

ANNUAL REPORT

FRANKLIN FUND ALLOCATOR SERIES

May 31, 2021



FRANKLIN
TEMPLETON

Franklin Payout 2021 Fund

Franklin Payout 2022 Fund

Contents

Annual Report

Economic and Market Overview.....	2
Franklin Payout 2021 Fund	3
Franklin Payout 2022 Fund	9
Financial Highlights and Statements of Investments.....	15
Financial Statements	25
Notes to Financial Statements.....	28
Report of Independent Registered Public Accounting Firm	35
Tax Information	36
Board Members and Officers.....	37
Shareholder Information	42

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ANNUAL REPORT

Economic and Market Overview

The U.S. bond market, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index, posted marginally negative total returns during the 12 months ended May 31, 2021. As the U.S. economy adapted to the novel coronavirus (COVID-19) pandemic, investor appetite for risk increased and inflation concerns rose during the reporting period. Consequently, lower-rated bonds posted significantly greater returns than higher-rated bonds, while shorter-term bonds generally outperformed longer-term bonds, which tend to be more sensitive to inflation. In early 2021, strong economic growth and surging commodities prices drove both the realized inflation rate for consumers and investors' inflation expectations higher than in over a decade.

The U.S. Federal Reserve (Fed) maintained the federal funds target rate at a range of 0.00%–0.25% and continued its program of open-ended purchasing of government-backed and corporate bonds as necessary to provide liquidity to bond markets. Furthermore, the Fed signaled that interest rates would potentially remain low, even if inflation moderately exceeded the Fed's 2% target for some time.

U.S. Treasury bonds, as measured by the Bloomberg Barclays U.S. Treasury Index, posted negative total returns during the period. The 10-year U.S. Treasury yield (which moves inversely to price) was at or near all-time lows for much of the reporting period's first half. However, yields rose thereafter, as renewed economic strength prompted many investors to increase their inflation expectations. Short-term U.S. Treasuries posted modest gains due to steady Fed policy, while longer-term Treasuries declined sharply due to rising inflation expectations. Mortgage-backed securities (MBS), as measured by the Bloomberg Barclays MBS Index, posted marginally negative total returns for the period despite Fed support, as low interest rates accelerated prepayments from mortgage refinancing, which weighed on MBS returns.

Fed action was a catalyst for the recovery in the corporate bond market, which advanced overall but varied significantly based on credit rating. The strengthening economy and prospect of a return to normal conditions tempered concerns about credit quality, which benefited lower-rated bonds. Consequently, high-yield corporate bonds, as represented by the Bloomberg Barclays U.S. Corporate High Yield Bond Index, posted strong total returns, outpacing investment-grade corporate bonds, as represented by the Bloomberg Barclays U.S. Corporate Bond Index, which nevertheless posted positive total returns.

The foregoing information reflects our analysis and opinions as of May 31, 2021. 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.

Franklin Payout 2021 Fund

This annual report for Franklin Payout 2021 Fund covers the fiscal year ended May 31, 2021.

Your Fund's Goal and Main Investments

The Fund seeks capital preservation and income with a predetermined maturity date. Under normal market conditions, the Fund invests predominantly in U.S. dollar-denominated investment-grade debt securities and investments, including government and corporate debt securities and asset-backed securities and municipal securities.

Portfolio Composition

5/31/21

	% of Total Net Assets
Corporate Bonds	60.0%
U.S. Government and Agency Securities	17.7%
Foreign Government and Agency Securities	4.9%
Municipal Bonds	2.5%
Short-Term Investments & Other Net Assets	14.9%

Performance Overview

The Fund's Advisor Class shares posted a +0.38% cumulative total return for the 12 months under review. In comparison, the Fund's benchmark, the Bloomberg Barclays U.S. Government/Credit 2021 Maturity Index, posted a +0.43% total return.¹ The index includes investment-grade, U.S. dollar-denominated, fixed-rate Treasuries, government related and corporate securities and foreign debt maturing in 2021. You can find more of the Fund's performance data in the Performance Summary beginning on page 5.

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, call a Franklin Templeton Institutional Services representative at (800) 321-8563.

Investment Strategy

We focus on investment-grade securities and investments or in unrated securities and investments we determine are of comparable quality. Our focus on the portfolio's

credit quality is intended to reduce credit risk and help to preserve capital. We may invest a significant portion of the Fund's assets in U.S. dollar-denominated foreign securities, including debt issued by supranational entities. In choosing investments, we select securities in various market sectors based on our assessment of changing economic, market, industry and issuer conditions. We use a top-down analysis of macroeconomic trends, combined with a bottom-up fundamental analysis of market sectors, industries and issuers, to try to take advantage of varying sector reactions to economic events.

Although the Fund may invest in individual securities of any maturity, the Fund is a term fund and is managed to mature in 2021. Over time, the Fund's duration and weighted average maturity will decline as 2021 approaches. In the later months of operation, when the debt securities held by the Fund mature, the proceeds from such securities will be held in cash, cash equivalents and money market instruments, including affiliated money market funds, or invested in short-term bonds. In early December 2021, the Fund is expected to consist almost entirely of cash, cash equivalents and money market instruments. The Fund is not designed for long-term capital appreciation and does not provide a complete solution for a shareholder's retirement income needs. The Fund does not guarantee a level of dividends, income or principal at or before its target maturity date.

Manager's Discussion

During the period under review, exposure to investment-grade corporate securities was the Fund's main contributor to relative performance, followed by an allocation to the high-yield sector. Exposure to taxable municipal bonds was also slightly beneficial. However, the Fund's security selection within the high-yield sector detracted from performance. Security selection within the investment-grade corporate sector also hampered returns, while selection in developed-market sovereign debt contributed marginally. The Funds' slight overweight duration positioning benefited results.

1. Source: FactSet.

The index is unmanaged and includes reinvestment of any income or distributions. It does not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

See www.franklintempletondatasources.com 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 17.

Top 10 Holdings*

5/31/21

Issuer	% of Total Net Assets
U.S. Treasury Notes	7.8%
FHLB	4.9%
FFCB	4.9%
Total Capital SA	2.5%
State of California	2.5%
Telstra Corp. Ltd.	2.5%
General Electric Co.	2.5%
Philip Morris International, Inc.	2.5%
Air Products and Chemicals, Inc.	2.5%
John Deere Capital Corp.	2.5%

*Securities are listed by issuer, which may appear by another name in the SOI.

At period-end, we remained overweighted and focused on investment-grade corporate credit securities. This focus is based on our belief that valuations remained relatively attractive at period-end on a longer-term basis as well as the increased earnings potential available from this sector. Conversely, we maintained an underweighted allocation to the U.S. Treasury sector as its valuations and income levels remained unattractive, in our view. Additionally, we maintained a small overweight duration positioning in the portfolio driven largely by our focus on final maturity dates closer to year-end 2021 as compared with the index.

Thank you for your participation in Franklin Payout 2021 Fund. We look forward to serving your future investment needs.

David Yuen, CFS, FRM

Tina Chou

Thomas Runkel, CFA

Portfolio Management Team

The foregoing information reflects our analysis, opinions and portfolio holdings as of May 31, 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 May 31, 2021

The performance table and graph 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 5/31/21¹

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 and minimum is 0%.

Advisor Class: no sales charges. For other share classes, call a Franklin Templeton Institutional Services representative at (800) 321-8563.

