

ANNUAL REPORT AND SHAREHOLDER LETTER

# FRANKLIN STRATEGIC SERIES

April 30, 2021



FRANKLIN  
TEMPLETON

Franklin Growth Opportunities Fund

Franklin Small Cap Growth Fund

Franklin Small-Mid Cap Growth Fund

# SHAREHOLDER LETTER

Dear Shareholder:

During the 12 months ended April 30, 2021, the novel coronavirus (COVID-19) pandemic caused the U.S. economy to contract in 2020's first half. For the remainder of 2020, the economy recovered substantially based on increased business and residential investment and consumer spending. U.S. economic growth accelerated during 2021's first quarter as the reopening of businesses, widespread COVID-19 vaccinations and federal assistance programs boosted consumer spending.

Before the reporting period, the U.S. Federal Reserve (Fed), in its efforts to support U.S. economic activity, lowered the target range for the federal funds rate twice in March 2020 and implemented broad quantitative easing measures to support credit markets. During the reporting period, the Fed held the target range for its key rate unchanged at 0.00–0.25%, but it continued quantitative easing and adjusted its policy in August 2020 to allow more flexibility to keep interest rates low, while maintaining a 2% average inflation target.

In this environment, U.S. stocks, as measured by the Standard & Poor's® 500 Index, posted a strong positive total return for the 12-month period.

We are committed to our long-term perspective and disciplined investment approach as we conduct a rigorous, fundamental analysis of securities with a regular emphasis on investment risk management.

We believe active, professional investment management serves investors well. We also recognize the important role of financial professionals in today's markets and encourage investors to continue to seek their advice. Amid changing markets and economic conditions, we are confident investors with a well-diversified portfolio and a patient, long-term outlook should be well-positioned for the years ahead.

In addition, Franklin Strategic Series' annual report includes more detail about prevailing conditions and a discussion about investment decisions during the period. All securities markets fluctuate, as do mutual fund share prices.

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

Sincerely,

Edward Perks, CFA  
President and Chief Executive Officer –  
Investment Management  
Franklin Strategic Series

*This letter reflects our analysis and opinions as of April 30, 2021, unless otherwise indicated. The information is not a complete analysis of every aspect of any market, country, industry, security or fund. Statements of fact are from sources considered reliable.*

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

# ANNUAL REPORT

## Economic and Market Overview

U.S. equities, as measured by the Standard & Poor's 500 Index (S&P 500®), advanced strongly during the 12 months ended April 30, 2021. Equities rose amid the U.S. recovery from the initial shock of the novel coronavirus pandemic and related restrictions. The phased economic reopening of many states, the development of treatments and vaccines, and several fiscal stimulus measures that included direct payments to many individuals and programs designed to help small businesses keep employees on the payroll, supported stock prices. In November 2020, news that several vaccines showed high efficacy rates bolstered investor confidence. Furthermore, the implementation of mass vaccination programs in early 2021, a significant decline in the U.S. infection rate and continued economic opening led U.S. equities to reach all-time price highs in April 2021.

The U.S. economy was severely impacted by the pandemic, as business closures and restrictions on gatherings disrupted everyday life. As a result, second-quarter 2020 gross domestic product (GDP) declined at a record annualized rate, and mass layoffs drove the unemployment rate to a peak of 14.8% in April.<sup>1</sup> However, economic conditions improved rapidly thereafter, with the GDP rebounding at a record annualized pace in 2020's third quarter and expanding at a less robust pace in 2020's fourth quarter and 2021's first quarter. Notably, the unemployment rate declined to 6.1% in April 2021, as jobless claims fell and employment openings rose.<sup>1</sup>

In an effort to support the economy, the U.S. Federal Reserve (Fed) kept the federal funds target rate at a record-low range of 0.00%–0.25%. The Fed also enacted quantitative easing measures aimed at ensuring credit flows to borrowers and supporting credit markets with open-ended bond purchasing. Furthermore, the Fed signaled that interest rates would potentially remain low, even if inflation moderately exceeded its 2% target.

The combination of stimulus payments, increasing asset prices and generally rising savings during lockdowns led to the strengthening of overall household balance sheets. The higher overall household wealth and pent-up consumer demand led to stronger consumer spending in 2021's first quarter that, along with the shortages of some materials and supplies, drove many investors' inflation expectations to increase significantly near period-end.

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1. Source: Bureau of Labor Statistics.

# Franklin Growth Opportunities Fund

This annual report for Franklin Growth Opportunities Fund covers the fiscal year ended April 30, 2021.

## Your Fund's Goal and Main Investments

The Fund seeks capital appreciation. Under normal conditions, the Fund invests predominantly in equity securities of companies demonstrating accelerating growth, increasing profitability, or above-average growth or growth potential as compared with the overall economy.

## Performance Overview

The Fund's Class A shares posted a +50.64% cumulative total return for the 12 months under review. In comparison, the Fund's narrow benchmark, the Russell 3000® Growth Index, which measures performance of those Russell 3000® Index companies with relatively higher price-to-book ratios and higher forecasted growth rates, posted a +52.41% total return.<sup>1</sup> The Fund's broad benchmark, the Standard & Poor's 500 Index (S&P 500), which tracks the broad U.S. stock market, posted a +45.98% total return.<sup>1</sup> You can find the Fund's long-term performance data in the Performance Summary beginning on page 6.

*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.*

## Investment Strategy

We use fundamental, bottom-up research to seek companies meeting our criteria of growth potential, quality and valuation. In seeking sustainable growth characteristics, we look for companies we believe can produce sustainable earnings and cash flow growth, evaluating the long-term market opportunity and competitive structure of an industry to target leaders and emerging leaders. We define quality companies as those with strong and improving competitive positions in attractive markets. We also believe important attributes of quality are experienced and talented management teams as well as financial strength reflected in the capital structure, gross and operating margins, free cash flow generation and

## Portfolio Composition

4/30/21

	% of Total Net Assets
Software	18.4%
IT Services	14.1%
Internet & Direct Marketing Retail	9.7%
Capital Markets	7.0%
Health Care Equipment & Supplies	6.6%
Interactive Media & Services	3.9%
Professional Services	3.9%
Semiconductors & Semiconductor Equipment	3.8%
Technology Hardware, Storage & Peripherals	3.7%
Health Care Providers & Services	2.8%
Equity Real Estate Investment Trusts (REITs)	2.4%
Biotechnology	2.3%
Hotels, Restaurants & Leisure	2.1%
Automobiles	1.9%
Other	17.6%
Short-Term Investments & Other Net Assets	(0.2)%

returns on capital employed. Our valuation analysis includes a range of potential outcomes based on an assessment of multiple scenarios. In assessing value, we consider whether security prices fully reflect the balance of the sustainable growth opportunities relative to business and financial risks.

## Manager's Discussion

During the 12 months under review, nearly all sectors represented in the Fund's portfolio posted positive returns and contributed to absolute performance. Relative to the Russell 3000® Growth Index, stock selection in the health care sector, stock selection and an underweighting in the consumer staples sector and stock selection in the information technology (IT) sector contributed to Fund performance.

Within health care, the development of a novel coronavirus (COVID-19) vaccine candidate bolstered the shares of vaccine developer Novavax.

In consumer staples, our investment in dog and cat food manufacturer Freshpet aided relative results.

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 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 Statement of Investments (SOI). The SOI begins on page 27.

In the IT sector, Twilio was a top relative contributor as the COVID-19 pandemic increased the demand for the company's digital communication services from telehealth, online education, remote customer care and food delivery companies, among others. The stocks of payment solutions provider Bill.com Holdings and video conferencing platform provider Zoom Video Communications (not held at period-end) also posted strong returns. Bill.com benefited from smaller companies' growing need to switch to cost- and time-saving digital bill payment technologies. Zoom Video Communications' share price reached all-time highs as digital work became crucial during the pandemic.

### Top 10 Holdings

4/30/21

<b>Company Industry, Country</b>	<b>% of Total Net Assets</b>
Amazon.com, Inc. <i>Internet &amp; Direct Marketing Retail, United States</i>	8.6%
Mastercard, Inc. <i>IT Services, United States</i>	4.2%
Microsoft Corp. <i>Software, United States</i>	4.1%
Apple, Inc. <i>Technology Hardware, Storage &amp; Peripherals, United States</i>	3.7%
Visa, Inc. <i>IT Services, United States</i>	3.2%
Alphabet, Inc. <i>Interactive Media &amp; Services, United States</i>	2.7%
ServiceNow, Inc. <i>Software, United States</i>	2.5%
CoStar Group, Inc. <i>Professional Services, United States</i>	2.0%
PayPal Holdings, Inc. <i>IT Services, United States</i>	2.0%
SBA Communications Corp. <i>Equity Real Estate Investment Trusts (REITs), United States</i>	2.0%

Another notable relative contributor included our investment in at-home fitness platform Peloton Interactive (not held at period-end).

In contrast, key detractors from the Fund's relative performance included stock selection in the industrials sector as well as stock selection and overweightings in the real estate and financials sectors.

Within industrials, shares of data analytics provider Verisk Analytics and commercial real estate information, analytics and online marketplace company CoStar Group posted positive returns but underperformed the index, and our overweighted positions hurt relative results.

In the real estate sector, wireless telecommunications tower operator SBA Communications underperformed the index after strong outperformance earlier in the period. We believe the company is an attractive long-term investment

opportunity given the tower industry's strong barriers to entry and increasing mobile carrier spending on 5G network upgrades.

There were no financials holdings among the Fund's 10 biggest relative detractors during the period.

Other key detractors from the Fund's relative performance included our positions in electronic products company Apple, electric vehicle manufacturer Tesla and biopharmaceutical company Reata Pharmaceuticals. An underweighting in the strong-performing shares of Apple hurt relative performance. Apple saw strong demand for its products as consumers required more devices at home to support various streaming needs for work, school and entertainment during the pandemic. Similarly, an underweighting in Tesla hindered relative results as its shares outperformed the index amid strong vehicle sales. The share price of Reata Pharmaceuticals declined as the company faced U.S. Food and Drug Administration hurdles for its neurological disorder treatment.

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

Grant Bowers  
Sara Araghi, CFA

Portfolio Management Team

*The foregoing information reflects our analysis, opinions and portfolio holdings as of April 30, 2021, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.*

## Performance Summary as of April 30, 2021

The performance table 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 04/30/21

*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>1</sup>	Average Annual Total Return <sup>2</sup>
<b>A<sup>3</sup></b>		
1-Year	+50.64%	+42.37%
5-Year	+167.63%	+20.39%
10-Year	+295.33%	+14.09%
<b>Advisor</b>		
1-Year	+51.01%	+51.01%
5-Year	+170.99%	+22.06%
10-Year	+306.06%	+15.04%

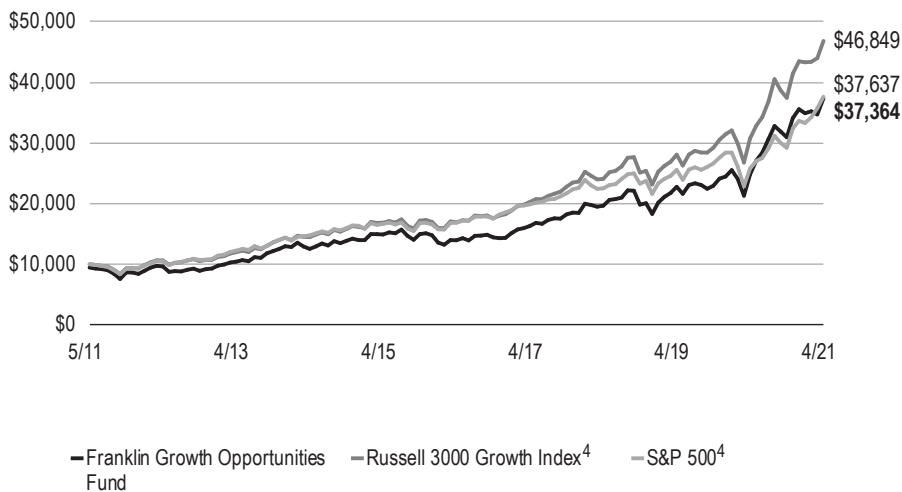
*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com)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

See page 8 for Performance Summary footnotes.

## Total Return Index Comparison for a Hypothetical \$10,000 Investment

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 (5/1/11–4/30/21)



### Advisor Class (5/1/11–4/30/21)



See page 8 for Performance Summary footnotes.



## Distributions (5/1/20–4/30/21)

Share Class	Short-Term Capital Gain	Long-Term Capital Gain	Total
A	\$0.3049	\$2.8182	\$3.1231
C	\$0.3049	\$2.8182	\$3.1231
R	\$0.3049	\$2.8182	\$3.1231
R6	\$0.3049	\$2.8182	\$3.1231
Advisor	\$0.3049	\$2.8182	\$3.1231

## Total Annual Operating Expenses<sup>5</sup>

Share Class	
A	0.95%
Advisor	0.70%

Each class of shares is available to certain eligible investors and has different annual fees and expenses, as described in the prospectus.

All investments involve risks, including possible loss of principal. Growth stock prices reflect projections of future earnings or revenues, and can, therefore, fall dramatically if the company fails to meet those projections. To the extent the Fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, it may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. Smaller, mid-sized and relatively new or unseasoned companies can be particularly sensitive to changing economic conditions, and their prospects for growth are less certain than those of larger, more established companies. Historically, these securities have experienced more price volatility than larger-company stocks, especially over the short term. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. The Fund's prospectus also includes a description of the main investment risks.

1. Cumulative total return represents the change in value of an investment over the periods indicated.
2. 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.
3. 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%.
4. Source: Morningstar. The Russell 3000 Growth Index is market capitalization weighted and measures performance of those Russell 3000 Index companies with relatively higher price-to-book ratios and higher forecasted growth values. The S&P 500 is a market capitalization-weighted index of 500 stocks designed to measure total U.S. equity market performance.
5. 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 11/1/20	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
		Ending Account Value 4/30/21	Expenses Paid During Period 11/1/20–4/30/21 <sup>1,2</sup>	Ending Account Value 4/30/21	Expenses Paid During Period 11/1/20–4/30/21 <sup>1,2</sup>	
A	\$1,000	\$1,207.25	\$4.97	\$1,020.29	\$4.55	0.91%
C	\$1,000	\$1,202.87	\$9.04	\$1,016.58	\$8.28	1.66%
R	\$1,000	\$1,205.92	\$6.28	\$1,019.10	\$5.75	1.15%
R6	\$1,000	\$1,209.33	\$3.13	\$1,021.96	\$2.87	0.57%
Advisor	\$1,000	\$1,208.89	\$3.61	\$1,021.53	\$3.30	0.66%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.

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

# Franklin Small Cap Growth Fund

This annual report for Franklin Small Cap Growth Fund covers the fiscal year ended April 30, 2021.

## Your Fund's Goal and Main Investments

The Fund seeks long-term capital growth. Under normal market conditions, the Fund invests at least 80% of its net assets in the equity securities of small-cap companies. For this Fund, small-cap companies are those with market capitalizations not exceeding \$1.5 billion or the highest market capitalization in the Russell 2000® Index, whichever is greater, at the time of purchase.<sup>1</sup>

## Performance Overview

The Fund's Class A shares posted a +76.43% cumulative total return for the 12 months under review. In comparison, the Russell 2000® Growth Index, which measures performance of small-cap companies with relatively higher price-to-book ratios and higher forecasted growth rates, posted a +69.15% total return.<sup>2</sup> The Standard & Poor's 500 Index (S&P 500), which tracks the broad U.S. stock market, posted a +45.98% total return.<sup>2</sup> You can find the Fund's long-term performance data in the Performance Summary beginning on page 12.

*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.*

## Investment Strategy

We use fundamental, bottom-up research to seek companies meeting our criteria of growth potential, quality and valuation. In seeking sustainable growth characteristics, we look for companies we believe can produce sustainable earnings and cash flow growth, evaluating the long-term market opportunity and competitive structure of an industry. We define quality companies as those with strong and improving competitive positions in attractive markets. We also believe important attributes of quality are experienced and talented

## Portfolio Composition

4/30/21

	% of Total Net Assets
Biotechnology	9.8%
Specialty Retail	8.6%
Software	8.0%
Semiconductors & Semiconductor Equipment	6.0%
Health Care Equipment & Supplies	4.6%
Capital Markets	4.3%
IT Services	4.0%
Hotels, Restaurants & Leisure	3.6%
Health Care Providers & Services	3.6%
Health Care Technology	3.3%
Food Products	3.0%
Household Durables	2.8%
Banks	2.7%
Trading Companies & Distributors	2.7%
Other	30.0%
Short-Term Investments & Other Net Assets	3.0%

management teams as well as financial strength reflected in the capital structure, gross and operating margins, free cash flow generation and returns on capital employed. Our valuation analysis includes a range of potential outcomes based on an assessment of multiple scenarios. In assessing value, we consider whether security prices fully reflect the balance of the sustainable growth opportunities relative to business and financial risks.

## Manager's Discussion

During the 12 months under review, all sectors represented in the Fund's portfolio posted positive returns and contributed to absolute performance. Relative to the Russell 2000® Growth Index, stock selection and overweightings in the consumer discretionary and information technology (IT) sectors, as well as stock selection and an underweighting in the health care sector, contributed significantly to the Fund's performance.

1. The Russell 2000 Index is market capitalization weighted and measures performance of the 2,000 smallest companies in the Russell 3000 Index, which represent a small amount of the total market capitalization of the Russell 3000 Index.

2. Source: Morningstar.

The indexes are unmanaged and include reinvestment of any income or distributions. They do 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 Statement of Investments (SOI). The SOI begins on page 37.

**Top 10 Holdings**

4/30/21

<b>Company Industry, Country</b>	<b>% of Total Net Assets</b>
American Eagle Outfitters, Inc. <i>Specialty Retail, United States</i>	1.9%
Allegiant Travel Co. <i>Airlines, United States</i>	1.8%
M/I Homes, Inc. <i>Household Durables, United States</i>	1.6%
Inspire Medical Systems, Inc. <i>Health Care Technology, United States</i>	1.5%
Beacon Roofing Supply, Inc. <i>Trading Companies &amp; Distributors, United States</i>	1.5%
Lattice Semiconductor Corp. <i>Semiconductors &amp; Semiconductor Equipment, United States</i>	1.4%
Western Alliance Bancorp <i>Banks, United States</i>	1.4%
Onto Innovation, Inc. <i>Semiconductors &amp; Semiconductor Equipment, United States</i>	1.4%
Pinnacle Financial Partners, Inc. <i>Banks, United States</i>	1.3%
Five Below, Inc. <i>Specialty Retail, United States</i>	1.3%

Within consumer discretionary, notable relative contributors included our investments in digital sports entertainment and gaming company DraftKings (not part of the index; not held at period-end) and lifestyle clothing retailer American Eagle Outfitters. DraftKings' share price reached record highs amid positive news flow that included the announcement of an exclusive agreement with a major sports media company to provide fantasy sports information. American Eagle Outfitters showed solid execution during the period as it continued to improve its business.

In the IT sector, our investment in Israel-based web-building platform Wix.com (not part of the index) contributed meaningfully to relative results. The company's services became important as more people accessed the cloud to work remotely during the novel coronavirus (COVID-19) shelter-in-place directives.

In the health care sector, our holdings in digital health care company Livongo Health (not held at period-end) and vaccine developer Novavax (not held at period-end) aided relative results. Livongo Health's share price surged as social distancing measures drove up demand for the company's remote monitoring services. The development of a COVID-19 vaccine candidate bolstered the shares of Novavax.

In contrast, stock selection in the industrials, consumer staples and materials sectors detracted from the Fund's relative performance. There were no consumer staples and materials holdings among the Fund's 10 biggest relative detractors.

Within industrials, technology-focused aerospace and defense company Mercury Systems and IT and technical services solutions provider ManTech International hindered relative returns.

Although our overall health care holdings contributed to relative performance, three of the Fund's 10 biggest relative detractors came from the sector, namely biopharmaceutical company Reata Pharmaceuticals and biotechnology firms Global Blood Therapeutics and PTC Therapeutics. The share price of Reata Pharmaceuticals declined as the company faced U.S. Food and Drug Administration hurdles for its neurological disorder treatment. Global Blood Therapeutics and PTC Therapeutics faced pandemic-related headwinds.

Thank you for your continued participation in Franklin Small Cap Growth Fund. We look forward to serving your future investment needs.

Michael P. McCarthy, CFA  
Bradley T. Carris, CFA

Portfolio Management Team

*The foregoing information reflects our analysis, opinions and portfolio holdings as of April 30, 2021, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.*

## Performance Summary as of April 30, 2021

The performance table 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 04/30/21<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	+76.43%	+66.70%
5-Year	+174.98%	+21.05%
10-Year	+294.62%	+14.07%
<b>Advisor</b>		
1-Year	+76.86%	+76.86%
5-Year	+178.38%	+22.72%
10-Year	+305.29%	+15.02%

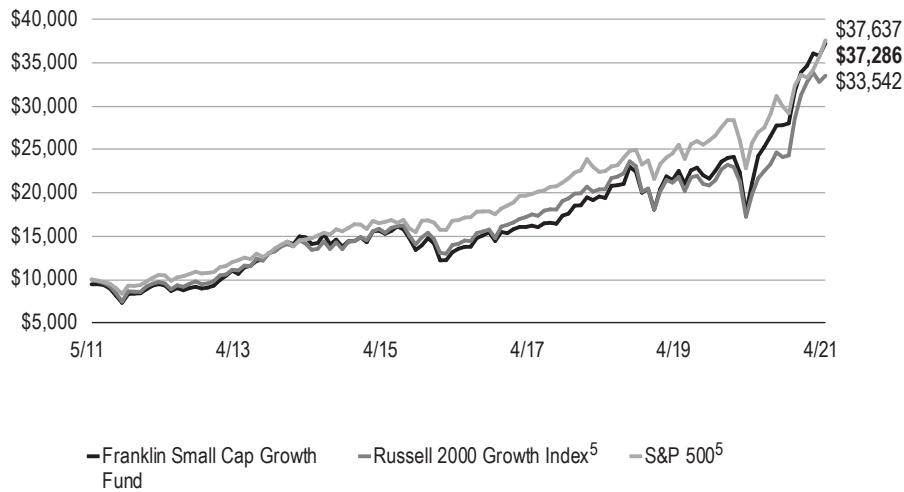
*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com)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

See page 14 for Performance Summary footnotes.

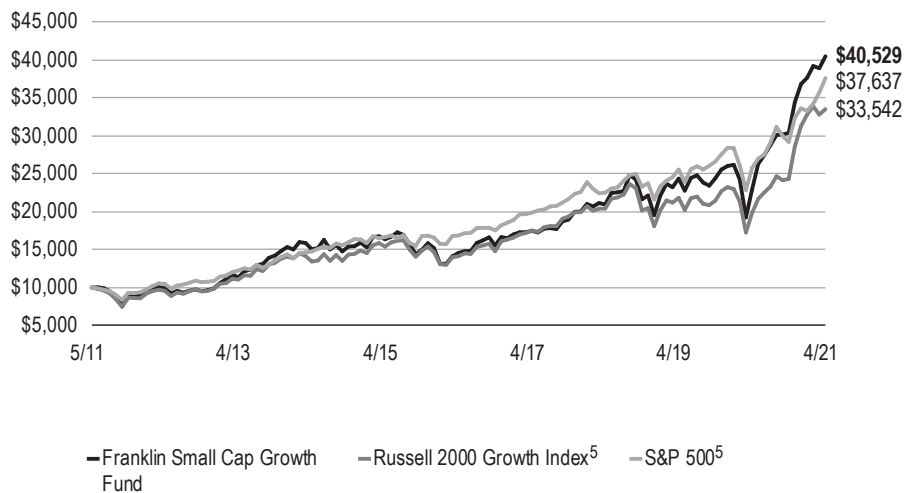
## Total Return Index Comparison for a Hypothetical \$10,000 Investment<sup>1</sup>

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 (5/1/11–4/30/21)



### Advisor Class (5/1/11–4/30/21)



See page 14 for Performance Summary footnotes.

## Distributions (5/1/20–4/30/21)

Share Class	Short-Term Capital Gain	Long-Term Capital Gain	Total
A	\$0.6140	\$2.2158	\$2.8298
C	\$0.6140	\$2.2158	\$2.8298
R	\$0.6140	\$2.2158	\$2.8298
R6	\$0.6140	\$2.2158	\$2.8298
Advisor	\$0.6140	\$2.2158	\$2.8298

## Total Annual Operating Expenses<sup>6</sup>

Share Class	With Fee Waiver	Without Fee Waiver
A	1.07%	1.08%
Advisor	0.82%	0.83%

Each class of shares is available to certain eligible investors and has different annual fees and expenses, as described in the prospectus.

All investments involve risks, including possible loss of principal. Smaller, midsize and relatively new or unseasoned companies can be particularly sensitive to changing economic conditions, and their prospects for growth are less certain than those of larger, more established companies. Historically, these securities have experienced more price volatility than larger-company stocks, especially over the short term. Growth stock prices reflect projections of future earnings or revenues, and can, therefore, fall dramatically if the company fails to meet those projections. To the extent the Fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, it may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. From time to time, the trading market for a particular security or type of security in which the Fund invests may become less liquid or even illiquid. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. The Fund's prospectus also includes a description of the main investment risks.

