<sup>a</sup>Includes foreign securities valued at \$21,946,324, 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. 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

<b>ADR</b>	American Depositary Receipt
<b>ETF</b>	Exchange-Traded Fund
<b>FNMA</b>	Federal National Mortgage Association
<b>FRN</b>	Floating Rate Note
<b>REIT</b>	Real Estate Investment Trust

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Franklin Investors Securities Trust and Shareholders of Franklin Convertible Securities Fund, Franklin Equity Income Fund, and Franklin Managed Income Fund

### ***Opinions on the Financial Statements***

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of Franklin Convertible Securities Fund, Franklin Equity Income Fund, and Franklin Managed Income Fund (three of the funds constituting Franklin Investors Securities Trust, hereafter collectively referred to as the "Funds") as of October 31, 2023, the related statements of operations for the year ended October 31, 2023, the statements of changes in net assets for each of the two years in the period ended October 31, 2023, including the related notes, and the financial highlights for each of the five years in the period ended October 31, 2023 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds as of October 31, 2023, the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period ended October 31, 2023 and each of the financial highlights for each of the five years in the period ended October 31, 2023 in conformity with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on the Funds' financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Funds in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of October 31, 2023 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinions.

PricewaterhouseCoopers LLP  
San Francisco, California  
December 15, 2023

We have served as the auditor of one or more investment companies in the Franklin Templeton Group of Funds since 1948.

## Tax Information (unaudited)

By mid-February, tax information related to a shareholder's proportionate share of distributions paid during the preceding calendar year will be received, if applicable. Please also refer to [www.franklintempleton.com](http://www.franklintempleton.com) for per share tax information related to any distributions paid during the preceding calendar year. Shareholders are advised to consult with their tax advisors for further information on the treatment of these amounts on their tax returns.

The following tax information for the Funds is required to be furnished to shareholders with respect to income earned and distributions paid during its fiscal year.

The Funds hereby report the following amounts, or if subsequently determined to be different, the maximum allowable amounts, for the fiscal year ended October 31, 2023:

	Pursuant to:	Franklin Convertible Securities Fund	Franklin Equity Income Fund	Franklin Managed Income Fund
Long-Term Capital Gain Dividends Distributed	§852(b)(3)(C)	\$212,662,160	\$124,418,369	—
Income Eligible for Dividends Received Deduction (DRD)	§854(b)(1)(A)	\$9,416,952	\$78,348,651	\$35,298,057
Qualified Dividend Income Earned (QDI)	§854(b)(1)(B)	\$9,416,952	\$89,891,395	\$36,568,616
Qualified Net Interest Income (QII)	§871(k)(1)(C)	\$39,023,217	—	—
Section 163(j) Interest Dividends Earned	§163(j)	\$15,458,113	\$541	\$107,584,726
Interest Earned from Federal Obligations	Note (1)	—	—	\$7,718,957

Note (1) - The Law varies in each state as to whether and what percentage of dividend income attributable to Federal obligations is exempt from state income tax. Shareholders are advised to consult with their tax advisors to determine if any portion of the dividends received is exempt from state income taxes.

## Board Members and Officers

The name, year of birth and address of the officers and board members, as well as their affiliations, positions held with the Trust, principal occupations during at least the past five years and number of U.S. registered portfolios overseen in the Franklin Templeton/Legg Mason fund complex, are shown below. Generally, each board member serves until that person's successor is elected and qualified.

### Independent Board Members

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member <sup>1</sup>	Other Directorships Held During at Least the Past 5 Years
<b>Harris J. Ashton (1932)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1986	118	Bar-S Foods (meat packing company) (1981-2010).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; and <b>formerly</b> , Director, RBC Holdings, Inc. (bank holding company) (until 2002); and President, Chief Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers) (until 1998).				
<b>Terrence J. Checki (1945)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2017	118	Hess Corporation (exploration of oil and gas) (2014-present).
<b>Principal Occupation During at Least the Past 5 Years:</b> Member of the Council on Foreign Relations (1996-present); Member of the National Committee on U.S.-China Relations (1999-present); member of the board of trustees of the Economic Club of New York (2013-present); member of the board of trustees of the Foreign Policy Association (2005-present); member of the board of directors of Council of the Americas (2007-present) and the Tallberg Foundation (2018-present); and <b>formerly</b> , Executive Vice President of the Federal Reserve Bank of New York and Head of its Emerging Markets and Internal Affairs Group and Member of Management Committee (1995-2014); and Visiting Fellow at the Council on Foreign Relations (2014).				
<b>Mary C. Choksi (1950)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2014	118	Omnicom Group Inc. (advertising and marketing communications services) (2011-present) and White Mountains Insurance Group, Ltd. (holding company) (2017-present); and <b>formerly</b> , Avis Budget Group Inc. (car rental) (2007-2020).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; and <b>formerly</b> , Founder and Senior Advisor, Strategic Investment Group (investment management group) (2015-2017); Founding Partner and Senior Managing Director, Strategic Investment Group (1987-2015); Founding Partner and Managing Director, Emerging Markets Management LLC (investment management firm) (1987-2011); and Loan Officer/Senior Loan Officer/Senior Pension Investment Officer, World Bank Group (international financial institution) (1977-1987).				

## Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member <sup>1</sup>	Other Directorships Held During at Least the Past 5 Years
<b>Edith E. Holiday (1952)</b> One Franklin Parkway San Mateo, CA 94403-1906	Lead Independent Trustee	Trustee since 1998 and Lead Independent Trustee since 2019	118	Hess Corporation (exploration of oil and gas) (1993-present), Santander Consumer USA Holdings, Inc. (consumer finance) (2016-present); Santander Holdings USA (holding company) (2019-present); and <b>formerly</b> , Canadian National Railway (railroad) (2001-2021), White Mountains Insurance Group, Ltd. (holding company) (2004-2021), RTI International Metals, Inc. (manufacture and distribution of titanium) (1999-2015) and H.J. Heinz Company (processed foods and allied products) (1994-2013).

**Principal Occupation During at Least the Past 5 Years:**

Director or Trustee of various companies and trusts; and **formerly**, Assistant to the President of the United States and Secretary of the Cabinet (1990-1993); General Counsel to the United States Treasury Department (1989-1990); and Counselor to the Secretary and Assistant Secretary for Public Affairs and Public Liaison-United States Treasury Department (1988-1989).

<b>J. Michael Luttig (1954)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2009	118	Boeing Capital Corporation (aircraft financing) (2006-2010).
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**Principal Occupation During at Least the Past 5 Years:**

Counselor and Special Advisor to the CEO and Board of Directors of The Coca-Cola Company (beverage company) (2021-present); and **formerly**, Counselor and Senior Advisor to the Chairman, CEO, and Board of Directors, of The Boeing Company (aerospace company), and member of the Executive Council (2019-2020); Executive Vice President, General Counsel and member of the Executive Council, The Boeing Company (2006-2019); and Federal Appeals Court Judge, United States Court of Appeals for the Fourth Circuit (1991-2006).

<b>Larry D. Thompson (1945)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	118	Graham Holdings Company (education and media organization) (2011-2021); The Southern Company (energy company) (2014-2020; previously 2010-2012) and Cbeyond, Inc. (business communications provider) (2010-2012).
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**Principal Occupation During at Least the Past 5 Years:**

Director of various companies; Counsel, Finch McCranie, LLP (law firm) (2015-present); John A. Sibley Professor of Corporate and Business Law, University of Georgia School of Law (2015-present; previously 2011-2012); and **formerly**, Independent Compliance Monitor and Auditor, Volkswagen AG (manufacturer of automobiles and commercial vehicles) (2017-2020); Executive Vice President - Government Affairs, General Counsel and Corporate Secretary, PepsiCo, Inc. (consumer products) (2012-2014); Senior Vice President - Government Affairs, General Counsel and Secretary, PepsiCo, Inc. (2004-2011); Senior Fellow of The Brookings Institution (2003-2004); Visiting Professor, University of Georgia School of Law (2004); and Deputy Attorney General, U.S. Department of Justice (2001-2003).

## Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member <sup>1</sup>	Other Directorships Held During at Least the Past 5 Years
<b>Valerie M. Williams (1956)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2021	109	Omnicom Group, Inc. (advertising and marketing communications services) (2016-present), DTE Energy Co. (gas and electric utility) (2018-present), Devon Energy Corporation (exploration and production of oil and gas) (2021-present); and <b>formerly</b> , WPX Energy, Inc. (exploration and production of oil and gas) (2018-2021).

**Principal Occupation During at Least the Past 5 Years:**

Director of various companies; and **formerly**, Regional Assurance Managing Partner, Ernst & Young LLP (public accounting) (2005-2016) and various roles of increasing responsibility at Ernst & Young (1981-2005).

## Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member <sup>1</sup>	Other Directorships Held During at Least the Past 5 Years
<b>Gregory E. Johnson<sup>2</sup> (1961)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board, Trustee and Vice President	Chairman of the Board, Vice President since January 2023 and Trustee since 2013	128	None

**Principal Occupation During at Least the Past 5 Years:**

Executive Chairman, Chairman of the Board and Director, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of certain funds in the Franklin Templeton/Legg Mason fund complex; Vice Chairman, Investment Company Institute; and **formerly**, Chief Executive Officer (2013-2020) and President (1994-2015) Franklin Resources, Inc.

<b>Rupert H. Johnson, Jr.<sup>3</sup> (1940)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1987	118	None
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**Principal Occupation During at Least the Past 5 Years:**

Director (Vice Chairman), Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of certain funds in the Franklin Templeton/Legg Mason fund complex.

<b>Reema Agarwal (1974)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2019	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

Senior Vice President, Franklin Advisers, Inc.; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.

<b>Ted P. Becker (1951)</b> 280 Park Avenue New York, NY 10017	Chief Compliance Officer	Since 2023	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

Vice President, Global Compliance of Franklin Templeton (since 2020); Chief Compliance Officer of Franklin Templeton Fund Adviser, LLC (since 2006); Chief Compliance Officer of certain funds associated with Legg Mason & Co. or its affiliates (since 2006); **formerly**, Director of Global Compliance at Legg Mason (2006 to 2020); Managing Director of Compliance of Legg Mason & Co. (2005 to 2020).



## Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member <sup>1</sup>	Other Directorships Held During at Least the Past 5 Years
<b>Susan Kerr (1949)</b> 280 Park Avenue New York, NY 10017	Vice President – AML Compliance	Since 2021	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Compliance Analyst, Franklin Templeton; Chief Anti-Money Laundering Compliance Officer, Legg Mason & Co., or its affiliates; Anti Money Laundering Compliance Officer; Senior Compliance Officer, LMIS; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
<b>Christopher Kings (1974)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since 2022	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Treasurer, U.S. Fund Administration & Reporting; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
<b>Matthew T. Hinkle (1971)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2017	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Vice President, Franklin Templeton Services, LLC; officer of certain funds in the Franklin Templeton/Legg Mason fund complex; and <b>formerly</b> , Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton (2009-2017).				
<b>Edward D. Perks (1970)</b> One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer – Investment Management	Since 2018	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> President and Director, Franklin Advisers, Inc.; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
<b>Navid J. Tofigh (1972)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Secretary	Vice President since 2015 and Secretary since June 2023	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Associate General Counsel, Franklin Templeton; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				

Note 1: Rupert H. Johnson, Jr. is the uncle of Gregory E. Johnson.

Note 2: Officer information is current as of the date of this report. It is possible that after this date, information about officers may change.

1. We base the number of portfolios on each separate series of the U.S. registered investment companies within the Franklin Templeton/Legg Mason fund complex. These portfolios have a common investment manager or affiliated investment managers.

2. Gregory E. Johnson is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director of Franklin Resources, Inc. (Resources), which is the parent company of the Fund's investment manager and distributor.

3. Rupert H. Johnson, Jr. is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director and a major shareholder of Resources, which is the parent company of the Fund's investment manager and distributor.

**The Sarbanes-Oxley Act of 2002 and Rules adopted by the Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated Mary C. Choksi as its audit committee financial expert. The Board**

## Interested Board Members and Officers (continued)

believes that Ms. Choksi qualifies as such an expert in view of her extensive business background and experience. She served as a director of Avis Budget Group, Inc. (2007 to 2020) and formerly, Founder and Senior Advisor, Strategic Investment Group (1987 to 2017). Ms. Choksi has been a Member of the Fund's Audit Committee since 2014. As a result of such background and experience, the Board believes that Ms. Choksi has acquired an understanding of generally accepted accounting principles and financial statements, the general application of such principles in connection with the accounting estimates, accruals and reserves, and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Ms. Choksi is an independent Board member as that term is defined under the relevant Securities and Exchange Commission Rules and Releases.

The Statement of Additional Information (SAI) includes additional information about the board members and is available, without charge, upon request. Shareholders may call (800) DIAL BEN/342-5236 to request the SAI.

## 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)

#### March 27, 2023 15(c) Meeting

At a meeting held on March 27, 2023 (March 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 March 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 March 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 March 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 (Factors).

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.