Share Class	Cumulative Total Return ²	Average Annual Total Return ³
Advisor		
1-Year	+0.38%	+0.38%
5-Year	+9.85%	+1.90%
Since Inception (6/1/15)	+14.84%	+2.33%

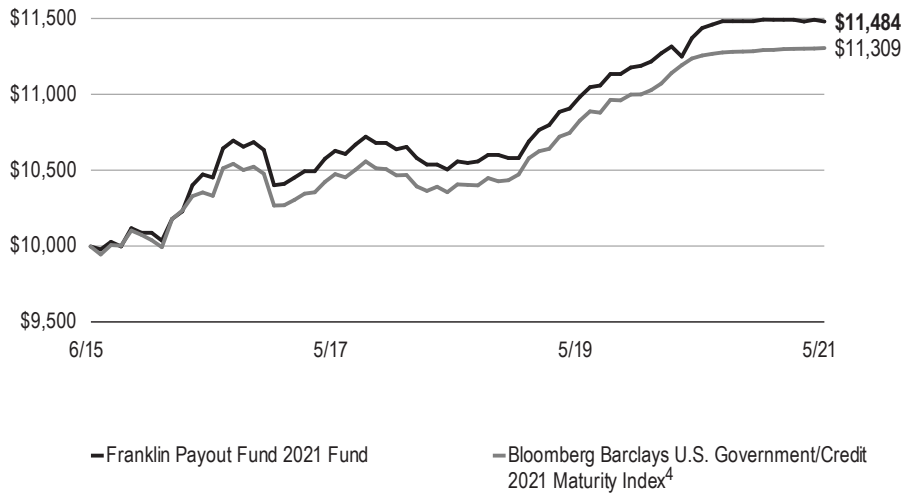
Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, call a Franklin Templeton Institutional Services representative at (800) 321-8563.

See page 7 for Performance Summary footnotes.

Total Return Index Comparison for a Hypothetical \$10,000 Investment¹

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

Advisor Class (6/1/15–5/31/21)



See page 7 for Performance Summary footnotes.

Distributions (6/1/20–5/31/21)

Share Class	Net Investment Income	Short-Term Capital Gain	Long-Term Capital Gain	Total
R6	\$0.1950	\$0.0034	\$0.0105	\$0.2089
Advisor	\$0.1950	\$0.0034	\$0.0105	\$0.2089

Total Annual Operating Expenses⁵

Share Class	With Fee Waiver	Without Fee Waiver
Advisor	0.47%	3.53%

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. Changes in the financial strength of a bond issuer or in a bond's credit rating may affect its value. Interest rate movements will affect the Fund's share price and yield. Bond prices generally move in the opposite direction of interest rates. As the prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. Because the Fund can only distribute what it earns, the Fund's distributions to shareholders may decline when prevailing interest rates fall or when the Fund experiences defaults on debt securities it holds. Interest earned on floating rate loans varies with changes in prevailing interest rates. Therefore, while floating rate loans offer higher interest income when interest rates rise, they will also generate less income when interest rates decline. 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 an expense reduction and a fee waiver associated with any investments it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 9/30/21. Fund investment results reflect the expense reduction and fee waiver; without these reductions, 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. Source: FactSet. The Bloomberg Barclays U.S. Government/Credit 2021 Maturity Index includes investment-grade, U.S. dollar-denominated, fixed-rate Treasuries, government-related and corporate securities and foreign debt maturing in 2021.

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 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 12/1/20	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 5/31/21	Expenses Paid During Period 12/1/20–5/31/21 ^{1,2}	Ending Account Value 5/31/21	Expenses Paid During Period 12/1/20–5/31/21 ^{1,2}	
R6	\$1,000	\$998.90	\$1.45	\$1,023.48	\$1.47	0.29%
Advisor	\$1,000	\$998.90	\$1.49	\$1,023.45	\$1.50	0.30%

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 182/365 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 Payout 2022 Fund

This annual report for Franklin Payout 2022 Fund covers the fiscal year ended May 31, 2021.

Your Fund's Goal and Main Investments

The Fund seeks capital preservation and income with a predetermined maturity date. Under normal market conditions, the Fund invests predominantly in U.S. dollar-denominated investment-grade debt securities and investments, including government and corporate debt securities and asset-backed securities and municipal securities.

Portfolio Composition

5/31/21

	% of Total Net Assets
Corporate Bonds	63.7%
U.S. Government and Agency Securities	18.0%
Foreign Government and Agency Securities	5.6%
Asset-Backed Securities	4.2%
Short-Term Investments & Other Net Assets	8.5%

Performance Overview

The Fund's Advisor Class shares posted a +0.93% cumulative total return for the 12 months under review. In comparison, the Fund's benchmark, the Bloomberg Barclays U.S. Government/Credit 2022 Maturity Index, posted a +0.71% total return.¹ The index includes investment-grade, U.S. dollar-denominated, fixed-rate Treasuries, government related and corporate securities and foreign debt maturing in 2022. You can find more of the Fund's performance data in the Performance Summary beginning on page 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, call a Franklin Templeton Institutional Services representative at (800) 321-8563.

Investment Strategy

We focus on investment-grade securities and investments or in unrated securities and investments we determine are of comparable quality. Our focus on the portfolio's

credit quality is intended to reduce credit risk and help to preserve capital. We may invest a significant portion of the Fund's assets in U.S. dollar-denominated foreign securities, including debt issued by supranational entities. In choosing investments, we select securities in various market sectors based on our assessment of changing economic, market, industry and issuer conditions. We use a top-down analysis of macroeconomic trends, combined with a bottom-up fundamental analysis of market sectors, industries and issuers, to try to take advantage of varying sector reactions to economic events.

Although the Fund may invest in individual securities of any maturity, the Fund is a term fund and is managed to mature in 2022. Over time, the Fund's duration and weighted average maturity will decline as 2022 approaches. In the later months of operation, when the debt securities held by the Fund mature, the proceeds from such securities will be held in cash, cash equivalents and money market instruments, including affiliated money market funds, or invested in short-term bonds. In early December 2022, the Fund is expected to consist almost entirely of cash, cash equivalents and money market instruments. The Fund is not designed for long-term capital appreciation and does not provide a complete solution for a shareholder's retirement income needs. The Fund does not guarantee a level of dividends, income or principal at or before its target maturity date.

Manager's Discussion

During the period under review, the Fund's exposure to investment-grade corporate securities was the main contributor to relative performance. There was also a small contribution from an allocation to the asset-backed security sector, while exposure to developed-market sovereign debt hindered returns slightly. Security selection within the investment-grade corporate security sector detracted the most. Selection within developed-market sovereign debt detracted slightly, while U.S. Agency debt provided a marginal benefit to performance. The Fund's slight overweight duration positioning added to results.

1. Source: FactSet.

The index is unmanaged and includes reinvestment of any income or distributions. It does not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

See www.franklintempletondatasources.com 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 22.

Top 10 Holdings*

5/31/21

Issuer	% of Total Net Assets
U.S. Treasury Notes	9.5%
FHLB	8.5%
MetLife, Inc.	2.9%
JPMorgan Chase & Co.	2.8%
International Business Machines Corp.	2.8%
American Express Co.	2.8%
Caterpillar Financial Services Corp.	2.8%
Swiss Re Treasury US Corp.	2.8%
Bank of Montreal	2.8%
MassMutual Global Funding II	2.8%

*Securities are listed by issuer, which may appear by another name in the SOI.