1. The Fund has a fee waiver associated with any investment it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 8/31/21. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.
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. Source: Morningstar. The Russell 2000 Growth Index is market capitalization weighted and measures performance of those Russell 2000 Index companies with relatively higher price-to-book ratios and higher forecasted growth values. The S&P 500 is a market capitalization-weighted index of 500 stocks designed to measure total U.S. equity market performance.
6. 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 11/1/20	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
		Ending Account Value 4/30/21	Expenses Paid During Period 11/1/20–4/30/21	Ending Account Value 4/30/21 <sup>1,2</sup>	Expenses Paid During Period 11/1/20–4/30/21 <sup>1,2</sup>	
A	\$1,000	\$1,330.25	\$5.80	\$1,019.81	\$5.03	1.00%
C	\$1,000	\$1,325.43	\$10.10	\$1,016.11	\$8.76	1.75%
R	\$1,000	\$1,328.78	\$7.24	\$1,018.58	\$6.27	1.25%
R6	\$1,000	\$1,332.90	\$3.68	\$1,021.64	\$3.19	0.64%
Advisor	\$1,000	\$1,332.24	\$4.37	\$1,021.05	\$3.79	0.76%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.

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



# Franklin Small-Mid Cap Growth Fund

This annual report for Franklin Small-Mid Cap Growth Fund covers the fiscal year ended April 30, 2021.

## Your Fund's Goal and Main Investments

The Fund seeks long-term capital growth. Under normal market conditions, the Fund invests at least 80% of its net assets in the equity securities of small-cap and mid-cap companies. For this Fund, small-cap companies are companies within the market capitalization range of companies in the Russell 2500™ Index at the time of purchase, and mid-cap companies are companies within the market capitalization range of companies in the Russell Midcap® Index at the time of purchase.<sup>1</sup>

## Performance Overview

The Fund's Class A shares posted a +68.37% cumulative total return for the 12 months under review. In comparison, the Russell Midcap® Growth Index, which measures performance of those Russell Midcap® Index companies with relatively higher price-to-book ratios and higher forecasted growth rates, posted a +53.97% total return.<sup>2</sup> Also in comparison, the Standard & Poor's 500 Index (S&P 500), which tracks the broad U.S. stock market, posted a +45.98% total return.<sup>2</sup> You can find the Fund's long-term performance data in the Performance Summary beginning on page 18.

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

## Investment Strategy

We use fundamental, bottom-up research to seek companies meeting our criteria of growth potential, quality and valuation. In seeking sustainable growth characteristics, we look for companies we believe can produce sustainable earnings and cash flow growth, evaluating the long-term market opportunity and competitive structure of an industry to target leaders and emerging leaders. We define quality companies as those with strong and improving competitive positions in

## Portfolio Composition

4/30/21

	% of Total Net Assets
Software	18.0%
IT Services	7.9%
Health Care Equipment & Supplies	7.2%
Semiconductors & Semiconductor Equipment	6.3%
Professional Services	5.8%
Capital Markets	5.2%
Specialty Retail	4.6%
Life Sciences Tools & Services	4.0%
Hotels, Restaurants & Leisure	3.9%
Biotechnology	3.0%
Health Care Technology	2.5%
Entertainment	2.5%
Machinery	2.1%
Equity Real Estate Investment Trusts (REITs)	2.1%
Other	21.4%
Short-Term Investments & Other Net Assets	3.5%

attractive markets. We also believe important attributes of quality are experienced and talented management teams as well as financial strength reflected in the capital structure, gross and operating margins, free cash flow generation and returns on capital employed. Our valuation analysis includes a range of potential outcomes based on an assessment of multiple scenarios. In assessing value, we consider whether security prices fully reflect the balance of the sustainable growth opportunities relative to business and financial risks.

## Manager's Discussion

During the 12 months under review, all sectors represented in the Fund's portfolio posted positive returns and contributed to absolute performance. Relative to the Russell Midcap® Growth Index, stock selection and an underweighting in the information technology (IT) sector, stock selection and an overweighting in the consumer discretionary sector and stock selection in the communication services sector contributed significantly to Fund performance.

1. The Russell 2500 Index is market capitalization weighted and measures performance of the 2,500 smallest companies in the Russell 3000 Index, which represent a modest amount of the Russell 3000 Index's total market capitalization. The Russell Midcap Index is market capitalization weighted and measures performance of the smallest companies in the Russell 1000 Index, which represent a modest amount of the Russell 1000 Index's total market capitalization.

2. Source: Morningstar.

The indexes are unmanaged and include reinvestment of any income or distributions. They do 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 Statement of Investments (SOI). The SOI begins on page 48.

**Top 10 Holdings**

4/30/21

<b>Company Industry, Country</b>	<b>% of Total Net Assets</b>
Synopsys, Inc. Software, United States	2.2%
IDEXX Laboratories, Inc. Health Care Equipment & Supplies, United States	2.1%
DocuSign, Inc. Software, United States	1.8%
Verisk Analytics, Inc. Professional Services, United States	1.8%
CoStar Group, Inc. Professional Services, United States	1.8%
Okta, Inc. IT Services, United States	1.7%
MSCI, Inc. Capital Markets, United States	1.7%
ANSYS, Inc. Software, United States	1.6%
SBA Communications Corp. Equity Real Estate Investment Trusts (REITs), United States	1.6%
Veeva Systems, Inc. Health Care Technology, United States	1.5%

Within IT, our investments in Twilio, DocuSign and Cloudflare were leading contributors to relative returns. The novel coronavirus (COVID-19) pandemic increased the demand for Twilio's digital communication services from telehealth, online education, remote customer care and food delivery companies, among others. Subscription revenue and billings growth were positive drivers of performance for electronic signature company DocuSign. While the company is benefiting from work-from-home-trends in the near term, we believe there is a large and underpenetrated market for the digital transformation of contracts and other types of agreements that require e-signatures. Shares of cloud-security specialist Cloudflare, which provides tools that enable remote work, also benefited from pandemic-related shelter-in-place mandates.

In consumer discretionary, notable relative contributors included our holdings in digital sports entertainment and gaming company DraftKings (not part of the index) and Peloton Interactive (not held at period-end). DraftKings' share price reached record highs amid positive news flow that included the announcement of an exclusive agreement with a major sports media company to provide fantasy sports information. Peloton Interactive saw a surge in demand for its at-home, connected fitness products.

In the communication services sector, photo-sharing website operator Pinterest aided relative results.

In contrast, stock selection in the real estate and industrials sectors detracted from the Fund's relative performance.

Within real estate, wireless telecommunications tower operator SBA Communications underperformed the index after strong outperformance earlier in the period. We believe the company is an attractive long-term investment opportunity given the tower industry's strong barriers to entry and increasing mobile carrier spending on 5G network upgrades.

In the industrials sector, technology-focused aerospace and defense company Mercury Systems faced pandemic-driven supply-side headwinds and defense budget pressures.

Other key individual detractors from the Fund's relative performance included our positions in dentistry products manufacturer Align Technology, biopharmaceutical company Reata Pharmaceuticals and software, data and analytics solutions provider Black Knight. Align Technology faced headwinds during closures of orthodontist and dentist offices during the pandemic but has since seen strong recovery with the reopening of the economy. Its shares performed strongly during the period, and our underweighting hurt relative results. The share price of Reata Pharmaceuticals declined as the company faced U.S. Food and Drug Administration hurdles for its neurological disorder treatment. Black Knight posted positive returns that underperformed the index, and our overweighted position hindered relative results.

Thank you for your continued participation in Franklin Small-Mid Cap Growth Fund. We look forward to serving your future investment needs.

John P. Scandalios, CFA  
Michael P. McCarthy, CFA

Portfolio Management Team

*The foregoing information reflects our analysis, opinions and portfolio holdings as of April 30, 2021, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.*

## Performance Summary as of April 30, 2021

The performance table 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 04/30/21<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	+68.37%	+59.11%
5-Year	+167.56%	+20.39%
10-Year	+265.08%	+13.18%
<b>Advisor</b>		
1-Year	+68.77%	+68.77%
5-Year	+170.86%	+22.05%
10-Year	+274.29%	+14.11%

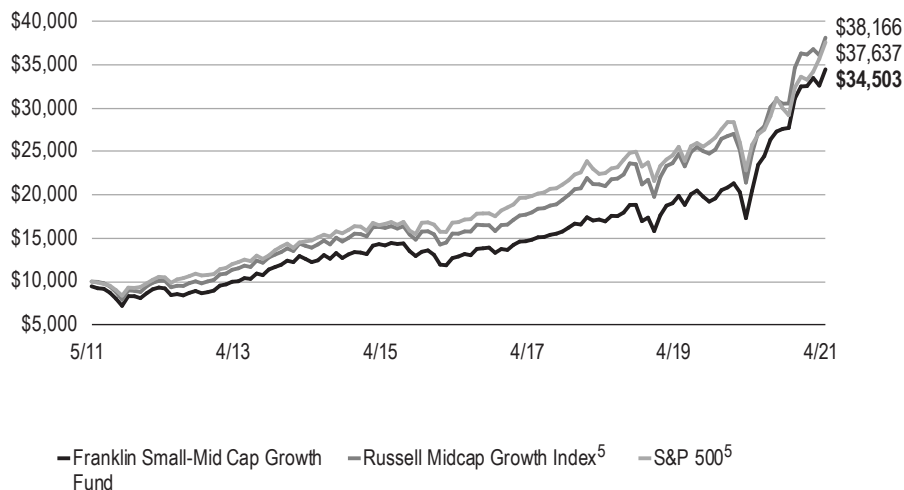
*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com)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

See page 20 for Performance Summary footnotes.

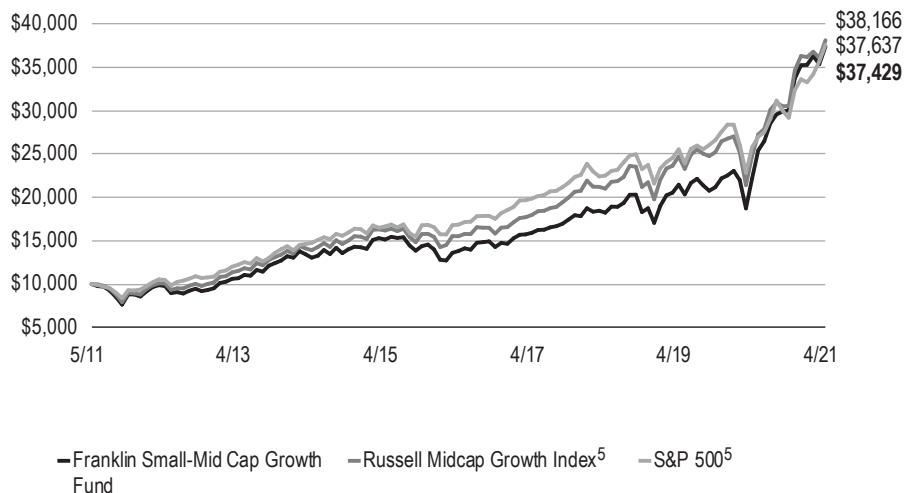
## Total Return Index Comparison for a Hypothetical \$10,000 Investment<sup>1</sup>

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 (5/1/11–4/30/21)



### Advisor Class (5/1/11–4/30/21)



See page 20 for Performance Summary footnotes.

## Distributions (5/1/20–4/30/21)

Share Class	Short-Term Capital Gain	Long-Term Capital Gain	Total
A	\$0.3626	\$3.7786	\$4.1412
C	\$0.3626	\$3.7786	\$4.1412
R	\$0.3626	\$3.7786	\$4.1412
R6	\$0.3626	\$3.7786	\$4.1412
Advisor	\$0.3626	\$3.7786	\$4.1412

## Total Annual Operating Expenses<sup>6</sup>

Share Class	With Fee Waiver	Without Fee Waiver
A	0.88%	0.89%
Advisor	0.63%	0.64%

Each class of shares is available to certain eligible investors and has different annual fees and expenses, as described in the prospectus.

All investments involve risks, including possible loss of principal. Growth stock prices reflect projections of future earnings or revenues, and can, therefore, fall dramatically if the company fails to meet those projections. Smaller, midsize and relatively new or unseasoned companies can be particularly sensitive to changing economic conditions, and their prospects for growth are less certain than those of larger, more established companies. Historically, these securities have experienced more price volatility than larger-company stocks, especially over the short term. To the extent the Fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, it may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. From time to time, the trading market for a particular security or type of security in which the Fund invests may become less liquid or even illiquid. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. The Fund's prospectus also includes a description of the main investment risks.

1. The Fund has a fee waiver associated with any investment it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 8/31/21. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.
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. Source: Morningstar. The Russell Midcap Growth Index is market capitalization weighted and measures performance of those Russell Midcap Index companies with relatively higher price-to-book ratios and higher forecasted growth values. The S&P 500 is a market capitalization-weighted index of 500 stocks designed to measure total U.S. equity market performance.
6. 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 11/1/20	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
		Ending Account Value 4/30/21	Expenses Paid During Period 11/1/20–4/30/21 <sup>1,2</sup>	Ending Account Value 4/30/21	Expenses Paid During Period 11/1/20–4/30/21 <sup>1,2</sup>	
A	\$1,000	\$1,243.79	\$4.73	\$1,020.58	\$4.26	0.85%
C	\$1,000	\$1,238.98	\$8.82	\$1,016.91	\$7.95	1.59%
R	\$1,000	\$1,242.13	\$5.93	\$1,019.51	\$5.34	1.07%
R6	\$1,000	\$1,245.84	\$2.73	\$1,022.41	\$2.46	0.49%
Advisor	\$1,000	\$1,245.20	\$3.32	\$1,021.84	\$2.99	0.60%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.

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

## Financial Highlights

### Franklin Growth Opportunities Fund

	Year Ended April 30,				
	2021	2020	2019	2018	2017
<b>Class A</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$39.60	\$39.57	\$38.58	\$34.81	\$30.40
Income from investment operations <sup>a</sup> :					
Net investment (loss) <sup>b</sup> . . . . .	(0.26)	(0.14)	(0.13)	(0.10)	(0.09)
Net realized and unrealized gains (losses) . . . . .	20.03	3.59	5.29	7.03	5.14
Total from investment operations . . . . .	19.77	3.45	5.16	6.93	5.05
Less distributions from:					
Net realized gains . . . . .	(3.12)	(3.42)	(4.17)	(3.16)	(0.64)
Net asset value, end of year . . . . .	\$56.25	\$39.60	\$39.57	\$38.58	\$34.81
Total return <sup>c</sup> . . . . .	50.64%	8.90%	15.91%	20.43%	16.88%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.91%	0.95%	0.94%	1.02%	1.05%
Expenses net of waiver and payments by affiliates <sup>d</sup> . . . . .	0.91% <sup>e</sup>	0.95% <sup>e</sup>	0.94% <sup>e</sup>	0.99%	0.97%
Net investment (loss) . . . . .	(0.51)%	(0.35)%	(0.32)%	(0.27)%	(0.30)%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$4,203,693	\$2,883,392	\$2,819,007	\$2,428,175	\$2,272,831
Portfolio turnover rate . . . . .	17.54%	19.47%	24.21%	22.68%	47.75%

<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 Growth Opportunities Fund** (continued)

	Year Ended April 30,				
	2021	2020	2019	2018	2017
<b>Class C</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$31.61	\$32.47	\$32.67	\$30.12	\$26.59
Income from investment operations <sup>a</sup> :					
Net investment (loss) <sup>b</sup> . . . . .	(0.50)	(0.35)	(0.35)	(0.33)	(0.29)
Net realized and unrealized gains (losses) . . . . .	15.88	2.91	4.32	6.04	4.46
Total from investment operations . . . . .	15.38	2.56	3.97	5.71	4.17
Less distributions from:					
Net realized gains . . . . .	(3.12)	(3.42)	(4.17)	(3.16)	(0.64)
Net asset value, end of year . . . . .	\$43.87	\$31.61	\$32.47	\$32.67	\$30.12
Total return <sup>c</sup> . . . . .	49.47%	8.10%	15.10%	19.53%	15.98%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.66%	1.70%	1.69%	1.77%	1.80%
Expenses net of waiver and payments by affiliates <sup>d</sup> . . . . .	1.66% <sup>e</sup>	1.70% <sup>e</sup>	1.69% <sup>e</sup>	1.74%	1.72%
Net investment (loss) . . . . .	(1.26)%	(1.10)%	(1.07)%	(1.02)%	(1.05)%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$278,804	\$216,757	\$244,574	\$400,295	\$390,123
Portfolio turnover rate . . . . .	17.54%	19.47%	24.21%	22.68%	47.75%

<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 Growth Opportunities Fund** (continued)

	Year Ended April 30,				
	2021	2020	2019	2018	2017
<b>Class R</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$37.32	\$37.57	\$36.93	\$33.52	\$29.37
Income from investment operations <sup>a</sup> :					
Net investment (loss) <sup>b</sup> . . . . .	(0.36)	(0.22)	(0.21)	(0.18)	(0.17)
Net realized and unrealized gains (losses) . . . . .	18.85	3.39	5.02	6.75	4.96
Total from investment operations . . . . .	18.49	3.17	4.81	6.57	4.79
Less distributions from:					
Net realized gains . . . . .	(3.12)	(3.42)	(4.17)	(3.16)	(0.64)
Net asset value, end of year . . . . .	\$52.69	\$37.32	\$37.57	\$36.93	\$33.52
Total return . . . . .	50.26%	8.64%	15.66%	20.14%	16.62%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.15%	1.20%	1.19%	1.27%	1.30%
Expenses net of waiver and payments by affiliates <sup>c</sup> . . . . .	1.15% <sup>d</sup>	1.20% <sup>d</sup>	1.19% <sup>d</sup>	1.24%	1.22%
Net investment (loss) . . . . .	(0.75)%	(0.60)%	(0.57)%	(0.52)%	(0.55)%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$40,396	\$31,060	\$37,105	\$36,582	\$50,429
Portfolio turnover rate . . . . .	17.54%	19.47%	24.21%	22.68%	47.75%

<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 Growth Opportunities Fund** (continued)

	Year Ended April 30,				
	2021	2020	2019	2018	2017
<b>Class R6</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$43.97	\$43.42	\$41.78	\$37.30	\$32.39
Income from investment operations <sup>a</sup> :					
Net investment income (loss) <sup>b</sup> . . . . .	(0.10)	0.01	0.01	0.07	0.05
Net realized and unrealized gains (losses) . . . . .	22.31	3.96	5.80	7.57	5.50
Total from investment operations . . . . .	22.21	3.97	5.81	7.64	5.55
Less distributions from:					
Net realized gains . . . . .	(3.12)	(3.42)	(4.17)	(3.16)	(0.64)
Net asset value, end of year . . . . .	\$63.06	\$43.97	\$43.42	\$41.78	\$37.30
Total return . . . . .	51.13%	9.34%	16.26%	20.98%	17.42%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.57%	0.59%	0.59%	0.58%	0.59%
Expenses net of waiver and payments by affiliates <sup>c</sup> . . . . .	0.57% <sup>d</sup>	0.59% <sup>d</sup>	0.58%	0.55%	0.51%
Net investment income (loss) . . . . .	(0.17)%	0.01%	0.04%	0.17%	0.16%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$563,918	\$383,208	\$418,174	\$369,688	\$291,825
Portfolio turnover rate . . . . .	17.54%	19.47%	24.21%	22.68%	47.75%

<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 Growth Opportunities Fund** (continued)

	Year Ended April 30,				
	2021	2020	2019	2018	2017
<b>Advisor Class</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$43.31	\$42.87	\$41.34	\$37.02	\$32.20
Income from investment operations <sup>a</sup> :					
Net investment (loss) <sup>b</sup> . . . . .	(0.14)	(0.04)	(0.03)	(0.01)	(0.02)
Net realized and unrealized gains (losses) . . . . .	21.96	3.90	5.73	7.49	5.48
Total from investment operations . . . . .	21.82	3.86	5.70	7.48	5.46
Less distributions from:					
Net realized gains . . . . .	(3.12)	(3.42)	(4.17)	(3.16)	(0.64)
Net asset value, end of year . . . . .	\$62.01	\$43.31	\$42.87	\$41.34	\$37.02
Total return . . . . .	51.01%	9.20%	16.16%	20.71%	17.21%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.66%	0.70%	0.69%	0.77%	0.80%
Expenses net of waiver and payments by affiliates <sup>c</sup> . . . . .	0.66% <sup>d</sup>	0.70% <sup>d</sup>	0.69% <sup>d</sup>	0.74%	0.72%
Net investment (loss) . . . . .	(0.26)%	(0.10)%	(0.07)%	(0.02)%	(0.05)%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$643,449	\$467,727	\$506,964	\$583,509	\$537,193
Portfolio turnover rate . . . . .	17.54%	19.47%	24.21%	22.68%	47.75%

<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%.

## Statement of Investments, April 30, 2021

## Franklin Growth Opportunities Fund

	Country	Shares	Value
<b>Common Stocks 95.2%</b>			
<b>Auto Components 0.5%</b>			
<sup>a</sup> Aptiv plc . . . . .	United States	193,320	\$27,816,815
<b>Automobiles 1.0%</b>			
<sup>a</sup> Tesla, Inc. . . . .	United States	80,258	56,938,235
<b>Beverages 1.4%</b>			
Constellation Brands, Inc., A . . . . .	United States	189,213	45,471,668
<sup>a</sup> Monster Beverage Corp. . . . .	United States	331,280	32,150,724
			77,622,392
<b>Biotechnology 2.3%</b>			
<sup>a</sup> Deciphera Pharmaceuticals, Inc. . . . .	United States	172,150	7,982,595
<sup>a</sup> Heron Therapeutics, Inc. . . . .	United States	2,090,035	36,533,812
<sup>a</sup> Iovance Biotherapeutics, Inc. . . . .	United States	268,504	8,441,766
<sup>a</sup> Novavax, Inc. . . . .	United States	252,352	59,789,759
<sup>a</sup> PTC Therapeutics, Inc. . . . .	United States	466,661	19,231,100
			131,979,032
<b>Capital Markets 7.0%</b>			
<sup>a,b,c,d</sup> Arclight Clean Transition Corp. . . . .	United States	477,500	7,563,276
<sup>a,b,c,d,e</sup> Aspirational Consumer Lifestyle Corp. . . . .	Singapore	3,500,000	35,000,000
<sup>a,b,c,d</sup> Churchill Capital Corp. IV . . . . .	United States	2,167,003	32,505,045
<sup>a</sup> Coinbase Global, Inc., A . . . . .	United States	38,300	11,399,612
<sup>a</sup> Dragoneer Growth Opportunities Corp. . . . .	United States	1,112,700	11,828,001
<sup>a,b,c,d</sup> Dragoneer Growth Opportunities Corp. II. . . . .	United States	416,700	4,167,000
Intercontinental Exchange, Inc. . . . .	United States	334,839	39,413,899
MarketAxess Holdings, Inc. . . . .	United States	85,572	41,798,499
MSCI, Inc. . . . .	United States	203,644	98,924,146
S&P Global, Inc. . . . .	United States	195,666	76,386,050
<sup>a</sup> Soaring Eagle Acquisition Corp. . . . .	United States	1,160,400	12,543,924
<sup>a,f</sup> Social Capital Hedosophia Holdings Corp. V, A . . . . .	United States	1,385,827	23,559,059
<sup>a</sup> TPG Pace Beneficial II Corp., A. . . . .	United States	662,600	6,692,260
			401,780,771
<b>Chemicals 1.3%</b>			
Ecolab, Inc. . . . .	United States	126,472	28,344,905
Linde plc. . . . .	United Kingdom	156,944	44,860,873
			73,205,778
<b>Commercial Services &amp; Supplies 0.8%</b>			
<sup>a,b,c</sup> Legalzoom.com, Inc. . . . .	United States	1,673,284	26,204,625
Republic Services, Inc. . . . .	United States	158,671	16,866,727
			43,071,352
<b>Electric Utilities 0.5%</b>			
NextEra Energy, Inc. . . . .	United States	336,418	26,075,759
<b>Entertainment 0.6%</b>			
<sup>a</sup> Walt Disney Co. (The). . . . .	United States	191,533	35,628,969
<b>Equity Real Estate Investment Trusts (REITs) 2.4%</b>			
American Tower Corp. . . . .	United States	92,470	23,558,582
SBA Communications Corp. . . . .	United States	377,164	113,043,594
			136,602,176
<b>Food Products 1.5%</b>			
<sup>a</sup> Freshpet, Inc. . . . .	United States	207,987	38,440,157
Lamb Weston Holdings, Inc. . . . .	United States	359,009	28,900,224
<sup>a</sup> Nomad Foods Ltd. . . . .	United Kingdom	724,298	21,120,530
			88,460,911