#### May 24, 2023 15(c) Meeting

At a meeting held on May 24, 2023 (May Meeting), the Board reviewed and approved each Management Agreement for an additional twelve-month period beginning July 1, 2023. The Board noted its review and consideration of the information it received in connection with both the March Meeting and the May Meeting. In particular, the Board reviewed and considered information provided in response to a follow-up set of requests for information submitted to the Manager by Independent Trustee counsel on behalf of the Independent Trustees, which included information on Fund performance for the one-, three- and five-year periods ended March 31, 2023 and the other Factors. The Board determined that the conclusions it made at the March Meeting had not changed. 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 an additional twelve-month period beginning July 1, 2023.

## Liquidity Risk Management Program

Each of the Franklin Templeton and Legg Mason Funds has adopted and implemented a written Liquidity Risk Management Program (the "LRMP") as required by Rule 22e-4 under the Investment Company Act of 1940 (the "Liquidity Rule"). The LRMP is designed to assess and manage each Fund's liquidity risk, which is defined as the risk that the Fund could not meet requests to redeem shares issued by the Fund without significant dilution of remaining investors' interests in the Fund. In accordance with the Liquidity Rule, the LRMP includes policies and procedures that provide for: (1) assessment, management, and review (no less frequently than annually) of each Fund's liquidity risk; (2) classification of each Fund's portfolio holdings into one of four liquidity categories (Highly Liquid, Moderately Liquid, Less Liquid, and Illiquid); (3) for Funds that do not primarily hold assets that are Highly Liquid, establishing and maintaining a minimum percentage of the Fund's net assets in Highly Liquid investments (called a "Highly Liquid

Investment Minimum" or "HLIM"); and (4) prohibiting the Fund's acquisition of Illiquid investments that would result in the Fund holding more than 15% of its net assets in Illiquid assets. The LRMP also requires reporting to the Securities and Exchange Commission ("SEC") (on a non-public basis) and to the Board if the Fund's holdings of Illiquid assets exceed 15% of the Fund's net assets. Funds with HLIMs must have procedures for addressing HLIM shortfalls, including reporting to the Board and, with respect to HLIM shortfalls lasting more than seven consecutive calendar days, reporting to the SEC (on a non-public basis).

The Director of Liquidity Risk within the Investment Risk Management Group (the "IRMG") is the appointed Administrator of the LRMP. The IRMG maintains the Investment Liquidity Committee (the "ILC") to provide oversight and administration of policies and procedures governing liquidity risk management for Franklin Templeton and Legg Mason products and portfolios. The ILC includes representatives from Franklin Templeton's Risk, Trading, Global Compliance, Legal, Investment Compliance, Investment Operations, Valuation Committee, Product Management and Global Product Strategy.

In assessing and managing each Fund's liquidity risk, the ILC considers, as relevant, a variety of factors, including the Fund's investment strategy and the liquidity of its portfolio investments during both normal and reasonably foreseeable stressed conditions; its short and long-term cash flow projections; and its cash holdings and access to other funding sources including the Funds' interfund lending facility and line of credit. Classification of the Fund's portfolio holdings in the four liquidity categories is based on the number of days it is reasonably expected to take to convert the investment to cash (for Highly Liquid and Moderately Liquid holdings) or sell or dispose of the investment (for Less Liquid and Illiquid investments), in current market conditions without significantly changing the investment's market value.

Each Fund primarily holds liquid assets that are defined under the Liquidity Rule as "Highly Liquid Investments," and therefore is not required to establish an HLIM. Highly Liquid Investments are defined as cash and any investment reasonably expected to be convertible to cash in current market conditions in three business days or less without the conversion to cash significantly changing the market value of the investment.

At meetings of the Funds' Board of Trustees held in May 2023, the Program Administrator provided a written report to the Board addressing the adequacy and effectiveness of the program for the year ended December 31, 2022. The Program Administrator report concluded that (i.) the LRMP,

as adopted and implemented, remains reasonably designed to assess and manage each Fund's liquidity risk; (ii.) the LRMP, including the Highly Liquid Investment Minimum ("HLIM") where applicable, was implemented and operated effectively to achieve the goal of assessing and managing each Fund's liquidity risk; and (iii.) each Fund was able to meet requests for redemption without significant dilution of remaining investors' interests in the Fund.

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](http://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](http://franklintempleton.com) and posted on the U.S. Securities and Exchange Commission's website at [sec.gov](http://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](http://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 unless you instruct us otherwise. If you prefer not to have these documents househanded, please call us at (800)

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.



**Annual Report and Shareholder Letter**  
**Franklin Investors Securities Trust**

**Investment Manager**  
Franklin Advisers, Inc.

**Distributor**  
Franklin Distributors, LLC  
(800) DIAL BEN® / 342-5236  
[franklintempleton.com](http://franklintempleton.com)

**Shareholder Services**  
(800) 632-2301