At period-end, we remained overweighted and focused on investment-grade corporate credit securities. This focus is based on our belief that valuations remained relatively attractive at period-end on a longer-term basis as well as the increased earnings potential available from this sector. Conversely, we maintained an underweighted allocation to the U.S. Treasury sector as its valuations and income levels remained unattractive, in our view. Additionally, we maintained a small overweight duration positioning in the portfolio driven largely by our focus on final maturity dates closer to year-end 2022 as compared with the index.

Thank you for your participation in Franklin Payout 2022 Fund. We look forward to serving your future investment needs.

David Yuen, CFS, FRM

Tina Chou

Thomas Runkel, CFA

Portfolio Management Team

The foregoing information reflects our analysis, opinions and portfolio holdings as of May 31, 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 May 31, 2021

The performance table and graph 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 5/31/21¹

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 and minimum is 0%.

Advisor Class: no sales charges. For other share classes, call a Franklin Templeton Institutional Services representative at (800) 321-8563.

Share Class	Cumulative Total Return ²	Average Annual Total Return ³
Advisor		
1-Year	+0.93%	+0.93%
3-Year	+12.80%	+4.10%
Since Inception (1/23/18)	+12.12%	+3.47%

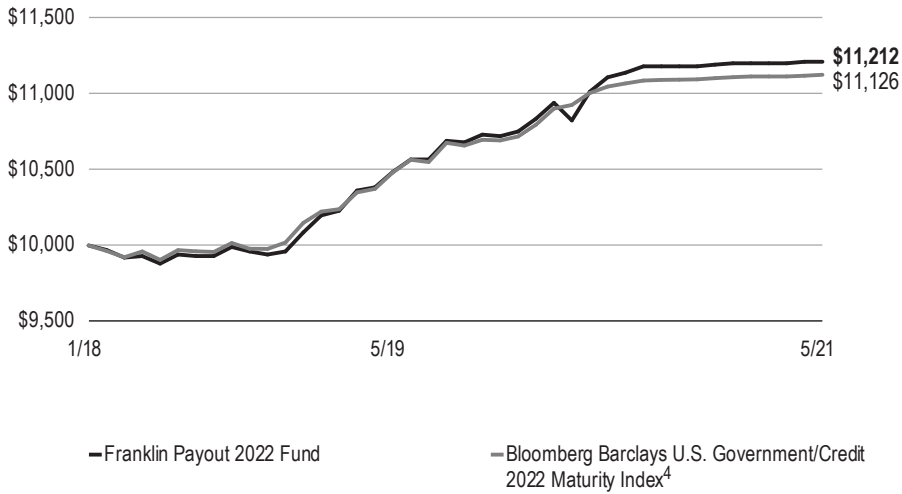
Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, call a Franklin Templeton Institutional Services representative at (800) 321-8563.

See page 13 for Performance Summary footnotes.

Total Return Index Comparison for a Hypothetical \$10,000 Investment¹

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

Advisor Class (1/23/18–5/31/21)



See page 13 for Performance Summary footnotes.

Distributions (6/1/20–5/31/21)

Share Class	Net Investment Income	Long-Term Capital Gain	Total
R6	\$0.2309	\$0.0275	\$0.2584
Advisor	\$0.2308	\$0.0275	\$0.2583

Total Annual Operating Expenses⁵

Share Class	With Fee Waiver	Without Fee Waiver
Advisor	0.45%	3.90%

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. Changes in the financial strength of a bond issuer or in a bond's credit rating may affect its value. Interest rate movements will affect the Fund's share price and yield. Bond prices generally move in the opposite direction of interest rates. As the prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. Because the Fund can only distribute what it earns, the Fund's distributions to shareholders may decline when prevailing interest rates fall or when the Fund experiences defaults on debt securities it holds. Interest earned on floating rate loans varies with changes in prevailing interest rates. Therefore, while floating rate loans offer higher interest income when interest rates rise, they will also generate less income when interest rates decline. 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 an expense reduction and a fee waiver associated with any investments it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 9/30/21. Fund investment results reflect the expense reduction and fee waiver; without these reductions, 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. Source: FactSet. The Bloomberg Barclays U.S. Government/Credit 2022 Maturity Index includes investment-grade, U.S. dollar-denominated, fixed-rate Treasuries, government-related and corporate securities and foreign debt maturing in 2022.
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 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 12/1/20	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 5/31/21	Expenses Paid During Period 12/1/20–5/31/21 ^{1,2}	Ending Account Value 5/31/21	Expenses Paid During Period 12/1/20–5/31/21 ^{1,2}	
R6	\$1,000	\$1,001.80	\$1.47	\$1,023.48	\$1.47	0.29%
Advisor	\$1,000	\$1,001.80	\$1.50	\$1,023.45	\$1.50	0.30%

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 182/365 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 Payout 2021 Fund

	Year Ended May 31,				
	2021	2020	2019	2018	2017
Class R6					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$10.31	\$10.12	\$9.96	\$10.25	\$10.30
Income from investment operations ^a :					
Net investment income ^b	0.19	0.22	0.23	0.23	0.23
Net realized and unrealized gains (losses)	(0.14)	0.19	0.17	(0.29)	(0.06)
Total from investment operations	0.05	0.41	0.40	(0.06)	0.17
Less distributions from:					
Net investment income	(0.20)	(0.22)	(0.23)	(0.23)	(0.22)
Net realized gains	(0.01)	—	(0.01)	—	—
Total distributions	(0.21)	(0.22)	(0.24)	(0.23)	(0.22)
Net asset value, end of year	\$10.15	\$10.31	\$10.12	\$9.96	\$10.25
Total return	0.38%	4.15%	4.04%	(0.65)%	1.68%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	3.03%	3.50%	3.05%	2.50%	2.85%
Expenses net of waiver and payments by affiliates	0.29% ^c	0.29% ^c	0.29%	0.30%	0.30%
Net investment income	1.84%	2.12%	2.32%	2.25%	2.22%
Supplemental data					
Net assets, end of year (000's)	\$2,060	\$2,093	\$2,054	\$2,022	\$2,081
Portfolio turnover rate	—%	5.31%	7.67%	—%	—%

^aThe 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.

^bBased on average daily shares outstanding.

^cBenefit of expense reduction rounds to less than 0.01%.

Franklin Payout 2021 Fund

	Year Ended May 31,				
	2021	2020	2019	2018	2017
Advisor Class					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$10.31	\$10.12	\$9.96	\$10.25	\$10.30
Income from investment operations ^a :					
Net investment income ^b	0.19	0.22	0.23	0.23	0.23
Net realized and unrealized gains (losses)	(0.14)	0.19	0.17	(0.29)	(0.06)
Total from investment operations	0.05	0.41	0.40	(0.06)	0.17
Less distributions from:					
Net investment income	(0.20)	(0.22)	(0.23)	(0.23)	(0.22)
Net realized gains	(0.01)	—	(0.01)	—	—
Total distributions	(0.21)	(0.22)	(0.24)	(0.23)	(0.22)
Net asset value, end of year	\$10.15	\$10.31	\$10.12	\$9.96	\$10.25
Total return	0.38%	4.15%	4.02%	(0.65)%	1.69%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	3.03%	3.50%	3.05%	2.50%	2.85%
Expenses net of waiver and payments by affiliates	0.29% ^c	0.29% ^c	0.30%	0.31%	0.30%
Net investment income	1.83%	2.12%	2.31%	2.23%	2.22%
Supplemental data					
Net assets, end of year (000's)	\$2,060	\$2,093	\$2,054	\$2,022	\$2,081
Portfolio turnover rate	—%	5.31%	7.67%	—%	—%

^aThe 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.