**Franklin Growth Opportunities Fund** (continued)

	Country	Shares	Value
<b>Common Stocks</b> (continued)			
<b>Health Care Equipment &amp; Supplies 6.6%</b>			
Danaher Corp. . . . .	United States	276,594	\$70,238,280
<sup>a</sup> Edwards Lifesciences Corp. . . . .	United States	556,359	53,143,412
<sup>a</sup> IDEXX Laboratories, Inc. . . . .	United States	98,571	54,114,493
<sup>a</sup> Intuitive Surgical, Inc. . . . .	United States	52,921	45,776,665
<sup>a</sup> Nevro Corp. . . . .	United States	279,993	48,385,590
West Pharmaceutical Services, Inc. . . . .	United States	319,842	105,074,494
			376,732,934
<b>Health Care Providers &amp; Services 2.3%</b>			
<sup>a</sup> Guardant Health, Inc. . . . .	United States	170,094	27,041,544
UnitedHealth Group, Inc. . . . .	United States	263,010	104,888,388
			131,929,932
<b>Health Care Technology 1.8%</b>			
<sup>a</sup> Veeva Systems, Inc., A . . . . .	United States	366,940	103,642,203
<b>Hotels, Restaurants &amp; Leisure 2.1%</b>			
<sup>a,f</sup> Airbnb, Inc., A . . . . .	United States	22,400	3,868,704
<sup>a</sup> Booking Holdings, Inc. . . . .	United States	13,169	32,475,807
<sup>a</sup> Chipotle Mexican Grill, Inc. . . . .	United States	46,523	69,413,712
Starbucks Corp. . . . .	United States	133,795	15,318,190
			121,076,413
<b>Industrial Conglomerates 1.5%</b>			
Honeywell International, Inc. . . . .	United States	161,234	35,961,632
Roper Technologies, Inc. . . . .	United States	113,478	50,661,118
			86,622,750
<b>Interactive Media &amp; Services 3.9%</b>			
<sup>a</sup> Alphabet, Inc., C . . . . .	United States	65,168	157,062,700
<sup>a</sup> Bumble, Inc., A . . . . .	United States	76,700	4,620,408
<sup>a</sup> Facebook, Inc., A . . . . .	United States	142,781	46,415,248
<sup>a</sup> ZoomInfo Technologies, Inc., A . . . . .	United States	302,278	15,676,137
			223,774,493
<b>Internet &amp; Direct Marketing Retail 9.1%</b>			
<sup>a</sup> Amazon.com, Inc. . . . .	United States	141,519	490,705,811
<sup>a,f</sup> Coupang, Inc. . . . .	South Korea	452,500	18,959,750
<sup>b,c</sup> Marqeta, Inc. . . . .	United States	1,196,245	11,524,036
			521,189,597
<b>IT Services 13.8%</b>			
<sup>a</sup> Black Knight, Inc. . . . .	United States	360,298	26,092,781
Mastercard, Inc., A . . . . .	United States	634,990	242,604,279
<sup>a</sup> Okta, Inc. . . . .	United States	96,161	25,934,622
<sup>a</sup> PayPal Holdings, Inc. . . . .	United States	439,575	115,296,127
<sup>a</sup> Shopify, Inc., A . . . . .	Canada	50,064	59,201,181
<sup>a</sup> Snowflake, Inc., A . . . . .	United States	132,704	30,732,919
<sup>a</sup> Twilio, Inc., A . . . . .	United States	295,928	108,842,318
Visa, Inc., A . . . . .	United States	784,241	183,167,328
			791,871,555
<b>Life Sciences Tools &amp; Services 1.2%</b>			
<sup>a</sup> Illumina, Inc. . . . .	United States	69,033	27,118,924
<sup>a</sup> Maravai LifeSciences Holdings, Inc., A . . . . .	United States	131,900	5,132,229
<sup>a,g</sup> Wuxi Biologics Cayman, Inc., 144A, Reg S . . . . .	China	2,794,182	39,224,154
			71,475,307

## Franklin Growth Opportunities Fund (continued)

	Country	Shares	Value
<b>Common Stocks</b> (continued)			
<b>Media 0.7%</b>			
<sup>a</sup> Liberty Broadband Corp., C. . . . .	United States	246,590	\$40,125,125
<b>Pharmaceuticals 1.7%</b>			
AstraZeneca plc, ADR. . . . .	United Kingdom	648,172	34,398,488
<sup>a</sup> Catalent, Inc. . . . .	United States	345,883	38,901,461
<sup>a</sup> Reata Pharmaceuticals, Inc., A . . . . .	United States	114,500	11,610,300
Royalty Pharma plc, A. . . . .	United States	325,046	14,302,024
			99,212,273
<b>Professional Services 3.9%</b>			
<sup>a</sup> CoStar Group, Inc. . . . .	United States	135,573	115,837,639
TransUnion . . . . .	United States	278,366	29,114,300
Verisk Analytics, Inc. . . . .	United States	418,506	78,762,829
			223,714,768
<b>Road &amp; Rail 0.9%</b>			
Union Pacific Corp. . . . .	United States	243,411	54,059,149
<b>Semiconductors &amp; Semiconductor Equipment 3.8%</b>			
Analog Devices, Inc. . . . .	United States	250,576	38,378,220
Monolithic Power Systems, Inc. . . . .	United States	178,021	64,333,229
NVIDIA Corp. . . . .	United States	187,780	112,739,357
			215,450,806
<b>Software 16.6%</b>			
<sup>a</sup> Adobe, Inc. . . . .	United States	210,947	107,232,798
<sup>a</sup> AppLovin Corp., A. . . . .	United States	175,800	10,198,158
<sup>a</sup> Atlassian Corp. plc, A . . . . .	United States	80,156	19,041,859
<sup>a</sup> Autodesk, Inc. . . . .	United States	71,892	20,985,994
<sup>a</sup> Avalara, Inc. . . . .	United States	38,000	5,384,980
<sup>a,b,c,e</sup> Avidxchange, Inc. . . . .	United States	255,039	13,792,310
<sup>a</sup> Bill.com Holdings, Inc. . . . .	United States	560,964	86,741,863
<sup>a</sup> DocuSign, Inc. . . . .	United States	138,218	30,814,321
Intuit, Inc. . . . .	United States	89,127	36,734,584
Microsoft Corp. . . . .	United States	932,532	235,165,920
<sup>a</sup> Paycom Software, Inc. . . . .	United States	66,255	25,469,085
<sup>a</sup> PTC, Inc. . . . .	United States	278,539	36,471,897
<sup>a</sup> salesforce.com, Inc. . . . .	United States	200,696	46,224,303
<sup>a</sup> ServiceNow, Inc. . . . .	United States	277,265	140,398,678
<sup>a</sup> Synopsys, Inc. . . . .	United States	171,819	42,449,602
<sup>a</sup> Tyler Technologies, Inc. . . . .	United States	71,470	30,364,744
<sup>a,f</sup> UiPath, Inc., A. . . . .	United States	60,300	4,341,600
<sup>a</sup> Workday, Inc., A . . . . .	United States	127,073	31,387,031
<sup>a</sup> Zendesk, Inc. . . . .	United States	185,645	27,132,017
			950,331,744
<b>Specialty Retail 0.3%</b>			
<sup>a</sup> Burlington Stores, Inc. . . . .	United States	51,461	16,793,268
<b>Technology Hardware, Storage &amp; Peripherals 3.7%</b>			
Apple, Inc. . . . .	United States	1,619,864	212,947,321
<b>Textiles, Apparel &amp; Luxury Goods 1.0%</b>			
<sup>a,b,c</sup> Figs, Inc. . . . .	United States	230,802	20,963,721
NIKE, Inc., B. . . . .	United States	259,006	34,349,376
			55,313,097

**Franklin Growth Opportunities Fund** (continued)

	Country	Shares	Value
<b>Common Stocks</b> (continued)			
<b>Wireless Telecommunication Services 1.0%</b>			
<sup>a</sup> T-Mobile US, Inc. ....	United States	434,596	\$57,423,169
<b>Total Common Stocks (Cost \$1,923,137,557) .....</b>			<b>5,452,868,094</b>
<b>Convertible Preferred Stocks 1.0%</b>			
<b>Internet &amp; Direct Marketing Retail 0.5%</b>			
<sup>a,b,c</sup> Fanatics, Inc., E .....	United States	920,577	24,109,411
<sup>a,b,c</sup> Fanatics, Inc., F .....	United States	109,362	3,748,614
			27,858,025
<b>Software 0.5%</b>			
<sup>a,b,c</sup> Databricks, Inc., G .....	United States	112,760	20,894,425
<sup>a,b,c</sup> OneTrust LLC, C .....	United States	517,056	10,139,623
			31,034,048
<b>Total Convertible Preferred Stocks (Cost \$49,869,857) .....</b>			<b>58,892,073</b>
<b>Preferred Stocks 4.0%</b>			
<b>Airlines 0.4%</b>			
<sup>a,b,c,e</sup> Wheels Up Partners LLC, D .....	United States	5,028,735	22,526,068
<b>Automobiles 0.9%</b>			
<sup>a,b,c</sup> Proterra, Inc., 144A, 5 .....	United States	2,362,202	30,364,751
<sup>a,b,c</sup> Proterra, Inc., 144A, 6 .....	United States	596,775	7,671,200
<sup>a,b,c</sup> Proterra, Inc., 7 .....	United States	780,667	10,035,026
<sup>a,b,c</sup> Proterra, Inc., 8 .....	United States	289,016	3,715,135
			51,786,112
<b>Commercial Services &amp; Supplies 0.2%</b>			
<sup>a,b,c,e</sup> Optoro, Inc., E .....	United States	509,182	12,164,900
<b>Food &amp; Staples Retailing 0.3%</b>			
<sup>a,b,c</sup> Sweetgreen, Inc., H .....	United States	928,488	13,901,189
<sup>a,b,c</sup> Sweetgreen, Inc., I .....	United States	100,835	1,718,144
<sup>a,b,c</sup> Sweetgreen, Inc., J .....	United States	76,670	1,306,392
			16,925,725
<b>Health Care Providers &amp; Services 0.5%</b>			
<sup>a,b,c,e</sup> Tempus Labs, Inc., F .....	United States	504,854	22,633,975
<sup>a,b,c,e</sup> Tempus Labs, Inc., G .....	United States	126,131	5,814,771
			28,448,746
<b>Internet &amp; Direct Marketing Retail 0.1%</b>			
<sup>a,b,c</sup> Marqeta, Inc., A .....	United States	181,494	1,748,424
<sup>a,b,c</sup> Marqeta, Inc., B .....	United States	19,136	184,347
			1,932,771
<b>IT Services 0.3%</b>			
<sup>a,b,c,e</sup> HashiCorp, Inc., E .....	United States	415,102	19,097,102
<b>Software 1.3%</b>			
<sup>a,b,c,e</sup> ClearMotion, Inc., C .....	United States	2,610,594	7,703,411
<sup>a,b,c,e</sup> ClearMotion, Inc., D .....	United States	3,698,772	11,706,569
<sup>a,b,c</sup> Confluent, Inc., E .....	United States	642,459	10,233,034
<sup>a,b,c</sup> Gitlab, Inc., E .....	United States	201,294	8,909,283
<sup>a,b,c,e</sup> Talkdesk, Inc., C .....	United States	1,753,060	28,638,800

## Franklin Growth Opportunities Fund (continued)

	Country	Shares	Value
<b>Preferred Stocks (continued)</b>			
<b>Software (continued)</b>			
<sup>a,b,c</sup> Tanium, Inc., G . . . . .	United States	805,800	\$9,206,398
			76,397,495
<b>Total Preferred Stocks (Cost \$141,131,271)</b> . . . . .			<b>229,278,919</b>
<b>Warrants</b>			
<b>Warrants 0.0%</b>			
<b>Food &amp; Staples Retailing 0.0%</b>			
<sup>a,b,c</sup> Sweetgreen, Inc., 1/20/26 . . . . .	United States	23,001	—
<b>Total Warrants (Cost \$—)</b> . . . . .			<b>—</b>
<b>Total Long Term Investments (Cost \$2,114,138,685)</b> . . . . .			<b>5,741,039,086</b>
<b>Short Term Investments 2.2%</b>			
	Country	Shares	Value
<b>Money Market Funds 1.3%</b>			
<sup>n,j</sup> Institutional Fiduciary Trust - Money Market Portfolio, 0.01% . . . . .	United States	74,672,064	74,672,064
<b>Total Money Market Funds (Cost \$74,672,064)</b> . . . . .			<b>74,672,064</b>
<b>Investments from Cash Collateral Received for</b>			
<b>Loaned Securities 0.9%</b>			
<b>Money Market Funds 0.9%</b>			
<sup>n,j</sup> Institutional Fiduciary Trust - Money Market Portfolio, 0.01% . . . . .	United States	50,044,540	50,044,540
<b>Total Investments from Cash Collateral Received for Loaned Securities</b>			
<b>(Cost \$50,044,540)</b> . . . . .			<b>50,044,540</b>
<b>Total Short Term Investments (Cost \$124,716,604)</b> . . . . .			<b>124,716,604</b>
<b>Total Investments (Cost \$2,238,855,289) 102.4%</b> . . . . .			<b>\$5,865,755,690</b>
<b>Other Assets, less Liabilities (2.4)%</b> . . . . .			<b>(135,495,857)</b>
<b>Net Assets 100.0%</b> . . . . .			<b>\$5,730,259,833</b>

See Abbreviations on page 86.

<sup>a</sup> Non-income producing.<sup>b</sup> Fair valued using significant unobservable inputs. See Note 11 regarding fair value measurements.<sup>c</sup> See Note 8 regarding restricted securities.<sup>d</sup> A portion or all of the security purchased on a delayed delivery basis. See Note 1(c).<sup>e</sup> See Note 9 regarding holdings of 5% voting securities.<sup>f</sup> A portion or all of the security is on loan at April 30, 2021. See Note 1(d).<sup>g</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 April 30, 2021, the aggregate value of these securities was \$39,224,154, representing 0.7% of net assets.<sup>h</sup> See Note 3(f) regarding investments in affiliated management investment companies.<sup>i</sup> The rate shown is the annualized seven-day effective yield at period end.<sup>j</sup> See Note 1(d) regarding securities on loan.



## Financial Highlights

### Franklin Small Cap Growth Fund

	Year Ended April 30,				
	2021	2020	2019	2018	2017
<b>Class A</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$18.85	\$21.46	\$23.01	\$19.60	\$16.37
Income from investment operations <sup>a</sup> :					
Net investment (loss) <sup>b</sup> . . . . .	(0.18)	(0.11)	(0.15)	(0.13)	(0.11)
Net realized and unrealized gains (losses) . . . . .	14.24	(1.07)	2.86	3.96	3.34
Total from investment operations . . . . .	14.06	(1.18)	2.71	3.83	3.23
Less distributions from:					
Net realized gains . . . . .	(2.83)	(1.43)	(4.26)	(0.42)	—
Net asset value, end of year . . . . .	\$30.08	\$18.85	\$21.46	\$23.01	\$19.60
Total return <sup>c</sup> . . . . .	76.43%	(6.25)%	16.06%	19.71%	19.73%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.03%	1.07%	1.07%	1.11%	1.10%
Expenses net of waiver and payments by affiliates <sup>d</sup> . . . . .	1.02%	1.06%	1.06%	1.10%	1.08%
Net investment (loss) . . . . .	(0.69)%	(0.51)%	(0.68)%	(0.61)%	(0.61)%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$1,244,591	\$686,791	\$713,442	\$665,251	\$719,752
Portfolio turnover rate . . . . .	47.80%	35.29%	42.10%	29.82%	29.93%

<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 Small Cap Growth Fund** (continued)

	Year Ended April 30,				
	2021	2020	2019	2018	2017
<b>Class C</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$14.69	\$17.15	\$19.41	\$16.71	\$14.07
Income from investment operations <sup>a</sup> :					
Net investment (loss) <sup>b</sup> . . . . .	(0.29)	(0.21)	(0.28)	(0.25)	(0.21)
Net realized and unrealized gains (losses) . . . . .	11.00	(0.82)	2.28	3.37	2.85
Total from investment operations . . . . .	10.71	(1.03)	2.00	3.12	2.64
Less distributions from:					
Net realized gains . . . . .	(2.83)	(1.43)	(4.26)	(0.42)	—
Net asset value, end of year . . . . .	\$22.57	\$14.69	\$17.15	\$19.41	\$16.71
Total return <sup>c</sup> . . . . .	75.13%	(6.97)%	15.31%	18.79%	18.76%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.78%	1.82%	1.82%	1.86%	1.85%
Expenses net of waiver and payments by affiliates <sup>d</sup> . . . . .	1.77%	1.81%	1.81%	1.85%	1.83%
Net investment (loss) . . . . .	(1.43)%	(1.26)%	(1.43)%	(1.36)%	(1.36)%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$86,394	\$66,269	\$90,513	\$132,116	\$142,539
Portfolio turnover rate . . . . .	47.80%	35.29%	42.10%	29.82%	29.93%

<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 Small Cap Growth Fund** (continued)

	Year Ended April 30,				
	2021	2020	2019	2018	2017
<b>Class R</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$17.58	\$20.15	\$21.93	\$18.74	\$15.70
Income from investment operations <sup>a</sup> :					
Net investment (loss) <sup>b</sup> . . . . .	(0.23)	(0.15)	(0.20)	(0.17)	(0.15)
Net realized and unrealized gains (losses) . . . . .	13.24	(0.99)	2.68	3.78	3.19
Total from investment operations . . . . .	13.01	(1.14)	2.48	3.61	3.04
Less distributions from:					
Net realized gains . . . . .	(2.83)	(1.43)	(4.26)	(0.42)	—
Net asset value, end of year . . . . .	\$27.76	\$17.58	\$20.15	\$21.93	\$18.74
Total return . . . . .	75.96%	(6.47)%	15.78%	19.37%	19.36%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.28%	1.32%	1.32%	1.36%	1.35%
Expenses net of waiver and payments by affiliates <sup>c</sup> . . . . .	1.27%	1.31%	1.31%	1.35%	1.33%
Net investment (loss) . . . . .	(0.93)%	(0.76)%	(0.93)%	(0.86)%	(0.86)%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$79,314	\$54,369	\$74,634	\$71,398	\$79,995
Portfolio turnover rate . . . . .	47.80%	35.29%	42.10%	29.82%	29.93%

<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 Small Cap Growth Fund (continued)

	Year Ended April 30,				
	2021	2020	2019	2018	2017
<b>Class R6</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$21.07	\$23.73	\$24.88	\$21.06	\$17.52
Income from investment operations <sup>a</sup> :					
Net investment (loss) <sup>b</sup> . . . . .	(0.09)	(0.02)	(0.07)	(0.03)	(0.03)
Net realized and unrealized gains (losses) . . . . .	15.99	(1.21)	3.18	4.27	3.57
Total from investment operations . . . . .	15.90	(1.23)	3.11	4.24	3.54
Less distributions from:					
Net realized gains . . . . .	(2.83)	(1.43)	(4.26)	(0.42)	—
Net asset value, end of year . . . . .	\$34.14	\$21.07	\$23.73	\$24.88	\$21.06
Total return . . . . .	77.13%	(5.86)%	16.50%	20.23%	20.21%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.65%	0.67%	0.67%	0.65%	0.63%
Expenses net of waiver and payments by affiliates <sup>c</sup> . . . . .	0.64%	0.64%	0.64%	0.63%	0.61%
Net investment (loss) . . . . .	(0.31)%	(0.09)%	(0.26)%	(0.14)%	(0.14)%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$2,149,795	\$1,136,759	\$1,084,442	\$935,509	\$858,972
Portfolio turnover rate . . . . .	47.80%	35.29%	42.10%	29.82%	29.93%

<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 Small Cap Growth Fund** (continued)

	Year Ended April 30,				
	2021	2020	2019	2018	2017
<b>Advisor Class</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$20.70	\$23.37	\$24.61	\$20.88	\$17.41
Income from investment operations <sup>a</sup> :					
Net investment (loss) <sup>b</sup> . . . . .	(0.13)	(0.06)	(0.10)	(0.08)	(0.07)
Net realized and unrealized gains (losses) . . . . .	15.69	(1.18)	3.12	4.23	3.54
Total from investment operations . . . . .	15.56	(1.24)	3.02	4.15	3.47
Less distributions from:					
Net realized gains . . . . .	(2.83)	(1.43)	(4.26)	(0.42)	—
Net asset value, end of year . . . . .	\$33.43	\$20.70	\$23.37	\$24.61	\$20.88
Total return . . . . .	76.86%	(5.99)%	16.30%	19.97%	19.93%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.78%	0.82%	0.82%	0.86%	0.85%
Expenses net of waiver and payments by affiliates <sup>c</sup> . . . . .	0.77%	0.81%	0.81%	0.85%	0.83%
Net investment (loss) . . . . .	(0.44)%	(0.26)%	(0.43)%	(0.36)%	(0.36)%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$739,985	\$428,155	\$725,622	\$713,135	\$805,661
Portfolio turnover rate . . . . .	47.80%	35.29%	42.10%	29.82%	29.93%

<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%.

## Statement of Investments, April 30, 2021

## Franklin Small Cap Growth Fund

	Country	Shares	Value
<b>Common Stocks 93.0%</b>			
<b>Aerospace &amp; Defense 2.7%</b>			
<sup>a</sup> Axon Enterprise, Inc. . . . .	United States	114,200	\$17,313,862
BWX Technologies, Inc. . . . .	United States	753,600	50,430,912
<sup>a</sup> Kratos Defense & Security Solutions, Inc. . . . .	United States	690,264	18,457,659
<sup>a</sup> Mercury Systems, Inc. . . . .	United States	401,116	30,179,968
			116,382,401
<b>Airlines 1.8%</b>			
<sup>a</sup> Allegiant Travel Co. . . . .	United States	337,748	79,617,336
<b>Banks 2.7%</b>			
Pinnacle Financial Partners, Inc. . . . .	United States	659,804	57,825,223
Western Alliance Bancorp. . . . .	United States	569,500	59,837,365
			117,662,588
<b>Biotechnology 9.8%</b>			
<sup>a,b</sup> Alector, Inc. . . . .	United States	1,110,100	21,646,950
<sup>a</sup> Arcutis Biotherapeutics, Inc. . . . .	United States	329,800	11,048,300
<sup>a</sup> Ascendis Pharma A/S, ADR . . . . .	Denmark	178,900	25,935,133
<sup>a</sup> Blueprint Medicines Corp. . . . .	United States	203,800	19,630,016
<sup>a</sup> Cullinan Oncology, Inc. . . . .	United States	241,500	7,839,090
<sup>a</sup> Deciphera Pharmaceuticals, Inc. . . . .	United States	507,400	23,528,138
<sup>a</sup> Dyne Therapeutics, Inc. . . . .	United States	377,400	7,427,232
<sup>a</sup> Emergent BioSolutions, Inc. . . . .	United States	257,068	15,676,006
<sup>a</sup> Global Blood Therapeutics, Inc. . . . .	United States	488,700	19,929,186
<sup>a</sup> Harpoon Therapeutics, Inc. . . . .	United States	493,300	11,168,312
<sup>a</sup> Heron Therapeutics, Inc. . . . .	United States	1,775,508	31,035,880
<sup>a</sup> Insmed, Inc. . . . .	United States	673,400	22,713,782
<sup>a</sup> Iovance Biotherapeutics, Inc. . . . .	United States	1,165,300	36,637,032
<sup>a</sup> KalVista Pharmaceuticals, Inc. . . . .	United States	378,900	9,461,133
<sup>a</sup> Karuna Therapeutics, Inc. . . . .	United States	88,900	9,868,789
<sup>a</sup> Kura Oncology, Inc. . . . .	United States	434,900	11,711,857
<sup>a</sup> Mirati Therapeutics, Inc. . . . .	United States	205,495	34,157,379
<sup>a</sup> PTC Therapeutics, Inc. . . . .	United States	881,000	36,306,010
<sup>a</sup> Rocket Pharmaceuticals, Inc. . . . .	United States	319,000	14,622,960
<sup>a</sup> Sutro Biopharma, Inc. . . . .	United States	956,549	19,618,820
<sup>a,b</sup> Taysha Gene Therapies, Inc. . . . .	United States	372,000	9,601,320
<sup>a,b</sup> Trillium Therapeutics, Inc. . . . .	Canada	717,900	6,827,229
<sup>a</sup> Twist Bioscience Corp. . . . .	United States	118,362	15,882,997
			422,273,551
<b>Building Products 1.0%</b>			
<sup>a</sup> Masonite International Corp. . . . .	United States	344,200	43,469,018
<b>Capital Markets 4.3%</b>			
<sup>a,c,d,e</sup> ArcLight Clean Transition Corp. . . . .	United States	336,400	5,328,348
Ares Management Corp. . . . .	United States	415,800	21,837,816
Artisan Partners Asset Management, Inc., A . . . . .	United States	266,772	13,584,030
<sup>a,c,d,e,f</sup> Aspirational Consumer Lifestyle Corp. . . . .	Singapore	2,000,000	20,000,000
Evercore, Inc., A . . . . .	United States	301,000	42,179,130
Houlihan Lokey, Inc. . . . .	United States	545,000	36,117,150
<sup>a,c,d,e</sup> Spartan Acquisition Corp. II, A . . . . .	United States	714,286	7,142,860
<sup>a,c,d,f</sup> TPG Pace Governance LLC, A . . . . .	United States	2,500,000	25,000,000
<sup>a</sup> TPG Pace Solutions Corp. . . . .	United States	1,230,000	12,484,500
			183,673,834
<b>Commercial Services &amp; Supplies 1.8%</b>			
<sup>a,b</sup> ACV Auctions, Inc., A . . . . .	United States	22,000	747,780
Healthcare Services Group, Inc. . . . .	United States	822,800	24,642,860

