

SEMIANNUAL REPORT AND SHAREHOLDER LETTER

FRANKLIN CALIFORNIA TAX-FREE INCOME FUND

September 30, 2020



FRANKLIN
TEMPLETON

Internet Delivery of Fund Reports Unless You Request Paper Copies: Effective January 1, 2021, as permitted by the SEC, paper copies of the Fund's shareholder reports will no longer be sent by mail, unless you specifically request them from the Fund or your financial intermediary. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. If you have not signed up for electronic delivery, we would encourage you to join fellow shareholders who have. You may elect to receive shareholder reports and other communications electronically from the Fund by calling (800) 632-2301 or by contacting your financial intermediary.

You may elect to continue to receive paper copies of all your future shareholder reports free of charge by contacting your financial intermediary or, if you invest directly with a Fund, calling (800) 632-2301 to let the Fund know of your request. Your election to receive reports in paper will apply to all funds held in your account.

SHAREHOLDER LETTER

Dear Shareholder:

During the six months ended September 30, 2020, first- and second-quarter 2020 data reported during the period indicated that the U.S. economy contracted in response to the novel coronavirus (COVID-19) pandemic. Before the reporting period, the U.S. Federal Reserve, in its efforts to support U.S. economic activity, lowered the federal funds rate twice in March 2020 and implemented broad quantitative easing measures to support credit markets. During the reporting period, the Federal Reserve held its key rate unchanged at 0.25%, but continued quantitative easing and adjusted its policy in August 2020 to allow more flexibility to keep interest rates low, while maintaining a 2% average inflation target.

During the six-month period, municipal bonds delivered moderately positive total returns as investors were attracted to tax-free income in a declining interest-rate environment. Factors contributing to this positive investment environment for municipals included relatively low inflation, interest-rate declines and recent actions by the Federal Reserve to support the municipal bond market.

On July 1, 2020, we appointed Ben Barber as senior vice president and director of our municipal bond department, and we are pleased that he has rejoined Franklin. Ben most recently served as co-head of municipal bonds at Goldman Sachs Asset Management. Ben started his career of over 28 years of municipal bond investing at Franklin in 1991, working with several current investment team members through 1999, when he joined Goldman Sachs.

Franklin California Tax-Free Income Fund's semiannual report includes more detail about municipal bond market conditions and a discussion from the portfolio managers. In addition, on our website, franklintempleton.com, you can find updated commentary by our municipal bond experts. Municipal bonds provide tax-free income and diversification from equities. Despite periods of volatility, municipal bonds historically have had a solid long-term record of performance, driven mostly by their compounding tax-free income component. As you know, all securities markets fluctuate, as do mutual fund share prices.

As always, we recommend investors consult their financial advisors to help them make the best decisions for the long term. In a constantly changing market environment, we remain committed to our disciplined strategy as we manage the Fund, keeping in mind the trust you have placed in us.

We appreciate your confidence in us and encourage you to contact us or your financial advisor when you have questions about your Franklin tax-free investment.

Sincerely,

Rupert H. Johnson, Jr.
Chairman
Franklin California Tax-Free Income Fund

Ben Barber
Senior Vice President
Director of Municipal Bonds

This letter reflects our analysis and opinions as of September 30, 2020, unless otherwise indicated. The information is not a complete analysis of every aspect of any market, state, industry, security or fund. Statements of fact are from sources considered reliable.

Not FDIC Insured | May Lose Value | No Bank Guarantee

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

SEMIANNUAL REPORT

Franklin California Tax-Free Income Fund

This semiannual report for Franklin California Tax-Free Income Fund covers the period ended September 30, 2020.

Your Fund's Goal and Main Investments

The Fund seeks to provide investors with as high a level of income exempt from federal income taxes, including alternative minimum tax, and exempt from California personal income taxes (for California residents) as is consistent with prudent investment management and the preservation of shareholders' capital by normally investing at least 80% of its total assets in investment-grade municipal securities that pay interest free from such taxes.¹

Performance Overview

The Fund's Class A share price, as measured by net asset value, increased from \$7.50 on March 31, 2020, to \$7.70 on September 30, 2020. The Fund's Class A shares paid dividends totaling 10.8393 cents per share for the reporting period.² The Performance Summary beginning on page 6 shows that at the end of this reporting period the Fund's Class A shares' distribution rate was 2.66%, based on an annualization of September's 1.7714 cents per share monthly dividend and the maximum offering price of \$8.00 on September 30, 2020. An investor in the 2020 maximum combined effective federal and California personal income tax bracket of 53.10% (including 3.80% Medicare tax) would need to earn a distribution rate of 5.66% from a taxable investment to match the Fund's Class A tax-free distribution rate. For other performance data, please see the Performance Summary.

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

Credit Quality Composition*

9/30/20

Ratings	% of Total Investments
AAA	11.42%
AA	50.70%
A	25.03%
BBB	2.78%
Below Investment Grade	1.04%
Refunded	8.35%
Not Rated	0.68%

*Securities, except for those labeled Not Rated, are assigned ratings by one or more Nationally Recognized Statistical Credit Rating Organizations (NRSROs), such as Standard & Poor's, Moody's and Fitch, that can be considered by the investment manager as part of its independent securities analysis. When ratings from multiple agencies are available, the highest is used, consistent with the portfolio investment process. Ratings reflect an NRSRO's opinion of an issuer's creditworthiness and typically range from AAA (highest) to D (lowest). The Below Investment Grade category consists of bonds rated below BBB-. The Refunded category generally consists of refunded bonds secured by U.S. government or other high-quality securities and not rated by an NRSRO. The Not Rated category consists of ratable securities that have not been rated by an NRSRO. Cash and equivalents are excluded from this composition.

Municipal Bond Market Overview

Moving into April 2020 and continuing through September 2020, municipal bond market technical conditions improved from the market disruptions that resulted from the partial economic shutdown due to novel coronavirus (COVID-19)-related social-distancing orders. Investor funds that flowed into the market were met with negative net supply of tax-exempt bonds. As a result, ratios of municipal bond versus U.S. Treasury (UST) yields continued to tighten but remained significantly wider than at the beginning of 2020. Municipal issuers projected large deficits reaching into 2021 as revenues from tax receipts and usage fees fall while costs of services increase.

In the six months ending in September, revenue bonds outperformed general obligation securities and lower-quality investment-grade issues outperformed their higher-rated counterparts. Within the revenue bond segments, industrial and hospital bonds were the best performers, while resource recovery and special tax segments lagged.

1. For investors subject to alternative minimum tax, a small portion of Fund dividends may be taxable. Distributions of capital gains are generally taxable. To avoid imposition of 28% backup withholding on all Fund distributions and redemption proceeds, U.S. investors must be properly certified on Form W-9 and non-U.S. investors on Form W-8BEN.

2. The distribution amount is the sum of all estimated tax-basis net investment income distributions for the period shown. A portion or all of the distribution may be reclassified as return of capital or short-term or long-term capital gains once final tax designations are known. Assumes shares were purchased and held for the entire accrual period. Since dividends accrue daily, your actual distributions will vary depending on the date you purchased your shares and any account activity. All Fund distributions will vary depending upon current market conditions, and past distributions are not indicative of future trends.

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 14.

The Investment Company Institute (ICI) reported net inflows of approximately \$6 billion into municipal bond retail vehicles in September 2020. There have been strong inflows of funds into the sector after reporting record outflows in March 2020. For the six-month period, municipal bond retail vehicles had approximately \$39 billion of net inflows, according to the ICI.

For the six-month period, investment-grade municipal bonds, as measured by the Bloomberg Barclays Municipal Bond Index, posted a +3.99% total return, while USTs, as measured by the Bloomberg Barclays U.S. Treasury Index, posted a +0.65% total return, and investment-grade corporate bonds, as measured by the Bloomberg Barclays U.S. Corporate Bond Index, posted a +10.66% total return.³ All three of these fixed income sectors underperformed U.S. stocks, as measured by the Standard & Poor's® 500 Index, which posted a +31.31% total return for the period.³

Although the municipal bond market has seen a strong recovery since March, we believe strong technical support should continue as funds flow into the market, with negative net issuance supporting valuations. It is our view that despite the ongoing pandemic and its resulting economic downturn, a second pandemic-related market disruption is unlikely to unfold in the municipal bond market. Most municipalities were in good financial shape entering the COVID-19 shock and backed their municipal bond borrowings with very high security. Additionally, most governments with outstanding debt have a large variety of revenue sources that enhance the likelihood of meeting their financial obligations. We retain a cautionary stance toward municipal bond credit, where strong ongoing credit research will be critical for those looking to continue capitalizing on opportunities caused by market disruptions, including in sectors that have lagged during the recovery.

State Update

California's large, diverse economy contracted during the six-month period. The state's unemployment rate of 5.5% in March 2020 increased to 11.0% by September 2020 due to the economic effects of COVID-19, exceeding the increased 7.9% national rate at period-end.⁴ The state's enacted FY 2020 budget modestly increased spending while maintaining strong reserve levels, but revenues modestly declined amid the pandemic. Further revenue declines projected for FY 2021 were offset by education spending cuts, suspension of certain business tax breaks, and increased federal

Portfolio Composition

9/30/20

	% of Total Investments*
Transportation	25.22%
General Obligation	18.66%
Utilities	12.50%
Refunded**	12.45%
Hospital & Health Care	9.75%
Higher Education	8.66%
Subject to Government Appropriations	6.61%
Tax-Supported	2.88%
Housing	1.86%
Other Revenue	1.41%

*Does not include cash and cash equivalents.

**Includes all refunded bonds; the percentage may differ from that in the Credit Quality Composition.

Medicaid reimbursement and COVID-19 aid. California's net tax-supported debt was \$2,147 per capita and 3.2% of personal income, compared with the \$1,071 and 2.0% national medians, respectively.⁵ Independent credit rating agency Standard & Poor's (S&P) affirmed California's general obligations bonds rating of AA- with a stable outlook.⁶ The rating reflected S&P's view of the state's strong economy, substantial build up in reserves and strong overall liquidity going into the current recession, as well as the state's moderately high but stable debt ratios. S&P noted challenges, including substantial projected multiyear declines in tax revenue due to the current recession, high housing costs and social service spending relative to other states, difficult-to-forecast revenues and minimal prefunding of retiree health care benefits.

Investment Strategy

We select securities that we believe will provide the best balance between risk and return within the Fund's range of allowable investments and typically use a buy-and-hold strategy. This means we generally hold securities in the Fund's portfolio for income purposes, rather than trading securities for capital gains, although we may sell a security at any time if we believe it could help the Fund meet its goal.

3. Source: Morningstar. Treasuries, if held to maturity, offer a fixed rate of return and a fixed principal value; their interest payments and principal are guaranteed.

4. Bureau of Labor Statistics.

5. Source: Moody's Investors Service, *State government – U.S.: Medians – State debt declined in 2019, but likely to grow in coming years*, 5/12/20.

6. This does not indicate S&P's rating of the Fund.

See www.franklintempletondatasources.com for additional data provider information.

Manager's Discussion

Based on the combination of our value-oriented philosophy of investing primarily for income and a positive-sloping municipal yield curve, we favored the use of longer-term bonds. Consistent with our strategy, we sought to purchase bonds that ranged from 15 to 30 years in maturity with good call features. We believe our conservative, buy-and-hold investment strategy can help us achieve high, current, tax-free income for shareholders.

Thank you for your continued participation in Franklin California Tax-Free Income Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of September 30, 2020, 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, state, 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 September 30, 2020

The performance tables 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 9/30/20

Cumulative total return excludes sales charges. Average annual total return includes maximum sales charges. Sales charges will vary depending on the size of the investment and the class of share purchased. The maximum is 3.75% and the minimum is 0%. **Class A:** 3.75% maximum initial sales charge; **Advisor Class:** no sales charges. For other share classes, visit franklintempleton.com.

Share Class	Cumulative Total Return ¹	Average Annual Total Return ²
A^{3,4}		
6-Month	+4.13%	+0.23%
1-Year	+3.14%	-0.73%
5-Year	+22.56%	+3.36%
10-Year	+57.05%	+4.22%
Advisor		
6-Month	+4.27%	+4.27%
1-Year	+3.40%	+3.40%
5-Year	+23.43%	+4.30%
10-Year	+59.06%	+4.75%

Share Class	Distribution Rate ⁵	Taxable Equivalent Distribution Rate ⁶	30-Day Standardized Yield ⁷	Taxable Equivalent 30-Day Standardized Yield ⁸
A	2.66%	5.66%	1.53%	3.26%
Advisor	3.02%	6.43%	1.85%	3.94%

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

See page 7 for Performance Summary footnotes.

Distributions (4/1/20–9/30/20)

Share Class	Net Investment Income
A	\$0.108393
A1	\$0.114163
C	\$0.092905
R6	\$0.119122
Advisor	\$0.116096

Total Annual Operating Expenses⁸

Share Class	
A	0.76%
Advisor	0.51%

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. Because municipal bonds are sensitive to interest rate movements, the Fund's yield and share price will fluctuate with market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. Because the Fund invests principally in a single state, it is subject to greater risk of adverse economic and regulatory changes in that state than a geographically diversified fund. Puerto Rico municipal bonds have been impacted by recent adverse economic and market changes, which may cause the Fund's share price to decline. Changes in the credit rating of a bond, or in the credit rating or financial strength of a bond's issuer, insurer or guarantor, may affect the bond's value. The Fund may invest a significant part of its assets in municipal securities that finance similar types of projects, such as utilities, hospitals, higher education and transportation. A change that affects one project would likely affect all similar projects, thereby increasing market risk. Unexpected events and their aftermaths, such as the spread of deadly diseases; natural, environmental or man-made disasters; financial, political or social disruptions; terrorism and war; and other tragedies or catastrophes, can cause investor fear and panic, which can adversely affect the economies of many companies, sectors, nations, regions and the market in general, in ways that cannot necessarily be foreseen. The Fund's prospectus also includes a description of the main investment risks.