^bBased on average daily shares outstanding.

^cBenefit of expense reduction rounds to less than 0.01%.

Statement of Investments, May 31, 2021

Franklin Payout 2021 Fund

	Country	Principal Amount ¹	Value
Corporate Bonds 60.0%			
Aerospace & Defense 2.4%			
Boeing Co. (The), Senior Note, 2.35%, 10/30/21	United States	100,000	\$100,798
Beverages 2.4%			
PepsiCo, Inc., Senior Note, 1.7%, 10/06/21	United States	100,000	100,401
Biotechnology 3.7%			
AbbVie, Inc., Senior Note, 3.375%, 11/14/21	United States	50,000	50,727
Gilead Sciences, Inc., Senior Note, 4.4%, 12/01/21	United States	100,000	101,031
			151,758
Capital Markets 2.4%			
Bank of New York Mellon Corp. (The), Senior Note , 3.55%, 9/23/21	United States	100,000	100,776
Chemicals 2.5%			
Air Products and Chemicals, Inc., Senior Note , 3%, 11/03/21	United States	100,000	101,144
Consumer Finance 4.9%			
Caterpillar Financial Services Corp., Senior Note, 1.931%, 10/01/21	United States	100,000	100,610
John Deere Capital Corp., Senior Note , 3.15%, 10/15/21	United States	100,000	101,134
			201,744
Diversified Financial Services 2.4%			
Berkshire Hathaway, Inc., Senior Note , 3.75%, 8/15/21	United States	100,000	100,731
Diversified Telecommunication Services 2.5%			
^a Telstra Corp. Ltd., Senior Bond, 144A, 4.8%, 10/12/21	Australia	100,000	101,642
Electric Utilities 3.7%			
Baltimore Gas and Electric Co., Senior Note , 3.5%, 11/15/21	United States	50,000	50,339
Duke Energy Corp., Senior Note, 1.8%, 9/01/21	United States	100,000	100,241
			150,580
Electrical Equipment 2.5%			
Emerson Electric Co., Senior Note, 2.625%, 12/01/21	United States	100,000	101,021
Energy Equipment & Services 2.4%			
Halliburton Co., Senior Note , 3.25%, 11/15/21	United States	100,000	100,615
Food & Staples Retailing 2.4%			
Kroger Co. (The), Senior Note, 2.95%, 11/01/21	United States	50,000	50,461
Walgreens Boots Alliance, Inc., Senior Note, 3.3%, 11/18/21	United States	50,000	50,431
			100,892
Food Products 1.2%			
General Mills, Inc., Senior Bond, 3.15%, 12/15/21	United States	50,000	50,422
Health Care Providers & Services 2.4%			
UnitedHealth Group, Inc., Senior Note , 3.375%, 11/15/21	United States	100,000	100,654
Hotels, Restaurants & Leisure 2.4%			
Marriott International, Inc., N, Senior Note, 3.125%, 10/15/21	United States	50,000	50,163
Yum! Brands, Inc., Senior Bond, 3.75%, 11/01/21	United States	50,000	50,308
			100,471
Household Products 1.2%			
Clorox Co. (The), Senior Bond, 3.8%, 11/15/21	United States	50,000	50,787
Industrial Conglomerates 2.5%			
General Electric Co., Senior Note , 4.65%, 10/17/21	United States	100,000	101,588

Franklin Payout 2021 Fund (continued)

	Country	Principal Amount ^a	Value
Corporate Bonds (continued)			
Insurance 3.7%			
^a New York Life Global Funding, Secured Note, 144A, 1.7%, 9/14/21	United States	100,000	\$100,445
Prudential Financial, Inc., Senior Note, 4.5%, 11/16/21	United States	50,000	50,977
			<u>151,422</u>
Oil, Gas & Consumable Fuels 3.7%			
Total Capital SA, Senior Bond, 4.25%, 12/15/21	France	100,000	102,187
Williams Cos., Inc. (The), Senior Note, 4%, 11/15/21	United States	50,000	50,368
			<u>152,555</u>
Pharmaceuticals 2.5%			
Johnson & Johnson, Senior Note, 2.45%, 12/05/21	United States	100,000	101,124
Road & Rail 1.2%			
Norfolk Southern Corp., Senior Bond, 3.25%, 12/01/21	United States	50,000	50,377
Semiconductors & Semiconductor Equipment 2.5%			
Intel Corp., Senior Bond, 3.3%, 10/01/21	United States	100,000	101,025
Tobacco 2.5%			
Philip Morris International, Inc., Senior Note, 2.9%, 11/15/21	United States	100,000	101,261
Total Corporate Bonds (Cost \$2,455,382)			<u>2,473,788</u>
Foreign Government and Agency Securities 4.9%			
Equinor ASA, Senior Note, 2.75%, 11/10/21	Norway	100,000	101,121
European Investment Bank, Senior Note, 2.125%, 10/15/21	Supranational ^b	100,000	100,757
Total Foreign Government and Agency Securities (Cost \$200,017)			<u>201,878</u>
U.S. Government and Agency Securities 17.7%			
FFCB, 2%, 12/01/21	United States	200,000	201,936
FHLB, 2.625%, 12/10/21	United States	200,000	202,708
U.S. Treasury Notes,			
1.875%, 11/30/21	United States	160,000	161,454
2.125%, 12/31/21	United States	160,000	161,930
Total U.S. Government and Agency Securities (Cost \$720,374)			<u>728,028</u>
Municipal Bonds 2.5%			
California 2.5%			
State of California, GO, 5.7%, 11/01/21	United States	100,000	102,132
Total Municipal Bonds (Cost \$101,249)			<u>102,132</u>
Total Long Term Investments (Cost \$3,477,022)			<u>3,505,826</u>

Franklin Payout 2021 Fund (continued)

Short Term Investments 14.4%

	Country	Shares	Value
Money Market Funds 14.4%			
^{c,d} Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	United States	593,455	\$593,455
Total Money Market Funds (Cost \$593,455)			593,455
Total Short Term Investments (Cost \$593,455)			593,455
Total Investments (Cost \$4,070,477) 99.5%			\$4,099,281
Other Assets, less Liabilities 0.5%			20,669
Net Assets 100.0%			\$4,119,950

See Abbreviations on page 34.

[†]The principal amount is stated in U.S. dollars unless otherwise indicated.

^aSecurity 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 May 31, 2021, the aggregate value of these securities was \$202,087, representing 4.9% of net assets.

^bA supranational organization is an entity formed by two or more central governments through international treaties.

^cSee Note 3(d) regarding investments in affiliated management investment companies.

^dThe rate shown is the annualized seven-day effective yield at period end.