**Franklin Small Cap Growth Fund** (continued)

	Country	Shares	Value
<b>Common Stocks</b> (continued)			
<b>Commercial Services &amp; Supplies</b> (continued)			
<sup>a,c,d</sup> Legalzoom.com, Inc. ....	United States	1,431,280	\$22,414,698
<sup>a</sup> US Ecology, Inc. ....	United States	729,376	30,969,305
			78,774,643
<b>Communications Equipment 1.8%</b>			
<sup>a</sup> Viasat, Inc. ....	United States	807,612	41,826,225
<sup>a</sup> Viavi Solutions, Inc. ....	United States	2,253,900	36,873,804
			78,700,029
<b>Construction &amp; Engineering 2.1%</b>			
Arcosa, Inc. ....	United States	903,800	54,490,102
Granite Construction, Inc. ....	United States	951,550	36,254,055
			90,744,157
<b>Consumer Finance 0.7%</b>			
<sup>a</sup> PRA Group, Inc. ....	United States	775,900	29,235,912
<b>Diversified Consumer Services 1.2%</b>			
<sup>a</sup> Grand Canyon Education, Inc. ....	United States	460,600	49,878,374
<b>Electronic Equipment, Instruments &amp; Components 0.8%</b>			
<sup>a</sup> Vontier Corp. ....	United States	1,077,800	33,778,252
<b>Equity Real Estate Investment Trusts (REITs) 1.7%</b>			
Pebblebrook Hotel Trust ....	United States	986,200	23,550,456
Rexford Industrial Realty, Inc. ....	United States	897,100	49,833,905
			73,384,361
<b>Food &amp; Staples Retailing 1.8%</b>			
<sup>a</sup> Grocery Outlet Holding Corp. ....	United States	1,125,394	45,454,664
<sup>a</sup> Performance Food Group Co. ....	United States	582,943	34,218,754
			79,673,418
<b>Food Products 3.0%</b>			
<sup>a</sup> Freshpet, Inc. ....	United States	175,100	32,361,982
<sup>a</sup> Hostess Brands, Inc. ....	United States	937,300	14,331,317
<sup>a</sup> Nomad Foods Ltd. ....	United Kingdom	1,212,000	35,341,920
<sup>a</sup> Simply Good Foods Co. (The) ....	United States	1,385,500	47,869,025
			129,904,244
<b>Health Care Equipment &amp; Supplies 4.6%</b>			
<sup>a</sup> CryoPort, Inc. ....	United States	217,800	12,320,946
<sup>a</sup> Haemonetics Corp. ....	United States	249,600	16,788,096
<sup>a</sup> Inari Medical, Inc. ....	United States	182,400	20,846,496
<sup>a</sup> Integer Holdings Corp. ....	United States	521,400	48,949,032
<sup>a</sup> iRhythm Technologies, Inc. ....	United States	135,097	10,518,652
<sup>a</sup> Neogen Corp. ....	United States	165,466	15,886,391
<sup>a</sup> Nevro Corp. ....	United States	204,300	35,305,083
<sup>a</sup> Penumbra, Inc. ....	United States	89,700	27,447,303
<sup>a</sup> Pulmonx Corp. ....	United States	185,400	8,715,654
			196,777,653
<b>Health Care Providers &amp; Services 3.6%</b>			
<sup>a</sup> 1Life Healthcare, Inc. ....	United States	1,009,512	43,923,867
<sup>a</sup> Accolade, Inc. ....	United States	650,500	32,622,575
<sup>a</sup> HealthEquity, Inc. ....	United States	473,016	35,935,025
<sup>a,b</sup> Hims & Hers Health, Inc. ....	United States	1,652,200	20,454,236

## Franklin Small Cap Growth Fund (continued)

	Country	Shares	Value
<b>Common Stocks</b> (continued)			
<b>Health Care Providers &amp; Services</b> (continued)			
<sup>a</sup> Signify Health, Inc., A . . . . .	United States	733,756	\$20,801,983
			153,737,686
<b>Health Care Technology 3.3%</b>			
<sup>a</sup> Certara, Inc. . . . .	United States	903,200	28,730,792
<sup>a</sup> Inspire Medical Systems, Inc. . . . .	United States	278,844	66,035,836
<sup>a</sup> Phreesia, Inc. . . . .	United States	880,382	45,559,769
			140,326,397
<b>Hotels, Restaurants &amp; Leisure 3.6%</b>			
Extended Stay America, Inc. . . . .	United States	1,048,000	20,844,720
<sup>a</sup> Red Rock Resorts, Inc., A . . . . .	United States	1,243,300	45,542,079
<sup>a</sup> Texas Roadhouse, Inc. . . . .	United States	428,100	45,815,262
Wingstop, Inc. . . . .	United States	274,229	43,440,616
			155,642,677
<b>Household Durables 2.8%</b>			
<sup>a,b</sup> Cricut, Inc., A . . . . .	United States	452,000	11,978,000
<sup>a</sup> M/I Homes, Inc. . . . .	United States	976,546	68,084,787
<sup>a</sup> Tri Pointe Homes, Inc. . . . .	United States	1,670,300	39,786,546
			119,849,333
<b>Insurance 0.7%</b>			
<sup>a</sup> Selectquote, Inc. . . . .	United States	995,800	30,999,254
<b>Internet &amp; Direct Marketing Retail 0.3%</b>			
<sup>a,c,d</sup> Marqeta, Inc. . . . .	United States	1,199,415	11,554,574
<b>IT Services 4.0%</b>			
<sup>a</sup> Cantaloupe, Inc. . . . .	United States	2,469,265	25,556,893
<sup>a</sup> LiveRamp Holdings, Inc. . . . .	United States	780,400	38,223,992
<sup>a</sup> Paya Holdings, Inc., A . . . . .	United States	2,365,200	26,395,632
<sup>a</sup> Repay Holdings Corp. . . . .	United States	1,618,400	36,980,440
<sup>a</sup> Shift4 Payments, Inc., A . . . . .	United States	460,200	45,509,178
			172,666,135
<b>Life Sciences Tools &amp; Services 1.9%</b>			
<sup>a</sup> Akoya Biosciences, Inc. . . . .	United States	374,100	8,394,804
<sup>a</sup> Berkeley Lights, Inc. . . . .	United States	465,900	22,880,349
<sup>a</sup> NeoGenomics, Inc. . . . .	United States	1,017,300	49,837,527
			81,112,680
<b>Machinery 1.8%</b>			
Kennametal, Inc. . . . .	United States	1,256,200	50,448,992
<sup>a</sup> RBC Bearings, Inc. . . . .	United States	136,600	27,242,138
			77,691,130
<b>Personal Products 0.8%</b>			
<sup>a</sup> BellRing Brands, Inc., A . . . . .	United States	1,261,200	32,526,348
<b>Pharmaceuticals 1.4%</b>			
<sup>a</sup> EyePoint Pharmaceuticals, Inc. . . . .	United States	832,000	8,894,080
<sup>a</sup> Reata Pharmaceuticals, Inc., A . . . . .	United States	236,574	23,988,604
<sup>a</sup> Revance Therapeutics, Inc. . . . .	United States	971,692	28,295,671
			61,178,355
<b>Professional Services 1.6%</b>			
ManTech International Corp., A . . . . .	United States	355,610	30,351,313



**Franklin Small Cap Growth Fund** (continued)

	Country	Shares	Value
<b>Common Stocks</b> (continued)			
<b>Professional Services</b> (continued)			
Science Applications International Corp. ....	United States	413,000	\$36,930,460
			67,281,773
<b>Road &amp; Rail 0.2%</b>			
<sup>a,c,d,e</sup> New Starship Parent, Inc. ....	United States	750,000	7,500,000
<b>Semiconductors &amp; Semiconductor Equipment 6.0%</b>			
<sup>a</sup> Allegro MicroSystems, Inc. ....	Japan	1,012,700	24,993,436
<sup>a</sup> Lattice Semiconductor Corp. ....	United States	1,203,900	60,568,209
<sup>a</sup> Onto Innovation, Inc. ....	United States	857,309	58,742,813
<sup>a</sup> Semtech Corp. ....	United States	717,500	48,603,450
<sup>a</sup> Silicon Laboratories, Inc. ....	United States	203,100	28,626,945
<sup>a</sup> SiTime Corp. ....	United States	370,800	34,317,540
<sup>a</sup> SkyWater Technology, Inc. ....	United States	196,500	4,087,200
			259,939,593
<b>Software 7.4%</b>			
<sup>a,c,d</sup> Alkami Technology, Inc. ....	United States	343,750	15,494,946
<sup>a</sup> Alkami Technology, Inc. ....	United States	139,800	6,667,062
<sup>a</sup> Alteryx, Inc., A. ....	United States	230,200	18,818,850
<sup>a</sup> Avalara, Inc. ....	United States	200,546	28,419,374
<sup>a</sup> Bill.com Holdings, Inc. ....	United States	135,708	20,984,528
<sup>a,b</sup> BTRS Holdings, Inc. ....	United States	2,373,100	37,494,980
<sup>a</sup> Datto Holding Corp. ....	United States	1,349,000	34,466,950
<sup>a</sup> Duck Creek Technologies, Inc. ....	United States	450,969	18,751,291
<sup>a</sup> Envestnet, Inc. ....	United States	411,822	30,404,818
<sup>a</sup> Paylocity Holding Corp. ....	United States	204,532	39,523,764
<sup>a</sup> Privia Health Group, Inc. ....	United States	467,600	16,983,232
<sup>a</sup> Q2 Holdings, Inc. ....	United States	274,400	28,543,088
<sup>a</sup> Zendesk, Inc. ....	United States	135,314	19,776,141
			316,329,024
<b>Specialty Retail 8.1%</b>			
<sup>b</sup> American Eagle Outfitters, Inc. ....	United States	2,392,900	82,722,553
<sup>a</sup> Boot Barn Holdings, Inc. ....	United States	625,860	44,148,165
<sup>a</sup> Five Below, Inc. ....	United States	277,200	55,792,044
<sup>a</sup> Lithia Motors, Inc., A. ....	United States	140,526	54,015,384
<sup>a,b</sup> MYT Netherlands Parent BV, ADR. ....	Germany	115,900	3,473,523
<sup>a,b</sup> Petco Health & Wellness Co., Inc. ....	United States	1,779,413	42,029,735
<sup>a</sup> RH. ....	United States	43,400	29,860,068
<sup>a</sup> Urban Outfitters, Inc. ....	United States	963,827	34,601,389
			346,642,861
<b>Textiles, Apparel &amp; Luxury Goods 1.0%</b>			
Steven Madden Ltd. ....	United States	1,082,650	44,031,375
<b>Trading Companies &amp; Distributors 2.7%</b>			
<sup>a</sup> Beacon Roofing Supply, Inc. ....	United States	1,163,000	65,511,790
<sup>a</sup> Univar Solutions, Inc. ....	United States	2,179,032	50,880,397
			116,392,187
<b>Total Common Stocks (Cost \$2,467,184,360) .....</b>			<b>3,999,331,153</b>

## Franklin Small Cap Growth Fund (continued)

	Country	Shares	Value
<b>Convertible Preferred Stocks 0.4%</b>			
<b>Diversified Consumer Services 0.4%</b>			
<sup>a,c,d</sup> Newsela, Inc., D . . . . .	United States	709,046	\$14,854,244
<b>Total Convertible Preferred Stocks (Cost \$15,000,010) . . . . .</b>			<b>14,854,244</b>
<b>Preferred Stocks 3.6%</b>			
<b>Airlines 0.4%</b>			
<sup>a,c,d,f</sup> Wheels Up Partners LLC, D . . . . .	United States	4,310,344	19,308,057
<b>Auto Components 0.2%</b>			
<sup>a,c,d</sup> Tula eTechnology, Inc., . . . . .	United States	361,111	—
<sup>a,c,d</sup> Tula eTechnology, Inc., E . . . . .	United States	3,611,111	8,082,642
			8,082,642
<b>Automobiles 1.1%</b>			
<sup>a,c,d</sup> Proterra, Inc., 144A, 5 . . . . .	United States	1,787,047	22,971,463
<sup>a,c,d</sup> Proterra, Inc., 144A, 6 . . . . .	United States	1,310,834	16,850,019
<sup>a,c,d</sup> Proterra, Inc., 7 . . . . .	United States	536,367	6,894,690
			46,716,172
<b>Commercial Services &amp; Supplies 0.3%</b>			
<sup>a,c,d,f</sup> Optoro, Inc., E . . . . .	United States	508,130	12,139,766
<b>Food &amp; Staples Retailing 0.2%</b>			
<sup>a,c,d</sup> Sweetgreen, Inc., H . . . . .	United States	383,435	5,740,733
<sup>a,c,d</sup> Sweetgreen, Inc., I . . . . .	United States	41,641	709,528
<sup>a,c,d</sup> Sweetgreen, Inc., J . . . . .	United States	113,300	1,930,537
			8,380,798
<b>Software 0.6%</b>			
<sup>a,c,d,f</sup> ClearMotion, Inc., D . . . . .	United States	3,698,772	11,706,569
<sup>a,c,d</sup> Smule, Inc., 144A, G . . . . .	United States	1,542,673	9,982,051
<sup>a,c,d</sup> Smule, Inc., 144A, H . . . . .	United States	352,675	2,692,724
			24,381,344
<b>Specialty Retail 0.5%</b>			
<sup>a,c,d</sup> Rent the Runway, Inc., 144A, F . . . . .	United States	596,471	12,975,592
<sup>a,c,d</sup> Rent the Runway, Inc., G . . . . .	United States	508,787	8,950,783
			21,926,375
<b>Textiles, Apparel &amp; Luxury Goods 0.3%</b>			
<sup>a,c,d</sup> Allbirds, Inc., E . . . . .	United States	1,297,305	15,570,065
<b>Total Preferred Stocks (Cost \$118,845,199) . . . . .</b>			<b>156,505,219</b>
<b>Warrants</b>			
<b>Warrants 0.0%</b>			
<b>Food &amp; Staples Retailing 0.0%</b>			
<sup>a,c,d</sup> Sweetgreen, Inc., 1/20/26 . . . . .	United States	33,990	—
<b>Total Warrants (Cost \$—) . . . . .</b>			<b>—</b>
<b>Total Long Term Investments (Cost \$2,601,029,569) . . . . .</b>			<b>4,170,690,616</b>

**Franklin Small Cap Growth Fund** (continued)

**Short Term Investments 6.3%**

	Country	Shares	Value
<b>Money Market Funds 4.8%</b>			
<sup>g,h</sup> Institutional Fiduciary Trust - Money Market Portfolio, 0.01% . . . . .	United States	205,154,775	\$205,154,775
<b>Total Money Market Funds (Cost \$205,154,775)</b> . . . . .			<b>205,154,775</b>
<b>Investments from Cash Collateral Received for Loaned Securities 1.5%</b>			
<b>Money Market Funds 1.5%</b>			
<sup>g,h</sup> Institutional Fiduciary Trust - Money Market Portfolio, 0.01% . . . . .	United States	64,722,231	64,722,231
<b>Total Investments from Cash Collateral Received for Loaned Securities (Cost \$64,722,231)</b> . . . . .			<b>64,722,231</b>
<b>Total Short Term Investments (Cost \$269,877,006)</b> . . . . .			<b>269,877,006</b>
<b>Total Investments (Cost \$2,870,906,575) 103.3%</b> . . . . .			<b>\$4,440,567,622</b>
<b>Other Assets, less Liabilities (3.3)%</b> . . . . .			<b>(140,488,238)</b>
<b>Net Assets 100.0%</b> . . . . .			<b>\$4,300,079,384</b>

See Abbreviations on page 86.

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

<sup>b</sup>A portion or all of the security is on loan at April 30, 2021. See Note 1(d).

<sup>c</sup>Fair valued using significant unobservable inputs. See Note 11 regarding fair value measurements.

<sup>d</sup>See Note 8 regarding restricted securities.

<sup>e</sup>A portion or all of the security purchased on a delayed delivery basis. See Note 1(c).

<sup>f</sup>See Note 9 regarding holdings of 5% voting securities.

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

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

<sup>i</sup>See Note 1(d) regarding securities on loan.

## Financial Highlights

### Franklin Small-Mid Cap Growth Fund

	Year Ended April 30,				
	2021	2020	2019	2018	2017
<b>Class A</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$32.15	\$37.17	\$36.07	\$34.35	\$31.84
Income from investment operations <sup>a</sup> :					
Net investment (loss) <sup>b</sup> . . . . .	(0.24)	(0.07)	(0.09)	(0.15)	(0.11)
Net realized and unrealized gains (losses) . . . . .	21.89	1.24	5.33	4.97	4.73
Total from investment operations . . . . .	21.65	1.17	5.24	4.82	4.62
Less distributions from:					
Net realized gains . . . . .	(4.14)	(6.19)	(4.14)	(3.10)	(2.11)
Net asset value, end of year . . . . .	\$49.66	\$32.15	\$37.17	\$36.07	\$34.35
Total return <sup>c</sup> . . . . .	68.37%	2.97%	17.43%	14.28%	15.01%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.86%	0.88%	0.88%	1.02%	0.95%
Expenses net of waiver and payments by affiliates <sup>d</sup> . . . . .	0.85%	0.87%	0.87%	1.00%	0.94%
Net investment (loss) . . . . .	(0.54)%	(0.21)%	(0.25)%	(0.41)%	(0.34)%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$4,217,167	\$2,515,801	\$2,684,131	\$2,262,471	\$2,303,113
Portfolio turnover rate . . . . .	53.69%	52.98%	54.28%	38.35%	35.46%

<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 Small-Mid Cap Growth Fund** (continued)

	Year Ended April 30,				
	2021	2020	2019	2018	2017
<b>Class C</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$19.41	\$24.98	\$25.84	\$25.59	\$24.40
Income from investment operations <sup>a</sup> :					
Net investment (loss) <sup>b</sup> . . . . .	(0.33)	(0.22)	(0.26)	(0.31)	(0.27)
Net realized and unrealized gains (losses) . . . . .	13.04	0.84	3.54	3.66	3.57
Total from investment operations . . . . .	12.71	0.62	3.28	3.35	3.30
Less distributions from:					
Net realized gains . . . . .	(4.14)	(6.19)	(4.14)	(3.10)	(2.11)
Net asset value, end of year . . . . .	\$27.98	\$19.41	\$24.98	\$25.84	\$25.59
Total return <sup>c</sup> . . . . .	67.11%	2.14%	16.68%	13.39%	14.15%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.61%	1.63%	1.63%	1.77%	1.70%
Expenses net of waiver and payments by affiliates <sup>d</sup> . . . . .	1.60% <sup>e</sup>	1.62%	1.62%	1.75%	1.69%
Net investment (loss) . . . . .	(1.28)%	(0.96)%	(1.00)%	(1.16)%	(1.09)%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$198,713	\$138,940	\$173,334	\$334,769	\$371,262
Portfolio turnover rate . . . . .	53.69%	52.98%	54.28%	38.35%	35.46%

<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 Small-Mid Cap Growth Fund** (continued)

	Year Ended April 30,				
	2021	2020	2019	2018	2017
<b>Class R</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$28.45	\$33.66	\$33.15	\$31.87	\$29.75
Income from investment operations <sup>a</sup> :					
Net investment (loss) <sup>b</sup> . . . . .	(0.30)	(0.14)	(0.16)	(0.22)	(0.18)
Net realized and unrealized gains (losses) . . . . .	19.31	1.12	4.81	4.60	4.41
Total from investment operations . . . . .	19.01	0.98	4.65	4.38	4.23
Less distributions from:					
Net realized gains . . . . .	(4.14)	(6.19)	(4.14)	(3.10)	(2.11)
Net asset value, end of year . . . . .	\$43.32	\$28.45	\$33.66	\$33.15	\$31.87
Total return . . . . .	67.96%	2.69%	17.17%	14.00%	14.70%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.10%	1.12%	1.12%	1.26%	1.19%
Expenses net of waiver and payments by affiliates <sup>c</sup> . . . . .	1.09%	1.11%	1.11%	1.24%	1.18%
Net investment (loss) . . . . .	(0.78)%	(0.45)%	(0.49)%	(0.65)%	(0.58)%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$60,264	\$40,997	\$50,721	\$70,692	\$81,864
Portfolio turnover rate . . . . .	53.69%	52.98%	54.28%	38.35%	35.46%

<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 Small-Mid Cap Growth Fund** (continued)

	Year Ended April 30,				
	2021	2020	2019	2018	2017
<b>Class R6</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$37.12	\$41.83	\$39.91	\$37.51	\$34.43
Income from investment operations <sup>a</sup> :					
Net investment income (loss) <sup>b</sup> . . . . .	(0.10)	0.07	0.05	0.05	0.05
Net realized and unrealized gains (losses) . . . . .	25.36	1.41	6.01	5.45	5.14
Total from investment operations . . . . .	25.26	1.48	6.06	5.50	5.19
Less distributions from:					
Net realized gains . . . . .	(4.14)	(6.19)	(4.14)	(3.10)	(2.11)
Net asset value, end of year . . . . .	\$58.24	\$37.12	\$41.83	\$39.91	\$37.51
Total return . . . . .	68.95%	3.40%	17.82%	14.90%	15.51%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.51%	0.52%	0.52%	0.50%	0.48%
Expenses net of waiver and payments by affiliates <sup>c</sup> . . . . .	0.49%	0.48%	0.49%	0.47%	0.47%
Net investment income (loss) . . . . .	(0.19)%	0.18%	0.13%	0.12%	0.13%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$648,078	\$224,341	\$259,053	\$275,835	\$222,577
Portfolio turnover rate . . . . .	53.69%	52.98%	54.28%	38.35%	35.46%

<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 Small-Mid Cap Growth Fund** (continued)

	Year Ended April 30,				
	2021	2020	2019	2018	2017
<b>Advisor Class</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$36.30	\$41.09	\$39.33	\$37.11	\$34.15
Income from investment operations <sup>a</sup> :					
Net investment income (loss) <sup>b</sup> . . . . .	(0.14)	0.02	0.01	(0.06)	(0.03)
Net realized and unrealized gains (losses) . . . . .	24.77	1.38	5.89	5.38	5.10
Total from investment operations . . . . .	24.63	1.40	5.90	5.32	5.07
Less distributions from:					
Net realized gains . . . . .	(4.14)	(6.19)	(4.14)	(3.10)	(2.11)
Net asset value, end of year . . . . .	\$56.79	\$36.30	\$41.09	\$39.33	\$37.11
Total return . . . . .	68.77%	3.26%	17.67%	14.57%	15.28%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.61%	0.63%	0.63%	0.77%	0.70%
Expenses net of waiver and payments by affiliates <sup>c</sup> . . . . .	0.60%	0.62%	0.62%	0.75%	0.69%
Net investment income (loss) . . . . .	(0.29)%	0.04%	—% <sup>d</sup>	(0.16)%	(0.09)%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$552,987	\$302,329	\$355,141	\$520,842	\$584,840
Portfolio turnover rate . . . . .	53.69%	52.98%	54.28%	38.35%	35.46%

<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>Rounds to less than 0.01%.