- Cumulative total return represents the change in value of an investment over the periods indicated.
- Average annual total return represents the average annual change in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.
- Effective 9/10/18, Class A shares closed to new investors, were renamed Class A1 shares, and a new Class A share with a different expense structure became available. Class A performance shown has been calculated as follows: (a) for periods prior to 9/10/18, a restated figure is used based on the Fund's Class A1 performance that includes any Rule 12b-1 rate differential that exists between Class A1 and Class A; and (b) for periods after 9/10/18, actual Class A performance is used, reflecting all charges and fees applicable to that class.
- Prior to 3/1/19, these shares were offered at a higher initial sales charge of 4.25%, thus actual returns (with sales charges) would have differed. Average annual total returns (with sales charges) have been restated to reflect the current maximum initial sales charge of 3.75%.
- Distribution rate is based on an annualization of the respective class's September dividend and the maximum offering price (NAV for Advisor Class) per share on 9/30/20.
- Taxable equivalent distribution rate and yield assume the published rates as of 6/18/20 for the maximum combined effective federal and California personal income tax rate of 53.10%, based on the federal income tax rate of 37.00% plus 3.80% Medicare tax. This combined rate does not consider the impact of California's surcharge on taxable income in excess of \$1 million.
- The Fund's 30-day standardized yield is calculated over a trailing 30-day period using the yield to maturity on bonds and/or the dividends accrued on stocks. It may not equal the Fund's actual income distribution rate, which reflects the Fund's past dividends paid to shareholders.
- 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 4/1/20	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 9/30/20	Expenses Paid During Period 4/1/20–9/30/20 ^{1,2}	Ending Account Value 9/30/20	Expenses Paid During Period 4/1/20–9/30/20 ^{1,2}	
A	1,000	1,041.30	3.83	1,021.32	3.79	0.75%
A1	1,000	1,042.20	3.05	1,022.08	3.02	0.60%
C	1,000	1,039.40	5.88	1,019.30	5.82	1.15%
R6	1,000	1,042.90	2.38	1,022.74	2.35	0.46%
Advisor	1,000	1,042.70	2.56	1,022.57	2.53	0.50%

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 183/365 to reflect the one-half year period.

2. Reflects expenses after fee waivers and expense reimbursements, for Class R6.

Financial Highlights

	Six Months Ended September 30, 2020 (unaudited)	Year Ended March 31, 2020	Period Ended March 31, 2019^a
Class A			
Per share operating performance			
(for a share outstanding throughout the period)			
Net asset value, beginning of period	\$7.50	\$7.44	\$7.27
Income from investment operations ^b :			
Net investment income ^c	0.11	0.22	0.14
Net realized and unrealized gains (losses)	0.20	0.08	0.15
Total from investment operations	0.31	0.30	0.29
Less distributions from:			
Net investment income	(0.11)	(0.24)	(0.12)
Net asset value, end of period	\$7.70	\$7.50	\$7.44
Total return ^d	4.13%	3.98%	4.11%
Ratios to average net assets^e			
Expenses	0.75% ^f	0.76% ^f	0.76% ^f
Net investment income	2.87%	2.97%	3.38%
Supplemental data			
Net assets, end of period (000's)	\$1,794,648	\$1,395,165	\$524,756
Portfolio turnover rate	4.29%	15.74%	14.12%

^aFor the period September 10, 2018 (effective date) to March 31, 2019.

^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 does not reflect sales commissions or contingent deferred sales charges, if applicable, and 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%.

	Six Months Ended September 30, 2020 (unaudited)	Year Ended March 31,				
		2020	2019	2018	2017	2016
Class A1						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$7.49	\$7.43	\$7.31	\$7.38	\$7.59	\$7.60
Income from investment operations ^a :						
Net investment income ^b	0.12	0.24	0.26	0.26	0.27	0.29
Net realized and unrealized gains (losses)	0.19	0.07	0.12	(0.06)	(0.22)	(0.01)
Total from investment operations	0.31	0.31	0.38	0.20	0.05	0.28
Less distributions from:						
Net investment income	(0.11)	(0.25)	(0.26)	(0.27)	(0.26)	(0.29)
Net asset value, end of period	\$7.69	\$7.49	\$7.43	\$7.31	\$7.38	\$7.59
Total return ^c	4.22%	4.14%	5.34%	2.66%	0.68%	3.82%
Ratios to average net assets^d						
Expenses	0.60% ^e	0.61% ^e	0.60% ^e	0.59%	0.59%	0.57%
Net investment income	3.03%	3.12%	3.54%	3.53%	3.54%	3.87%
Supplemental data						
Net assets, end of period (000's)	\$11,270,290	\$11,448,334	\$11,824,206	\$12,154,752	\$12,425,129	\$11,836,310
Portfolio turnover rate	4.29%	15.74%	14.12%	13.05%	19.37%	8.77%

^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.

^cTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

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

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

	Six Months Ended September 30, 2020 (unaudited)	Year Ended March 31,				
		2020	2019	2018	2017	2016
Class C						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$7.47	\$7.41	\$7.30	\$7.36	\$7.58	\$7.58
Income from investment operations ^a :						
Net investment income ^b	0.09	0.20	0.22	0.22	0.23	0.25
Net realized and unrealized gains (losses)	0.20	0.07	0.11	(0.06)	(0.23)	(—) ^c
Total from investment operations	0.29	0.27	0.33	0.16	—	0.25
Less distributions from:						
Net investment income	(0.09)	(0.21)	(0.22)	(0.22)	(0.22)	(0.25)
Net asset value, end of period	\$7.67	\$7.47	\$7.41	\$7.30	\$7.36	\$7.58
Total return ^d	3.94%	3.57%	4.63%	2.23%	(0.02)%	3.39%
Ratios to average net assets^e						
Expenses	1.15% ^f	1.16% ^f	1.16% ^f	1.15%	1.14%	1.13%
Net investment income	2.48%	2.57%	2.98%	2.97%	2.99%	3.31%
Supplemental data						
Net assets, end of period (000's)	\$1,067,099	\$1,118,612	\$1,124,954	\$1,527,772	\$1,659,070	\$1,442,032
Portfolio turnover rate	4.29%	15.74%	14.12%	13.05%	19.37%	8.77%

^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.

^cAmount rounds to less than \$0.01 per share.

^dTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and 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%.

	Six Months Ended September 30, 2020 (unaudited)	Year Ended March 31,		Period Ended March 31, 2018 ^a
		2020	2019	
Class R6				
Per share operating performance				
(for a share outstanding throughout the period)				
Net asset value, beginning of period	\$7.48	\$7.42	\$7.30	\$7.46
Income from investment operations ^b :				
Net investment income ^c	0.12	0.25	0.27	0.18
Net realized and unrealized gains (losses)	0.20	0.07	0.12	(0.18)
Total from investment operations	0.32	0.32	0.39	—
Less distributions from:				
Net investment income	(0.12)	(0.26)	(0.27)	(0.16)
Net asset value, end of period	\$7.68	\$7.48	\$7.42	\$7.30
Total return ^d	4.29%	4.28%	5.45%	(0.05)%
Ratios to average net assets^e				
Expenses before waiver and payments by affiliates	0.47%	0.47%	0.47%	0.49%
Expenses net of waiver and payments by affiliates	0.46% ^f	0.46% ^f	0.46% ^f	0.48%
Net investment income	3.16%	3.27%	3.68%	3.64%
Supplemental data				
Net assets, end of period (000's)	\$231,041	\$186,078	\$103,760	\$85,534
Portfolio turnover rate	4.29%	15.74%	14.12%	13.05%

^aFor the period August 1, 2017 (effective date) to March 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%.

	Six Months Ended September 30, 2020 (unaudited)	Year Ended March 31,				
		2020	2019	2018	2017	2016
Advisor Class						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$7.48	\$7.42	\$7.30	\$7.36	\$7.58	\$7.59
Income from investment operations ^a :						
Net investment income ^b	0.12	0.24	0.26	0.27	0.28	0.30
Net realized and unrealized gains (losses)	0.20	0.08	0.13	(0.06)	(0.23)	(0.01)
Total from investment operations	0.32	0.32	0.39	0.21	0.05	0.29
Less distributions from:						
Net investment income	(0.12)	(0.26)	(0.27)	(0.27)	(0.27)	(0.30)
Net asset value, end of period	\$7.68	\$7.48	\$7.42	\$7.30	\$7.36	\$7.58
Total return ^c	4.27%	4.24%	5.44%	2.89%	0.65%	3.92%
Ratios to average net assets^d						
Expenses	0.50% ^e	0.51% ^e	0.51% ^e	0.50%	0.49%	0.48%
Net investment income	3.13%	3.22%	3.63%	3.62%	3.64%	3.96%
Supplemental data						
Net assets, end of period (000's)	\$2,448,165	\$1,888,402	\$1,641,388	\$1,572,721	\$1,463,633	\$1,108,743
Portfolio turnover rate	4.29%	15.74%	14.12%	13.05%	19.37%	8.77%

^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.

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

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

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

Schedule of Investments (unaudited), September 30, 2020

	Principal Amount	Value
Commercial Mortgage-Backed Securities 0.4%		
Diversified Financial Services 0.4%		
California Housing Finance, 2019-N, A, 2.35%, 12/01/35	\$9,884,178	\$10,293,679
FHLMC, Multi-family, 2019-ML06, ACA, 2.493%, 7/25/35	52,468,922	55,798,600
		66,092,279
Total Commercial Mortgage-Backed Securities (Cost \$63,923,547)		66,092,279
Municipal Bonds 97.9%		
California 97.1%		
ABAG Finance Authority for Nonprofit Corp.,		
Asian Americans for Community Involvement of Santa Clara County, Inc. (The), Revenue, California Mortgage Insured, 6.65%, 10/01/22	210,000	210,989
Eskaton Properties, Inc. Obligated Group, Revenue, 2013, Refunding, 5%, 11/15/35	10,000,000	10,478,500
MP Palo Alto Gardens Associates, Revenue, 1999 A, 5.45%, 4/01/39	5,500,000	5,509,130
Alameda Corridor Transportation Authority,		
Revenue, Sub. Lien, 2004 A, Refunding, AMBAC Insured, Zero Cpn., 10/01/29	20,000,000	16,117,200
Revenue, Sub. Lien, 2004 A, Refunding, AMBAC Insured, Zero Cpn., 10/01/30	41,665,000	32,502,866
Alameda Unified School District, GO, 2015A, 5%, 8/01/39	18,000,000	21,353,760
Alhambra City Elementary School District, Alhambra Unified School District, GO, 2004 B, NATL Insured, Zero Cpn., 9/01/27	3,035,000	2,812,443
Alisal Union School District,		
GO, 2009B, AGMC Insured, Zero Cpn., 8/01/32	3,355,000	2,718,255
GO, 2009B, AGMC Insured, Zero Cpn., 8/01/33	3,610,000	2,828,254
GO, 2009B, AGMC Insured, Zero Cpn., 2/01/34	3,345,000	2,577,523
Alvord Unified School District,		
GO, 2011B, AGMC Insured, Zero Cpn., 8/01/36	15,000,000	9,855,150
GO, 2011B, AGMC Insured, Zero Cpn., 8/01/46	42,500,000	54,689,000
GO, A, Pre-Refunded, AGMC Insured, 5%, 8/01/42	34,690,000	39,398,127
Anaheim City School District, GO, 2011, Pre-Refunded, AGMC Insured, 6.25%, 8/01/40	7,500,000	7,882,200
Anaheim Public Financing Authority,		
City of Anaheim, Revenue, 1997 C, AGMC Insured, Zero Cpn., 9/01/24	26,855,000	25,988,121
City of Anaheim, Revenue, 1997 C, AGMC Insured, Zero Cpn., 9/01/26	29,430,000	27,502,041
City of Anaheim, Revenue, 1997 C, AGMC Insured, Zero Cpn., 9/01/27	22,860,000	20,894,497
City of Anaheim, Revenue, 1997 C, AGMC Insured, Zero Cpn., 9/01/28	14,425,000	12,833,201
City of Anaheim, Revenue, 1997 C, AGMC Insured, Zero Cpn., 9/01/29	24,810,000	21,475,040
City of Anaheim, Revenue, 1997 C, AGMC Insured, Zero Cpn., 9/01/32	13,665,000	10,774,442
City of Anaheim, Revenue, 1997 C, AGMC Insured, Zero Cpn., 9/01/33	37,070,000	28,279,591
City of Anaheim, Revenue, 1997 C, AGMC Insured, Zero Cpn., 9/01/34	24,970,000	18,477,800
City of Anaheim, Revenue, 1997 C, AGMC Insured, ETM, Zero Cpn., 3/01/37	15,080,000	11,347,549
Anaheim Union High School District, GO, 2002 A, AGMC Insured, Zero Cpn., 8/01/26	8,570,000	8,114,933
Antelope Valley Community College District, GO, 2015, Pre-Refunded, 5%, 8/01/39	11,750,000	14,185,305
Atascadero Unified School District, GO, A, AGMC Insured, 5%, 8/01/40	6,235,000	6,438,012
Baldwin Park Unified School District,		
GO, 2013, Pre-Refunded, BAM Insured, 5%, 8/01/43	5,000,000	5,678,600
GO, 2013, Pre-Refunded, BAM Insured, Zero Cpn., 8/01/48	25,000,000	4,292,750
GO, 2013, Pre-Refunded, BAM Insured, Zero Cpn., 8/01/53	60,000,000	7,010,400
Bay Area Toll Authority,		
Revenue, 2013 S-4, Pre-Refunded, 5%, 4/01/43	36,040,000	40,414,535
Revenue, Pre-Refunded, 5.125%, 4/01/48	47,355,000	53,250,224
Revenue, 2013 S-4, Pre-Refunded, 5.25%, 4/01/53	33,000,000	37,211,130
Revenue, 2017 F-1, 5%, 4/01/56	60,000,000	69,842,400
Revenue, 2017 S-7, Refunding, 4%, 4/01/42	84,260,000	95,317,440
Revenue, 2017 S-7, Refunding, 4%, 4/01/47	72,000,000	80,824,320
Revenue, 2019 S-8, Refunding, 5%, 4/01/56	25,000,000	29,918,250

