FRANKLIN TEMPLETON INVESTMENTS

FRANKLIN LIFESMART™ 2040 RETIREMENT TARGET FUND

AS OF 12/31/13

ASSET ALLOCATION

FUND DESCRIPTION

The Franklin LifeSmart 2040 Retirement Target Fund is actively managed and balances investment return goals with a risk-focused approach.

The fund is designed for investors that expect to retire in or near the year 2040 and want:

•The simplicity of an asset allocation fund paired with a risk management approach.

•Active and flexible portfolio management allowing portfolio shifts to react to changing market conditions and opportunities consistent with the glide path.

•A specialized multi-asset strategy team to manage complex investment decisions.

FUND DATA

Total Net Assets-All Share Classes: $ 0.8 million

Inception: 7/1/13

Dividends: Quarterly

Minimum Initial Investment: $1,000

CUSIP/Symbol by Class:

A	C	R	R6	Advisor
354 72P 240	354 72P 232	354 72P 224	354 72P 216	354 72P 190

MAXIMUM SALES CHARGES

Class A: 5.75% initial sales charge

Class C: 1% contingent deferred sales charge (CDSC) in the first year only

TOTAL ANNUAL OPERATING EXPENSES

Without Waiver[1]: Class A: 2.95%; Class C: 3.65%

With Waiver: Class A: 0.95%; Class C: 1.65%

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

STRATEGY

The fund seeks the highest level of long-term total return consistent with its asset allocation. The portfolio manager:

•Allocates primarily to a combination of Franklin Templeton equity, fixed income and alternative funds, based on each underlying fund's predominant asset class.

•When selecting equity funds, considers U.S. and foreign investment exposure, market capitalization ranges and investment style (growth vs. value) along with other factors.

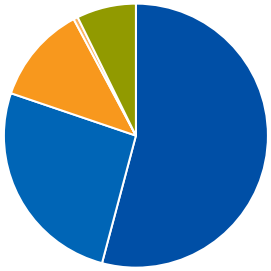
•When choosing fixed income funds, focuses on maximizing current income, appropriate to the retirement target fund's risk profile.

•Considers risk management factors, such as the underlying funds' relative and absolute performance, as well as their volatility of returns over time.

AVERAGE ANNUAL TOTAL RETURNS *(As of December 31, 2013)*[2,3]

With Maximum Sales Charges			Without Sales Charges
Class	Inception Date	Since Inception	Since Inception
A	7/1/13	6.42%	12.91%
C	7/1/13	11.46%	12.46%

PORTFOLIO BREAKDOWN [4,5]



- Domestic Equity Funds 54.10%
- Foreign Equity Funds 26.28%
- Fixed Income Funds 11.84%
- Alternatives Funds 0.70%
- Cash & Cash Equivalents 7.09%

TOP 10 HOLDINGS[4]

Franklin Dynatech Fund	13.51%
Franklin Rising Dividends Fund	11.51%
Franklin International Small Cap Growth Fund	9.77%
Franklin Growth Fund	6.89%
Mutual European Fund	6.12%
Franklin Utilities Fund	4.78%
Franklin Biotechnology Discovery Fund	4.03%
Templeton Global Total Return Fund	3.74%
iShares Core S&P 500 ETF	3.32%
Templeton Foreign Fund	3.11%

1. The fund has an expense reduction contractually guaranteed through at least December 31, 2014. The fund may also have a fee waiver associated with any investments it makes in a Franklin Templeton money fund, an arrangement that is contractually guaranteed through at least its current fiscal year end. Fund investment results reflect the expense reduction and fee waiver, as applicable; without these reductions, the results would have been lower.

2. On 1/1/14, the funds' glide path was modified, including increasing its tactical allocation ranges and adding a strategic allocation to alternative funds. Such changes can impact performance. The fund's investment goal has remained the same.

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

4. As of 12/31/13. Holdings are subject to change. For updated information, please call Franklin Templeton Investments at (800) DIAL BEN/342-5236 or visit franklintempleton.com. The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included in the top ten holdings list.

5. Due to rounding, the sum of portfolio holdings may not equal 100%. The asset class of each underlying fund is based on its predominant investments under normal market conditions. Alternative Funds refers to the fund's investments in underlying Franklin commodities, managed futures, and multi-manager alternative strategies funds.

NOT FDIC INSURED I MAY LOSE VALUE I NO BANK GUARANTEE

PORTFOLIO MANAGERS[6]

T. Anthony Coffey, CFA
Since 2013; joined Franklin Templeton in 1989

Thomas Nelson, CFA
Since 2013; joined Franklin Templeton in 2007

WHAT ARE THE RISKS?

The investment risk of the retirement target fund changes over time as its asset allocation changes. Since the fund invests in underlying funds, which may engage in a variety of investment strategies involving certain risks, the Franklin LifeSmart 2040 Retirement Target Fund is subject to those same risks. All investments involve risks, including possible loss of principal. Principal invested is not guaranteed at any time, including at or after the fund's retirement target date; nor is there any guarantee that the fund will provide sufficient income at or through the investor's retirement.

Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as the prices of bonds in the fund adjust to a rise in interest rates, the fund's share price may decline. Foreign investing carries additional risks such as currency and market volatility and political or social instability, risks which are heightened in developing countries. These risks are described more fully in the fund's prospectus. Investors should consult their financial advisor for help selecting the appropriate fund of funds, or fund combination, based on an evaluation of their investment objectives, retirement time horizons and risk tolerance.

Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. To obtain a summary prospectus and/or prospectus, which contains this and other information, including its glide path design, talk to your financial advisor, call us at (800) DIAL BEN/342-5236 or visit franklintempleton.com. Please carefully read a prospectus before you invest or send money.

6. CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.
7. The fund may allocate between 0-10% to alternative funds. It is anticipated that pro-rata adjustments will be made to the LifeSmart fund's equity and fixed income investment allocations to facilitate investments to alternative funds in amounts greater than or less than the target allocation of 5%.

BENEFITS

Balances investment total return goals with a risk-focused approach

Actively Managed Retirement Target Fund	Robust Risk-Focused Approach
Broad Spectrum of Time-Tested Investment Strategies	Specialized Multi-Asset Strategy Team

Diversified selection of investments

There are well over 100 investment vehicles, which fall within the various asset classes, that are available to the LifeSmart portfolio manager. Asset classes such as:

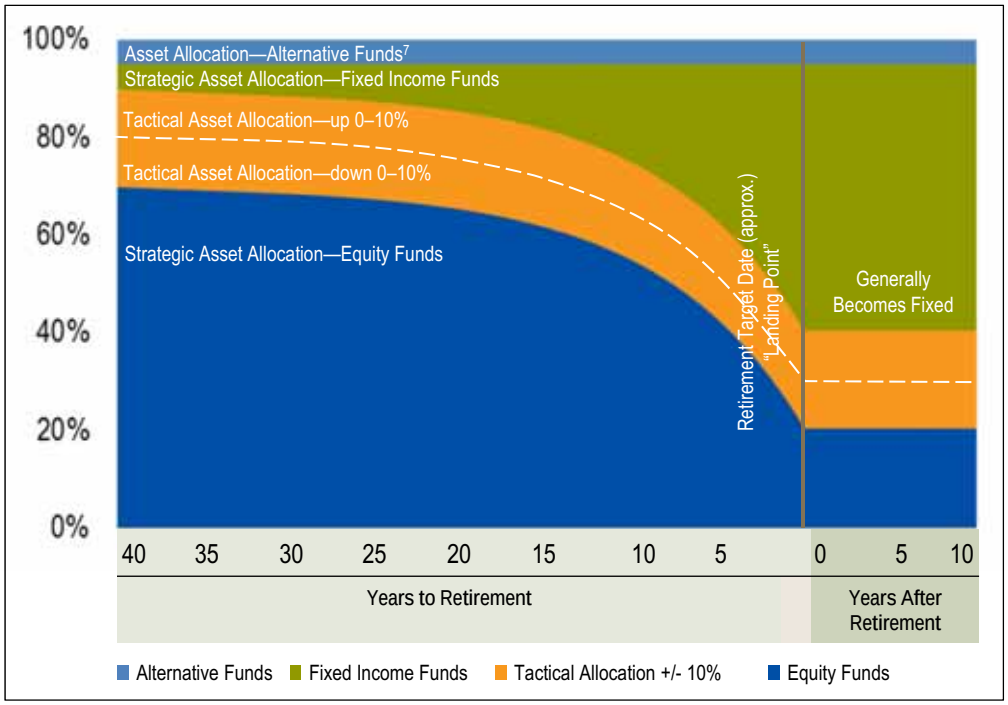
International	U.S. Growth	U.S. Value
Fixed Income	Sector	Alternatives

ASSET ALLOCATION APPROACH (Glide Path)

•**Strategic:** The fund will have a larger allocation to equities in earlier years, seeking greater growth opportunities. With the asset allocation strategy becoming increasingly conservative, the fund is at its most conservative allocation at the "landing point" (reached at target date); thereafter, this strategic asset allocation will generally become fixed.

•**Tactical:** The portfolio manager may implement a tactical allocation adjustment of each asset class within a range of +/- 10% of the fund's assets while varying the underlying funds (and their respective allocation amounts). The manager also has the flexibility to adjust the glide path, including modifying the targeted asset allocation percentages from time to time.

Glide Path



At Retirement Target Date, approximate asset allocation will be:

Equity Funds	Fixed Income Funds	Alternative Funds
30%	65%	5%

The chart is for illustrative purposes only; actual allocations and results may differ, depending on numerous factors.

FRANKLIN TEMPLETON INVESTMENTS

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