## Statement of Investments, April 30, 2021

## Franklin Small-Mid Cap Growth Fund

	Country	Shares	Value
<b>Common Stocks 94.5%</b>			
<b>Aerospace &amp; Defense 1.6%</b>			
<sup>a</sup> Mercury Systems, Inc. ....	United States	575,300	\$43,285,572
<sup>a</sup> TransDigm Group, Inc. ....	United States	81,700	50,142,558
			93,428,130
<b>Airlines 0.5%</b>			
<sup>a</sup> Southwest Airlines Co. ....	United States	470,000	29,506,600
<b>Banks 0.5%</b>			
<sup>a</sup> SVB Financial Group. ....	United States	51,000	29,163,330
<b>Biotechnology 3.0%</b>			
<sup>a</sup> Deciphera Pharmaceuticals, Inc. ....	United States	440,500	20,425,985
<sup>a</sup> Global Blood Therapeutics, Inc. ....	United States	623,800	25,438,564
<sup>a</sup> Heron Therapeutics, Inc. ....	United States	1,274,000	22,269,520
<sup>a</sup> Iovance Biotherapeutics, Inc. ....	United States	913,565	28,722,484
<sup>a</sup> Mirati Therapeutics, Inc. ....	United States	74,700	12,416,634
<sup>a</sup> PTC Therapeutics, Inc. ....	United States	433,000	17,843,930
<sup>a</sup> Rocket Pharmaceuticals, Inc. ....	United States	234,300	10,740,312
<sup>a</sup> Seagen, Inc. ....	United States	241,600	34,732,416
			172,589,845
<b>Capital Markets 5.2%</b>			
<sup>a,b,c,d</sup> ArcLight Clean Transition Corp. ....	United States	463,400	7,339,942
Ares Management Corp. ....	United States	875,000	45,955,000
<sup>a,b,c,d</sup> Churchill Capital Corp. IV ....	United States	728,215	10,923,225
MarketAxess Holdings, Inc. ....	United States	117,000	57,149,820
MSCI, Inc. ....	United States	197,400	95,890,998
<sup>a</sup> Soaring Eagle Acquisition Corp. ....	United States	1,126,700	12,179,627
<sup>a,b,c,d</sup> Spartan Acquisition Corp. II, A. ....	United States	963,371	9,633,710
Tradeweb Markets, Inc., A. ....	United States	697,600	56,700,928
			295,773,250
<b>Commercial Services &amp; Supplies 1.1%</b>			
Republic Services, Inc. ....	United States	566,000	60,165,800
<b>Construction Materials 0.4%</b>			
Martin Marietta Materials, Inc. ....	United States	60,100	21,222,512
<b>Containers &amp; Packaging 1.2%</b>			
Ball Corp. ....	United States	733,700	68,703,668
<b>Electronic Equipment, Instruments &amp; Components 1.6%</b>			
Cognex Corp. ....	United States	167,900	14,459,548
<sup>a</sup> Keysight Technologies, Inc. ....	United States	516,500	74,556,775
			89,016,323
<b>Entertainment 2.5%</b>			
<sup>a</sup> Roku, Inc. ....	United States	188,978	64,813,785
<sup>a</sup> Spotify Technology SA. ....	United States	79,000	19,917,480
<sup>a</sup> Zynga, Inc., A. ....	United States	5,060,000	54,749,200
			139,480,465
<b>Equity Real Estate Investment Trusts (REITs) 2.1%</b>			
SBA Communications Corp. ....	United States	303,400	90,935,048
Terreno Realty Corp. ....	United States	449,800	29,021,096
			119,956,144
<b>Food &amp; Staples Retailing 0.5%</b>			
<sup>a</sup> Grocery Outlet Holding Corp. ....	United States	737,400	29,783,586

## Franklin Small-Mid Cap Growth Fund (continued)

	Country	Shares	Value
<b>Common Stocks</b> (continued)			
<b>Food Products 0.7%</b>			
<sup>a,e</sup> Beyond Meat, Inc. ....	United States	85,400	\$11,245,472
<sup>a</sup> Freshpet, Inc. ....	United States	160,100	29,589,682
			40,835,154
<b>Health Care Equipment &amp; Supplies 7.2%</b>			
<sup>a</sup> Align Technology, Inc. ....	United States	75,700	45,081,621
<sup>a</sup> DexCom, Inc. ....	United States	71,314	27,534,335
<sup>a</sup> IDEXX Laboratories, Inc. ....	United States	217,900	119,624,921
<sup>a</sup> Inari Medical, Inc. ....	United States	271,500	31,029,735
<sup>a</sup> Insulet Corp. ....	United States	199,900	59,014,478
<sup>a</sup> iRhythm Technologies, Inc. ....	United States	106,350	8,280,411
<sup>a</sup> Penumbra, Inc. ....	United States	151,647	46,402,466
Teleflex, Inc. ....	United States	170,600	72,075,088
			409,043,055
<b>Health Care Providers &amp; Services 1.5%</b>			
<sup>a</sup> Guardant Health, Inc. ....	United States	399,900	63,576,102
<sup>a</sup> HealthEquity, Inc. ....	United States	295,000	22,411,150
			85,987,252
<b>Health Care Technology 2.5%</b>			
<sup>a</sup> American Well Corp., A. ....	United States	833,600	12,829,104
<sup>a</sup> Certara, Inc. ....	United States	301,400	9,587,534
<sup>a</sup> Teladoc Health, Inc. ....	United States	193,841	33,408,496
<sup>a</sup> Veeva Systems, Inc., A. ....	United States	302,000	85,299,900
			141,125,034
<b>Hotels, Restaurants &amp; Leisure 3.9%</b>			
<sup>a</sup> Chipotle Mexican Grill, Inc. ....	United States	48,900	72,960,267
<sup>a</sup> DraftKings, Inc., A. ....	United States	638,455	36,174,860
<sup>a</sup> Expedia Group, Inc. ....	United States	160,400	28,267,292
<sup>a</sup> Vail Resorts, Inc. ....	United States	157,100	51,082,636
<sup>a</sup> Wynn Resorts Ltd. ....	United States	264,500	33,961,800
			222,446,855
<b>Household Durables 0.7%</b>			
<sup>a</sup> NVR, Inc. ....	United States	8,200	41,148,420
<b>Household Products 1.1%</b>			
Church & Dwight Co., Inc. ....	United States	695,700	59,649,318
<b>Interactive Media &amp; Services 2.0%</b>			
<sup>a</sup> Bumble, Inc., A. ....	United States	143,100	8,620,344
<sup>a</sup> Match Group, Inc. ....	United States	438,859	68,299,626
<sup>a</sup> Pinterest, Inc., A. ....	United States	532,300	35,328,751
			112,248,721
<b>Internet &amp; Direct Marketing Retail 1.0%</b>			
<sup>a,e</sup> ContextLogic, Inc., A. ....	United States	1,062,200	14,732,714
<sup>a,b,c</sup> Marqeta, Inc. ....	United States	1,070,236	10,310,127
<sup>a,e</sup> Wayfair, Inc., A. ....	United States	100,400	29,675,228
			54,718,069
<b>IT Services 7.9%</b>			
<sup>a</sup> BigCommerce Holdings, Inc., 1. ....	United States	517,100	30,994,974
<sup>a</sup> Black Knight, Inc. ....	United States	1,007,500	72,963,150
<sup>a</sup> GoDaddy, Inc., A. ....	United States	669,300	58,108,626
<sup>a</sup> MongoDB, Inc. ....	United States	184,800	54,970,608

**Franklin Small-Mid Cap Growth Fund (continued)**

	Country	Shares	Value
<b>Common Stocks (continued)</b>			
<b>IT Services (continued)</b>			
<sup>a,f</sup> Nuvei Corp., 144A, Reg S	Canada	199,800	\$13,942,044
<sup>a</sup> Okta, Inc.	United States	360,500	97,226,850
<sup>a</sup> Twilio, Inc., A	United States	214,000	78,709,200
<sup>a</sup> Wix.com Ltd.	Israel	125,800	39,989,304
			446,904,756
<b>Life Sciences Tools &amp; Services 4.0%</b>			
<sup>a</sup> 10X Genomics, Inc., A	United States	260,000	51,428,000
Bio-Techne Corp.	United States	169,300	72,374,057
<sup>a</sup> Maravai LifeSciences Holdings, Inc., A	United States	761,700	29,637,747
<sup>a</sup> Mettler-Toledo International, Inc.	United States	56,100	73,677,252
			227,117,056
<b>Machinery 2.1%</b>			
Fortive Corp.	United States	574,500	40,686,090
IDEX Corp.	United States	220,000	49,324,000
Stanley Black & Decker, Inc.	United States	153,300	31,697,841
			121,707,931
<b>Personal Products 0.5%</b>			
<sup>a</sup> BellRing Brands, Inc., A	United States	1,177,500	30,367,725
<b>Pharmaceuticals 1.3%</b>			
<sup>a</sup> Horizon Therapeutics plc.	United States	560,000	52,987,200
<sup>a</sup> Reata Pharmaceuticals, Inc., A	United States	211,200	21,415,680
			74,402,880
<b>Professional Services 5.8%</b>			
Booz Allen Hamilton Holding Corp.	United States	652,200	54,099,990
<sup>a</sup> CoStar Group, Inc.	United States	119,300	101,933,499
TransUnion	United States	662,900	69,332,711
Verisk Analytics, Inc.	United States	543,500	102,286,700
			327,652,900
<b>Road &amp; Rail 1.1%</b>			
<sup>a,b,c,d</sup> New Starship Parent, Inc.	United States	675,200	6,752,000
Old Dominion Freight Line, Inc.	United States	223,050	57,504,520
			64,256,520
<b>Semiconductors &amp; Semiconductor Equipment 6.1%</b>			
<sup>a</sup> Allegro MicroSystems, Inc.	Japan	983,800	24,280,184
Entegris, Inc.	United States	282,200	31,770,076
KLA Corp.	United States	239,000	75,368,650
<sup>a</sup> Lattice Semiconductor Corp.	United States	1,182,214	59,477,186
Monolithic Power Systems, Inc.	United States	126,100	45,570,018
<sup>a</sup> Semtech Corp.	United States	525,463	35,594,864
<sup>a</sup> SiTime Corp.	United States	574,114	53,134,251
<sup>a</sup> SkyWater Technology, Inc.	United States	261,600	5,441,280
<sup>a</sup> SolarEdge Technologies, Inc.	United States	50,200	13,229,708
			343,866,217
<b>Software 17.3%</b>			
<sup>a,b,c</sup> Alkami Technology, Inc.	United States	405,100	18,260,372
<sup>a</sup> Alteryx, Inc., A	United States	472,000	38,586,000
<sup>a</sup> ANSYS, Inc.	United States	255,300	93,352,998
<sup>a</sup> AppLovin Corp., A	United States	174,500	10,122,745
<sup>a</sup> Avalara, Inc.	United States	465,600	65,980,176
<sup>a</sup> Bill.com Holdings, Inc.	United States	271,133	41,925,296

## Franklin Small-Mid Cap Growth Fund (continued)

	Country	Shares	Value
<b>Common Stocks (continued)</b>			
<b>Software (continued)</b>			
<sup>a</sup> BTRS Holdings, Inc. ....	United States	1,118,700	\$17,675,460
<sup>a</sup> Cloudflare, Inc., A .....	United States	518,200	43,912,268
<sup>a</sup> Coupa Software, Inc. ....	United States	223,400	60,103,536
<sup>a</sup> DocuSign, Inc. ....	United States	463,200	103,265,808
<sup>a</sup> Duck Creek Technologies, Inc. ....	United States	331,016	13,763,645
<sup>a</sup> HubSpot, Inc. ....	United States	134,800	70,965,460
<sup>a</sup> Lightspeed POS, Inc. ....	Canada	630,700	44,029,167
<sup>a</sup> Paylocity Holding Corp. ....	United States	424,700	82,069,028
<sup>a</sup> PTC, Inc. ....	United States	255,200	33,415,888
<sup>a</sup> Q2 Holdings, Inc. ....	United States	352,000	36,615,040
<sup>a</sup> Synopsys, Inc. ....	United States	496,500	122,665,290
<sup>a</sup> Zendesk, Inc. ....	United States	574,000	83,890,100
			980,598,277
<b>Specialty Retail 4.6%</b>			
<sup>a</sup> Burlington Stores, Inc. ....	United States	224,600	73,293,718
<sup>a</sup> Five Below, Inc. ....	United States	320,700	64,547,289
<sup>a,e</sup> Petco Health & Wellness Co., Inc. ....	United States	1,264,100	29,858,042
Tractor Supply Co. ....	United States	313,100	59,050,660
<sup>a</sup> Ulta Beauty, Inc. ....	United States	108,200	35,635,670
			262,385,379
<b>Textiles, Apparel &amp; Luxury Goods 1.9%</b>			
Levi Strauss & Co., A .....	United States	1,004,600	28,992,756
<sup>a</sup> Lululemon Athletica, Inc. ....	United States	143,400	48,077,718
VF Corp. ....	United States	365,700	32,057,262
			109,127,736
<b>Trading Companies &amp; Distributors 1.1%</b>			
Fastenal Co. ....	United States	1,176,400	61,502,192
<b>Total Common Stocks (Cost \$3,249,277,065) .....</b>			<b>5,365,881,100</b>
<b>Convertible Preferred Stocks 1.1%</b>			
<b>Diversified Consumer Services 0.2%</b>			
<sup>a,b,c</sup> Newsela, Inc., D .....	United States	423,782	8,878,072
<b>Internet &amp; Direct Marketing Retail 0.4%</b>			
<sup>a,b,c</sup> Fanatics, Inc., E .....	United States	775,014	20,297,196
<sup>a,b,c</sup> Fanatics, Inc., F .....	United States	18,700	640,982
			20,938,178
<b>Software 0.5%</b>			
<sup>a,b,c</sup> Databricks, Inc., G .....	United States	75,943	14,072,235
<sup>a,b,c</sup> OneTrust LLC, C. ....	United States	767,526	15,051,415
			29,123,650
<b>Total Convertible Preferred Stocks (Cost \$51,538,519) .....</b>			<b>58,939,900</b>
<b>Preferred Stocks 0.9%</b>			
<b>Automobiles 0.3%</b>			
<sup>a,b,c</sup> Proterra, Inc., 144A, 5. ....	United States	1,416,913	18,213,603
<b>Semiconductors &amp; Semiconductor Equipment 0.2%</b>			
<sup>a,b,c,g</sup> Phononic Devices, Inc., F .....	United States	2,970,061	10,389,829
<b>Software 0.2%</b>			
<sup>a,b,c,g</sup> Blaize, Inc., D .....	United States	1,294,805	13,521,001

Franklin Small-Mid Cap Growth Fund (continued)

	Country	Shares	Value
<b>Preferred Stocks</b> (continued)			
<b>Textiles, Apparel &amp; Luxury Goods 0.2%</b>			
<sup>a,b,c</sup> Allbirds, Inc., E . . . . .	United States	772,477	\$9,271,156
<b>Total Preferred Stocks (Cost \$37,088,633)</b> . . . . .			<b>51,395,589</b>
<b>Warrants</b>			
<b>Warrants 0.0%<sup>†</sup></b>			
<b>Semiconductors &amp; Semiconductor Equipment 0.0%<sup>†</sup></b>			
<sup>a,b,c,g</sup> Phononic Devices, Inc., 12/01/29 . . . . .	United States	513,050	2,022,312
<b>Software 0.0%</b>			
<sup>a,b,c,g</sup> Blaize, Inc. Ltd., 2/28/24 . . . . .	United Kingdom	64,741	—
<b>Total Warrants (Cost \$47)</b> . . . . .			<b>2,022,312</b>
<b>Principal Amount<sup>†</sup></b>			
<b>Senior Floating Rate Interests 0.0%</b>			
<b>Semiconductors &amp; Semiconductor Equipment 0.0%<sup>†</sup></b>			
<sup>b,c,g,j</sup> Phononic, Inc., Advance Term Loan, B, 12%, PIK, 7/31/26 . . . . .	United States	114,327	101,784
D, 12%, PIK, (Prime + 12%), 12/01/25 . . . . .	United States	272,977	242,282
<sup>b,c,g</sup> Phononic, Inc., Term Loan, A, 12%, PIK, 1/17/24 . . . . .	United States	555,913	506,783
C, 12%, (Prime + 12%), 8/25/24 . . . . .	United States	110,744	98,759
			949,608
<b>Total Senior Floating Rate Interests (Cost \$1,044,561)</b> . . . . .			<b>949,608</b>
<b>Total Long Term Investments (Cost \$3,338,948,825)</b> . . . . .			<b>5,479,188,509</b>
<b>Short Term Investments 5.3%</b>			
	Country	Shares	Value
<b>Money Market Funds 3.8%</b>			
<sup>k,l</sup> Institutional Fiduciary Trust - Money Market Portfolio, 0.01% . . . . .	United States	213,329,128	213,329,128
<b>Total Money Market Funds (Cost \$213,329,128)</b> . . . . .			<b>213,329,128</b>
<b>Investments from Cash Collateral Received for Loaned Securities 1.5%</b>			
<b>Money Market Funds 1.5%</b>			
<sup>k,l</sup> Institutional Fiduciary Trust - Money Market Portfolio, 0.01% . . . . .	United States	84,881,180	84,881,180
<b>Total Investments from Cash Collateral Received for Loaned Securities (Cost \$84,881,180)</b> . . . . .			<b>84,881,180</b>
<b>Total Short Term Investments (Cost \$298,210,308)</b> . . . . .			<b>298,210,308</b>
<b>Total Investments (Cost \$3,637,159,133) 101.8%</b> . . . . .			<b>\$5,777,398,817</b>
<b>Other Assets, less Liabilities (1.8%)</b> . . . . .			<b>(100,189,248)</b>
<b>Net Assets 100.0%</b> . . . . .			<b>\$5,677,209,569</b>

See Abbreviations on page 86.

**Franklin Small-Mid Cap Growth Fund** (continued)

\*The principal amount is stated in U.S. dollars unless otherwise indicated.

†Rounds to less than 0.1% of net assets.

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

<sup>b</sup>Fair valued using significant unobservable inputs. See Note 11 regarding fair value measurements.

<sup>c</sup>See Note 8 regarding restricted securities.

<sup>d</sup>A portion or all of the security purchased on a delayed delivery basis. See Note 1(c).

<sup>e</sup>A portion or all of the security is on loan at April 30, 2021. See Note 1(d).

<sup>f</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 April 30, 2021, the aggregate value of these securities was \$13,942,044, representing 0.2% of net assets.

<sup>g</sup>See Note 9 regarding holdings of 5% voting securities.

<sup>h</sup>See Note 1(e) regarding senior floating rate interests.

<sup>i</sup>The coupon rate shown represents the rate at period end.

<sup>j</sup>Income may be received in additional securities and/or cash.

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

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

<sup>m</sup>See Note 1(d) regarding securities on loan.

## Statements of Assets and Liabilities

April 30, 2021

	Franklin Growth Opportunities Fund	Franklin Small Cap Growth Fund	Franklin Small- Mid Cap Growth Fund
<b>Assets:</b>			
Investments in securities:			
Cost - Unaffiliated issuers . . . . .	\$1,982,757,839	\$2,521,029,574	\$3,316,883,209
Cost - Non-controlled affiliates (Note 3f and 9) . . . . .	256,097,450	349,877,001	320,275,924
Value - Unaffiliated issuers (Includes securities loaned of \$47,650,572, \$61,245,827 and \$80,054,972 respectively) . . . . .	\$5,561,961,180	\$4,082,536,224	\$5,452,305,759
Value - Non-controlled affiliates (Note 3f and 9) . . . . .	303,794,510	358,031,398	325,093,058
Cash . . . . .	—	1,531,049	—
Receivables:			
Investment securities sold . . . . .	—	3,252,291	35,011,362
Capital shares sold . . . . .	2,607,161	6,629,031	12,814,472
Dividends and interest . . . . .	894,342	45,657	431,211
Total assets . . . . .	5,869,257,193	4,452,025,650	5,825,655,862
<b>Liabilities:</b>			
Payables:			
Investment securities purchased . . . . .	76,447,045	80,721,000	52,898,898
Capital shares redeemed . . . . .	8,080,442	3,528,964	6,373,097
Management fees . . . . .	2,451,787	2,070,693	2,098,480
Distribution fees . . . . .	1,090,702	353,768	1,045,662
Transfer agent fees . . . . .	793,244	504,771	960,294
Payable upon return of securities loaned (Note 1d) . . . . .	50,044,540	64,722,231	84,881,180
Accrued expenses and other liabilities . . . . .	89,600	44,839	188,682
Total liabilities . . . . .	138,997,360	151,946,266	148,446,293
Net assets, at value . . . . .	\$5,730,259,833	\$4,300,079,384	\$5,677,209,569
<b>Net assets consist of:</b>			
Paid-in capital . . . . .	\$1,849,715,418	\$2,289,397,971	\$2,983,923,649
Total distributable earnings (losses) . . . . .	3,880,544,415	2,010,681,413	2,693,285,920
Net assets, at value . . . . .	\$5,730,259,833	\$4,300,079,384	\$5,677,209,569

## Statements of Assets and Liabilities (continued)

April 30, 2021

	Franklin Growth Opportunities Fund	Franklin Small Cap Growth Fund	Franklin Small- Mid Cap Growth Fund
<b>Class A:</b>			
Net assets, at value	\$4,203,693,071	\$1,244,591,445	\$4,217,166,917
Shares outstanding	74,732,505	41,370,484	84,919,348
Net asset value per share <sup>a</sup>	\$56.25	\$30.08	\$49.66
Maximum offering price per share (net asset value per share + 94.50%)	\$59.52	\$31.83	\$52.55
<b>Class C:</b>			
Net assets, at value	\$278,803,622	\$86,393,833	\$198,712,951
Shares outstanding	6,354,942	3,828,343	7,101,202
Net asset value and maximum offering price per share <sup>a</sup>	\$43.87	\$22.57	\$27.98
<b>Class R:</b>			
Net assets, at value	\$40,396,466	\$79,313,711	\$60,264,172
Shares outstanding	766,726	2,856,788	1,391,030
Net asset value and maximum offering price per share	\$52.69	\$27.76	\$43.32
<b>Class R6:</b>			
Net assets, at value	\$563,917,891	\$2,149,795,213	\$648,078,415
Shares outstanding	8,942,974	62,962,532	11,127,473
Net asset value and maximum offering price per share	\$63.06	\$34.14	\$58.24
<b>Advisor Class:</b>			
Net assets, at value	\$643,448,783	\$739,985,182	\$552,987,114
Shares outstanding	10,376,761	22,133,053	9,737,365
Net asset value and maximum offering price per share	\$62.01	\$33.43	\$56.79

<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 April 30, 2021

	Franklin Growth Opportunities Fund	Franklin Small Cap Growth Fund	Franklin Small- Mid Cap Growth Fund
Investment income:			
Dividends: (net of foreign taxes of \$—, \$— and \$24,178, respectively)			
Unaffiliated issuers . . . . .	\$19,166,268	\$10,939,477	\$13,627,001
Non-controlled affiliates (Note 3f and 9) . . . . .	1,170	3,523	3,699
Interest:			
Unaffiliated issuers . . . . .	—	—	24,741
Non-controlled affiliates (Note 3f and 9) . . . . .	—	—	74,893
Income from securities loaned:			
Unaffiliated entities (net of fees and rebates) . . . . .	1,186,097	635,811	1,035,574
Non-controlled affiliates (Note 3f) . . . . .	759	1,035	831
Total investment income . . . . .	20,354,294	11,579,846	14,766,739
Expenses:			
Management fees (Note 3a) . . . . .	27,079,689	20,650,272	21,261,693
Distribution fees: (Note 3c)			
Class A . . . . .	9,263,726	2,496,843	8,887,113
Class C . . . . .	2,613,344	806,599	1,809,627
Class R . . . . .	185,949	357,287	266,304
Transfer agent fees: (Note 3e)			
Class A . . . . .	4,244,128	1,600,331	4,795,194
Class C . . . . .	300,441	130,372	245,622
Class R . . . . .	43,515	115,058	73,553
Class R6 . . . . .	125,285	557,169	172,407
Advisor Class . . . . .	652,839	986,479	620,707
Custodian fees (Note 4) . . . . .	44,108	52,022	37,118
Reports to shareholders . . . . .	212,447	161,373	325,504
Registration and filing fees . . . . .	187,469	146,866	214,307
Professional fees . . . . .	171,118	219,084	120,355
Trustees' fees and expenses . . . . .	61,677	40,575	54,588
Other . . . . .	104,622	70,816	87,387
Total expenses . . . . .	45,290,357	28,391,146	38,971,479
Expense reductions (Note 4) . . . . .	(13,782)	(5,942)	(230)
Expenses waived/paid by affiliates (Note 3f and 3g) . . . . .	(69,067)	(276,591)	(248,107)
Net expenses . . . . .	45,207,508	28,108,613	38,723,142
Net investment income (loss) . . . . .	(24,853,214)	(16,528,767)	(23,956,403)
Realized and unrealized gains (losses):			
Net realized gain (loss) from:			
Investments:			
Unaffiliated issuers . . . . .	562,323,992	795,665,077	979,450,918
Foreign currency transactions . . . . .	(4,438)	—	(28,985)
Net realized gain (loss) . . . . .	562,319,554	795,665,077	979,421,933
Net change in unrealized appreciation (depreciation) on:			
Investments:			
Unaffiliated issuers . . . . .	1,400,413,797	1,037,568,671	1,262,002,397
Non-controlled affiliates (Note 3f and 9) . . . . .	37,802,709	3,753,975	10,153,306
Net change in unrealized appreciation (depreciation) . . . . .	1,438,216,506	1,041,322,646	1,272,155,703
Net realized and unrealized gain (loss) . . . . .	2,000,536,060	1,836,987,723	2,251,577,636
Net increase (decrease) in net assets resulting from operations . . . . .	\$1,975,682,846	\$1,820,458,956	\$2,227,621,233

## Statements of Changes in Net Assets

	Franklin Growth Opportunities Fund		Franklin Small Cap Growth Fund	
	Year Ended April 30, 2021	Year Ended April 30, 2020	Year Ended April 30, 2021	Year Ended April 30, 2020
Increase (decrease) in net assets:				
Operations:				
Net investment income (loss) . . . . .	\$(24,853,214)	\$(12,850,118)	\$(16,528,767)	\$(7,894,136)
Net realized gain (loss) . . . . .	562,319,554	133,545,617	795,665,077	17,675,243
Net change in unrealized appreciation (depreciation) . . . . .	1,438,216,506	214,046,447	1,041,322,646	(167,481,598)
Net increase (decrease) in net assets resulting from operations.	1,975,682,846	334,741,946	1,820,458,956	(157,700,491)
Distributions to shareholders:				
Class A . . . . .	(224,148,602)	(237,578,955)	(104,691,979)	(48,340,636)
Class C . . . . .	(19,547,939)	(22,239,105)	(10,525,678)	(6,520,298)
Class R . . . . .	(2,400,189)	(2,892,923)	(8,100,192)	(4,473,797)
Class R6 . . . . .	(26,531,757)	(28,916,895)	(155,392,084)	(64,617,144)
Advisor Class . . . . .	(30,835,998)	(38,146,343)	(58,222,612)	(40,149,307)
Total distributions to shareholders . . . . .	(303,464,485)	(329,774,221)	(336,932,545)	(164,101,182)
Capital share transactions: (Note 2)				
Class A . . . . .	101,012,799	62,785,864	134,170,863	68,255,158
Class C . . . . .	(20,254,399)	(22,481,948)	(13,257,685)	(12,115,565)
Class R . . . . .	(3,158,368)	(5,745,243)	(5,585,640)	(11,347,524)
Class R6 . . . . .	17,769,683	(39,007,657)	287,293,924	198,501,453
Advisor Class . . . . .	(19,471,444)	(44,198,935)	41,589,751	(237,802,378)
Total capital share transactions . . . . .	75,898,271	(48,647,919)	444,211,213	5,491,144
Net increase (decrease) in net assets . . . . .	1,748,116,632	(43,680,194)	1,927,737,624	(316,310,529)
Net assets:				
Beginning of year . . . . .	3,982,143,201	4,025,823,395	2,372,341,760	2,688,652,289
End of year . . . . .	\$5,730,259,833	\$3,982,143,201	\$4,300,079,384	\$2,372,341,760

## Statements of Changes in Net Assets (continued)

	Franklin Small-Mid Cap Growth Fund	
	Year Ended April 30, 2021	Year Ended April 30, 2020
Increase (decrease) in net assets:		
Operations:		
Net investment income (loss) . . . . .	\$(23,956,403)	\$(6,543,509)
Net realized gain (loss) . . . . .	979,421,933	192,334,944
Net change in unrealized appreciation (depreciation) . . . . .	1,272,155,703	(99,401,303)
Net increase (decrease) in net assets resulting from operations . . . . .	2,227,621,233	86,390,132
Distributions to shareholders:		
Class A . . . . .	(322,775,473)	(425,921,425)
Class C . . . . .	(26,786,941)	(36,725,001)
Class R . . . . .	(5,438,863)	(8,320,703)
Class R6 . . . . .	(33,885,852)	(36,761,924)
Advisor Class . . . . .	(37,430,317)	(46,972,961)
Total distributions to shareholders . . . . .	(426,317,446)	(554,702,014)
Capital share transactions: (Note 2)		
Class A . . . . .	312,835,788	190,363,531
Class C . . . . .	(1,290,198)	(152,558)
Class R . . . . .	(1,603,654)	(2,601,164)
Class R6 . . . . .	275,615,792	(3,283,468)
Advisor Class . . . . .	67,940,915	(15,986,912)
Total capital share transactions . . . . .	653,498,643	168,339,429
Net increase (decrease) in net assets . . . . .	2,454,802,430	(299,972,453)
Net assets:		
Beginning of year . . . . .	3,222,407,139	3,522,379,592
End of year . . . . .	\$5,677,209,569	\$3,222,407,139

# Notes to Financial Statements

## 1. Organization and Significant Accounting Policies

Franklin Strategic Series (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of ten separate funds, three of which are included in this report (Funds) and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). The Funds offer five classes of shares: Class A, Class C, Class R, Class R6, and Advisor Class. Class C shares automatically convert to Class A shares after they have been held for 10 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.