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
Beaumont Public Improvement Authority, City of Beaumont Wastewater, Revenue, 2018 A, AGMC Insured, 5%, 9/01/49	\$10,000,000	\$11,967,100
Beaumont Unified School District, GO, 2011C, Pre-Refunded, AGMC Insured, 5.75%, 8/01/36	6,200,000	6,491,276
GO, 2011C, AGMC Insured, Zero Cpn., 8/01/40	11,000,000	6,378,790
California Community College Financing Authority, Revenue, 2001 A, NATL Insured, 5.125%, 4/01/31	880,000	899,782
Revenue, 2010A, AGMC Insured, 5%, 6/01/30	770,000	772,318
Revenue, 2010A, AGMC Insured, 5.125%, 6/01/35	360,000	361,004
NCCD-Orange Coast Properties LLC, Revenue, 2018, 5.25%, 5/01/53	8,150,000	8,432,724
California County Tobacco Securitization Agency, Revenue, 2020 B-1, Refunding, 5%, 6/01/49	1,000,000	1,160,290
Revenue, Senior Lien, 2020 A, Refunding, 4%, 6/01/49	3,525,000	3,931,468
Alameda County Tobacco Asset Securitization Corp., Revenue, 2002, 5.875%, 6/01/35	7,355,000	7,361,987
Kern County Tobacco Funding Corp., Revenue, 2014, Refunding, 5%, 6/01/34	10,295,000	10,705,359
Kern County Tobacco Funding Corp., Revenue, 2014, Refunding, 5%, 6/01/40	17,650,000	18,453,251
^a Merced County Tobacco Funding Corp., Revenue, Senior Lien, 2020 A, Refunding, 4%, 6/01/36	470,000	543,884
^a Merced County Tobacco Funding Corp., Revenue, Senior Lien, 2020 A, Refunding, 4%, 6/01/38	530,000	609,161
^a Merced County Tobacco Funding Corp., Revenue, Senior Lien, 2020 A, Refunding, 4%, 6/01/40	625,000	713,488
^a Merced County Tobacco Funding Corp., Revenue, Senior Lien, 2020 A, Refunding, 4%, 6/01/42	100,000	112,146
^a Sonoma County Securitization Corp., Revenue, 2020 A, Refunding, 4%, 6/01/35	350,000	408,478
^a Sonoma County Securitization Corp., Revenue, 2020 A, Refunding, 4%, 6/01/36	300,000	347,160
^a Sonoma County Securitization Corp., Revenue, 2020 A, Refunding, 4%, 6/01/37	430,000	495,906
^a Sonoma County Securitization Corp., Revenue, 2020 A, Refunding, 4%, 6/01/38	500,000	574,680
^a Sonoma County Securitization Corp., Revenue, 2020 A, Refunding, 4%, 6/01/39	420,000	481,093
^a Sonoma County Securitization Corp., Revenue, 2020 A, Refunding, 4%, 6/01/40	500,000	570,790
^a Sonoma County Securitization Corp., Revenue, 2020 A, Refunding, 4%, 6/01/49	1,120,000	1,244,421
^a Sonoma County Securitization Corp., Revenue, 2020 B 1, Refunding, 5%, 6/01/49	1,000,000	1,139,710
Stanislaus County Tobacco Funding Corp., Revenue, 2002 A, 5.875%, 6/01/43	7,665,000	7,672,358
California Educational Facilities Authority, Chapman University, Revenue, 2015, 5%, 4/01/45	10,000,000	11,207,400
Leland Stanford Junior University (The), Revenue, U-1, 5.25%, 4/01/40	24,960,000	38,889,427
Leland Stanford Junior University (The), Revenue, U-3, 5%, 6/01/43	56,950,000	88,068,619
Leland Stanford Junior University (The), Revenue, U-4, 5%, 6/01/43	24,205,000	37,431,096
Leland Stanford Junior University (The), Revenue, U-6, 5%, 5/01/45	90,580,000	141,979,621
Leland Stanford Junior University (The), Revenue, V-1, 5%, 5/01/49	20,000,000	32,296,400
Loma Linda University, Revenue, 2017A, Refunding, 5%, 4/01/47	11,000,000	12,372,580
Loyola Marymount University, Revenue, 2001A, NATL Insured, Zero Cpn., 10/01/26	7,620,000	7,122,109
Loyola Marymount University, Revenue, 2001A, NATL Insured, Zero Cpn., 10/01/27	7,365,000	6,729,769
Loyola Marymount University, Revenue, 2001A, NATL Insured, Zero Cpn., 10/01/28	4,120,000	3,663,545
Loyola Marymount University, Revenue, 2001A, NATL Insured, Zero Cpn., 10/01/30	5,685,000	4,776,366
Loyola Marymount University, Revenue, 2001A, NATL Insured, Zero Cpn., 10/01/31	7,615,000	6,220,770
Loyola Marymount University, Revenue, 2001A, NATL Insured, Zero Cpn., 10/01/32	7,615,000	6,017,145
Santa Clara University, Revenue, 1999, AMBAC Insured, Zero Cpn., 9/01/26	4,500,000	3,812,310
Santa Clara University, Revenue, 2015, Refunding, 5%, 4/01/45	15,495,000	18,086,694
University of San Francisco, Revenue, 2018A, 5%, 10/01/48	10,000,000	11,955,900
University of San Francisco, Revenue, 2018A, 5%, 10/01/53	10,000,000	11,905,500
California Health Facilities Financing Authority, Revenue, 1992 A, California Mortgage Insured, 6.5%, 12/01/22	390,000	392,005
Revenue, 2014A, Pre-Refunded, 5%, 10/01/38	3,890,000	4,636,452
Revenue, 2014A, 5%, 10/01/38	5,110,000	5,770,979

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
California Health Facilities Financing Authority, (continued)		
California-Nevada Methodist Homes, Revenue, 2015, Refunding, California Mortgage Insured, 5%, 7/01/35	\$1,000,000	\$1,160,310
Casa Milagro LLC, Revenue, 2011A, California Mortgage Insured, 6.25%, 2/01/26	5,000,000	5,101,250
Children's Hospital Los Angeles Obligated Group, Revenue, 2017A, Refunding, 5%, 8/15/42	7,750,000	8,981,320
Children's Hospital Los Angeles Obligated Group, Revenue, 2017A, Refunding, 5%, 8/15/47	10,370,000	11,929,855
Children's Hospital of Orange County Obligated Group, Revenue, 2011 A, 5.25%, 11/01/41	10,000,000	10,419,900
City of Hope Obligated Group, Revenue, 2019, 5%, 11/15/49	37,000,000	43,453,910
CommonSpirit Health Obligated Group, Revenue, 2011 A, 5.25%, 3/01/41	50,000,000	50,836,500
El Camino Hospital, Revenue, 2017, 4.125%, 2/01/47	11,000,000	12,081,850
El Camino Hospital, Revenue, 2017, 5%, 2/01/47	12,500,000	14,550,625
Kaiser Foundation Hospitals, Revenue, 2017A-2, 4%, 11/01/38	25,000,000	28,274,000
Kaiser Foundation Hospitals, Revenue, 2017A-2, 4%, 11/01/44	385,000,000	429,471,350
Kaiser Foundation Hospitals, Revenue, 2017A-2, 5%, 11/01/47	30,000,000	46,121,400
Lucile Salter Packard Children's Hospital at Stanford Obligated Group, Revenue, 2012A, 5%, 8/15/51	39,455,000	41,563,870
Lucile Salter Packard Children's Hospital at Stanford Obligated Group, Revenue, 2016B, 5%, 8/15/55	12,960,000	14,917,478
Lucile Salter Packard Children's Hospital at Stanford Obligated Group, Revenue, 2017A, 5%, 11/15/56	22,000,000	25,895,320
Marshall Medical Center, Revenue, 2020A, Refunding, California Mortgage Insured, 4%, 11/01/40	3,750,000	4,330,800
Marshall Medical Center, Revenue, 2020A, Refunding, California Mortgage Insured, 5%, 11/01/50	25,065,000	31,136,495
Rady Children's Hospital Obligated Group, Revenue, 2011, 5.25%, 8/15/41	11,000,000	11,373,010
Sequoia Living, Inc., Revenue, 2015, Refunding, California Mortgage Insured, 5%, 7/01/34	1,000,000	1,163,300
Sequoia Living, Inc., Revenue, 2015, Refunding, California Mortgage Insured, 5%, 7/01/39	1,450,000	1,669,501
Sequoia Living, Inc., Revenue, 2015, Refunding, California Mortgage Insured, 5%, 7/01/44	1,160,000	1,325,903
Stanford Health Care Obligated Group, Revenue, 2020 A, Refunding, 4%, 8/15/50	30,900,000	35,902,092
Sutter Health Obligated Group, Revenue, 2013A, 5%, 8/15/52	89,990,000	98,778,423
Sutter Health Obligated Group, Revenue, 2015A, Refunding, 5%, 8/15/43	20,000,000	23,216,400
Sutter Health Obligated Group, Revenue, 2016B, Refunding, 5%, 11/15/46	89,970,000	105,520,415
Sutter Health Obligated Group, Revenue, 2017 A, Refunding, 4%, 11/15/48	36,810,000	40,819,713
Sutter Health Obligated Group, Revenue, 2018 A, 4%, 11/15/42	11,680,000	13,059,525
Sutter Health Obligated Group, Revenue, 2018 A, 5%, 11/15/48	34,500,000	41,208,180
California Housing Finance, Revenue, 2019-2, A, 4%, 3/20/33	15,058,219	16,668,394
Longshore Cove LP, Revenue, 2020 E, FNMA Insured, 2.5%, 2/01/38	9,925,086	10,628,973
California Infrastructure & Economic Development Bank, Revenue, 2015A, Refunding, 5%, 10/01/40	4,015,000	4,800,776
Revenue, 2015A, Refunding, 5%, 10/01/43	1,900,000	2,263,660
Revenue, 2018, 5%, 10/01/48	10,000,000	12,499,100
Academy of Motion Picture Arts and Sciences Obligated Group, Revenue, 2015A, Refunding, 5%, 11/01/41	8,000,000	8,882,960
Academy of Motion Picture Arts and Sciences Obligated Group, Revenue, 2020B, Refunding, 5%, 11/01/29	5,000,000	6,611,600
California State Teachers' Retirement System, Revenue, 2019, 5%, 8/01/44	8,000,000	10,037,120
California State Teachers' Retirement System, Revenue, 2019, 5%, 8/01/49	30,300,000	37,746,225
Equitable School Revolving Fund LLC Obligated Group, Revenue, 2020 B, 4%, 11/01/45	850,000	971,771