Financial Highlights

Franklin 2022 Payout Fund

	Year Ended May 31,			Year Ended
	2021	2020	2019	May 31, 2018 ^a
Class R6				
Per share operating performance				
(for a share outstanding throughout the year)				
Net asset value, beginning of year	\$10.59	\$10.24	\$9.94	\$10.00
Income from investment operations ^b :				
Net investment income ^c	0.23	0.25	0.25	0.08
Net realized and unrealized gains (losses)	(0.13)	0.35	0.29	(0.14)
Total from investment operations	0.10	0.60	0.54	(0.06)
Less distributions from:				
Net investment income	(0.23)	(0.25)	(0.24)	—
Net realized gains	(0.03)	—	—	—
Total distributions	(0.26)	(0.25)	(0.24)	—
Net asset value, end of year	\$10.43	\$10.59	\$10.24	\$9.94
Total return ^d	0.93%	5.94%	5.51%	(0.60)%
Ratios to average net assets^e				
Expenses before waiver and payments by affiliates	3.52%	3.89%	4.62%	4.58%
Expenses net of waiver and payments by affiliates	0.29% ^f	0.29% ^f	0.29% ^f	0.30%
Net investment income	2.19%	2.39%	2.50%	2.36%
Supplemental data				
Net assets, end of year (000's)	\$1,826	\$1,853	\$1,792	\$1,739
Portfolio turnover rate	3.12%	—%	—%	—%

^aFor the period January 23, 2018 (commencement of operations) to May 31, 2018.

^bThe 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.

^cBased on average daily shares outstanding.

^dTotal return is not annualized for periods less than one year.

^eRatios are annualized for periods less than one year, except for non-recurring expenses, if any.

^fBenefit of expense reduction rounds to less than 0.01%.

Franklin 2022 Payout Fund (continued)

	Year Ended May 31,			Year Ended
	2021	2020	2019	May 31, 2018 ^a
Advisor Class				
Per share operating performance				
(for a share outstanding throughout the year)				
Net asset value, beginning of year	\$10.59	\$10.24	\$9.94	\$10.00
Income from investment operations ^b :				
Net investment income ^c	0.23	0.25	0.25	0.08
Net realized and unrealized gains (losses)	(0.13)	0.35	0.28	(0.14)
Total from investment operations	0.10	0.60	0.53	(0.06)
Less distributions from:				
Net investment income	(0.23)	(0.25)	(0.23)	—
Net realized gains	(0.03)	—	—	—
Total distributions	(0.26)	(0.25)	(0.23)	—
Net asset value, end of year	\$10.43	\$10.59	\$10.24	\$9.94
Total return ^d	0.93%	5.95%	5.48%	(0.60)%
Ratios to average net assets^e				
Expenses before waiver and payments by affiliates	3.52%	3.89%	4.62%	4.58%
Expenses net of waiver and payments by affiliates	0.30% ^f	0.29% ^f	0.30% ^f	0.33%
Net investment income	2.18%	2.39%	2.49%	2.33%
Supplemental data				
Net assets, end of year (000's)	\$1,826	\$1,853	\$1,792	\$1,739
Portfolio turnover rate	3.12%	—%	—%	—%

^aFor the period January 23, 2018 (commencement of operations) to May 31, 2018.

^bThe 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.

^cBased on average daily shares outstanding.

^dTotal return is not annualized for periods less than one year.

^eRatios are annualized for periods less than one year, except for non-recurring expenses, if any.

^fBenefit of expense reduction rounds to less than 0.01%.

Statement of Investments, May 31, 2021

Franklin Payout 2022 Fund

	Country	Principal Amount ¹	Value
Corporate Bonds 63.7%			
Aerospace & Defense 4.2%			
General Dynamics Corp., Senior Bond, 2.25%, 11/15/22	United States	100,000	\$102,482
Raytheon Co., Senior Bond, 2.5%, 12/15/22	United States	50,000	51,449
			<hr/> 153,931
Air Freight & Logistics 2.8%			
United Parcel Service, Inc., Senior Note , 2.45%, 10/01/22	United States	100,000	103,004
Banks 9.9%			
Bank of America Corp., Senior Note, 2.503%, 10/21/22	United States	100,000	100,888
Bank of Montreal, Senior Note , 2.55%, 11/06/22	Canada	100,000	103,198
Citigroup, Inc., Senior Note, 2.7%, 10/27/22	United States	50,000	51,601
JPMorgan Chase & Co., Senior Note , 3.25%, 9/23/22	United States	100,000	103,939
			<hr/> 359,626
Biotechnology 1.4%			
AbbVie, Inc., Senior Note, 2.9%, 11/06/22	United States	50,000	51,819
Capital Markets 1.5%			
Morgan Stanley, Sub. Bond, 4.875%, 11/01/22	United States	50,000	53,110
Consumer Finance 5.7%			
American Express Co., Senior Note, 2.65%, 12/02/22	United States	100,000	103,657
Caterpillar Financial Services Corp., Senior Note, 2.55%, 11/29/22	United States	100,000	103,565
			<hr/> 207,222
Electric Utilities 1.4%			
AEP Texas, Inc., Senior Note, 2.4%, 10/01/22	United States	50,000	51,253
Energy Equipment & Services 2.8%			
^a Schlumberger Finance Canada Ltd., Senior Note, 144A, 2.65%, 11/20/22	United States	100,000	102,992
Entertainment 2.9%			
TWDC Enterprises 18 Corp., Senior Note , 2.35%, 12/01/22	United States	100,000	103,141
Food & Staples Retailing 2.8%			
Walmart, Inc., Senior Note, 2.35%, 12/15/22	United States	100,000	103,108
Health Care Providers & Services 4.3%			
CVS Health Corp., Senior Note, 4.75%, 12/01/22	United States	50,000	52,639
UnitedHealth Group, Inc., Senior Note, 2.375%, 10/15/22	United States	100,000	103,026
			<hr/> 155,665
Household Products 2.8%			
Colgate-Palmolive Co., Senior Note, 2.25%, 11/15/22	United States	100,000	103,034
Insurance 8.5%			
^a MassMutual Global Funding II, Senior Secured Note , 144A, 2.5%, 10/17/22	United States	100,000	103,141
MetLife, Inc., Senior Bond, 1.564%, 12/15/22	United States	100,000	104,088
^a Swiss Re Treasury US Corp., Senior Note , 144A, 2.875%, 12/06/22	Switzerland	100,000	103,268
			<hr/> 310,497
IT Services 4.3%			
Fiserv, Inc., Senior Note , 3.5%, 10/01/22	United States	50,000	51,720
International Business Machines Corp., Senior Note, 2.875%, 11/09/22	United States	100,000	103,788
			<hr/> 155,508

Franklin Payout 2022 Fund (continued)