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 Funds' administrator has responsibility for oversight of valuation, 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 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 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. Securities denominated in a foreign currency are converted into their U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the date that the values of the foreign debt securities are determined.

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, book values, 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 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

## 1. Organization and Significant Accounting Policies

(continued)

### a. Financial Instrument Valuation (continued)

question the reliability of the value of a portfolio security held by the Funds. As a result, differences may arise between the value of the Funds' portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Funds' portfolio securities to the latest indications of fair value at 4 p.m. Eastern time. At April 30, 2021, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy (referred to as "market level fair value"). See the Fair Value Measurements note for more information.

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

### b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Funds may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

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

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

### c. Securities Purchased on a Delayed Delivery Basis

Certain or all Funds purchase securities on a delayed delivery basis, with payment and delivery scheduled for a future date. These transactions are subject to market fluctuations and are subject to the risk that the value at delivery may be more or less than the trade date purchase price. Although the Funds will generally purchase these securities with the intention of holding the securities, they may sell the securities before the settlement date. Sufficient assets have been segregated for these securities and collateral has been pledged and/or received for open TBA trades.

### d. 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. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower.

**1. Organization and Significant Accounting Policies**

(continued)

**d. Securities Lending** (continued)

Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statements of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

**e. Senior Floating Rate Interests**

Certain or all Funds invest in senior secured corporate loans that pay interest at rates which are periodically reset by reference to a base lending rate plus a spread. These base lending rates are generally the prime rate offered by a designated U.S. bank or the London InterBank Offered Rate (LIBOR). Senior secured corporate loans often require prepayment of principal from excess cash flows or at the discretion of the borrower. As a result, actual maturity may be substantially less than the stated maturity. Senior secured corporate loans in which the Funds invest are generally readily marketable, but may be subject to certain restrictions on resale.

**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.

Each Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of April 30, 2021, 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. 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. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

Common expenses incurred by the Trust are allocated among the Funds based on the ratio of net assets of each Fund to the combined net assets of the Trust or based on the ratio of number of shareholders of each Fund to the combined number of shareholders of the Trust. Fund specific expenses are charged directly to the Fund that incurred the expense.

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.



## 1. Organization and Significant Accounting Policies (continued)

### 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 April 30, 2021, there were an unlimited number of shares authorized (without par value). Transactions in the Funds' shares were as follows:

	Franklin Growth Opportunities Fund		Franklin Small Cap Growth Fund	
	Shares	Amount	Shares	Amount
<b>Class A Shares:</b>				
Year ended April 30, 2021				
Shares sold <sup>a</sup> . . . . .	9,852,737	\$499,219,179	9,833,490	\$259,856,939
Shares issued in reinvestment of distributions . . . . .	4,067,652	210,907,495	3,766,883	100,952,866
Shares redeemed . . . . .	(12,009,751)	(609,113,875)	(8,666,706)	(226,638,942)
Net increase (decrease) . . . . .	1,910,638	\$101,012,799	4,933,667	\$134,170,863
Year ended April 30, 2020				
Shares sold <sup>a</sup> . . . . .	9,010,676	\$350,593,688	9,570,599	\$191,507,079
Shares issued in reinvestment of distributions . . . . .	5,700,998	220,628,503	2,179,464	46,378,986
Shares redeemed . . . . .	(13,139,219)	(508,436,327)	(8,559,848)	(169,630,907)
Net increase (decrease) . . . . .	1,572,455	\$62,785,864	3,190,215	\$68,255,158

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

	Franklin Growth Opportunities Fund		Franklin Small Cap Growth Fund	
	Shares	Amount	Shares	Amount
<b>Class C Shares:</b>				
Year ended April 30, 2021				
Shares sold	1,472,577	\$59,035,199	563,562	\$11,698,529
Shares issued in reinvestment of distributions	479,347	19,437,795	519,218	10,467,435
Shares redeemed <sup>a</sup>	(2,454,585)	(98,727,393)	(1,764,756)	(35,423,649)
Net increase (decrease)	(502,661)	\$(20,254,399)	(681,976)	\$(13,257,685)
Year ended April 30, 2020				
Shares sold	1,293,129	\$40,701,483	568,029	\$8,922,309
Shares issued in reinvestment of distributions	702,780	21,772,176	377,981	6,285,830
Shares redeemed <sup>a</sup>	(2,670,750)	(84,955,607)	(1,712,157)	(27,323,704)
Net increase (decrease)	(674,841)	\$(22,481,948)	(766,147)	\$(12,115,565)
<b>Class R Shares:</b>				
Year ended April 30, 2021				
Shares sold	171,266	\$8,043,810	717,438	\$17,477,893
Shares issued in reinvestment of distributions	49,285	2,395,755	327,026	8,093,887
Shares redeemed	(286,132)	(13,597,933)	(1,280,988)	(31,157,420)
Net increase (decrease)	(65,581)	\$(3,158,368)	(236,524)	\$(5,585,640)
Year ended April 30, 2020				
Shares sold	153,696	\$5,674,779	629,374	\$11,840,906
Shares issued in reinvestment of distributions	77,840	2,841,942	224,509	4,458,744
Shares redeemed	(386,976)	(14,261,964)	(1,464,103)	(27,647,174)
Net increase (decrease)	(155,440)	\$(5,745,243)	(610,220)	\$(11,347,524)
<b>Class R6 Shares:</b>				
Year ended April 30, 2021				
Shares sold	1,780,597	\$101,176,664	18,333,285	\$556,812,453
Shares issued in reinvestment of distributions	330,490	19,184,931	4,628,874	140,578,888
Shares redeemed	(1,883,548)	(102,591,912)	(13,948,785)	(410,097,417)
Net increase (decrease)	227,539	\$17,769,683	9,013,374	\$287,293,924
Year ended April 30, 2020				
Shares sold	1,145,175	\$48,845,021	19,214,024	\$441,200,848
Shares issued in reinvestment of distributions	497,757	21,363,741	2,403,945	57,093,695
Shares redeemed	(2,557,431)	(109,216,419)	(13,369,234)	(299,793,090)
Net increase (decrease)	(914,499)	\$(39,007,657)	8,248,735	\$198,501,453



## 2. Shares of Beneficial Interest (continued)

	Franklin Growth Opportunities Fund		Franklin Small Cap Growth Fund	
	Shares	Amount	Shares	Amount
Advisor Class Shares:				
Year ended April 30, 2021				
Shares sold . . . . .	1,388,593	\$77,802,045	8,029,152	\$230,742,875
Shares issued in reinvestment of distributions . . . . .	529,809	30,257,387	1,670,035	49,683,553
Shares redeemed . . . . .	(2,340,525)	(127,530,876)	(8,252,648)	(238,836,677)
Net increase (decrease) . . . . .	(422,123)	\$(19,471,444)	1,446,539	\$41,589,751
Year ended April 30, 2020				
Shares sold . . . . .	1,896,594	\$77,753,071	5,254,643	\$114,830,032
Shares issued in reinvestment of distributions . . . . .	881,490	37,286,998	1,514,761	35,354,523
Shares redeemed . . . . .	(3,804,471)	(159,239,004)	(17,129,278)	(387,986,933)
Net increase (decrease) . . . . .	(1,026,387)	\$(44,198,935)	(10,359,874)	\$(237,802,378)
Franklin Small-Mid Cap Growth Fund				
	Shares	Amount		
Class A Shares:				
Year ended April 30, 2021				
Shares sold <sup>a</sup> . . . . .	13,207,103	\$591,860,878		
Shares issued in reinvestment of distributions . . . . .	6,654,125	306,156,283		
Shares redeemed . . . . .	(13,188,883)	(585,181,373)		
Net increase (decrease) . . . . .	6,672,345	\$312,835,788		
Year ended April 30, 2020				
Shares sold <sup>a</sup> . . . . .	10,129,339	\$347,408,925		
Shares issued in reinvestment of distributions . . . . .	12,415,749	403,511,847		
Shares redeemed . . . . .	(16,517,051)	(560,557,241)		
Net increase (decrease) . . . . .	6,028,037	\$190,363,531		
Class C Shares:				
Year ended April 30, 2021				
Shares sold . . . . .	1,554,802	\$40,817,005		
Shares issued in reinvestment of distributions . . . . .	1,025,860	26,672,329		
Shares redeemed <sup>a</sup> . . . . .	(2,636,417)	(68,779,532)		
Net increase (decrease) . . . . .	(55,755)	\$(1,290,198)		
Year ended April 30, 2020				
Shares sold . . . . .	923,627	\$20,355,427		
Shares issued in reinvestment of distributions . . . . .	1,836,941	36,150,992		
Shares redeemed <sup>a</sup> . . . . .	(2,541,653)	(56,658,977)		
Net increase (decrease) . . . . .	218,915	\$(152,558)		

## 2. Shares of Beneficial Interest (continued)

	Franklin Small-Mid Cap Growth Fund	
	Shares	Amount
<b>Class R Shares:</b>		
Year ended April 30, 2021		
Shares sold . . . . .	395,867	\$15,543,080
Shares issued in reinvestment of distributions . . . . .	134,671	5,411,097
Shares redeemed . . . . .	(580,286)	(22,557,831)
Net increase (decrease) . . . . .	(49,748)	\$(1,603,654)
Year ended April 30, 2020		
Shares sold . . . . .	266,016	\$8,098,504
Shares issued in reinvestment of distributions . . . . .	285,909	8,231,336
Shares redeemed . . . . .	(618,220)	(18,931,004)
Net increase (decrease) . . . . .	(66,295)	\$(2,601,164)
<b>Class R6 Shares:</b>		
Year ended April 30, 2021		
Shares sold . . . . .	6,958,014	\$373,028,400
Shares issued in reinvestment of distributions . . . . .	574,433	30,956,221
Shares redeemed . . . . .	(2,449,090)	(128,368,829)
Net increase (decrease) . . . . .	5,083,357	\$275,615,792
Year ended April 30, 2020		
Shares sold . . . . .	1,909,281	\$74,347,388
Shares issued in reinvestment of distributions . . . . .	888,615	33,287,500
Shares redeemed . . . . .	(2,947,420)	(110,918,356)
Net increase (decrease) . . . . .	(149,524)	\$(3,283,468)
<b>Advisor Class Shares:</b>		
Year ended April 30, 2021		
Shares sold . . . . .	2,877,964	\$141,845,420
Shares issued in reinvestment of distributions . . . . .	683,685	35,941,325
Shares redeemed . . . . .	(2,153,257)	(109,845,830)
Net increase (decrease) . . . . .	1,408,392	\$67,940,915
Year ended April 30, 2020		
Shares sold . . . . .	1,829,927	\$68,814,106
Shares issued in reinvestment of distributions . . . . .	1,212,081	44,434,905
Shares redeemed . . . . .	(3,356,267)	(129,235,923)
Net increase (decrease) . . . . .	(314,259)	\$(15,986,912)

\*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 Templeton Distributors, Inc. (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

#### a. Management Fees

Franklin Growth Opportunities Fund pays an investment management fee to Advisers based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.700%	Up to and including \$500 million
0.600%	Over \$500 million, up to and including \$1 billion
0.550%	Over \$1 billion, up to and including \$1.5 billion
0.500%	Over \$1.5 billion, up to and including \$6.5 billion
0.475%	Over \$6.5 billion, up to and including \$11.5 billion
0.450%	Over \$11.5 billion, up to and including \$16.5 billion
0.440%	Over \$16.5 billion, up to and including \$19 billion
0.430%	Over \$19 billion, up to and including \$21.5 billion
0.420%	In excess of \$21.5 billion

Franklin Small Cap Growth Fund pays an investment management fee to Advisers based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.750%	Up to and including \$500 million
0.650%	Over \$500 million, up to and including \$1 billion
0.600%	Over \$1 billion, up to and including \$1.5 billion
0.550%	Over \$1.5 billion, up to and including \$6.5 billion
0.525%	Over \$6.5 billion, up to and including \$11.5 billion
0.500%	Over \$11.5 billion, up to and including \$16.5 billion
0.490%	Over \$16.5 billion, up to and including \$19 billion
0.480%	Over \$19 billion, up to and including \$21.5 billion
0.470%	In excess of \$21.5 billion

**3. Transactions with Affiliates** (continued)**a. Management Fees** (continued)

Franklin Small-Mid Cap Growth Fund pays an investment management fee to Advisers based on the average daily net assets of the Fund 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%	In excess of \$15 billion

For the year ended April 30, 2021, each Fund's gross effective investment management fee rate based on average daily net assets was as follows:

	Franklin Growth Opportunities Fund	Franklin Small Cap Growth Fund	Franklin Small-Mid Cap Growth Fund
Gross effective investment management fee rate. . . . .	0.534%	0.599%	0.454%

**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 Fund's 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 Growth Opportunities Fund	Franklin Small Cap Growth Fund	Franklin Small-Mid Cap Growth Fund
Reimbursement Plans:			
Class A . . . . .	0.35%	0.35%	0.25%
Compensation Plans:			
Class C . . . . .	1.00%	1.00%	1.00%
Class R . . . . .	0.50%	0.50%	0.50%

### 3. Transactions with Affiliates (continued)

#### c. Distribution Fees (continued)

For Franklin Growth Opportunities Fund and Franklin Small Cap Growth 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 Growth Opportunities Fund	Franklin Small Cap Growth Fund	Franklin Small- Mid Cap Growth Fund
Sales charges retained net of commissions paid to unaffiliated brokers/dealers . . . . .	\$506,747	\$223,149	\$545,013
CDSC retained . . . . .	\$30,346	\$12,819	\$21,825

#### e. Transfer Agent Fees

Each class of shares pays transfer agent fees to Investor Services for its performance of shareholder servicing obligations. The fees are based on an annualized asset based fee of 0.02% plus a transaction based fee. In addition, each class reimburses Investor Services for out of pocket expenses incurred and, except for Class R6, reimburses shareholder servicing fees paid to third parties. These fees are allocated daily based upon their relative proportion of such classes' aggregate net assets. Class R6 pays Investor Services transfer agent fees specific to that class.

For the year ended April 30, 2021, the Funds paid transfer agent fees as noted in the Statements of Operations of which the following amounts were retained by Investor Services:

	Franklin Growth Opportunities Fund	Franklin Small Cap Growth Fund	Franklin Small- Mid Cap Growth Fund
Transfer agent fees . . . . .	\$2,462,338	\$1,653,159	\$2,261,963

#### 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 April 30, 2021, investments in affiliated management investment companies were as follows:

**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 Growth Opportunities Fund</b>								
<b>Non-Controlled Affiliates</b>								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 0.01% . . . . .	\$47,687,960	\$793,857,593	\$(766,873,489)	\$—	\$—	\$74,672,064	74,672,064	\$1,170
<b>Non-Controlled Affiliates</b>								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 0.01% . . . . .	\$9,585,975	\$787,498,892	\$(747,040,327)	\$—	\$—	\$50,044,540	50,044,540	\$759
<b>Total Affiliated Securities</b> . . . .	<b>\$57,273,935</b>	<b>\$1,581,356,485</b>	<b>\$(1,513,913,816)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$124,716,604</b>		<b>\$1,929</b>
<b>Franklin Small Cap Growth Fund</b>								
<b>Non-Controlled Affiliates</b>								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 0.01% . . . . .	\$74,538,382	\$913,328,818	\$(782,712,425)	\$—	\$—	\$205,154,775	205,154,775	\$3,523
<b>Non-Controlled Affiliates</b>								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 0.01% . . . . .	\$34,288,350	\$693,196,342	\$(662,762,461)	—	—	\$64,722,231	64,722,231	\$1,035
<b>Total Affiliated Securities</b> . . . .	<b>\$108,826,732</b>	<b>\$1,606,525,160</b>	<b>\$(1,445,474,886)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$269,877,006</b>		<b>\$4,558</b>
<b>Franklin Small-Mid Cap Growth Fund</b>								
<b>Non-Controlled Affiliates</b>								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 0.01% . . . . .	\$52,245,134	\$1,217,058,099	\$(1,055,974,105)	\$—	\$—	\$213,329,128	213,329,128	\$3,699
<b>Non-Controlled Affiliates</b>								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 0.01% . . . . .	\$14,660,525	\$589,596,009	\$(519,375,354)	—	—	\$84,881,180	84,881,180	\$831
<b>Total Affiliated Securities</b> . . . .	<b>\$66,905,659</b>	<b>\$1,806,654,108</b>	<b>\$(1,575,349,459)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$298,210,308</b>		<b>\$4,530</b>

**g. Waiver and Expense Reimbursements**

For Franklin Growth Opportunities Fund, Franklin Small Cap Growth Fund and Franklin Small-Mid Cap Growth Fund, Investor Services has contractually agreed in advance to waive or limit its fees so that the Class R6 transfer agent fees do not exceed 0.03% based on the average net assets of the class until August 31, 2021.

### 3. Transactions with Affiliates (continued)

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

Prior to September 1, 2020, for Franklin Small Cap Growth Fund and Franklin Small-Mid Cap Growth Fund, Investor Services had contractually agreed in advance to waive or limit its fees so that the Class R6 transfer agent fees do not exceed 0.02% based on the average net assets of the class.

### 4. Expense Offset Arrangement

The Funds have entered into an arrangement with their custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Funds' custodian expenses. During the year ended April 30, 2021, the custodian fees were reduced as noted in the Statements of Operations.

### 5. Income Taxes

The tax character of distributions paid during the years ended April 30, 2021 and 2020, was as follows:

	Franklin Growth Opportunities Fund		Franklin Small Cap Growth Fund	
	2021	2020	2021	2020
Distributions paid from:				
Ordinary income . . . . .	\$29,626,465	\$—	\$73,106,432	\$22,658,947
Long term capital gain . . . . .	273,838,020	329,774,221	263,826,113	141,442,235
	<u>\$303,464,485</u>	<u>\$329,774,221</u>	<u>\$336,932,545</u>	<u>\$164,101,182</u>
	Franklin Small-Mid Cap Growth Fund			
	2021	2020		
Distributions paid from:				
Ordinary income . . . . .	\$37,327,998	\$23,014,333		
Long term capital gain . . . . .	388,989,448	531,687,681		
	<u>\$426,317,446</u>	<u>\$554,702,014</u>		

At April 30, 2021, the cost of investments, net unrealized appreciation (depreciation), undistributed ordinary income and undistributed long term capital gains for income tax purposes were as follows:

	Franklin Growth Opportunities Fund	Franklin Small Cap Growth Fund	Franklin Small-Mid Cap Growth Fund
Cost of investments . . . . .	\$2,248,565,398	\$2,875,719,529	\$3,639,030,168
Unrealized appreciation. . . . .	\$3,648,977,174	\$1,622,685,791	\$2,215,690,131
Unrealized depreciation. . . . .	(31,786,882)	(57,837,698)	(77,321,482)
Net unrealized appreciation (depreciation). . . . .	<u>\$3,617,190,292</u>	<u>\$1,564,848,093</u>	<u>\$2,138,368,649</u>
Distributable earnings:			
Undistributed ordinary income. . . . .	\$20,782,601	\$97,151,885	\$124,638,099
Undistributed long term capital gains. . . . .	242,571,532	287,696,944	422,449,037
Total distributable earnings . . . . .	<u>\$263,354,133</u>	<u>\$384,848,829</u>	<u>\$547,087,136</u>

**5. Income Taxes** (continued)

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of passive foreign investment company shares and wash sales.

The Funds utilized a tax accounting practice to treat a portion of the proceeds from capital shares redeemed as a distribution from net investment income and realized capital gains.

**6. Investment Transactions**

Purchases and sales of investments (excluding short term securities) for the year ended April 30, 2021, were as follows:

	Franklin Growth Opportunities Fund	Franklin Small Cap Growth Fund	Franklin Small-Mid Cap Growth Fund
Purchases .....	\$878,099,948	\$1,603,734,854	\$2,463,539,609
Sales .....	\$1,082,659,531	\$1,565,681,885	\$2,411,955,253

At April 30, 2021, in connection with securities lending transactions, Franklin Growth Opportunities Fund, Franklin Small Cap Growth Fund, and Franklin Small-Mid Cap Growth Fund loaned equity investments and received \$50,044,540, \$64,722,231 and \$84,881,180 of cash collateral, respectively. The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statement of Assets and Liabilities. The agreements can be terminated at any time.

**7. Novel Coronavirus Pandemic**

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Funds, their ability to buy and sell fund investments at appropriate valuations and their ability to achieve their investment objectives.

**8. Restricted Securities**

Certain or all Funds invest in securities that are restricted under the Securities Act of 1933 (1933 Act). Restricted securities are often purchased in private placement transactions, and cannot be sold without prior registration unless the sale is pursuant to an exemption under the 1933 Act. Disposal of these securities may require greater effort and expense, and prompt sale at an acceptable price may be difficult. The Funds may have registration rights for restricted securities. The issuer generally incurs all registration costs.