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
California Infrastructure & Economic Development Bank, (continued)		
Equitable School Revolving Fund LLC Obligated Group, Revenue, 2020 B, 4%, 11/01/50	\$860,000	\$979,970
Equitable School Revolving Fund LLC Obligated Group, Revenue, 2020 B, 4%, 11/01/55	915,000	1,033,986
Los Angeles County Museum of Natural History Foundation, Revenue, 2020, Refunding, 3%, 7/01/50	18,995,000	19,207,174
Los Angeles County Museum of Natural History Foundation, Revenue, 2020, Refunding, 4%, 7/01/50	10,000,000	11,255,500
State of California Department of Transportation Seismic Surcharge, Revenue, First Lien, 2003 A, Pre-Refunded, FGIC Insured, 5%, 7/01/29	50,985,000	66,696,028
State of California Department of Transportation Seismic Surcharge, Revenue, First Lien, 2003 A, Pre-Refunded, AMBAC Insured, 5%, 7/01/33	13,460,000	17,946,353
California Municipal Finance Authority,		
4.25%, 1/15/35	49,499,195	55,899,935
Revenue, Senior Lien, 2017A, Refunding, 4%, 8/15/52	27,350,000	28,948,608
Channing House, Revenue, 2017B, California Mortgage Insured, 5%, 5/15/47	10,000,000	11,777,400
CHF-Davis I LLC, Revenue, 2018, 5%, 5/15/51	10,000,000	11,509,200
Community Hospitals of Central California Obligated Group, Revenue, 2015A, Refunding, 5%, 2/01/46	15,000,000	16,550,250
Community Hospitals of Central California Obligated Group, Revenue, 2017A, Refunding, 5%, 2/01/42	5,500,000	6,334,625
Community Hospitals of Central California Obligated Group, Revenue, 2017A, Refunding, 5%, 2/01/47	20,750,000	23,718,910
Eisenhower Medical Center, Revenue, 2017A, Refunding, 5%, 7/01/42	5,100,000	5,813,439
Eisenhower Medical Center, Revenue, 2017A, Refunding, 5%, 7/01/47	4,000,000	4,526,080
Inland Christian Home, Inc., Revenue, 2020, California Mortgage Insured, 4%, 12/01/49	2,670,000	3,016,860
Inland Counties Regional Center, Inc., Revenue, 2015, Refunding, 5%, 6/15/45	23,300,000	27,201,119
LAX Integrated Express Solutions LLC, Revenue, Senior Lien, 2018 A, 5%, 12/31/37 . . .	5,000,000	5,802,000
LAX Integrated Express Solutions LLC, Revenue, Senior Lien, 2018 A, 5%, 12/31/43 . . .	11,800,000	13,481,618
LAX Integrated Express Solutions LLC, Revenue, Senior Lien, 2018 A, 5%, 12/31/47 . . .	61,850,000	70,297,473
Northbay Healthcare Group Obligated Group, Revenue, 2017 A, 5.25%, 11/01/41	5,500,000	6,267,525
Northbay Healthcare Group Obligated Group, Revenue, 2017 A, 5%, 11/01/47	8,650,000	9,580,913
Northern California Retired Officers Community, Revenue, 2019 A, California Mortgage Insured, 5%, 1/01/43	10,000,000	11,981,300
Northern California Retired Officers Community, Revenue, 2019 A, California Mortgage Insured, 5%, 1/01/49	18,990,000	22,589,175
South Central Los Angeles Regional Center for Developmentally Disabled Persons, Revenue, 2013, 5.75%, 12/01/43	33,895,000	37,228,912
University of La Verne, Revenue, 2017A, Refunding, 4%, 6/01/47	10,500,000	11,312,280
California Pollution Control Financing Authority,		
^b San Diego County Water Authority, Revenue, 144A, 2019, Refunding, 5%, 7/01/39	7,250,000	8,446,033
^b San Diego County Water Authority, Revenue, 144A, 2019, Refunding, 5%, 11/21/45	1,905,000	2,191,969
San Jose Water Co., Revenue, 2016, 4.75%, 11/01/46	15,000,000	17,032,500
California Public School District Financing Authority, Southern Kern Unified School District, Revenue, 1996B, AGMC Insured, ETM, 5.9%, 9/01/26	1,165,000	1,378,673
California State Public Works Board,		
Revenue, 2012 A, 5%, 4/01/31	48,070,000	51,250,792
Revenue, 2012 A, 5%, 4/01/32	17,885,000	19,054,679
Revenue, 2012 A, 5%, 4/01/37	29,000,000	30,797,710
Revenue, 2012G, Refunding, 5%, 11/01/31	16,520,000	18,019,355
Revenue, 2013I, 5%, 11/01/38	40,000,000	44,970,000
Judicial Council of California, Revenue, 2011 D, 5%, 12/01/31	15,000,000	15,794,550
California State University,		
Revenue, 2011 A, Pre-Refunded, 5%, 11/01/42	29,645,000	31,193,358
Revenue, 2014A, Refunding, 5%, 11/01/39	23,000,000	26,950,250

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
California State University, (continued)		
Revenue, 2014A, Refunding, 5%, 11/01/44	\$32,345,000	\$37,658,960
Revenue, 2015A, Refunding, 5%, 11/01/43	11,000,000	13,205,280
Revenue, 2017A, Refunding, 5%, 11/01/42	29,105,000	35,613,751
Revenue, 2017A, Refunding, 5%, 11/01/47	63,000,000	76,559,490
Revenue, 2018 A, Refunding, 5%, 11/01/39	19,920,000	25,403,777
Revenue, 2018 A, Refunding, 5%, 11/01/43	16,870,000	21,298,544
Revenue, 2018 A, Refunding, 5%, 11/01/50	17,385,000	21,742,203
Revenue, 2019 A, 5%, 11/01/44	13,100,000	16,650,755
Revenue, 2019 A, 5%, 11/01/49	90,295,000	113,964,931
Revenue, 2019 A, 5%, 11/01/51	40,470,000	50,999,080
Revenue, 2020C, 4%, 11/01/45	10,000,000	11,765,600
California Statewide Communities Development Authority,		
Revenue, 2004 A, Pre-Refunded, AGMC Insured, 5.25%, 10/01/24	275,000	276,108
Adventist Health System/West Obligated Group, Revenue, 2015A, Refunding, 5%, 3/01/35	9,250,000	10,957,273
Adventist Health System/West Obligated Group, Revenue, 2018 A, Refunding, 5%, 3/01/48	67,585,000	80,509,955
CHF-Irvine LLC, Revenue, 2011, Refunding, 5.125%, 5/15/31	8,000,000	8,148,400
CHF-Irvine LLC, Revenue, 2011, Refunding, 5.375%, 5/15/38	8,500,000	8,650,110
Collis P and Howard Huntington Memorial Hospital Obligated Group, Revenue, 2018, 5%, 7/01/48	7,980,000	9,479,043
Community Church Retirement Center, Revenue, 2013, California Mortgage Insured, 5.125%, 11/15/35	2,000,000	2,267,040
Community Church Retirement Center, Revenue, 2013, California Mortgage Insured, 5.375%, 11/15/44	7,250,000	8,111,518
Cottage Health Obligated Group, Revenue, 2010, Pre-Refunded, 5.25%, 11/01/30	18,500,000	18,576,775
Cottage Health Obligated Group, Revenue, 2010, Pre-Refunded, 5%, 11/01/40	56,000,000	56,221,200
Emanate Health Obligated Group, Revenue, 2020 A, 3%, 4/01/50	10,000,000	10,120,000
Henry Mayo Newhall Memorial Hospital, Revenue, 2014, AGMC Insured, 5.25%, 10/01/43	3,000,000	3,351,900
Kaiser Foundation Hospitals, Revenue, 2012 A, 5%, 4/01/42	88,945,000	93,364,677
Olive Street Preservation LP, Revenue, 2009L, GNMA Insured, 5.1%, 7/20/50	10,000,000	10,111,300
Poway RHF Housing, Inc., Revenue, 2013A, California Mortgage Insured, 5.25%, 11/15/35	2,000,000	2,226,100
UniHealth Foundation, COP, 1993-A, Pre-Refunded, AMBAC Insured, 5.75%, 10/01/25	4,540,000	4,728,955
Campbell Union School District, GO, 1996B, NATL Insured, Zero Cpn., 8/01/21	6,280,000	6,261,788
Carlsbad Unified School District,		
GO, 2009B, Refunding, 6%, 5/01/34	14,000,000	16,834,300
GO, 2011C, Zero Cpn., 8/01/35	33,000,000	39,949,470
Castro Valley Unified School District, COP, 2011, AGMC Insured, 5%, 9/01/32	2,620,000	2,707,639
Centinela Valley Union High School District,		
GO, 2004 A, Refunding, NATL Insured, 5.5%, 8/01/33	15,630,000	20,315,874
GO, 2012 B, Refunding, AGMC Insured, 5%, 8/01/50	3,850,000	4,180,061
Cerritos Public Financing Authority, Tax Allocation, 2002 A, AMBAC Insured, 5%, 11/01/22		
	1,675,000	1,680,595
Chaffey Joint Union High School District, GO, B, 5%, 8/01/44	27,500,000	31,910,175
Charter Oak Unified School District, GO, 2015A, AGMC Insured, 5%, 8/01/40	5,000,000	5,903,150
Chico Unified School District, GO, 2012 A, 5%, 8/01/43	8,000,000	8,868,960
Chino Valley Unified School District,		
GO, 2020 B, 4%, 8/01/45	3,000,000	3,531,300
GO, 2020 B, 3.375%, 8/01/50	20,500,000	22,488,295
GO, 2020 B, 5%, 8/01/55	12,500,000	15,974,250

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
City & County of San Francisco, Eastern Park Apartments LP, Revenue, 2019J, FNMA Insured, 2.55%, 7/01/39	\$56,506,000	\$58,349,226
City of Chula Vista, San Diego Gas & Electric Co., Revenue, 2004-A, Refunding, 5.875%, 2/15/34	17,500,000	17,565,625
City of Long Beach,		
Harbor, Revenue, 2017C, Refunding, 5%, 5/15/47	12,210,000	14,402,306
Harbor, Revenue, 2019A, 5%, 5/15/49	18,205,000	22,264,897
City of Los Angeles,		
Revenue, 1993-1, Refunding, NATL, FHA Insured, 6.5%, 7/01/22	155,000	155,653
Department of Airports, Revenue, 2015D, 5%, 5/15/41	14,500,000	16,637,735
Department of Airports, Revenue, 2016B, 5%, 5/15/41	12,500,000	14,403,375
Department of Airports, Revenue, 2016B, 5%, 5/15/46	53,000,000	60,606,030
Department of Airports, Revenue, 2017A, 5%, 5/15/47	50,350,000	58,544,966
Department of Airports, Revenue, 2018 A, 5%, 5/15/44	60,000,000	71,113,200
Department of Airports, Revenue, 2018 C, 5%, 5/15/37	9,550,000	11,446,821
Department of Airports, Revenue, 2018 E, Refunding, 5%, 5/15/43	15,005,000	18,404,683
Department of Airports, Revenue, 2018 E, Refunding, 5%, 5/15/48	33,145,000	40,326,859
Department of Airports, Revenue, 2019 A, Refunding, 5%, 5/15/49	10,000,000	11,943,500
Department of Airports, Revenue, 2019 E, 5%, 5/15/44	22,135,000	26,973,268
Department of Airports, Revenue, 2019 E, 5%, 5/15/49	62,940,000	76,178,170
Department of Airports, Revenue, 2019 F, 5%, 5/15/44	2,950,000	3,548,466
Department of Airports, Revenue, 2020 A, Refunding, 5%, 5/15/35	10,500,000	13,450,815
Department of Airports, Revenue, 2020 A, Refunding, 5%, 5/15/37	8,000,000	10,156,800
Department of Airports, Revenue, 2020 A, Refunding, 5%, 5/15/38	9,925,000	12,559,095
Department of Airports, Revenue, 2020 A, Refunding, 5%, 5/15/39	10,265,000	12,948,682
Department of Airports, Revenue, 2020 A, Refunding, 5%, 5/15/40	10,000,000	12,576,900
Department of Airports, Revenue, Senior Lien, 2020C, 5%, 5/15/45	50,000,000	61,151,000
Department of Airports, Revenue, Senior Lien, 2020C, 4%, 5/15/50	35,000,000	39,189,500
Wastewater System, Revenue, 2015-A, 5%, 6/01/44	9,000,000	10,589,850
Wastewater System, Revenue, 2015-C, Refunding, 5%, 6/01/45	24,690,000	29,014,700
Wastewater System, Revenue, 2018A, 5%, 6/01/48	11,275,000	13,989,118
City of Pasadena, Electric, Revenue, 2016A, Refunding, 4%, 6/01/46	22,625,000	25,028,001
City of Perris, Revenue, 1988A, GNMA Insured, ETM, Zero Cpn., 6/01/23	19,095,000	18,737,924
City of Riverside,		
Electric, Revenue, 2013A, Refunding, 5%, 10/01/43	11,535,000	12,972,030
Sewer, Revenue, 2015A, Refunding, 5%, 8/01/40	25,000,000	29,853,500
City of Roseville, Electric System, COP, 2004, AGMC Insured, 5%, 2/01/34	5,000	5,017
City of Sacramento,		
Transient Occupancy Tax, Revenue, 2018 A, 5%, 6/01/43	6,035,000	6,697,703
Transient Occupancy Tax, Revenue, 2018 A, 5%, 6/01/48	19,830,000	21,878,241
Transient Occupancy Tax, Revenue, 2018 C, 5%, 6/01/48	9,415,000	10,367,422
Water, Revenue, 2013, Pre-Refunded, 5%, 9/01/38	21,630,000	24,685,886
City of San Francisco,		
Public Utilities Commission Water, Revenue, 2012 A, Pre-Refunded, 5%, 11/01/36	23,490,000	25,303,428
Public Utilities Commission Water, Revenue, 2012 A, Pre-Refunded, 5%, 11/01/43	71,735,000	77,272,942
Public Utilities Commission Water, Revenue, 2020A, 5%, 11/01/50	35,000,000	45,203,900
Public Utilities Commission Water, Revenue, ABCD 2011A, Pre-Refunded, 5%, 11/01/41	5,800,000	6,106,182
City of San Jose,		
Hotel Tax, Special Tax, 2011, 6.5%, 5/01/36	10,000,000	10,153,100
Hotel Tax, Special Tax, 2011, 6.5%, 5/01/42	10,000,000	10,126,600
City of Upland,		
San Antonio Regional Hospital Obligated Group, COP, Pre-Refunded, 6.5%, 1/01/41	34,130,000	34,619,424
San Antonio Regional Hospital Obligated Group, COP, Refunding, 5%, 1/01/47	14,400,000	16,125,840
Coachella Valley Unified School District,		
GO, C, AGMC Insured, Zero Cpn., 8/01/36	8,000,000	5,661,920