	Country	Principal Amount ^a	Value
Corporate Bonds (continued)			
Multi-Utilities 1.4%			
Public Service Enterprise Group, Inc., Senior Note, 2.65%, 11/15/22	United States	50,000	\$51,682
Oil, Gas & Consumable Fuels 1.4%			
ONEOK Partners LP, Senior Bond, 3.375%, 10/01/22	United States	50,000	51,561
Professional Services 1.4%			
Equifax, Inc., Senior Note, 3.3%, 12/15/22	United States	50,000	51,874
Technology Hardware, Storage & Peripherals 1.4%			
NetApp, Inc., Senior Note, 3.25%, 12/15/22	United States	50,000	51,688
Tobacco 2.8%			
Philip Morris International, Inc., Senior Note, 2.5%, 11/02/22	United States	100,000	103,077
Total Corporate Bonds (Cost \$2,249,095)			2,323,792
Foreign Government and Agency Securities 5.6%			
International Bank for Reconstruction & Development, Senior Note, 1.875%, 10/07/22	Supranational ^b	100,000	102,288
International Finance Corp., Senior Note, 2%, 10/24/22	Supranational ^b	100,000	102,614
Total Foreign Government and Agency Securities (Cost \$198,277)			204,902
U.S. Government and Agency Securities 18.0%			
FHLB,			
1.875%, 12/09/22	United States	150,000	154,029
2.5%, 12/09/22	United States	150,000	155,417
U.S. Treasury Notes,			
1.625%, 11/15/22	United States	170,000	173,772
2%, 11/30/22	United States	170,000	174,834
Total U.S. Government and Agency Securities (Cost \$634,247)			658,052
Asset-Backed Securities 4.2%			
Banks 1.4%			
Capital One Multi-Asset Execution Trust, 2017-A6, A6, 2.29%, 7/15/25	United States	50,000	51,361
Consumer Finance 2.8%			
American Express Credit Account Master Trust, 2017-7, A, 2.35%, 5/15/25	United States	100,000	102,990
Total Asset-Backed Securities (Cost \$147,176)			154,351
Total Long Term Investments (Cost \$3,228,795)			3,341,097

Franklin Payout 2022 Fund (continued)

Short Term Investments 8.0%

	Country	Shares	Value
Money Market Funds 8.0%			
^{c,d} Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	United States	290,824	\$290,824
Total Money Market Funds (Cost \$290,824)			290,824
Total Short Term Investments (Cost \$290,824)			290,824
Total Investments (Cost \$3,519,619) 99.5%			\$3,631,921
Other Assets, less Liabilities 0.5%			19,619
Net Assets 100.0%			\$3,651,540

See Abbreviations on page 34.

^fThe principal amount is stated in U.S. dollars unless otherwise indicated.

^gSecurity 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 May 31, 2021, the aggregate value of these securities was \$309,401, representing 8.5% of net assets.

^hA supranational organization is an entity formed by two or more central governments through international treaties.

^eSee Note 3(d) regarding investments in affiliated management investment companies.

^dThe rate shown is the annualized seven-day effective yield at period end.

Statements of Assets and Liabilities

May 31, 2021

	Franklin Payout 2021 Fund	Franklin Payout 2022 Fund
Assets:		
Investments in securities:		
Cost - Unaffiliated issuers	\$3,477,022	\$3,228,795
Cost - Non-controlled affiliates (Note 3d)	593,455	290,824
Value - Unaffiliated issuers	\$3,505,826	\$3,341,097
Value - Non-controlled affiliates (Note 3d)	593,455	290,824
Cash	1,500	1,202
Receivables:		
Interest	22,211	19,802
Affiliates	34,342	44,194
Other assets	5,511	—
Total assets	4,162,845	3,697,119
Liabilities:		
Payables:		
Transfer agent fees	139	177
Reports to shareholders	4,825	4,746
Professional fees	31,925	34,608
Pricing fees	4,975	4,948
Accrued expenses and other liabilities	1,031	1,100
Total liabilities	42,895	45,579
Net assets, at value	\$4,119,950	\$3,651,540
Net assets consist of:		
Paid-in capital	\$4,054,606	\$3,496,135
Total distributable earnings (losses)	65,344	155,405
Net assets, at value	\$4,119,950	\$3,651,540
	Franklin Payout 2021 Fund	Franklin Payout 2022 Fund
Class R6:		
Net assets, at value	\$2,060,027	\$1,825,829
Shares outstanding	203,001	175,000
Net asset value and maximum offering price per share	\$10.15	\$10.43
Advisor Class:		
Net assets, at value	\$2,059,923	\$1,825,711
Shares outstanding	203,001	175,000
Net asset value and maximum offering price per share	\$10.15	\$10.43

Statements of Operations

for the year ended May 31, 2021

	Franklin Payout 2021 Fund	Franklin Payout 2022 Fund
Investment income:		
Dividends:		
Non-controlled affiliates (Note 3d)	\$15	\$5
Interest:		
Unaffiliated issuers	88,459	91,342
Total investment income	88,474	91,347
Expenses:		
Management fees (Note 3a)	12,480	11,062
Transfer agent fees: (Note 3c)		
Class R6	435	366
Advisor Class	487	483
Custodian fees (Note 4)	386	18
Reports to shareholders	7,575	7,596
Registration and filing fees	32,656	35,501
Professional fees	60,726	62,612
Trustees' fees and expenses	1,185	1,184
Pricing fees	8,203	8,337
Other	2,061	2,649
Total expenses	126,194	129,808
Expense reductions (Note 4)	(7)	(6)
Expenses waived/paid by affiliates (Note 3d and 3e)	(114,052)	(118,993)
Net expenses	12,135	10,809
Net investment income	76,339	80,538
Realized and unrealized gains (losses):		
Net realized gain (loss) from:		
Investments:		
Unaffiliated issuers	3,301	9,210
Net change in unrealized appreciation (depreciation) on:		
Investments:		
Unaffiliated issuers	(60,620)	(54,390)
Net realized and unrealized gain (loss)	(57,319)	(45,180)
Net increase (decrease) in net assets resulting from operations	\$19,020	\$35,358

Statements of Changes in Net Assets

	Franklin Payout 2021 Fund		Franklin Payout 2022 Fund	
	Year Ended May 31, 2021	Year Ended May 31, 2020	Year Ended May 31, 2021	Year Ended May 31, 2020
Increase (decrease) in net assets:				
Operations:				
Net investment income	\$76,339	\$87,692	\$80,538	\$86,750
Net realized gain (loss)	3,301	10,611	9,210	6,793
Net change in unrealized appreciation (depreciation)	(60,620)	70,114	(54,390)	117,437
Net increase (decrease) in net assets resulting from operations.	19,020	168,417	35,358	210,980
Distributions to shareholders:				
Class R6	(42,407)	(45,594)	(45,219)	(43,697)
Advisor Class	(42,407)	(45,594)	(45,203)	(43,750)
Total distributions to shareholders	(84,814)	(91,188)	(90,422)	(87,447)
Net increase (decrease) in net assets	(65,794)	77,229	(55,064)	123,533
Net assets:				
Beginning of year	4,185,744	4,108,515	3,706,604	3,583,071
End of year	\$4,119,950	\$4,185,744	\$3,651,540	\$3,706,604

Notes to Financial Statements

1. Organization and Significant Accounting Policies

Franklin Fund Allocator Series (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of twenty-one separate funds, two 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 two classes of shares: Class R6 and Advisor Class. Each class of shares may differ by its voting rights on matters affecting a single class 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.

Debt securities generally trade in the over-the-counter market rather than on a securities exchange. The Funds' pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing of principal repayments, underlying

collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value.

Investments in open-end mutual funds are valued at the closing NAV.

The Funds have procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the Funds primarily employ a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, 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.

b. 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 May 31, 2021, each Fund has determined that no tax liability is required in its financial

1. Organization and Significant Accounting Policies

(continued)

b. Income and Deferred Taxes (continued)

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.

c. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. 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.

d. 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.

e. 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 May 31, 2021, there were an unlimited number of shares authorized (without par value). During the years ended May 31, 2021 and 2020, there were no transactions of the Fund's shares.

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 Funds 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

3. Transactions with Affiliates (continued)

a. Management Fees

The Funds pay an investment management fee to Advisers of 0.30% per year of the average daily net assets of each of the Funds.