At April 30, 2021, investments in restricted securities, excluding securities exempt from registration under the 1933 Act, were as follows:

Shares/ Warrants	Issuer	Acquisition Date	Cost	Value
<b>Franklin Growth Opportunities Fund</b>				
477,500	ArcLight Clean Transition Corp. ....	1/28/21	\$4,775,000	\$7,563,276
3,500,000	Aspirational Consumer Lifestyle Corp. ....	2/01/21	35,000,000	35,000,000
255,039	Avidxchange, Inc. ....	7/30/20	12,499,971	13,792,310
2,167,003	Churchill Capital Corp. IV ....	2/22/21	32,505,045	32,505,045
2,610,594	ClearMotion, Inc., C ....	11/06/17	5,499,999	7,703,411
3,698,772	ClearMotion, Inc., D ....	12/21/18	10,000,000	11,706,569



## 8. Restricted Securities (continued)

Shares/ Warrants	Issuer	Acquisition Date	Cost	Value
<b>Franklin Growth Opportunities Fund (continued)</b>				
642,459	Confluent, Inc., E	4/13/20	\$9,616,776	\$10,233,034
112,760	Databricks, Inc., G	2/01/21	20,000,005	20,894,425
416,700	<sup>a</sup> Dragoneer Growth Opportunities Corp. II	2/02/21	4,167,000	4,167,000
920,577	Fanatics, Inc., E	8/13/20	15,916,776	24,109,411
109,362	Fanatics, Inc., F	3/22/21	3,813,453	3,748,614
230,802	Figs, Inc.	10/23/20	17,756,521	20,963,721
201,294	Gitlab, Inc., E	9/11/19	3,749,987	8,909,283
415,102	HashiCorp, Inc., E	3/06/20	12,004,812	19,097,102
1,673,284	Legalzoom.com Inc.	7/20/18	16,479,338	26,204,625
1,196,245	Marqeta, Inc.	8/20/20	10,353,396	11,524,036
181,494	Marqeta, Inc., A	10/09/20	2,212,159	1,748,424
19,136	Marqeta, Inc., B	10/21/20	234,416	184,347
517,056	OneTrust LLC, C	4/01/21	10,139,623	10,139,623
509,182	Optoro, Inc., E	7/24/18	10,020,702	12,164,900
2,362,202	Proterra, Inc., 144A, 5	9/21/16 - 1/13/17	11,896,616	30,364,751
596,775	Proterra, Inc., 144A, 6	6/07/17	3,306,052	7,671,200
780,667	Proterra, Inc., 7	5/21/18 - 9/18/18	5,094,960	10,035,026
289,016	Proterra, Inc., 8	8/02/19	1,996,378	3,715,135
23,001	Sweetgreen, Inc., 1/20/26	1/21/21	—	—
928,488	Sweetgreen, Inc., H	11/09/18	12,107,484	13,901,189
100,835	Sweetgreen, Inc., I	9/16/19	1,724,278	1,718,144
76,670	Sweetgreen, Inc., J	1/21/21	1,311,057	1,306,392
1,753,060	Talkdesk, Inc., C	7/15/20	11,517,955	28,638,800
805,800	Tanium, Inc., G	9/14/15	4,000,233	9,206,398
504,854	Tempus Labs, Inc., F	5/29/19	12,499,983	22,633,975
126,131	Tempus Labs, Inc., G	2/06/20	4,837,426	5,814,771
5,028,735	Wheels Up Partners LLC, D	5/16/19 - 8/02/19	17,499,998	22,526,068
<b>Total Restricted Securities (Value is 7.68% of Net Assets)</b>			<b>\$324,537,399</b>	<b>\$439,891,005</b>

Shares/ Warrants	Issuer	Acquisition Date	Cost	Value
<b>Franklin Small Cap Growth Fund</b>				
343,750	<sup>b</sup> Alkami Technology, Inc.	9/24/20	\$5,500,000	\$15,494,946
1,297,305	Allbirds, Inc., E	9/22/20	14,999,998	15,570,065
336,400	ArcLight Clean Transition Corp.	1/28/21	3,364,000	5,328,348
2,000,000	Aspirational Consumer Lifestyle Corp.	2/01/21	20,000,000	20,000,000
3,698,772	ClearMotion, Inc., D	12/21/18	10,000,000	11,706,569
1,431,280	Legalzoom.com, Inc.	7/20/18	14,095,961	22,414,698
1,199,415	Marqeta, Inc.	8/20/20	10,000,003	11,554,574
750,000	New Starship Parent, Inc.	2/02/21	7,500,000	7,500,000
709,046	Newsela, Inc., D	1/21/21	15,000,010	14,854,244
508,130	Optoro, Inc., E	7/24/18	9,999,998	12,139,766

**8. Restricted Securities** (continued)

Shares/ Warrants	Issuer	Acquisition Date	Cost	Value
<b>Franklin Small Cap Growth Fund (continued)</b>				
1,787,047	Proterra, Inc., 144A, 5	9/21/16 - 1/13/17	\$8,999,997	\$22,971,463
1,310,834	Proterra, Inc., 144A, 6	6/17/17 - 1/02/18	7,261,842	16,850,019
536,367	Proterra, Inc., 7	5/21/18	3,500,556	6,894,690
596,471	Rent the Runway, Inc., 144A, F	3/21/19	13,333,328	12,975,592
508,787	Rent the Runway, Inc., G	4/30/20 - 4/30/21	7,500,009	8,950,783
1,542,673	Smule, Inc., 144A, G	5/31/16	11,099,995	9,982,051
352,675	Smule, Inc., 144A, H	4/27/17	2,999,995	2,692,724
714,286	Spartan Acquisition Corp. II, A	1/28/21	7,142,860	7,142,860
33,990	Sweetgreen, Inc., 1/20/26	1/21/21	—	—
383,435	Sweetgreen, Inc., H	11/09/18	4,999,993	5,740,733
41,641	Sweetgreen, Inc., I	9/16/19	712,061	709,528
113,300	Sweetgreen, Inc., J	1/21/21	1,937,430	1,930,537
2,500,000	TPG Pace Governance LLC, A	1/28/21	25,000,000	25,000,000
361,111	Tula eTechnology, Inc.	11/01/18	—	—
3,611,111	Tula eTechnology, Inc., E	9/08/17	6,500,000	8,082,642
4,310,344	Wheels Up Partners LLC, D	5/16/19 - 8/02/19	14,999,997	19,308,057
<b>Total Restricted Securities</b> (Value is 6.64% of Net Assets).			<b>\$226,448,033</b>	<b>\$285,794,889</b>

Principal Amount*/ Shares/ Warrants	Issuer	Acquisition Date	Cost	Value
<b>Franklin Small-Mid Cap Growth Fund</b>				
405,100	Alkami Technology, Inc.	9/24/20	\$6,481,600	\$18,260,372
772,477	Allbirds, Inc. E	9/22/20	8,931,711	9,271,156
463,400	ArcLight Clean Transition Corp.	1/28/21	4,634,000	7,339,942
64,741	Blaize, Inc. Ltd., 2/28/24	3/01/21	—	—
1,294,805	Blaize, Inc., D	3/02/21 - 3/22/21	13,521,010	13,521,001
728,215	Churchill Capital Corp. IV	2/22/21	10,923,225	10,923,225
75,943	Databricks, Inc., G	2/01/21	13,469,850	14,072,235
775,014	Fanatics, Inc., E	8/13/20	13,399,992	20,297,196
18,700	Fanatics, Inc., F	3/22/21	652,069	640,982
1,070,236	Marqeta, Inc.	8/20/20	8,922,986	10,310,127
675,200	New Starship Parent, Inc.	2/02/21	6,752,000	6,752,000
423,782	Newsela, Inc., D	1/21/21	8,965,193	8,878,072
767,526	OneTrust LLC, C	4/01/21	15,051,415	15,051,415
513,050	Phononic Devices, Inc., 12/01/29	1/17/20 - 11/03/20	47	2,022,312
2,970,061	Phononic Devices, Inc., F	6/06/19	7,499,998	10,389,829
114,327	Phononic, Inc., Advance Term Loan, B, 12%, PIK, 7/31/26	8/25/20 - 4/01/21	111,368	101,784
272,977	Phononic, Inc., Advance Term Loan, D, 12%, PIK, 12/01/25	1/15/21 - 4/01/21	272,303	242,282
555,913	Phononic, Inc., Term Loan, A, 12%, PIK, 1/17/24	1/17/20 - 4/01/21	550,441	506,783

## 8. Restricted Securities (continued)

Principal Amount*/ Shares/ Warrants	Issuer	Acquisition Date	Cost	Value
<b>Franklin Small-Mid Cap Growth Fund (continued)</b>				
110,744	Phononic, Inc., Term Loan, C, 12%, 8/25/24	12/03/20 - 4/01/21	\$110,449	\$98,759
1,416,913	Proterra Inc., 144A, 5	9/21/16	7,135,914	18,213,603
963,371	Spartan Acquisition Corp. II, A	1/28/21	9,633,710	9,633,710
<b>Total Restricted Securities</b> (Value is 3.11% of Net Assets)			<b>\$137,019,281</b>	<b>\$176,526,785</b>

\*In U.S. dollars unless otherwise indicated.

\*The Fund also invests in unrestricted securities of the issuer, valued at \$11,828,001 as of April 30, 2021.

\*The Fund also invests in unrestricted securities of the issuer, valued at \$6,667,062 as of April 30, 2021.

## 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 April 30, 2021, 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 Growth Opportunities Fund</b>								
<b>Non-Controlled Affiliates</b>								
							Dividends	
Aspirational Consumer Lifestyle Corp. . . . .	\$—	\$35,000,000	\$—	\$—	\$—	\$35,000,000	3,500,000	\$—
Avidxchange, Inc. . . . .	—	12,499,971	—	—	1,292,339	13,792,310	255,039	—
ClearMotion, Inc., C . . .	7,675,295	—	—	—	28,116	7,703,411	2,610,594	—
ClearMotion, Inc., D . . .	11,397,363	—	—	—	309,206	11,706,569	3,698,772	—
HashiCorp, Inc., E . . . .	12,004,812	—	—	—	7,092,290	19,097,102	415,102	—
Optoro, Inc., E. . . . .	13,293,475	—	—	—	(1,128,575)	12,164,900	509,182	—
Talkdesk, Inc., C . . . . .	—	11,517,955	—	—	17,120,845	28,638,800	1,753,060	—
Tempus Labs, Inc., F . .	15,849,773	—	—	—	6,784,202	22,633,975	504,854	—
Tempus Labs, Inc., G . .	4,843,333	—	—	—	971,438	5,814,771	126,131	—
Wheels Up Partners LLC, D. . . . .	17,193,220	—	—	—	5,332,848	22,526,068	5,028,735	—
<b>Total Affiliated Securities</b> (Value is 3.1% of Net Assets) . . . . .	<b>\$82,257,271</b>	<b>\$59,017,926</b>	<b>\$—</b>	<b>\$—</b>	<b>\$37,802,709</b>	<b>\$179,077,906</b>		<b>\$—</b>

**9. Holdings of 5% Voting Securities of Portfolio 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/Principal Amount Held at End of Year	Investment Income
<b>Franklin Small Cap Growth Fund</b>								
<b>Non-Controlled Affiliates</b>								
								Dividends
Aspirational Consumer Lifestyle Corp. . . . .	\$—	\$20,000,000	\$—	\$—	\$—	\$20,000,000	2,000,000	\$—
ClearMotion, Inc., D . . .	11,397,363	—	—	—	309,206	11,706,569	3,698,772	—
Optoro, Inc., E. . . . .	13,266,009	—	—	—	(1,126,243)	12,139,766	508,130	—
TPG Pace Governance LLC, A . . . . .	—	25,000,000	—	—	—	25,000,000	2,500,000	—
Wheels Up Partners LLC, D . . . . .	14,737,045	—	—	—	4,571,012	19,308,057	4,310,344	—
<b>Total Affiliated Securities</b> (Value is 2.1% of Net Assets) . . . . .	\$39,400,417	\$45,000,000	\$—	\$—	\$3,753,975	\$88,154,392		\$—
<b>Franklin Small-Mid Cap Growth Fund</b>								
<b>Non-Controlled Affiliates</b>								
								Dividends
Blaize, Inc. Ltd., 2/28/24 . . . . .	—	—	—	—	—	—	64,741	—
Blaize, Inc., D . . . . .	—	11,267,510	—	—	2,253,491	13,521,001	1,294,805	—
Phononic Devices, Inc., 12/01/29 . . . . .	628,432	—	—	—	1,393,880	2,022,312	513,050	—
Phononic Devices, Inc., F . . . . .	3,875,755	—	—	—	6,514,074	10,389,829	2,970,061	—
								Interest
Phononic, Inc., Advance Term Loan, B, 12%, PIK, 7/31/26 . . . . .	—	111,368 <sup>a</sup>	—	—	(9,584)	101,784	114,327	7,861
Phononic, Inc., Advance Term Loan, D, 12%, PIK, 12/01/25 . . . . .	—	272,303	—	—	(30,021)	242,282	272,977	7,757
Phononic, Inc., Term Loan, A, 12%, PIK, 1/17/24 . . . . .	394,282	69,345 <sup>a</sup>	—	—	43,156	506,783	555,913	54,770
Phononic, Inc., Term Loan, C, 12%, 8/25/24 . . . . .	—	110,449 <sup>a</sup>	—	—	(11,690)	98,759	110,744	4,505
<b>Total Affiliated Securities</b> (Value is 0.5% of Net Assets) . . . . .	\$4,898,469	\$11,830,975	\$—	\$—	\$10,153,306	\$26,882,750		\$74,893

<sup>a</sup>May include accretion, amortization, partnership adjustments, and/or corporate actions.**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 4, 2022. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

## 10. Credit Facility (continued)

Under the terms of the Global Credit Facility, the Funds shall, in addition to interest charged on any borrowings made by the Funds and other costs incurred by the Funds, pay their share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon their relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statements of Operations. During the year ended April 30, 2021, the Funds did not use the Global Credit Facility.

## 11. Fair Value Measurements

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

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

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

A summary of inputs used as of April 30, 2021, in valuing the Funds' assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
<b>Franklin Growth Opportunities Fund</b>				
<b>Assets:</b>				
Investments in Securities:				
Common Stocks:				
Auto Components	\$27,816,815	\$—	\$—	\$27,816,815
Automobiles	56,938,235	—	—	56,938,235
Beverages	77,622,392	—	—	77,622,392
Biotechnology	131,979,032	—	—	131,979,032
Capital Markets	322,545,450	—	79,235,321	401,780,771
Chemicals	73,205,778	—	—	73,205,778
Commercial Services & Supplies	16,866,727	—	26,204,625	43,071,352
Electric Utilities	26,075,759	—	—	26,075,759
Entertainment	35,628,969	—	—	35,628,969
Equity Real Estate Investment Trusts (REITs)	136,602,176	—	—	136,602,176
Food Products	88,460,911	—	—	88,460,911
Health Care Equipment & Supplies	376,732,934	—	—	376,732,934
Health Care Providers & Services	131,929,932	—	—	131,929,932
Health Care Technology	103,642,203	—	—	103,642,203
Hotels, Restaurants & Leisure	121,076,413	—	—	121,076,413
Industrial Conglomerates	86,622,750	—	—	86,622,750
Interactive Media & Services	223,774,493	—	—	223,774,493
Internet & Direct Marketing Retail	509,665,561	—	11,524,036	521,189,597
IT Services	791,871,555	—	—	791,871,555
Life Sciences Tools & Services	32,251,153	39,224,154	—	71,475,307
Media	40,125,125	—	—	40,125,125
Pharmaceuticals	99,212,273	—	—	99,212,273
Professional Services	223,714,768	—	—	223,714,768
Road & Rail	54,059,149	—	—	54,059,149

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

	Level 1	Level 2	Level 3	Total
<b>Franklin Growth Opportunities Fund</b> (continued)				
<b>Assets: (continued)</b>				
Investments in Securities:				
Common Stocks:				
Semiconductors & Semiconductor Equipment . . . . .	\$215,450,806	\$—	\$—	\$215,450,806
Software . . . . .	936,539,434	—	13,792,310	950,331,744
Specialty Retail . . . . .	16,793,268	—	—	16,793,268
Technology Hardware, Storage & Peripherals . . . . .	212,947,321	—	—	212,947,321
Textiles, Apparel & Luxury Goods . . . . .	34,349,376	—	20,963,721	55,313,097
Wireless Telecommunication Services . . . . .	57,423,169	—	—	57,423,169
Convertible Preferred Stocks . . . . .	—	—	58,892,073	58,892,073
Preferred Stocks . . . . .	—	—	229,278,919	229,278,919
Warrants . . . . .	—	—	— <sup>a</sup>	—
Short Term Investments . . . . .	124,716,604	—	—	124,716,604
Total Investments in Securities . . . . .	\$5,386,640,531	\$39,224,154 <sup>b</sup>	\$439,891,005	\$5,865,755,690
<b>Franklin Small Cap Growth Fund</b>				
<b>Assets:</b>				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense . . . . .	116,382,401	—	—	116,382,401
Airlines . . . . .	79,617,336	—	—	79,617,336
Banks . . . . .	117,662,588	—	—	117,662,588
Biotechnology . . . . .	422,273,551	—	—	422,273,551
Building Products . . . . .	43,469,018	—	—	43,469,018
Capital Markets . . . . .	126,202,626	—	57,471,208	183,673,834
Commercial Services & Supplies . . . . .	56,359,945	—	22,414,698	78,774,643
Communications Equipment . . . . .	78,700,029	—	—	78,700,029
Construction & Engineering . . . . .	90,744,157	—	—	90,744,157
Consumer Finance . . . . .	29,235,912	—	—	29,235,912
Diversified Consumer Services . . . . .	49,878,374	—	—	49,878,374
Electronic Equipment, Instruments & Components . . . . .	33,778,252	—	—	33,778,252
Equity Real Estate Investment Trusts (REITs) . . . . .	73,384,361	—	—	73,384,361
Food & Staples Retailing . . . . .	79,673,418	—	—	79,673,418
Food Products . . . . .	129,904,244	—	—	129,904,244
Health Care Equipment & Supplies . . . . .	196,777,653	—	—	196,777,653
Health Care Providers & Services . . . . .	153,737,686	—	—	153,737,686
Health Care Technology . . . . .	140,326,397	—	—	140,326,397
Hotels, Restaurants & Leisure . . . . .	155,642,677	—	—	155,642,677
Household Durables . . . . .	119,849,333	—	—	119,849,333
Insurance . . . . .	30,999,254	—	—	30,999,254
Internet & Direct Marketing Retail . . . . .	—	—	11,554,574	11,554,574
IT Services . . . . .	172,666,135	—	—	172,666,135
Life Sciences Tools & Services . . . . .	81,112,680	—	—	81,112,680
Machinery . . . . .	77,691,130	—	—	77,691,130
Personal Products . . . . .	32,526,348	—	—	32,526,348
Pharmaceuticals . . . . .	61,178,355	—	—	61,178,355
Professional Services . . . . .	67,281,773	—	—	67,281,773
Road & Rail . . . . .	—	—	7,500,000	7,500,000
Semiconductors & Semiconductor Equipment . . . . .	259,939,593	—	—	259,939,593
Software . . . . .	300,834,078	—	15,494,946	316,329,024
Specialty Retail . . . . .	346,642,861	—	—	346,642,861
Textiles, Apparel & Luxury Goods . . . . .	44,031,375	—	—	44,031,375

## 11. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
<b>Franklin Small Cap Growth Fund (continued)</b>				
<b>Assets: (continued)</b>				
Investments in Securities:				
Common Stocks:				
Trading Companies & Distributors . . . . .	\$116,392,187	\$—	\$—	\$116,392,187
Convertible Preferred Stocks . . . . .	—	—	14,854,244	14,854,244
Preferred Stocks . . . . .	—	—	156,505,219 <sup>a</sup>	156,505,219
Warrants . . . . .	—	—	— <sup>a</sup>	—
Short Term Investments . . . . .	269,877,006	—	—	269,877,006
Total Investments in Securities . . . . .	\$4,154,772,733	\$—	\$285,794,889	\$4,440,567,622
<b>Franklin Small-Mid Cap Growth Fund</b>				
<b>Assets:</b>				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense . . . . .	93,428,130	—	—	93,428,130
Airlines . . . . .	29,506,600	—	—	29,506,600
Banks . . . . .	29,163,330	—	—	29,163,330
Biotechnology . . . . .	172,589,845	—	—	172,589,845
Capital Markets . . . . .	267,876,373	—	27,896,877	295,773,250
Commercial Services & Supplies . . . . .	60,165,800	—	—	60,165,800
Construction Materials . . . . .	21,222,512	—	—	21,222,512
Containers & Packaging . . . . .	68,703,668	—	—	68,703,668
Electronic Equipment, Instruments & Components . . . . .	89,016,323	—	—	89,016,323
Entertainment . . . . .	139,480,465	—	—	139,480,465
Equity Real Estate Investment Trusts (REITs) . . . . .	119,956,144	—	—	119,956,144
Food & Staples Retailing . . . . .	29,783,586	—	—	29,783,586
Food Products . . . . .	40,835,154	—	—	40,835,154
Health Care Equipment & Supplies . . . . .	409,043,055	—	—	409,043,055
Health Care Providers & Services . . . . .	85,987,252	—	—	85,987,252
Health Care Technology . . . . .	141,125,034	—	—	141,125,034
Hotels, Restaurants & Leisure . . . . .	222,446,855	—	—	222,446,855
Household Durables . . . . .	41,148,420	—	—	41,148,420
Household Products . . . . .	59,649,318	—	—	59,649,318
Interactive Media & Services . . . . .	112,248,721	—	—	112,248,721
Internet & Direct Marketing Retail . . . . .	44,407,942	—	10,310,127	54,718,069
IT Services . . . . .	446,904,756	—	—	446,904,756
Life Sciences Tools & Services . . . . .	227,117,056	—	—	227,117,056
Machinery . . . . .	121,707,931	—	—	121,707,931
Personal Products . . . . .	30,367,725	—	—	30,367,725
Pharmaceuticals . . . . .	74,402,880	—	—	74,402,880
Professional Services . . . . .	327,652,900	—	—	327,652,900
Road & Rail . . . . .	57,504,520	—	6,752,000	64,256,520
Semiconductors & Semiconductor Equipment . . . . .	343,866,217	—	—	343,866,217
Software . . . . .	962,337,905	—	18,260,372	980,598,277
Specialty Retail . . . . .	262,385,379	—	—	262,385,379
Textiles, Apparel & Luxury Goods . . . . .	109,127,736	—	—	109,127,736
Trading Companies & Distributors . . . . .	61,502,192	—	—	61,502,192
Convertible Preferred Stocks . . . . .	—	—	58,939,900	58,939,900
Preferred Stocks . . . . .	—	—	51,395,589	51,395,589
Warrants . . . . .	—	—	2,022,312 <sup>a</sup>	2,022,312
Senior Floating Rate Interests . . . . .	—	—	949,608	949,608
Short Term Investments . . . . .	298,210,308	—	—	298,210,308
Total Investments in Securities . . . . .	\$5,600,872,032	\$—	\$176,526,785	\$5,777,398,817

<sup>a</sup>Includes securities determined to have no value at April 30, 2021.

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

<sup>b</sup>Includes foreign securities valued at \$39,224,154, 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.

A reconciliation in which Level 3 inputs are used in determining fair value is presented when there are significant Level 3 assets and/or liabilities at the beginning and/or end of the year. At April 30, 2021, the reconciliation is as follows:

	Balance at Beginning of Year	Purchases <sup>a</sup>	Sales <sup>b</sup>	Transfer Into Level 3	Transfer Out of Level 3 <sup>c</sup>	Net accretion (amortiza- tion)	Net Realized Gain (Loss)	Net Unrealized Appreciation (Depreciation)	Balance at End of Year	Net Change in Unrealized Appreciation (Depreciation) on Assets Held at Year End
<b>Franklin Growth Opportunities Fund</b>										
<b>Assets:</b>										
Investments in Securities:										
Common Stocks:										
Capital Markets . . . . .	\$—	\$76,447,045	\$—	\$—	\$—	\$—	\$—	\$2,788,276	\$79,235,321	\$2,788,276
Commercial Services & Supplies . . . . .	20,046,660	—	—	—	—	—	—	6,157,965	26,204,625	6,157,965
Internet & Direct Marketing Retail . . .	—	10,353,396	—	—	—	—	—	1,170,640	11,524,036	1,170,640
Software . . . . .	43,653,245	12,499,971	—	—	(52,300,561)	—	—	9,939,655	13,792,310	1,292,339
Textiles, Apparel & Luxury Goods . . . .	—	17,756,521	—	—	—	—	—	3,207,200	20,963,721	3,207,200
Convertible Preferred Stocks:										
Internet & Direct Marketing Retail . . .	—	19,730,229	—	—	—	—	—	8,127,796	27,858,025	8,127,796
Software . . . . .	—	30,139,628	—	—	—	—	—	894,420	31,034,048	894,420
Preferred Stocks:										
Airlines . . . . .	17,193,220	—	—	—	—	—	—	5,332,848	22,526,068	5,332,848
Automobiles . . . . .	33,649,056	—	—	—	—	—	—	18,137,056	51,786,112	18,137,056
Commercial Services & Supplies . . . . .	13,293,475	—	—	—	—	—	—	(1,128,575)	12,164,900	(1,128,575)
Food & Staples Retailing	15,056,118	1,311,057	—	—	—	—	—	558,550	16,925,725	558,550
Health Care Providers & Services . . . . .	20,693,106	—	—	—	—	—	—	7,755,640	28,448,746	7,755,640
Internet & Direct Marketing Retail . . .	—	2,446,575	—	—	—	—	—	(513,804)	1,932,771	(513,804)
IT Services . . . . .	12,004,812	—	—	—	—	—	—	7,092,290	19,097,102	7,092,290
Software . . . . .	38,260,725	11,517,954	—	—	—	—	—	26,618,816	76,397,495	26,618,816
Warrants:										
Food & Staples Retailing	—	— <sup>d</sup>	—	—	—	—	—	—	— <sup>d</sup>	—
Total Investments in Securities.	\$213,850,417	\$182,202,376	\$—	\$—	\$(52,300,561)	\$—	\$—	\$96,138,773	\$439,891,005	\$87,491,457

**Franklin Small Cap Growth Fund****Assets:**

## Investments in Securities:

## Common Stocks:

Capital Markets . . . . .	—	55,506,860	—	—	—	—	—	1,964,348	57,471,208	1,964,348
Commercial Services & Supplies . . . . .	17,147,349	—	—	—	—	—	—	5,267,349	22,414,698	5,267,349
Hotels, Restaurants & Leisure . . . . .	60,602,791	—	(74,522,452)	—	—	—	47,970,632	(34,050,971)	—	—
Internet & Direct Marketing Retail . . .	—	10,000,003	—	—	—	—	—	1,554,571	11,554,574	1,554,571
Road & Rail . . . . .	—	7,500,000	—	—	—	—	—	—	7,500,000	—
Software . . . . .	—	5,500,000	—	—	—	—	—	9,994,946	15,494,946	9,994,946



## 11. Fair Value Measurements (continued)

	Balance at Beginning of Year	Purchases <sup>a</sup>	Sales <sup>b</sup>	Transfer Into Level 3	Transfer Out of Level 3 <sup>c</sup>	Net accretion (amortiza- tion)	Net Realized Gain (Loss)	Net Unrealized Appreciation (Depreciation)	Balance at End of Year	Net Change in Unrealized Appreciation (Depreciation) on Assets Held at Year End
<b>Franklin Small Cap Growth Fund (continued)</b>										
<b>Assets:</b>										
Investments in Securities:										
Convertible Preferred										
Stocks:										
Diversified Consumer										
Services . . . . .	\$—	\$15,000,010	\$—	\$—	\$—	\$—	\$—	\$(145,766)	\$14,854,244	\$(145,766)
Preferred Stocks:										
Airlines . . . . .	14,737,045	—	—	—	—	—	—	4,571,012	19,308,057	4,571,012
Auto Components . . . . .	7,165,798	—	—	—	—	—	—	916,844	8,082,642	916,844
Automobiles . . . . .	30,354,762	—	—	—	—	—	—	16,361,410	46,716,172	16,361,410
Commercial Services &										
Supplies . . . . .	13,266,009	—	—	—	—	—	—	(1,126,243)	12,139,766	(1,126,243)
Food & Staples Retailing	6,217,673	1,937,430	—	—	—	—	—	225,695	8,380,798	225,695
Software . . . . .	23,409,805	—	—	—	—	—	—	971,539	24,381,344	971,539
Specialty Retail . . . . .	14,399,688	4,500,002	—	—	—	—	—	3,026,685	21,926,375	3,026,685
Textiles, Apparel &										
Luxury Goods . . . . .	—	14,999,998	—	—	—	—	—	570,067	15,570,065	570,067
Warrants:										
Food & Staples Retailing	—	— <sup>d</sup>	—	—	—	—	—	—	— <sup>d</sup>	—
Hotels, Restaurants &										
Leisure . . . . .	637,467	—	—	—	—	—	—	(637,467)	—	—
Escrows and Litigation										
Trusts . . . . .	— <sup>d</sup>	—	— <sup>d</sup>	—	—	—	—	—	—	—
Total Investments in Securities.	\$187,938,387	\$114,944,303	\$(74,522,452)	\$—	\$—	\$—	\$47,970,632	\$9,464,019	\$285,794,889	\$44,152,457

## Franklin Small-Mid Cap Growth Fund

<b>Assets:</b>										
Investments in Securities:										
Common Stocks:										
Capital Markets . . . . .	—	25,190,935	—	—	—	—	—	2,705,942	27,896,877	2,705,942
Hotels, Restaurants &										
Leisure . . . . .	48,788,058	—	(42,128,919)	—	—	—	20,809,223	(27,468,362)	—	—
Internet & Direct										
Marketing Retail . . . . .	—	8,922,986	—	—	—	—	—	1,387,141	10,310,127	1,387,141
Road & Rail . . . . .	—	6,752,000	—	—	—	—	—	—	6,752,000	—
Software . . . . .	—	6,481,600	—	—	—	—	—	11,778,772	18,260,372	11,778,771
Convertible Preferred										
Stocks:										
Diversified Consumer										
Services . . . . .	—	8,965,193	—	—	—	—	—	(87,121)	8,878,072	(87,121)
Internet & Direct										
Marketing Retail . . . . .	—	14,052,061	—	—	—	—	—	6,886,117	20,938,178	6,886,117
Software . . . . .	—	28,521,265	—	—	—	—	—	602,385	29,123,650	602,385
Preferred Stocks:										
Automobiles . . . . .	11,834,651	—	—	—	—	—	—	6,378,952	18,213,603	6,378,952
Semiconductors &										
Semiconductor										
Equipment . . . . .	3,875,755	—	—	—	—	—	—	6,514,074	10,389,829	6,514,074
Software . . . . .	23,281,742	13,521,010	—	—	(27,893,645)	—	—	4,611,894	13,521,001	(9)
Textiles, Apparel &										
Luxury Goods . . . . .	—	8,931,711	—	—	—	—	—	339,445	9,271,156	339,445
Warrants:										
Hotels, Restaurants &										
Leisure . . . . .	140,884	—	(1,034,479)	—	—	—	973,870	(80,275)	—	—

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

	Balance at Beginning of Year	Purchases <sup>a</sup>	Sales <sup>b</sup>	Transfer Into Level 3	Transfer Out of Level 3 <sup>c</sup>	Net accretion (amortiza- tion)	Net Realized Gain (Loss)	Net Unrealized Appreciation (Depreciation)	Balance at End of Year	Net Change in Unrealized Appreciation (Depreciation) on Assets Held at Year End
<b>Franklin Small-Mid Cap Growth Fund (continued)</b>										
<b>Assets:</b>										
Investments in Securities:										
Warrants:										
Semiconductors & Semiconductor Equipment . . . . .	\$628,432	\$—	\$—	\$—	\$—	\$—	\$—	\$1,393,880	\$2,022,312	\$1,393,880
Software . . . . .	—	— <sup>d</sup>	—	—	—	—	—	—	— <sup>d</sup>	—
Senior Floating Rate Interests:										
Semiconductors & Semiconductor Equipment . . . . .	394,282	556,298	—	—	—	—	—	(972)	949,608	(972)
Escrows and Litigation Trusts . . . . .	— <sup>d</sup>	—	— <sup>d</sup>	—	—	—	—	—	—	—
Total Investments in Securities.	\$88,943,804	\$121,895,059	\$ (43,163,398)	\$—	\$ (27,893,645)	\$—	\$21,783,093	\$14,961,872	\$176,526,785	\$37,898,605

<sup>a</sup>Purchases include all purchases of securities and securities received in corporate actions.<sup>b</sup>Sales include all sales of securities, maturities, paydowns and securities tendered in corporate actions.<sup>c</sup>Transferred out of Level 3 as a result of the availability of a quoted price in an active market for identical securities and other significant observable valuation inputs. May include amounts related to a corporate action.<sup>d</sup>Includes securities determined to have no value.