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
Coachella Valley Unified School District, (continued)		
GO, C, AGMC Insured, Zero Cpn., 8/01/37	\$8,000,000	\$5,477,920
GO, C, AGMC Insured, Zero Cpn., 8/01/40	7,500,000	4,658,625
GO, C, AGMC Insured, Zero Cpn., 8/01/43	10,000,000	5,379,400
Coalinga-Huron Joint Unified School District, GO, B, BAM Insured, 5%, 8/01/48	13,210,000	15,676,439
Colton Joint Unified School District, GO, 2010B, AGMC Insured, Zero Cpn., 8/01/42	16,365,000	8,675,741
Compton Community Redevelopment Agency,		
Tax Allocation, Second Lien, 2010B, 5.7%, 8/01/30	10,000,000	10,032,600
Tax Allocation, Second Lien, 2010B, 6%, 8/01/35	11,160,000	11,194,038
Tax Allocation, Second Lien, 2010B, 6%, 8/01/42	10,000,000	10,028,500
Corona-Norco Unified School District,		
GO, 1998 B, AGMC Insured, Zero Cpn., 9/01/23	2,320,000	2,286,894
GO, 1998 B, AGMC Insured, Zero Cpn., 9/01/24	2,620,000	2,558,273
GO, 1998 B, AGMC Insured, Zero Cpn., 3/01/25	1,400,000	1,358,364
GO, 1998 C, NATL Insured, Zero Cpn., 9/01/25	4,655,000	4,473,408
GO, 1998 C, NATL Insured, Zero Cpn., 9/01/26	6,080,000	5,738,790
GO, A, Pre-Refunded, 5%, 8/01/44	20,000,000	24,461,400
County of Madera,		
Childrens Hospital Central California Obligated Group, COP, 1995, NATL Insured, 5.75%, 3/15/28	27,500,000	27,600,100
Childrens Hospital Central California Obligated Group, COP, 1998, NATL Insured, 5%, 3/15/23	5,345,000	5,390,272
County of Riverside,		
Revenue, 1988 A, GNMA Insured, ETM, Zero Cpn., 11/01/20	25,055,000	25,041,220
Revenue, 1988 B, GNMA Insured, ETM, Zero Cpn., 6/01/23	26,160,000	25,773,093
County of Sacramento,		
Airport System, Revenue, 2016B, Refunding, 5%, 7/01/41	9,000,000	10,444,140
Airport System, Revenue, Senior Lien, 2016A, Refunding, 5%, 7/01/41	10,000,000	11,651,800
County of San Bernardino, Revenue, 1989 A, GNMA Insured, ETM, Zero Cpn., 5/01/22	6,045,000	5,665,011
Covina Public Financing Authority, Revenue, 2010, AGMC Insured, 5.5%, 10/01/40	3,500,000	3,513,720
Daly City Housing Development Finance Agency, Franciscan Park LLC, Revenue, 2007 A, Refunding, 5%, 12/15/47	17,870,000	17,917,892
Delano Joint Union High School District, GO, 2003 A, Refunding, NATL Insured, 5.15%, 2/01/32	8,520,000	10,974,612
Delano Union School District, COP, 1999, NATL Insured, 5.125%, 1/01/22	695,000	716,295
East Bay Municipal Utility District,		
Water System, Revenue, 2014A, Refunding, 5%, 6/01/35	10,000,000	11,633,500
Water System, Revenue, 2014C, 5%, 6/01/44	14,000,000	16,132,340
Water System, Revenue, 2015A, Refunding, 5%, 6/01/36	7,355,000	8,765,101
Water System, Revenue, 2015C, 4%, 6/01/45	9,070,000	10,004,935
Water System, Revenue, 2019 A, 5%, 6/01/44	4,000,000	5,150,760
Water System, Revenue, 2019 A, 5%, 6/01/49	11,700,000	14,958,099
Eastern Municipal Water District Financing Authority, Revenue, 2015B, 5%, 7/01/46	30,705,000	36,417,358
El Dorado Irrigation District,		
COP, 2020 A, 4%, 3/01/45	5,000,000	5,865,600
COP, 2020 A, 4%, 3/01/50	15,330,000	17,814,533
Elk Grove Finance Authority, Special Tax, 2015, Refunding, BAM Insured, 5%, 9/01/38	1,500,000	1,749,225
Fairfax Elementary School District,		
GO, 2010, Pre-Refunded, AGMC Insured, 5.75%, 11/01/40	2,250,000	2,385,743
GO, 2010, AGMC Insured, Zero Cpn., 11/01/48	10,380,000	4,145,772
Folsom Cordova Unified School District School Facilities Improvement Dist No. 5, GO, C, 4%, 10/01/43	17,500,000	20,284,250
Foothill-Eastern Transportation Corridor Agency,		
Revenue, 2013 A, Refunding, AGMC Insured, 5%, 1/15/42	10,000,000	11,016,500
Revenue, 2013 A, Refunding, 5.75%, 1/15/46	260,000,000	288,249,000
Revenue, 2013 A, Pre-Refunded, 6%, 1/15/49	305,000,000	362,910,350

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
Foothill-Eastern Transportation Corridor Agency, (continued)		
Revenue, 2013 A, Pre-Refunded, 6%, 1/15/53	\$190,000,000	\$226,075,300
Revenue, 2013 A, Refunding, AGMC Insured, Zero Cpn., 1/15/31	35,000,000	41,520,850
Revenue, 2013 A, Refunding, AGMC Insured, 0%, 1/15/32	37,260,000	44,193,713
Revenue, 2013 A, Refunding, AGMC Insured, Zero Cpn., 1/15/37	41,250,000	25,858,387
Revenue, 2013 A, Refunding, AGMC Insured, Zero Cpn., 1/15/38	77,650,000	46,782,572
Revenue, 2013 A, Refunding, AGMC Insured, Zero Cpn., 1/15/39	56,100,000	32,516,121
Revenue, Refunding, Zero Cpn., 1/15/42	228,000,000	174,818,620
Revenue, Senior Lien, 1995 A, ETM, Zero Cpn., 1/01/22	30,835,000	30,727,694
Revenue, Senior Lien, 1995 A, ETM, Zero Cpn., 1/01/23	5,765,000	5,718,592
Revenue, Senior Lien, 1995 A, ETM, Zero Cpn., 1/01/24	72,045,000	71,093,286
Revenue, Senior Lien, 1995 A, ETM, Zero Cpn., 1/01/25	20,660,000	20,217,876
Revenue, Senior Lien, 1995 A, ETM, Zero Cpn., 1/01/26	23,475,000	22,796,103
Revenue, Senior Lien, 1995 A, ETM, Zero Cpn., 1/01/27	15,000,000	14,413,050
Revenue, Senior Lien, 1995 A, ETM, Zero Cpn., 1/01/28	2,000,000	1,902,620
Revenue, Senior Lien, 1995 A, ETM, Zero Cpn., 1/01/29	35,310,000	32,361,615
Fort Bragg Unified School District, GO, 2011, Pre-Refunded, AGMC Insured, 5.125%, 8/01/41	4,380,000	4,563,040
Fowler Unified School District,		
GO, 2010C, AGMC Insured, Zero Cpn., 8/01/41	3,095,000	1,886,248
GO, 2010C, AGMC Insured, Zero Cpn., 8/01/42	3,005,000	1,766,219
Franklin-Mckinley School District, GO, C, Pre-Refunded, BAM Insured, 5%, 8/01/44	5,000,000	5,686,200
Fresno Unified School District,		
GO, 1999C, Refunding, NATL Insured, 5.9%, 8/01/22	3,000,000	3,153,720
GO, B, Refunding, Zero Cpn., 8/01/41	35,000,000	8,811,600
GO, G, Refunding, Zero Cpn., 8/01/41	47,000,000	11,832,720
Fullerton School District, GO, 2002 A, NATL Insured, Zero Cpn., 8/01/23	3,030,000	2,989,004
Fullerton School District Financing Authority, Special Tax, Senior Lien, 2013 A, Refunding, AGMC Insured, 5%, 9/01/31	2,500,000	2,771,150
Glendale Community College District,		
GO, 2003 C, NATL Insured, Zero Cpn., 8/01/28	15,000,000	12,029,700
GO, 2016B, 4%, 8/01/50	34,950,000	40,647,898
Glendora Public Finance Authority, Glendora Community Redevelopment Agency, Tax Allocation, 2003 A, NATL Insured, 5%, 9/01/24		
	3,715,000	3,727,037
Golden State Tobacco Securitization Corp.,		
Revenue, 2015A, Refunding, 5%, 6/01/35	25,000,000	29,261,500
Revenue, 2015A, Refunding, 5%, 6/01/40	212,525,000	246,329,226
Revenue, 2015A, Refunding, 5%, 6/01/45	308,395,000	354,854,707
Revenue, 2018A-1, Refunding, 5%, 6/01/35	28,340,000	34,169,255
Grossmont Union High School District, GO, 2004, AGMC Insured, Zero Cpn., 8/01/24	5,110,000	5,010,304
Grossmont-Cuyamaca Community College District, GO, 2018 B, 4%, 8/01/47	10,000,000	11,486,300
Hacienda La Puente Unified School District, GO, 2017A, 4%, 8/01/47	655,000	740,726
Hartnell Community College District, GO, 2009C, 0%, 8/01/33	20,000,000	26,981,600
Hawthorne School District, GO, 2008-C, AGMC Insured, Zero Cpn., 8/01/48	37,665,000	14,879,935
Hayward Unified School District, GO, 2020, AGMC Insured, 4%, 8/01/45	10,000,000	11,606,200
Huntington Beach City School District, GO, 2003 A, NATL Insured, Zero Cpn., 8/01/28	10,005,000	8,564,980
Huntington Beach Union High School District, COP, 2010, AGMC Insured, 5.25%, 9/01/39	2,000,000	2,005,720
Irvine Unified School District,		
Special Tax, 2020 A, 4%, 9/01/40	2,960,000	3,381,504
Special Tax, 2020 A, 4%, 9/01/44	6,250,000	7,049,625
Special Tax, 2020 A, BAM Insured, 4%, 9/01/50	8,000,000	9,154,080
Special Tax, 2020 A, BAM Insured, 4%, 9/01/54	12,285,000	14,010,551
Community Facilities District No. 01-1, Special Tax, 2015, Refunding, BAM Insured, 5%, 9/01/38	7,000,000	8,007,160
Community Facilities District No. 09-1, Special Tax, 2017 D, 5%, 3/01/57	10,000,000	11,516,300

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
Jefferson Union High School District,		
GO, 2000A, Refunding, NATL Insured, 6.45%, 8/01/25	\$3,045,000	\$3,501,354
GO, 2000A, Refunding, NATL Insured, 6.45%, 8/01/29	3,075,000	4,135,106
Jurupa Public Financing Authority,		
Special Tax, 2013 A, AGMC Insured, 5.125%, 9/01/37	4,000,000	4,418,280
Special Tax, 2013 A, AGMC Insured, 5.25%, 9/01/42	3,250,000	3,581,273
Jurupa Unified School District, GO, 2015A, 5%, 8/01/39	10,165,000	12,037,901
La Mirada Redevelopment Agency Successor Agency, Tax Allocation, 2010A, Refunding, AGMC Insured, 5%, 8/15/28	1,855,000	1,861,122
La Palma Community Development Commission, Tax Allocation, 1993, Refunding, 6.1%, 6/01/22	145,000	145,771
Lake Elsinore Unified School District, GO, B, BAM Insured, 4%, 8/01/49	12,330,000	13,833,274
Lakeside Union School District, GO, 2010B, Zero Cpn., 8/01/45	11,540,000	5,656,908
Lammersville Joint Unified School District, GO, 2016A, 4%, 8/01/46	41,340,000	46,035,397
Lancaster School District,		
GO, 1999, NATL Insured, Zero Cpn., 8/01/25	5,495,000	5,275,585
GO, 1999, NATL Insured, Zero Cpn., 7/01/26	5,965,000	5,630,423
Lawndale Redevelopment Agency,		
Tax Allocation, 2009, AGMC Insured, 5.5%, 8/01/39	10,280,000	10,322,354
Tax Allocation, 2009, AGMC Insured, 5.5%, 8/01/44	6,085,000	6,109,948
Lemon Grove School District, GO, 2010B, AGMC Insured, Zero Cpn., 8/01/50	20,990,000	8,717,147
Local Public Schools Funding Authority School Improvement District No. 2016-1, GO, 2020 A, BAM Insured, 3%, 8/01/46	13,060,000	13,634,640
Lodi Unified School District, GO, 2017, 4%, 8/01/41	15,000,000	17,131,050
Long Beach Bond Finance Authority,		
Revenue, 2007A, 5.5%, 11/15/28	8,000,000	10,377,200
Revenue, 2007A, 5%, 11/15/29	17,465,000	22,256,348
Revenue, 2007A, 5.5%, 11/15/30	5,000,000	6,682,950
Revenue, 2007A, 5%, 11/15/35	69,855,000	94,735,954
Revenue, 2007A, 5.5%, 11/15/37	35,000,000	50,676,500
Los Angeles Community College District, GO, 2016, Refunding, 5%, 8/01/38	10,000,000	12,128,500
Los Angeles County Metropolitan Transportation Authority,		
Revenue, 2016A, Refunding, 5%, 6/01/35	17,655,000	21,713,355
Revenue, 2016A, Refunding, 5%, 6/01/37	10,970,000	13,430,461
Revenue, 2016A, Refunding, 5%, 6/01/38	28,160,000	34,406,451
Revenue, 2016A, Refunding, 5%, 6/01/39	10,000,000	12,199,700
Revenue, 2019 A, 5%, 7/01/44	32,030,000	40,208,861
Revenue, 2020 A, Refunding, 5%, 6/01/36	18,950,000	24,943,506
Revenue, 2020 A, Refunding, 5%, 6/01/37	16,500,000	21,632,985
Los Angeles County Sanitation Districts Financing Authority, Revenue, 2016 A, Refunding, 4%, 10/01/42	16,430,000	18,204,604
Los Angeles Department of Water,		
Revenue, 2012A, 5%, 7/01/43	81,095,000	87,215,240
Revenue, 2014A, 5%, 7/01/44	50,000,000	57,476,000
Revenue, 2016 A, Refunding, 5%, 7/01/46	62,660,000	75,047,882
Revenue, 2017A, Refunding, 5%, 7/01/44	72,060,000	87,444,810
Revenue, 2018 A, 5%, 7/01/43	13,805,000	17,149,399
Revenue, 2018 A, 5%, 7/01/48	22,375,000	27,604,037
Revenue, 2018 B, Refunding, 5%, 7/01/48	10,000,000	12,488,700
Revenue, 2020A, Refunding, 5%, 7/01/41	15,000,000	19,605,300
Revenue, 2020A, Refunding, 5%, 7/01/50	12,500,000	16,038,375
Los Angeles Department of Water & Power,		
Revenue, 2020 B, Refunding, 5%, 7/01/39	13,000,000	17,134,130
Revenue, 2020 B, Refunding, 5%, 7/01/40	40,520,000	53,024,067
Revenue, 2020 B, Refunding, 5%, 7/01/45	10,775,000	13,884,880
Revenue, 2020 B, Refunding, 5%, 7/01/50	70,265,000	89,650,411