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. 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. Class R6 pays Investor Services transfer agent fees specific to that class.

For the year ended May 31, 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 Payout 2021 Fund	Franklin Payout 2022 Fund
Transfer agent fees	\$841	\$743

d. 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 May 31, 2021, investments in affiliated management investment companies were as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income
Franklin Payout 2021 Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	\$512,564	\$394,162	\$(313,271)	\$—	\$—	\$593,455	593,455	\$15
Total Affiliated Securities	\$512,564	\$394,162	\$(313,271)	\$—	\$—	\$593,455		\$15

3. Transactions with Affiliates (continued)**d. 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	Dividends
Franklin Payout 2022 Fund									
Non-Controlled Affiliates									
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	\$182,752	\$419,995	\$(311,923)	\$—	\$—	\$290,824	290,824	\$5	
Total Affiliated Securities	\$182,752	\$419,995	\$(311,923)	\$—	\$—	\$290,824		\$5	

e. Waiver and Expense Reimbursements

Advisers have contractually agreed in advance to waive or limit its fees and to assume as its own expense certain expenses otherwise payable by the Funds so that the operating expenses (excluding acquired fund fees and expenses and certain non-routine expenses or costs, including those relating to litigation, indemnification, reorganizations, and liquidations) for each class of the Funds do not exceed 0.44% based on the average net assets of each class until September 30, 2021. Total expenses waived or paid are not subject to recapture subsequent to the Funds' fiscal year end.

Investor Services has contractually agreed in advance to waive or limit its fees so that the Class R6 transfer agent fees do not exceed 0.02% based on the average net assets of the class until September 30, 2021.

f. Other Affiliated Transactions

At May 31, 2021, Advisers owned 100% of the Funds' outstanding shares. Investment activities of this shareholder could have a material impact on the Funds.

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 May 31, 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 May 31, 2021 and 2020, was as follows:

	Franklin Payout 2021 Fund		Franklin Payout 2022 Fund	
	2021	2020	2021	2020
Distributions paid from:				
Ordinary income	\$80,551	\$91,188	\$80,797	\$87,447
Long term capital gain	4,263	—	9,625	—
	\$84,814	\$91,188	\$90,422	\$87,447

At May 31, 2021, the cost of investments, net unrealized appreciation (depreciation) and undistributed ordinary income for income tax purposes were as follows:

5. Income Taxes (continued)

	Franklin Payout 2021 Fund	Franklin Payout 2022 Fund
Cost of investments	\$4,067,456	\$3,515,262
Unrealized appreciation	\$31,841	\$116,721
Unrealized depreciation	(16)	(62)
Net unrealized appreciation (depreciation)	\$31,825	\$116,659
Distributable earnings:		
Undistributed ordinary income	\$31,490	\$32,354
Undistributed long term capital gains	2,034	6,390
Total distributable earnings	\$33,524	\$38,744

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatment of bond discounts and premiums.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the year ended May 31, 2021, were as follows:

	Franklin Payout 2021 Fund	Franklin Payout 2022 Fund
Purchases	\$—	\$107,064
Sales	\$144,426	\$209,081

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. 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.

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 May 31, 2021, the Funds did not use the Global Credit Facility.

9. 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 May 31, 2021, in valuing the Funds' assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin Payout 2021 Fund				
Assets:				
Investments in Securities: ^a				
Corporate Bonds	\$—	\$2,473,788	\$—	\$2,473,788
Foreign Government and Agency Securities	—	201,878	—	201,878
U.S. Government and Agency Securities	—	728,028	—	728,028
Municipal Bonds	—	102,132	—	102,132
Short Term Investments	593,455	—	—	593,455
Total Investments in Securities	\$593,455	\$3,505,826	\$—	\$4,099,281
Franklin Payout 2022 Fund				
Assets:				
Investments in Securities: ^a				
Corporate Bonds	—	2,323,792	—	2,323,792
Foreign Government and Agency Securities	—	204,902	—	204,902
U.S. Government and Agency Securities	—	658,052	—	658,052
Asset-Backed Securities	—	154,351	—	154,351
Short Term Investments	290,824	—	—	290,824
Total Investments in Securities	\$290,824	\$3,341,097	\$—	\$3,631,921

^a For detailed categories, see the accompanying Statement of Investments.

10. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board issued an 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.

11. 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, except for the following:

11. Subsequent Events (continued)

On July 14, 2021, the Board approved a proposal to liquidate the Funds. The Funds are scheduled to liquidate on or about September 28, 2021.

Abbreviations

Selected Portfolio

FFCB	Federal Farm Credit Banks Funding Corp.
FHLB	Federal Home Loan Banks
GO	General Obligation

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Franklin Fund Allocator Series and Shareholders of Franklin Payout 2021 Fund and Franklin Payout 2022 Fund

Opinions on the Financial Statements

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of Franklin Payout 2021 Fund and Franklin Payout 2022 Fund (two of the funds constituting Franklin Fund Allocator Series, hereafter collectively referred to as the "Funds") as of May 31, 2021, the related statements of operations for the year ended May 31, 2021, the statements of changes in net assets for each of the two years in the period ended May 31, 2021, including the related notes, and the financial highlights for each of the periods indicated therein (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 May 31, 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 May 31, 2021 and each of the financial highlights for each of the periods indicated therein 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 May 31, 2021 by correspondence with the custodian and transfer agent. We believe that our audits provide a reasonable basis for our opinions.

PricewaterhouseCoopers LLP

San Francisco, California

July 22, 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 May 31, 2021:

	Franklin Payout 2021 Fund	Franklin Payout 2022 Fund
	\$4,263	\$9,625

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 May 31, 2021:

	Franklin Payout 2021 Fund	Franklin Payout 2022 Fund
	\$1,380	\$—

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
Harris J. Ashton (1932) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1995	125	Bar-S Foods (meat packing company) (1981-2010).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , 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).				
Terrence J. Checki (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2017	107	Hess Corporation (exploration of oil and gas) (2014-present).
Principal Occupation During at Least the Past 5 Years: 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 formerly , 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).				
Mary C. Choksi (1950) 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 formerly , Avis Budget Group Inc. (car rental) (2007-May 2020).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , 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
Edith E. Holiday (1952) One Franklin Parkway San Mateo, CA 94403-1906	Lead Independent Trustee since 1998 Trustee 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 formerly , 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).

J. Michael Luttig (1954) 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).

Larry D. Thompson (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	126	Graham Holdings Company (education and media organization) (2011-present); and formerly , 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
Valerie M. Williams (1956) 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 formerly , 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
**Gregory E. Johnson (1961) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	137	None
**Rupert H. Johnson, Jr. (1940) One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board and Trustee	Since 2013	126	None

Principal Occupation During at Least the Past 5 Years:

Executive Chairman, Chairman of the Board and Director, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 39 of the investment companies in Franklin Templeton; Vice Chairman, Investment Company Institute; and **formerly**, Chief Executive Officer (2013-2020) and President (1994-2015), Franklin Resources, Inc.

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.