Significant unobservable valuation inputs for material Level 3 assets and/or liabilities and impact to fair value as a result of changes in unobservable valuation inputs as of April 30, 2021, are as follows:

Description	Fair Value at End of Period	Valuation Technique	Unobservable Inputs	Amount / Range (Weighted Average) <sup>a</sup>	Impact to Fair Value if Input Increases <sup>b</sup>
<b>Franklin Growth Opportunities Fund</b>					
<b>Assets:</b>					
Investments in Securities:					
Common Stock:					
Capital Markets . . . . .	\$75,068,321	Market comparables	Discount for lack of marketability	1.4% - 35.6% (16.3%)	Decrease <sup>c</sup>
Commercial Services & Supplies . . . . .	26,204,625	Discounted cash flow	Discount for lack of marketability	5.4%	Decrease
			Discount rate	11.4%	Decrease <sup>d</sup>
			Long term growth rate	4.0%	Increase <sup>d</sup>
Internet & Direct Marketing Retail . . . . .	11,524,036	Discounted cash flow	Discount for lack of marketability	6.2%	Decrease <sup>c</sup>
			Discount rate	13.6%	Decrease <sup>d</sup>
			Long term growth rate	5.0%	Increase <sup>c</sup>
Software . . . . .	13,792,310	Market comparables	EV / EBITDA multiple	18.7x	Increase <sup>c</sup>

## 11. Fair Value Measurements (continued)

Description	Fair Value at End of Period	Valuation Technique	Unobservable Inputs	Amount / Range (Weighted Average) <sup>a</sup>	Impact to Fair Value if Input Increases <sup>b</sup>
			Discount for lack of marketability	7.4%	Decrease <sup>c</sup>
Textiles, Apparel & Luxury Goods.	20,963,721	Market comparables	EV / EBITDA multiple	20.0x - 28.4x (24.2x)	Increase <sup>c</sup>
			Discount for lack of marketability	7.1%	Decrease <sup>c</sup>
Convertible Preferred Stocks:					
Internet & Direct Marketing Retail	24,109,411	Market comparables	EV / EBITDA multiple	35.5x	Increase <sup>c</sup>
			EV / revenue multiple	4.1x	Increase <sup>c</sup>
			Discount for lack of marketability	12.9%	Decrease <sup>c</sup>
Software . . . . .	20,894,425	Market comparables	EV / revenue multiple	32.7x - 54x (43.4x)	Increase <sup>c</sup>
			Discount for lack of marketability	11.3%	Decrease <sup>c</sup>
Preferred Stocks:					
Airlines . . . . .	22,526,068	Market comparables	Discount for lack of marketability	2.6%	Decrease <sup>c</sup>
Automobiles . . . . .	48,070,977	Discounted cash flow	Discount for lack of marketability	12.6%	Decrease <sup>c</sup>
Commercial Services & Supplies .	12,164,900	Discounted cash flow	Discount for lack of marketability	9.8%	Decrease <sup>c</sup>
			Discount rate	19.4%	Decrease <sup>c</sup>
			Long term growth rate	5.0%	Increase
		Market comparable	EV / revenue multiple	11.0x - 12.0x (11.0x)	Increase
Food & Staples Retailing . . . . .	13,901,189	Discounted cash flow	Discount for lack of marketability	6.8%	Decrease <sup>c</sup>
			Discount rate	18.1%	Decrease
			Terminal Multiple	32.5x	Increase
		Market comparables	EV / revenue multiple	4.3x	Increase <sup>c</sup>
Health Care Providers & Services .	28,448,746	Discounted cash flow	Discount for lack of marketability	5.9%	Decrease
IT Services . . . . .	19,097,102	Market comparables	Discount for lack of marketability	8.7%	Decrease <sup>c</sup>
			EV / revenue multiple	28.7x	Increase <sup>c</sup>
Software . . . . .	76,397,496	Discounted cash flow	Discount for lack of marketability	12.8% - 13.8% (13.1%)	Decrease <sup>c</sup>
			Discount rate	8.9% - 10.5% (10.0%)	Decrease <sup>c</sup>
			Long term growth rate	2.0%	Increase <sup>c</sup>
			Terminal Multiple	34.6x	Increase <sup>c</sup>
		Market comparables	EV / revenue multiple	20.1x - 34.3x (26.7x)	Increase <sup>c</sup>

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

Description	Fair Value at End of Period	Valuation Technique	Unobservable Inputs	Amount / Range (Weighted Average) <sup>a</sup>	Impact to Fair Value if Input Increases <sup>b</sup>
			Discount for lack of marketability	9.2% - 11.1% (10.7%)	Decrease <sup>c</sup>
All Other Investments.....	26,727,678 <sup>e,f</sup>				
Total	\$439,891,005				

**Franklin Small Cap Growth Fund**

## Assets:

## Investments in Securities:

## Common Stock:

Capital Markets . . . . .	\$57,471,208	Market comparables	Discount for lack of marketability	1.4% - 4.0% (2.7%)	Decrease <sup>c</sup>
Commercial Services & Supplies .	22,414,698	Discounted cash flow	Discount for lack of marketability	5.4%	Decrease
			Discount rate	11.4%	Decrease <sup>d</sup>
			Long term growth rate	4.0%	Increase <sup>d</sup>
Internet & Direct Marketing Retail.	11,554,574	Discounted cash flow	Discount for lack of marketability	6.2%	Decrease <sup>c</sup>
			Discount rate	13.6%	Decrease <sup>d</sup>
			Long term growth rate	5.0%	Increase <sup>c</sup>
Road & Rail. . . . .	7,500,000	Market comparables	Discount for lack of marketability	9.6%	Decrease
Software . . . . .	15,494,946	Market comparables	Discount for lack of marketability	5.5%	Decrease
Convertible Preferred Stocks:					
Diversified Consumer Services . .	14,854,244	Discounted cash flow	Discount for lack of marketability	15.2%	Decrease <sup>c</sup>
			Discount rate	14.8%	Decrease <sup>d</sup>
			Long term growth rate	5.0%	Increase
Preferred Stocks:					
Airlines . . . . .	19,308,057	Market comparables	Discount for lack of marketability	2.6%	Decrease <sup>c</sup>
Auto Components . . . . .	8,082,642	Market comparables	EV / EBITDA multiple	21.4x	Increase <sup>c</sup>
			Discount for lack of marketability	10.1%	Decrease <sup>c</sup>
Automobiles . . . . .	46,716,172	Discounted cash flow	Discount for lack of marketability	12.6%	Decrease <sup>c</sup>
Commercial Services & Supplies .	12,139,766	Discounted cash flow	Discount for lack of marketability	9.8%	Decrease <sup>c</sup>
			Discount rate	19.4%	Decrease <sup>c</sup>
			Long term growth rate	5.0%	Increase
		Market comparable	EV / revenue multiple	11.0x – 12.0x (11.0x)	Increase

## 11. Fair Value Measurements (continued)

Description	Fair Value at End of Period	Valuation Technique	Unobservable Inputs	Amount / Range (Weighted Average) <sup>a</sup>	Impact to Fair Value if Input Increases <sup>b</sup>
Food & Staples Retailing . . . . .	5,740,733	Discounted cash flow	Discount for lack of marketability	6.8%	Decrease <sup>c</sup>
			Discount rate	18.1%	Decrease
			Terminal Multiple	32.5x	Increase
		Market comparables	EV / revenue multiple	4.3x	Increase <sup>c</sup>
Software . . . . .	21,688,620	Discounted cash flow	Discount for lack of marketability	12.8%	Decrease <sup>c</sup>
			Discount rate	10.5%	Decrease <sup>d</sup>
			Long term growth rate	2.0%	Increase
		Market comparables	Discount for lack of marketability	8.1%	Decrease <sup>c</sup>
			EV / revenue multiple	3.7x	Increase <sup>c</sup>
Specialty Retail . . . . .	21,926,375	Discounted cash flow	Discount for lack of marketability	10.2%	Decrease <sup>c</sup>
			Discount rate	13.4%	Decrease <sup>d</sup>
			Long term growth rate	4.0%	Increase <sup>c</sup>
Textiles, Apparel & Luxury Goods.	15,570,065	Market comparables	Discount for lack of marketability	9.3%	Decrease <sup>c</sup>
			EV / revenue multiple	5.2x	Increase <sup>c</sup>
All Other Investments.....	5,332,789 <sup>e,f</sup>				
Total	\$285,794,889				

### Franklin Small-Mid Cap Growth Fund

#### Assets:

##### Investments in Securities:

##### Common Stock:

Capital Markets . . . . .	\$27,896,877	Market comparables	Discount for lack of marketability	2.1% - 35.6% (15.9%)	Decrease <sup>c</sup>
Internet & Direct Marketing Retail.	10,310,127	Discounted cash flow	Discount for lack of marketability	6.2%	Decrease <sup>c</sup>
			Discount rate	13.6%	Decrease <sup>d</sup>
			Long term growth rate	5.0%	Increase <sup>c</sup>
Road & Rail. . . . .	6,752,000	Market comparables	Discount for lack of marketability	9.6%	Decrease
Software . . . . .	18,260,372	Market comparables	Discount for lack of marketability	5.5%	Decrease
Convertible Preferred Stocks:					
Diversified Consumer Services . .	8,878,072	Discounted cash flow	Discount for lack of marketability	15.2%	Decrease <sup>c</sup>
			Discount rate	14.8%	Decrease <sup>d</sup>
			Long term growth rate	5.0%	Increase
Internet & Direct Marketing Retail.	20,297,196	Market comparables	EV / EBITDA multiple	35.5x	Increase <sup>c</sup>

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

Description	Fair Value at End of Period	Valuation Technique	Unobservable Inputs	Amount / Range (Weighted Average) <sup>a</sup>	Impact to Fair Value if Input Increases <sup>b</sup>
			EV / revenue multiple	4.1x	Increase <sup>c</sup>
			Discount for lack of marketability	12.9%	Decrease <sup>c</sup>
Software . . . . .	14,072,235	Market comparables	EV / revenue multiple	32.7x - 54x (43.4x)	Increase <sup>c</sup>
			Discount for lack of marketability	11.3%	Decrease <sup>c</sup>
Preferred Stocks:					
Automobiles . . . . .	18,213,603	Discounted cash flow	Discount for lack of marketability	12.6%	Decrease <sup>c</sup>
Semiconductors & Semiconductor Equipment. . . . .	10,389,829	Market comparables	Discount for lack of marketability	11.6%	Decrease <sup>c</sup>
Textiles, Apparel & Luxury Goods. . . . .	9,271,156	Market comparables	Discount for lack of marketability	9.3%	Decrease <sup>c</sup>
			EV / revenue multiple	5.2x	Increase
All Other Investments.....	32,185,318 <sup>e,f</sup>				
Total	\$176,526,785				

<sup>a</sup>Weighted based on the relative fair value of the financial instruments.<sup>b</sup>Represents the directional change in the fair value that would result from a significant and reasonable increase in the corresponding input. A significant and reasonable decrease in the input would have the opposite effect. Significant impacts, if any, to fair value and/or net assets have been indicated.<sup>c</sup>Represents a significant impact to fair value but not net assets.<sup>d</sup>Represents a significant impact to fair value and net assets.<sup>e</sup>Includes fair value of immaterial assets and/or liabilities developed using various valuation techniques and unobservable inputs. May also include values derived using private transaction prices or non-public third party pricing information which is unobservable.<sup>f</sup>Includes securities determined to have no value at April 30, 2021.**Abbreviations List**

EBITDA - Earnings before interest, taxes, depreciation and amortization

EV - Enterprise value

**12. New Accounting Pronouncements**

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendments in the ASU provides optional temporary financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference rates as of the end of 2021. The ASU is effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of this ASU will not have a material impact on the financial statements.

**13. Subsequent Events**

The Funds have evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

Abbreviations

Currency

USD United States Dollar

Selected Portfolio

ADR American Depositary Receipts  
LIBOR London Inter-Bank Offered Rate  
PIK Payment-In-Kind

# Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Franklin Strategic Series and Shareholders of Franklin Growth Opportunities Fund, Franklin Small Cap Growth Fund and Franklin Small-Mid Cap Growth Fund

## ***Opinion on the Financial Statements***

We have audited the accompanying statements of assets and liabilities, including the statements of investments, of Franklin Growth Opportunities Fund, Franklin Small Cap Growth Fund and Franklin Small-Mid Cap Growth Fund (three of the funds constituting Franklin Strategic Series, hereafter collectively referred to as the "Funds") as of April 30, 2021, the related statements of operations for the year ended April 30, 2021, the statements of changes in net assets for each of the two years in the period ended April 30, 2021, including the related notes, and the financial highlights for each of the five years in the period ended April 30, 2021 (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 April 30, 2021, 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 April 30, 2021 and each of the financial highlights for each of the five years in the period ended April 30, 2021 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 April 30, 2021 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  
June 18, 2021

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



## Tax Information (unaudited)

Under Section 852(b)(3)(C) of the Internal Revenue Code, the Funds hereby report the maximum amount allowable but no less than the following amounts as long term capital gain dividends for the fiscal year ended April 30, 2021:

	<b>Franklin Growth Opportunities Fund</b>	<b>Franklin Small Cap Growth Fund</b>	<b>Franklin Small-Mid Cap Growth Fund</b>
	\$273,838,020	\$275,400,753	\$393,945,300

Under Section 871(k)(2)(C) of the Internal Revenue Code, the Funds hereby report the maximum amount allowable but no less than the following amounts as short term capital gain dividends for purposes of the tax imposed under Section 871(a)(1) (A) of the Internal Revenue Code for the fiscal year ended April 30, 2021:

	<b>Franklin Growth Opportunities Fund</b>	<b>Franklin Small Cap Growth Fund</b>	<b>Franklin Small-Mid Cap Growth Fund</b>
	\$34,013,725	\$92,024,023	\$55,324,230

Under Section 854(b)(1)(A) of the Internal Revenue Code, the Funds hereby report the following percentage amounts of the ordinary income dividends as income qualifying for the dividends received deduction for the fiscal year ended April 30, 2021:

	<b>Franklin Growth Opportunities Fund</b>	<b>Franklin Small Cap Growth Fund</b>	<b>Franklin Small-Mid Cap Growth Fund</b>
	54.43%	12.31%	33.93%

Under Section 854(b)(1)(B) of the Internal Revenue Code, the Funds hereby report the maximum amount allowable but no less than the following amounts as qualified dividends for purposes of the maximum rate under Section 1(h)(11) of the Internal Revenue Code for the fiscal year ended April 30, 2021:

	<b>Franklin Growth Opportunities Fund</b>	<b>Franklin Small Cap Growth Fund</b>	<b>Franklin Small-Mid Cap Growth Fund</b>
	\$17,555,614	\$8,997,235	\$12,783,253

Distributions, including qualified dividend income, paid during calendar year 2021 will be reported to shareholders on Form 1099-DIV by mid-February 2022. Shareholders are advised to check with their tax advisors for information on the treatment of these amounts on their individual income tax returns.

## 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 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*	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 1991	125	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	107	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	126	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*	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	126	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-April 2021), White Mountains Insurance Group, Ltd. (holding company) (2004-May 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	126	Boeing Capital Corporation (aircraft financing) (2006-2010).
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**Principal Occupation During at Least the Past 5 Years:**

Private investor; 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 (May 2019-January 1, 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	126	Graham Holdings Company (education and media organization) (2011-present); and <b>formerly</b> , 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*	Other Directorships Held During at Least the Past 5 Years
<b>Valerie Williams (1956)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since May 2021	107	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) (January 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), 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*	Other Directorships Held During at Least the Past 5 Years
<b>**Gregory E. Johnson (1961)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2013	137	None
<b>**Rupert H. Johnson, Jr. (1940)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board and Trustee	Chairman of the Board and Trustee since 2013 and Vice President since 1991	126	None

**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 37 of the investment companies in Franklin Templeton.

<b>Alison E. Baur (1964)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
<b>Breda M. Beckerle (1958)</b> 280 Park Avenue New York, NY 10017	Chief Compliance Officer	Since October 2020	Not Applicable	Not Applicable

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

Deputy General Counsel, Franklin Templeton; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 42 of the investment companies in Franklin Templeton.

Chief Compliance Officer, Fiduciary Investment Management International, Inc., Franklin Advisers, Inc., Franklin Advisory Services, LLC, Franklin Mutual Advisers, LLC, Franklin Templeton Institutional, LLC; and officer of 42 of the investment companies in Franklin Templeton.

## 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*	Other Directorships Held During at Least the Past 5 Years
<b>Sonal Desai, Ph.D. (1963)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2018	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Director and Executive Vice President, Franklin Advisers, Inc.; Executive Vice President, Franklin Templeton Institutional, LLC; and officer of 17 of the investment companies in Franklin Templeton.				
<b>Steven J. Gray (1955)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Co-Secretary	Vice President since 2009 and Co-Secretary since 2019	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Associate General Counsel, Franklin Templeton; Vice President, Franklin Templeton Distributors, Inc. and FASA, LLC; and officer of 42 of the investment companies in Franklin Templeton.				
<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 42 of the investment companies in Franklin Templeton; and <b>formerly</b> , Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton (2009-2017).				
<b>Robert G. Kubilis (1973)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since December 2020	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Treasurer, U.S. Fund Administration & Reporting and officer of 39 of the investment companies in Franklin Templeton.				
<b>Robert Lim (1948)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President – AML Compliance	Since 2016	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Vice President, Franklin Templeton Companies, LLC; Chief Compliance Officer, Franklin Templeton Distributors, Inc. and Franklin Templeton Investor Services, LLC; and officer of 42 of the investment companies in Franklin Templeton.				
<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 eight of the investment companies in Franklin Templeton (since December 2018).				
<b>Navid J. Tofigh (1972)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2015	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Associate General Counsel and officer of 42 of the investment companies in Franklin Templeton.				

## 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*	Other Directorships Held During at Least the Past 5 Years
<b>Craig S. Tyle (1960)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2005	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> General Counsel and Executive Vice President, Franklin Resources, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 42 of the investment companies in Franklin Templeton.				
<b>Lori A. Weber (1964)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President and Co-Secretary	Vice President since 2011 and Co-Secretary since 2019	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Associate General Counsel, Franklin Templeton; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; and officer of 42 of the investment companies in Franklin Templeton.				

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

\*\*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. 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 major shareholder of Resources.

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.

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 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-May 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 STRATEGIC SERIES

#### Franklin Growth Opportunities Fund

#### Franklin Small Cap Growth Fund

#### Franklin Small-Mid Cap Growth Fund

(each a Fund)

At a meeting held on April 20, 2021 (Meeting), the Board of Trustees (Board) of Franklin Strategic Series (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 an additional one-year period. The Independent Trustees received advice from and met separately with Independent Trustee counsel in considering whether to approve the continuation of each Management Agreement. Although the Management Agreements for the Funds were considered at the same Board meeting, the Board considered the information provided to it about the Funds together and with respect to each Fund separately as the Board deemed appropriate.

In considering the continuation of each Management Agreement, the Board reviewed and considered information provided by the Manager at the Meeting and throughout the year at meetings of the Board and its committees. The Board also reviewed and considered information provided in response to a detailed set of requests for information submitted to the Manager by Independent Trustee counsel on behalf of the Independent Trustees in connection with the annual contract renewal process. In addition, prior to the Meeting, the Independent Trustees held a telephonic contract renewal meeting at which the Independent Trustees conferred amongst themselves and Independent Trustee counsel about contract renewal matters and, in some cases, requested additional information from the Manager relating to the contract. The Board reviewed and considered all of the factors it deemed relevant in approving the continuance of each Management Agreement, including, but not limited to: (i) the nature, extent and quality of the services provided by the Manager; (ii) the investment performance of each Fund; (iii) the costs of the services provided and profits realized by the Manager and its affiliates from the relationship with

each Fund; (iv) the extent to which economies of scale are realized as each Fund grows; and (v) whether fee levels reflect these economies of scale for the benefit of Fund investors.

In approving the continuance of each Management Agreement, the Board, including a majority of the Independent Trustees, determined that the terms of the Management Agreement are fair and reasonable and that the continuance of such 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, which included discussion of the changing distribution landscape for the Funds. The Board noted management’s continuing efforts and expenditures in establishing effective business continuity plans and developing strategies to address areas of heightened concern in the mutual fund industry, such as cybersecurity in the current work-from-home environment and liquidity risk management.

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 enhancing services and controlling costs, as reflected in its outsourcing of certain administrative functions, and growth opportunities, as evidenced by its recent acquisition of the Legg Mason companies. The Board also noted FT's attention focused on expanding the distribution opportunities for all funds in the FT family of funds.

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 January 31, 2021. 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 Growth Opportunities Fund* - The Performance Universe for the Fund included the Fund and all retail and institutional multi-cap growth 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 concluded that the Fund's performance was satisfactory.

*Franklin Small Cap Growth Fund* - The Performance Universe for the Fund included the Fund and all retail and institutional small-cap growth 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 concluded that the Fund's performance was satisfactory.

*Franklin Small-Mid Cap Growth Fund* - The Performance Universe for the Fund included the Fund and all retail and institutional mid-cap growth 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 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 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.

The Expense Group for the Franklin Growth Opportunities Fund included the Fund and 15 other multi-cap growth funds. The Expense Group for the Franklin Small Cap Growth Fund included the Fund and 11 other small-cap growth funds. The Expense Group for the Franklin Small-Mid Cap Growth Fund included the Fund and 14 other mid-cap growth funds. The Board noted that the Management Rates and actual total expense ratios for these Funds were below the medians and in the first quintile (least expensive) of their respective Expense Groups. The Board concluded that the Management Rates charged to these Funds are 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, 2020, 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 further noted management's representation that the profitability analysis excluded the impact of the recent acquisition of the Legg Mason companies and that management expects to incorporate the legacy Legg Mason companies into the profitability analysis beginning next year. 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 an additional one-year period.

### 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 12-month period ended June 30.

## Quarterly Statement of Investments

The Trust files a complete statement 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) 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.

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 Strategic Series**

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