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
Los Angeles Department of Water & Power, (continued)		
Power System, Revenue, 2014 D, 5%, 7/01/44	\$51,940,000	\$59,602,708
Power System, Revenue, 2014 E, 5%, 7/01/44	34,000,000	39,016,020
Power System, Revenue, 2014B, 5%, 7/01/43	62,000,000	70,029,000
Power System, Revenue, 2015A, Refunding, 5%, 7/01/35	15,105,000	17,774,356
Power System, Revenue, 2015A, Refunding, 5%, 7/01/36	17,795,000	20,923,539
Power System, Revenue, 2016 A, Refunding, 5%, 7/01/46	15,000,000	17,923,200
Power System, Revenue, 2016B, 5%, 7/01/35	11,995,000	14,591,917
Power System, Revenue, 2017A, 5%, 7/01/42	7,710,000	9,361,405
Power System, Revenue, 2017A, 5%, 7/01/47	16,000,000	19,292,000
Power System, Revenue, 2019 D, Refunding, 5%, 7/01/44	8,450,000	10,749,414
Power System, Revenue, 2019A, 5%, 7/01/45	18,980,000	23,823,886
Power System, Revenue, 2019A, 5%, 7/01/49	9,185,000	11,456,726
Los Angeles Unified School District,		
^a GO, 2020 A, Refunding, 5%, 7/01/32	18,480,000	24,616,284
^a GO, 2020 A, Refunding, 5%, 7/01/33	16,520,000	21,870,332
GO, 2020 RYQ, 4%, 7/01/44	28,200,000	33,099,186
Los Gatos-Saratoga Joint High School District,		
GO, A, 4%, 8/01/39	10,635,000	11,802,616
GO, A, 4%, 8/01/44	16,090,000	17,765,452
McFarland Public Financing Authority, Revenue, 2010A, AGMC Insured, 5%, 10/01/40	5,115,000	5,133,005
Mendocino-Lake Community College District, GO, 2011B, AGMC Insured, 5.125%, 8/01/41	7,500,000	7,748,775
Metropolitan Water District of Southern California,		
Revenue, 2015 A, 5%, 7/01/40	10,000,000	11,932,200
Revenue, 2020 A, 5%, 10/01/45	16,665,000	21,573,342
Revenue, 2020 C, Refunding, 5%, 7/01/39	16,000,000	21,293,440
Revenue, 2020 C, Refunding, 5%, 7/01/40	20,000,000	26,533,000
Midpeninsula Regional Open Space District, GO, 2018, 4%, 9/01/48	11,220,000	13,026,981
Milpitas Redevelopment Agency Successor Agency, Tax Allocation, 1997, NATL		
Insured, ETM, 5.5%, 1/15/24	7,275,000	7,873,005
Miracosta Community College District, GO, B, 4%, 8/01/45	25,405,000	30,404,958
Modesto High School District,		
GO, 2002 A, NATL Insured, Zero Cpn., 8/01/21	9,660,000	9,627,156
GO, 2002 A, NATL Insured, Zero Cpn., 8/01/23	10,815,000	10,653,640
GO, 2002 A, NATL Insured, Zero Cpn., 5/01/27	12,770,000	11,772,280
Monterey Peninsula Unified School District,		
GO, 2011A, Pre-Refunded, AGMC Insured, 5.75%, 8/01/41	17,500,000	18,322,150
GO, 2016C, Refunding, 5%, 8/01/41	11,190,000	13,571,792
Moorpark Unified School District, GO, 2009A, AGMC Insured, Zero Cpn., 8/01/32	5,870,000	4,695,002
Moreno Valley Unified School District,		
GO, 2004 A, AGMC Insured, ETM, Zero Cpn., 8/01/27	6,315,000	6,037,077
GO, 2004 A, AGMC Insured, ETM, Zero Cpn., 8/01/28	6,625,000	6,262,480
GO, A, AGMC Insured, 5%, 8/01/44	29,220,000	34,407,426
Mount San Antonio Community College District, GO, 2013 A, 0%, 8/01/43	55,000,000	59,044,150
M-S-R Energy Authority, Revenue, 2009B, 6.5%, 11/01/39	25,000,000	39,557,750
M-S-R Public Power Agency, Revenue, E, NATL Insured, ETM, 6%, 7/01/22	3,730,000	3,998,485
Needles Public Financing Authority, Revenue, 1992-A, 7.5%, 8/15/22	290,000	290,763
Newport Mesa Unified School District, GO, 2011, 0%, 8/01/42	20,000,000	27,546,000
Norman Y Mineta San Jose International Airport SJC,		
Revenue, 2017A, Refunding, 5%, 3/01/41	10,000,000	11,606,600
Revenue, 2017A, Refunding, 5%, 3/01/47	20,000,000	23,010,200
Revenue, 2017B, Refunding, 5%, 3/01/47	10,000,000	11,640,600

FRANKLIN CALIFORNIA TAX-FREE INCOME FUND
SCHEDULE OF INVESTMENTS (UNAUDITED)

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
Northern California Power Agency, Revenue, 1986 A, Pre-Refunded, AMBAC Insured, 7.5%, 7/01/23	\$1,505,000	\$1,585,683
Oak Grove School District, GO, B-1, Pre-Refunded, Zero Cpn., 6/01/41	36,240,000	8,441,383
Ocean View School District, GO, B, 2.5%, 8/01/49	9,775,000	9,931,205
Oceanside Unified School District,		
GO, 2010B, AGMC Insured, Zero Cpn., 8/01/38	10,590,000	6,974,574
GO, 2010B, AGMC Insured, Zero Cpn., 8/01/39	7,860,000	5,009,099
GO, 2015, Refunding, 5%, 8/01/48	12,000,000	14,167,560
Ontario Montclair School District, GO, 2017A, 5%, 8/01/46	11,765,000	14,232,709
Orange Community Facilities District, Special Tax, 2015, Refunding, AGMC Insured, 5%, 10/01/40	7,500,000	8,863,275
Orange County Sanitation District, Revenue, 2015A, Refunding, 5%, 2/01/36	8,350,000	9,751,214
Orange County Water District,		
COP, 2003 B, NATL Insured, ETM, 5%, 8/15/28	13,740,000	17,265,546
COP, 2003 B, Pre-Refunded, NATL Insured, 5%, 8/15/34	4,140,000	5,909,312
COP, 2003 B, NATL Insured, ETM, 5%, 8/15/34	3,305,000	4,478,308
Oxnard School District, GO, C, Pre-Refunded, BAM Insured, 4%, 8/01/44	10,755,000	12,300,386
Palomar Community College District,		
GO, 2010B, 0%, 8/01/39	69,410,000	87,641,231
GO, C, 5%, 8/01/44	35,120,000	41,499,899
Palomar Health,		
GO, 2009A, AGMC Insured, 7%, 8/01/38	36,000,000	51,633,360
GO, 2010A, 6.75%, 8/01/40	60,000,000	83,847,000
Obligated Group, Revenue, 2017, Refunding, AGMC Insured, 5%, 11/01/47	35,000,000	40,114,200
Paramount Unified School District,		
GO, 2011, AGMC Insured, 5%, 8/01/46	11,270,000	11,620,835
GO, 2013, BAM Insured, 5%, 8/01/48	2,450,000	2,707,446
GO, 2013, BAM Insured, Zero Cpn., 8/01/43	32,000,000	8,060,800
GO, 2013, BAM Insured, Zero Cpn., 8/01/48	28,000,000	4,728,080
Patterson Joint Unified School District,		
GO, 2001 A, NATL Insured, Zero Cpn., 8/01/22	1,900,000	1,874,502
GO, 2001 A, NATL Insured, Zero Cpn., 8/01/23	1,985,000	1,941,092
GO, 2001 A, NATL Insured, Zero Cpn., 8/01/24	2,075,000	2,004,450
GO, 2001 A, NATL Insured, Zero Cpn., 8/01/25	2,170,000	2,067,381
GO, 2001 A, NATL Insured, Zero Cpn., 8/01/26	2,265,000	2,108,964
Perris Union High School District,		
COP, 2019, Refunding, BAM Insured, 5%, 10/01/48	10,000,000	12,433,300
GO, 2013 A, AGMC Insured, 5%, 9/01/42	5,000,000	5,552,450
Pittsburg Unified School District, GO, 2016, Refunding, 4%, 8/01/44	11,000,000	12,282,160
Pittsburg Unified School District Financing Authority, Revenue, 2011, Pre-Refunded, AGMC Insured, 5.5%, 9/01/46	9,980,000	10,472,114
Placentia-Yorba Linda Unified School District,		
GO, 2008 D, Zero Cpn., 8/01/43	27,955,000	16,046,450
GO, 2008 D, Zero Cpn., 8/01/46	89,200,000	44,490,284
GO, 2008 D, Zero Cpn., 8/01/49	85,000,000	38,509,250
Pomona Unified School District, GO, C, AGMC Insured, 5.25%, 8/01/40	16,000,000	16,570,400
Port of Los Angeles, Revenue, 2014B, Refunding, 5%, 8/01/44	10,300,000	11,715,426
Poway Redevelopment Agency Successor Agency,		
Tax Allocation, 2015A, Refunding, 5%, 12/15/31	10,180,000	13,612,696
Tax Allocation, 2015A, Refunding, 5%, 12/15/32	11,215,000	15,178,830
Tax Allocation, 2015A, Refunding, 5%, 6/15/33	5,835,000	7,984,497
Poway Unified School District,		
Community Facilities District No. 16, Special Tax, 2020, AGMC Insured, 4%, 9/01/50	7,500,000	8,596,200
Facilities Improvement District No. 2007-1, GO, B, Zero Cpn., 8/01/46	45,000,000	21,216,150
Regents of the University of California,		
Medical Center, Revenue, 2013J, 5%, 5/15/48	75,000,000	81,892,500