Alison E. Baur (1964) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
Breda M. Beckerle (1958) 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:

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 40 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
Steven J. Gray (1955) 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
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton; Vice President, Franklin Templeton Distributors, Inc. and FASA, LLC; and officer of 44 of the investment companies in Franklin Templeton.				
Matthew T. Hinkle (1971) One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2017	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Vice President, Franklin Templeton Services, LLC; officer of 44 of the investment companies in Franklin Templeton; and formerly , Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton (2009-2017).				
Robert G. Kubilis (1973) 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
Principal Occupation During at Least the Past 5 Years: Treasurer, U.S. Fund Administration & Reporting and officer of 39 of the investment companies in Franklin Templeton.				
Robert Lim (1948) One Franklin Parkway San Mateo, CA 94403-1906	Vice President – AML Compliance	Since 2016	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Vice President, Franklin Templeton Companies, LLC; Chief Compliance Officer, Franklin Templeton Distributors, Inc. and Franklin Templeton Investor Services, LLC; and officer of 44 of the investment companies in Franklin Templeton.				
Edward D. Perks (1970) One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer – Investment Management	Since 2018	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: President and Director, Franklin Advisers, Inc.; and officer of eight of the investment companies in Franklin Templeton (since December 2018).				
Navid J. Tofigh (1972) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2015	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Associate General Counsel and officer of 44 of the investment companies in Franklin Templeton.				
Craig S. Tyle (1960) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2005	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: General Counsel and Executive Vice President, Franklin Resources, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 44 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
Lori A. Weber (1964) 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

Principal Occupation During at Least the Past 5 Years:

Senior Associate General Counsel, Franklin Templeton; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; and officer of 44 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 FUND ALLOCATOR SERIES

Franklin Payout 2021 Fund

Franklin Payout 2022 Fund

Franklin Payout 2023 Fund

(each a Fund)

At a meeting held on February 23, 2021 (Meeting), the Board of Trustees (Board) of Franklin Fund Allocator 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 U.S. 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 November 30, 2020. 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 Payout 2021 Fund – The Performance Universe for the Fund included the Fund and all retail and institutional short investment-grade debt funds. The Fund commenced operations on June 1, 2015, and thus has been in operation for less than 10 years. The Board noted that the Fund's annualized income return for the three-year period was below the median of its Performance Universe, but for the one- and five-year periods was above the median of its Performance Universe. The Board further noted that the Fund's annualized total return for the one- and three-year periods was below the median of its Performance Universe, but for the five-year period was above the median of its Performance Universe. The Board considered that the income-oriented investment objective of the Fund is the primary focus for the Fund's portfolio management team and that the evaluation of the Fund's performance relative to the Fund's peers on an annualized income return basis is consistent with investor expectations and the Fund's investment goals. The Board concluded that the Fund's performance was satisfactory.

Franklin Payout 2022 Fund – The Performance Universe for the Fund included the Fund and all retail and institutional short-intermediate investment-grade debt funds. The Fund commenced operations on January 23, 2018, and thus has been in operation for less than three years. The Board noted that the Fund's annualized income return for the one-year period was above the median and in the first quintile (best) of its Performance Universe. The Board also noted that the Fund's 4.73% annualized total return for the one-year period was 0.33% below the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Franklin Payout 2023 Fund – The Board noted that Broadridge did not provide performance information for the Fund because the Fund has not commenced operations.

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 (i) Advisor Class shares for the Franklin Payout 2021 Fund and for Advisor Class, Institutional Class, Class I, Class P, Class F3 and Class NAV shares for certain other funds in the Fund's Expense Group; (ii) Advisor Class shares for the Franklin Payout 2022 Fund and for Institutional Class, Class I, Class I+ and Servicing Class shares for certain other funds in the Fund's Expense Group; and (iii) Advisor Class shares for the

Franklin Payout 2023 Fund and for Institutional Class, Class I, Class IS, and Class Y shares for certain other funds in the Fund's Expense Group. The Board received a description of the methodology used by Broadridge to select the mutual funds included in an Expense Group.

Franklin Payout 2021 Fund – The Expense Group for the Fund included the Fund and 13 other short investment-grade debt funds. The Board noted that the Management Rate for the Fund was equal to the median of its Expense Group. The Board also noted that the actual total expense ratio for the Fund was below the median of its Expense Group. The Board further noted that the actual total expense ratio for the Fund reflected a fee waiver from management. The Board concluded that the Management Rate charged to the Fund is reasonable.

Franklin Payout 2022 Fund and Franklin Payout 2023 Fund – The Expense Group for the Franklin Payout 2022 Fund included the Fund and nine other short-intermediate investment-grade debt funds. The Expense Group for the Franklin Payout 2023 Fund included the Fund and 10 other core bond funds. The Board noted that the Management Rates and actual total expense ratios for the Funds were below the medians and in the first quintile (best) of their respective Expense Groups. The Board noted that the actual total expense ratio for each Fund reflected a fee waiver from management. The Board concluded that the Management Rates charged to the 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 upfront 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. 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 noted that at the end of 2020, the Franklin Payout 2021 Fund and Franklin Payout 2022 Fund had approximately \$4 million or less in net assets and that the Franklin Payout 2023 Fund had not commenced operations. The Board recognized that there would not likely be any economies of scale until the Funds' assets grow.

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.

Liquidity Risk Management Program-Funds no HLIM

Each Fund has adopted and implemented a written Liquidity Risk Management Program (the "LRMP") as required by Rule 22e-4 under the Investment Company Act of 1940 (the "Liquidity Rule"). The LRMP is designed to assess and manage each Fund's liquidity risk, which is defined as the risk that the Fund could not meet requests to redeem shares issued by the Fund without significant dilution of remaining investors' interests in the Fund. In accordance with the Liquidity Rule, the LRMP includes policies and procedures that provide for: (1) assessment, management, and review (no less frequently than annually) of each Fund's liquidity risk; (2) classification of each Fund's portfolio holdings into one of four liquidity categories (Highly Liquid, Moderately Liquid, Less Liquid, and Illiquid); (3) for Funds that do not primarily hold assets that are Highly Liquid, establishing and maintaining a minimum percentage of the Fund's net assets in Highly Liquid investments (called a "Highly Liquid Investment Minimum" or "HLIM"); and (4) prohibiting the Fund's acquisition of Illiquid investments that would result in the Fund holding more than 15% of its net assets in Illiquid assets. The LRMP also requires reporting to the Securities and Exchange Commission ("SEC") (on a non-public basis) and to the Board if the Fund's holdings of Illiquid assets exceed 15% of the Fund's net assets. Funds with HLIMs must have procedures for addressing HLIM shortfalls, including reporting to the Board and, with respect to HLIM shortfalls lasting more than seven consecutive calendar days, reporting to the SEC (on a non-public basis).

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

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

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

At meetings of the Funds' Board of Trustees held in May 2021, the Program Administrator provided a written report to the Board addressing the adequacy and effectiveness of the program for the year ended December 31, 2020. The Program Administrator report concluded that (i.) the LRMP, as adopted and implemented, remains reasonably designed to assess and manage each Fund's liquidity risk; (ii.) the LRMP, including the Highly Liquid Investment Minimum ("HLIM") where applicable, was implemented and operated effectively to achieve the goal of assessing and managing each Fund's liquidity risk; and (iii.) each Fund was able to meet requests for redemption without significant dilution of remaining investors' interests in the Fund.

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. 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 and posted on the U.S. Securities and Exchange Commission's website at 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. 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
Franklin Fund Allocator Series

Investment Manager
Franklin Advisers, Inc.

Distributor
Franklin Templeton Distributors, Inc.

Shareholder Services
(800) 321-8563