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
Regents of the University of California, (continued)		
Medical Center, Revenue, 2016L, Refunding, 5%, 5/15/47	\$49,575,000	\$58,709,690
Rialto Unified School District, GO, 2011A, AGMC Insured, 0%, 8/01/41	27,000,000	34,692,570
Rio Hondo Community College District, GO, 2010C, Zero Cpn., 8/01/35	10,000,000	7,359,800
Ripon Unified School District,		
GO, 2013 A, Refunding, BAM Insured, 5%, 8/01/42	2,315,000	2,612,316
GO, 2013 A, Pre-Refunded, BAM Insured, 5%, 8/01/42	705,000	801,754
River Islands Public Financing Authority,		
Lathrop Irrigation District Electric, Revenue, 2020, Refunding, AGMC Insured, 4%, 9/01/45	2,250,000	2,564,235
Lathrop Irrigation District Electric, Revenue, 2020, Refunding, AGMC Insured, 4%, 9/01/50	3,155,000	3,577,297
Riverside County Asset Leasing Corp.,		
County of Riverside, Revenue, 1997A, NATL Insured, Zero Cpn., 6/01/23	14,160,000	13,903,421
County of Riverside, Revenue, 1997A, NATL Insured, Zero Cpn., 6/01/24	13,005,000	12,636,828
Riverside County Transportation Commission,		
Revenue, 2013 A, Pre-Refunded, 5.25%, 6/01/39	11,000,000	12,497,210
Revenue, Senior Lien, 2013A, 5.75%, 6/01/48	10,000,000	10,850,000
RNR School Financing Authority, Community Facilities District No. 92-1, Special Tax, 2015A, Refunding, BAM Insured, 5%, 9/01/36		
	11,145,000	12,974,340
Rocklin Unified School District,		
GO, 2003, NATL Insured, Zero Cpn., 8/01/25	8,160,000	7,902,307
GO, 2003, NATL Insured, Zero Cpn., 8/01/26	8,695,000	8,257,207
GO, 2003, NATL Insured, Zero Cpn., 8/01/27	9,080,000	8,455,478
GO, 2003, NATL Insured, Zero Cpn., 8/01/28	16,615,000	15,103,201
Community Facilities District No. 3, Special Tax, 2019, BAM Insured, 4%, 9/15/49 ..	11,825,000	13,516,448
Rohnert Park Community Development Commission Successor Agency, Tax Allocation, 2007R, NATL Insured, ETM, 5%, 8/01/37		
	1,380,000	1,424,146
Roseville Natural Gas Financing Authority, Revenue, 2007, 5%, 2/15/26		
	5,000,000	6,020,400
Sacramento Area Flood Control Agency, Special Assessment, 2020, 4%, 10/01/47 ..		
	10,620,000	12,434,958
Sacramento City Unified School District, GO, 2017E, 4%, 5/01/47		
	20,000,000	22,002,600
Sacramento County Sanitation Districts Financing Authority,		
Revenue, 2014A, Refunding, 5%, 12/01/44	25,000,000	28,690,250
Sacramento Regional County Sanitation District, Revenue, 2020 A, Refunding, 5%, 12/01/45	9,000,000	11,905,200
Sacramento Regional County Sanitation District, Revenue, 2020 A, Refunding, 5%, 12/01/50	10,000,000	13,142,500
Sacramento Municipal Utility District,		
Revenue, 2019 G, 5%, 8/15/39	3,135,000	4,079,732
Revenue, 2019 G, 5%, 8/15/41	2,500,000	3,232,900
Electric System, Revenue, 2020 H, 5%, 8/15/50	51,700,000	66,711,612
Salida Area Public Facilities Financing Agency, Special Tax, 2011, Pre-Refunded, AGMC Insured, 5%, 9/01/30		
	5,435,000	5,678,216
San Bernardino Community College District, GO, 2009B, Zero Cpn., 8/01/48		
	66,390,000	29,993,674
San Buenaventura Public Facilities Financing Authority,		
Revenue, 2014 C, 5%, 1/01/39	8,500,000	9,638,830
Revenue, 5%, 1/01/44	19,395,000	21,920,035
San Diego Community College District, GO, 2009B, 6%, 8/01/33		
	26,880,000	35,960,333
San Diego County Regional Airport Authority,		
Revenue, 2019 A, Refunding, 5%, 7/01/44	9,000,000	11,029,770
Revenue, 2019 A, Refunding, 5%, 7/01/49	5,000,000	6,093,150
Revenue, 2019 B, Refunding, 4%, 7/01/44	3,000,000	3,307,710
Revenue, 2019 B, Refunding, 5%, 7/01/49	5,000,000	5,966,050
Special Facilities, Revenue, 2014A, 5%, 7/01/44	5,645,000	6,182,573
San Diego County Regional Transportation Commission, Revenue, 2014A, Pre-Refunded, 5%, 4/01/44		
	54,915,000	63,762,356

FRANKLIN CALIFORNIA TAX-FREE INCOME FUND
SCHEDULE OF INVESTMENTS (UNAUDITED)

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
San Diego County Regional Transportation Commission, (continued)		
Revenue, 2014A, Pre-Refunded, 5%, 4/01/48	\$20,000,000	\$23,222,200
Revenue, 2016A, 5%, 4/01/48	25,000,000	29,989,500
San Diego Public Facilities Financing Authority, City of San Diego Water Utility,		
Revenue, 2020 A, 4%, 8/01/45	4,500,000	5,408,055
San Diego Unified School District,		
2020 M-2, 3%, 7/01/50	25,000,000	26,819,250
GO, 1999 A, NATL Insured, Zero Cpn., 7/01/21	12,160,000	12,136,410
GO, 1999 A, NATL Insured, Zero Cpn., 7/01/22	8,440,000	8,385,646
GO, 1999 A, NATL Insured, Zero Cpn., 7/01/23	11,120,000	10,971,548
GO, 2009-1, Pre-Refunded, 6%, 7/01/33	104,505,000	127,078,080
GO, 2010C, 0%, 7/01/48	29,840,000	32,627,951
GO, 2012 E, Zero Cpn., 7/01/47	74,270,000	70,143,559
GO, 2019 L, 4%, 7/01/49	30,000	35,255
GO, 2020 D2, 4%, 7/01/50	125,000,000	148,406,250
GO, F, 5%, 7/01/40	56,510,000	66,965,480
GO, F, 5%, 7/01/45	34,370,000	40,432,181
GO, G, 5%, 7/01/40	13,000,000	15,405,260
GO, R-2, Refunding, 0%, 7/01/40	79,500,000	92,281,215
San Francisco Bay Area Rapid Transit District,		
GO, 2020 C-1, 4%, 8/01/45	35,295,000	41,432,095
GO, 2020 C-1, 3%, 8/01/50	65,000,000	69,160,000
San Francisco City & County Airport Comm-San Francisco International Airport,		
Revenue, 2016B, 5%, 5/01/46	28,040,000	31,850,636
Revenue, 2019 A, Refunding, 5%, 5/01/49	25,000,000	29,628,750
Revenue, Second Series, 2014B, 5%, 5/01/44	31,000,000	34,848,650
Revenue, Second Series, 2017A, 5%, 5/01/42	20,910,000	24,380,433
Revenue, Second Series, 2017A, 5%, 5/01/47	49,090,000	56,811,366
Revenue, Second Series, 2017B, 5%, 5/01/47	70,725,000	83,024,077
Revenue, Second Series, 2018, 5.25%, 5/01/48	120,000,000	142,267,200
Revenue, Second Series, 2018 D, 5%, 5/01/48	117,910,000	137,150,554
Revenue, Second Series, 2018E, 5%, 5/01/48	44,650,000	53,050,451
Revenue, Second Series, 2019E, 5%, 5/01/50	6,500,000	7,695,025
San Francisco City & County Redevelopment Agency Successor Agency, Tax		
Allocation, Third Lien, 2017B, AGMC Insured, 5%, 8/01/46	10,000,000	11,919,900
San Gabriel Unified School District,		
GO, 2002 A, AGMC Insured, Zero Cpn., 8/01/26	3,530,000	3,365,926
GO, 2002 A, AGMC Insured, Zero Cpn., 2/01/27	1,850,000	1,748,379
San Joaquin Hills Transportation Corridor Agency,		
Revenue, 1997 A, Refunding, NATL Insured, Zero Cpn., 1/15/26	13,155,000	11,837,658
Revenue, Refunding, 0%, 1/15/38	245,085,000	323,882,375
Revenue, 1997 A, Refunding, 0%, 1/15/40	158,655,000	213,878,046
Revenue, 1997 A, Refunding, Zero Cpn., 1/15/41	141,024,000	191,108,674
Revenue, 1997 A, Refunding, Zero Cpn., 1/15/42	141,024,000	191,884,306
Revenue, Senior Lien, 1993, ETM, Zero Cpn., 1/01/25	5,700,000	5,613,588
Revenue, Senior Lien, 1993, ETM, Zero Cpn., 1/01/28	33,545,000	31,911,694
Revenue, Senior Lien, 1993, ETM, Zero Cpn., 1/01/29	37,050,000	33,956,325
Revenue, Senior Lien, 2014A, Refunding, 5%, 1/15/44	125,000,000	137,993,750
Revenue, Senior Lien, 2014A, Refunding, 5%, 1/15/50	430,000,000	472,453,900
San Jose Evergreen Community College District, GO, B, 2.5%, 9/01/45	24,815,000	24,778,770
San Jose Unified School District,		
COP, 2002, AGMC Insured, ETM, Zero Cpn., 1/01/27	7,105,000	6,805,738
COP, 2002, AGMC Insured, ETM, Zero Cpn., 1/01/29	7,105,000	6,458,587
San Juan Unified School District,		
GO, 2003 B, NATL Insured, Zero Cpn., 8/01/26	15,825,000	14,000,852
GO, 2003 B, NATL Insured, Zero Cpn., 8/01/27	18,605,000	17,407,954
GO, 2003 B, NATL Insured, Zero Cpn., 8/01/28	19,470,000	17,794,996

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
San Luis Obispo County Financing Authority, Revenue, 2015A, Refunding, BAM Insured, 5%, 9/01/37	\$10,000,000	\$11,971,000
San Marcos Public Financing Authority, Revenue, 1994 A, ETM, 6.25%, 9/02/22	15,000,000	16,732,050
San Marino Unified School District, GO, 2000 A, NATL Insured, Zero Cpn., 7/01/25	6,080,000	5,923,683
San Mateo Foster City Public Financing Authority, City of San Mateo Sewer, Revenue, 2019, 5%, 8/01/49	29,000,000	36,881,330
San Mateo Union High School District, COP, 2007, Pre-Refunded, AMBAC Insured, 5%, 12/15/43	11,535,000	13,770,829
GO, 2002 B, NATL Insured, Zero Cpn., 9/01/22	5,000,000	4,969,450
San Rafael City High School District, GO, 2018 B, 4%, 8/01/47	17,060,000	19,595,628
Sanger Public Financing Authority, Revenue, 2013, AGMC Insured, 5%, 6/15/35	2,360,000	2,636,002
Revenue, 2013, AGMC Insured, 5%, 6/15/43	6,155,000	6,837,959
Sanger Unified School District, GO, A, BAM Insured, 4%, 8/01/41	10,000,000	11,351,800
Santa Ana Community Redevelopment Agency Successor Agency, Tax Allocation, 2011A, Pre-Refunded, 6.25%, 9/01/24	7,005,000	7,184,118
Tax Allocation, 2011A, Pre-Refunded, 6.75%, 9/01/28	13,500,000	13,871,385
Santa Ana Unified School District, COP, 1999, AGMC Insured, Zero Cpn., 4/01/24	11,225,000	10,120,909
Santa Barbara Housing Authority, Revenue, Refunding, 6.25%, 11/15/20	540,000	541,733
Santa Cruz County Redevelopment Successor Agency, Tax Allocation, 2015A, Refunding, AGMC Insured, 5%, 9/01/35	20,000,000	23,394,200
Santa Maria Joint Union High School District, GO, 2014, 4%, 8/01/37	14,230,000	15,542,148
Santa Paula Utility Authority, Revenue, 2015A, 5%, 2/01/45	16,495,000	18,684,876
Revenue, 2015A, 5%, 2/01/50	21,050,000	23,778,922
School Facilities Financing Authority, Twin Rivers Unified School District, Revenue, A, AGMC Insured, Zero Cpn., 8/01/42	49,000,000	26,414,920
Semitropic Improvement District of the Semitropic Water Storage District, Revenue, Second Lien, 2015A, Refunding, AGMC Insured, 5%, 12/01/45	10,000,000	11,875,200
Sonoma Community Development Agency Successor Agency, Tax Allocation, 2011, 7.125%, 12/01/36	10,775,000	11,467,186
Southern California Public Power Authority, Revenue, 2007A, 5%, 11/01/33	17,500,000	23,217,250
Southern California Water Replenishment District, COP, 2011, Pre-Refunded, 5%, 8/01/41	22,870,000	23,801,952
Southern Mono Health Care District, GO, A, NATL Insured, Zero Cpn., 8/01/28	2,340,000	2,090,977
GO, A, NATL Insured, Zero Cpn., 8/01/29	2,440,000	2,119,970
GO, A, NATL Insured, Zero Cpn., 8/01/30	2,550,000	2,149,573
GO, A, NATL Insured, Zero Cpn., 8/01/31	2,660,000	2,182,690
Southwestern Community College District, GO, D, 5%, 8/01/44	10,000,000	11,821,800
Stanislaus Union School District, GO, B, Pre-Refunded, AGMC Insured, 5.125%, 8/01/41	3,400,000	3,540,624
State of California, GO, 6%, 5/01/24	2,565,000	2,580,569
GO, NATL Insured, 6%, 8/01/24	990,000	1,009,097
GO, 5.625%, 9/01/24	255,000	260,786
GO, AMBAC Insured, 5.9%, 3/01/25	170,000	174,058
GO, 5.25%, 3/01/30	15,000,000	15,059,700
GO, Pre-Refunded, 6%, 3/01/33	2,345,000	2,356,022
GO, 6%, 3/01/33	6,055,000	6,082,429
GO, Refunding, 5%, 3/01/35	50,000,000	65,806,500
GO, Refunding, 4%, 3/01/36	10,000,000	12,020,300
GO, 5%, 10/01/39	15,000,000	18,144,450
GO, 5%, 10/01/41	15,250,000	15,930,150
GO, 5%, 4/01/43	44,745,000	49,495,577
GO, 5%, 10/01/44	25,000,000	28,978,000

FRANKLIN CALIFORNIA TAX-FREE INCOME FUND
SCHEDULE OF INVESTMENTS (UNAUDITED)

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
State of California, (continued)		
GO, 5%, 8/01/45	\$22,500,000	\$26,575,200
GO, 4%, 3/01/46	6,750,000	7,871,445
GO, 5%, 8/01/46	20,000,000	24,169,400
GO, 5%, 10/01/47	81,000,000	96,927,840
GO, 5%, 4/01/49	5,000,000	6,224,900
GO, 1992, NATL Insured, 6%, 10/01/21	65,000	66,902
GO, 1996, Pre-Refunded, FGIC Insured, 5.375%, 6/01/26	1,335,000	1,346,361
GO, 1997, NATL, FGIC Insured, 5.625%, 10/01/26	5,005,000	5,138,834
GO, 2004, 5.125%, 4/01/24	5,000	5,020
GO, 2004, 5.2%, 4/01/26	20,000	20,081
GO, 2010, 5.25%, 11/01/40	69,685,000	69,974,193
GO, 2012, 5%, 4/01/42	85,000,000	90,479,950
GO, 2017, 5%, 11/01/47	10,000,000	12,269,500
State of California Department of Water Resources,		
Revenue, BB, Refunding, 5%, 12/01/32	17,110,000	23,859,895
Revenue, BB, Refunding, 5%, 12/01/33	10,785,000	14,958,364
Revenue, BB, 5%, 12/01/35	3,100,000	4,253,448
Sulphur Springs Union School District,		
COP, 2010, AGMC Insured, ETM, 6.5%, 12/01/37	2,150,000	2,388,263
COP, 2010, AGMC Insured, 6.5%, 12/01/37	11,390,000	14,469,400
Temple City Unified School District, GO, A, Pre-Refunded, 5%, 8/01/43	10,000,000	11,372,400
Transbay Joint Powers Authority,		
Transbay Redevelopment Project Tax Increment Re-Development Project, Tax Allocation, Senior Lien, 2020 A, 5%, 10/01/45	10,410,000	12,875,817
Transbay Redevelopment Project Tax Increment Re-Development Project, Tax Allocation, Senior Lien, 2020 A, 5%, 10/01/49	7,985,000	9,822,987
Tulare County Board of Education,		
COP, Pre-Refunded, BAM Insured, 5.375%, 5/01/33	3,185,000	3,610,803
COP, Pre-Refunded, BAM Insured, 5.5%, 5/01/38	8,305,000	9,441,954
COP, Pre-Refunded, BAM Insured, 5.5%, 5/01/43	10,855,000	12,341,050
Union Elementary School District,		
GO, 1999-A, NATL Insured, Zero Cpn., 9/01/24	2,000,000	1,955,180
GO, 2001B, NATL Insured, Zero Cpn., 9/01/25	5,500,000	5,313,990
GO, 2001B, NATL Insured, Zero Cpn., 9/01/26	5,850,000	5,570,663
University of California,		
Revenue, 2015 I, Refunding, 5%, 5/15/40	22,990,000	27,130,959
Revenue, 2015 I, Refunding, 5%, 5/15/50	25,420,000	29,685,222
Revenue, 2016AR, Refunding, 5%, 5/15/41	13,760,000	16,576,259
Revenue, 2016K, 4%, 5/15/46	19,850,000	22,314,576
Revenue, 2017M, 5%, 5/15/37	15,410,000	18,989,281
Revenue, 2018 AZ, Refunding, 5%, 5/15/48	72,325,000	89,410,335
Revenue, 2018 O, Refunding, 5%, 5/15/39	14,400,000	18,076,608
Revenue, 2018 O, Refunding, 5%, 5/15/43	30,120,000	37,386,751
Revenue, 2018 O, Refunding, 5%, 5/15/48	20,000,000	24,644,200
Revenue, 2018 O, Refunding, 5%, 5/15/58	10,000,000	12,220,700
Revenue, 2020 BE, Refunding, 5%, 5/15/41	20,000,000	25,912,800
Revenue, 2020 BE, Refunding, 5%, 5/15/42	26,250,000	33,902,137
Revenue, 2020 BE, Refunding, 4%, 5/15/47	13,000,000	15,212,860
Revenue, 2020 BE, Refunding, 4%, 5/15/50	13,000,000	15,158,000
Upland Unified School District, GO, 2011C, Zero Cpn., 8/01/45	62,900,000	30,749,923
Vacaville Unified School District, GO, D, 4%, 8/01/45	2,000,000	2,303,300
Val Verde Unified School District,		
GO, 2010B, AGMC Insured, 0%, 8/01/34	1,000,000	1,330,510
GO, 2015B, Refunding, BAM Insured, 5%, 8/01/44	15,000,000	17,448,300
GO, 2020A, BAM Insured, 4%, 8/01/46	1,450,000	1,659,133

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
Val Verde Unified School District, (continued)		
GO, 2020A, BAM Insured, 2.75%, 8/01/49	\$3,000,000	\$3,026,130
GO, 2020E, BAM Insured, 2.75%, 8/01/46	1,100,000	1,113,123
Vallejo Public Financing Authority, Vallejo CA-Hiddenbrooke Improvement District No. 1, Revenue, 2004-A, 5.8%, 9/01/31	3,495,000	3,530,299
Vista Redevelopment Agency Successor Agency, Tax Allocation, 2015B-1, Refunding, AGMC Insured, 5%, 9/01/37	3,020,000	3,469,950
Vista Unified School District,		
GO, 2002A, AGMC Insured, Zero Cpn., 8/01/26	7,150,000	6,786,065
GO, 2002A, AGMC Insured, Zero Cpn., 2/01/27	4,795,000	4,497,518
Washington Township Health Care District,		
GO, 2015B, 5%, 8/01/45	15,000,000	16,873,350
Revenue, 2010-A, 5.5%, 7/01/38	11,000,000	11,039,930
West Hills Community College District, GO, 2011B, Pre-Refunded, AGMC Insured, 6.5%, 8/01/41	4,000,000	4,209,360
West Sacramento Area Flood Control Agency,		
Special Assessment, 2011, Pre-Refunded, 5.25%, 9/01/41	9,030,000	9,454,681
Special Assessment, 2015, AGMC Insured, 5%, 9/01/40	3,000,000	3,586,500
Special Assessment, 2015, AGMC Insured, 5%, 9/01/45	7,500,000	8,910,600
West Sacramento Financing Authority, Special Tax, A, AGMC Insured, 5%, 9/01/34 ..	4,940,000	6,642,373
Western Placer Unified School District, COP, 2011, AGMC Insured, ETM, 5.2%, 11/01/41	1,000,000	1,053,830
Western Riverside Water & Wastewater Financing Authority,		
Revenue, 2009, AGMC Insured, 5.5%, 9/01/34	1,750,000	1,757,210
Revenue, 2009, AGMC Insured, 5.625%, 9/01/39	2,500,000	2,510,125
Wiseburn School District, GO, 2011B, Pre-Refunded, AGMC Insured, 5.625%, 5/01/41	10,000,000	10,459,400
		16,322,142,338
U.S. Territories 0.8%		
Puerto Rico 0.8%		
Children's Trust Fund,		
Revenue, 5.5%, 5/15/39	6,210,000	6,248,130
Revenue, 2002, 5.625%, 5/15/43	16,000,000	16,081,120
°Puerto Rico Electric Power Authority,		
Revenue, 2012A-RSA-1 2012A, 5%, 7/01/29	20,000,000	14,250,000
Revenue, 2012A-RSA-1 2012A, 5%, 7/01/42	24,000,000	17,100,000
Revenue, 2012A-RSA-1 2013A, 7%, 7/01/33	50,000,000	36,375,000
Revenue, WW-RSA-1, 5%, 7/01/28	12,030,000	8,571,375
Revenue, WW-RSA-1, 5.25%, 7/01/33	32,250,000	22,978,125
Revenue, XX-RSA-1, 5.25%, 7/01/40	14,000,000	9,975,000
Puerto Rico Industrial Tourist Educational Medical & Environmental Control Facilities Financing Authority, AES Puerto Rico LP, Revenue, 2000A, 6.625%, 6/01/26	5,800,000	6,003,000
		137,581,750
Total U.S. Territories		137,581,750
Total Municipal Bonds (Cost \$14,114,439,773)		16,459,724,088
Total Long Term Investments (Cost \$14,178,363,320)		16,525,816,367

Short Term Investments 1.0%

	Principal Amount	Value
Municipal Bonds 1.0%		
California 1.0%		
^d California Statewide Communities Development Authority, Rady Children's Hospital Obligated Group, Revenue, 2008B, LOC Wells Fargo Bank NA, Daily VRDN and Put, 0.08%, 8/15/47	\$12,000,000	\$12,000,000
^d Irvine Ranch Water District, Special Assessment, 2009B, LOC Bank of America NA, Daily VRDN and Put, 0.09%, 10/01/41	18,810,000	18,810,000
^d Los Angeles Department of Water & Power, Power System, Revenue, 2002 A-4, Refunding, SPA Bank of America NA, Daily VRDN and Put, 0.12%, 7/01/35	12,700,000	12,700,000
^d Metropolitan Water District of Southern California, Revenue, 2018 A-2, Refunding, SPA Toronto-Dominion Bank (The), Daily VRDN and Put, 0.11%, 7/01/37	18,100,000	18,100,000
^d Regents of the University of California, Medical Center, Revenue, 2007 B-1, Refunding, Daily VRDN and Put, 0.1%, 5/15/32	10,600,000	10,600,000
^d Santa Clara Valley Transportation Authority, Revenue, 2008D, Refunding, SPA TD Bank NA, Daily VRDN and Put, 0.11%, 4/01/36	13,000,000	13,000,000
^d State of California, GO, 2003A-3, LOC Bank of Montreal, Daily VRDN and Put, 0.1%, 5/01/33	21,205,000	21,205,000
^d University of California, Revenue, 2013 AL-1, Daily VRDN and Put, 0.11%, 5/15/48	30,000,000	30,000,000
Revenue, 2013 AL-4, Refunding, Daily VRDN and Put, 0.08%, 5/15/48	25,600,000	25,600,000
		162,015,000
Total Municipal Bonds (Cost \$162,015,000)		162,015,000
Total Short Term Investments (Cost \$162,015,000)		162,015,000
Total Investments (Cost \$14,340,378,320) 99.3%		\$16,687,831,367
Other Assets, less Liabilities 0.7%		123,411,510
Net Assets 100.0%		\$16,811,242,877

See Abbreviations on page 41.

^aSecurity purchased on a when-issued basis. See Note 1(b).

^bSecurity 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 September 30, 2020, the aggregate value of these securities was \$10,638,002, representing 0.1% of net assets.

^cSee Note 7 regarding defaulted securities.

^dVariable rate demand notes (VRDNs) are obligations which contain a floating or variable interest rate adjustment formula and an unconditional right of demand to receive payment of the principal balance plus accrued interest at specified dates. Unless otherwise noted, the coupon rate is determined based on factors including supply and demand, underlying credit, tax treatment, and current short term rates. The coupon rate shown represents the rate at period end.

Statement of Assets and Liabilities

September 30, 2020 (unaudited)

**Franklin
California Tax-
Free Income
Fund**

Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	\$14,340,378,320
Value - Unaffiliated issuers	\$16,687,831,367
Cash	117,727
Receivables:	
Investment securities sold	33,814,731
Capital shares sold	13,417,364
Interest	163,575,284
Other assets	7,830
Total assets	<u>16,898,764,303</u>
Liabilities:	
Payables:	
Investment securities purchased	47,233,461
Capital shares redeemed	24,476,944
Management fees	6,083,036
Distribution fees	1,829,919
Transfer agent fees	1,703,751
Distributions to shareholders	5,949,836
Accrued expenses and other liabilities	244,479
Total liabilities	<u>87,521,426</u>
Net assets, at value	<u>\$16,811,242,877</u>
Net assets consist of:	
Paid-in capital	\$15,387,085,223
Total distributable earnings (losses)	1,424,157,654
Net assets, at value	<u>\$16,811,242,877</u>

Statement of Assets and Liabilities (continued)

September 30, 2020 (unaudited)

	Franklin California Tax- Free Income Fund
Class A:	
Net assets, at value	\$1,794,648,392
Shares outstanding	233,069,232
Net asset value per share ^a	\$7.70
Maximum offering price per share (net asset value per share ÷ 96.25%)	\$8.00
Class A1:	
Net assets, at value	\$11,270,290,116
Shares outstanding	1,465,768,096
Net asset value per share ^a	\$7.69
Maximum offering price per share (net asset value per share ÷ 96.25%)	\$7.99
Class C:	
Net assets, at value	\$1,067,098,586
Shares outstanding	139,074,854
Net asset value and maximum offering price per share ^a	\$7.67
Class R6:	
Net assets, at value	\$231,040,991
Shares outstanding	30,083,758
Net asset value and maximum offering price per share	\$7.68
Advisor Class:	
Net assets, at value	\$2,448,164,792
Shares outstanding	318,948,602
Net asset value and maximum offering price per share	\$7.68

^aRedemption price is equal to net asset value less contingent deferred sales charges, if applicable.

Statement of Operations

for the period ended September 30, 2020 (unaudited)

**Franklin
California Tax-
Free Income
Fund**

Investment income:	
Interest:	
Unaffiliated issuers	\$299,768,913
Expenses:	
Management fees (Note 3a)	36,120,661
Distribution fees: (Note 3c)	
Class A	1,991,307
Class A1	5,478,491
Class C	3,591,765
Transfer agent fees: (Note 3e)	
Class A	443,705
Class A1	3,165,157
Class C	308,263
Class R6	27,532
Advisor Class	631,971
Custodian fees (Note 4)	50,796
Reports to shareholders	104,996
Registration and filing fees	61,547
Professional fees	133,501
Trustees' fees and expenses	71,128
Other	222,133
Total expenses	52,402,953
Expense reductions (Note 4)	(97,329)
Expenses waived/paid by affiliates (Note 3f)	(6,477)
Net expenses	52,299,147
Net investment income	247,469,766
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	(15,184,817)
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	439,136,108
Net realized and unrealized gain (loss)	423,951,291
Net increase (decrease) in net assets resulting from operations	\$671,421,057

Statements of Changes in Net Assets

	Franklin California Tax-Free Income Fund	
	Six Months Ended September 30, 2020 (unaudited)	Year Ended March 31, 2020
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$247,469,766	\$500,037,492
Net realized gain (loss)	(15,184,817)	(134,416,400)
Net change in unrealized appreciation (depreciation)	439,136,108	237,530,082
Net increase (decrease) in net assets resulting from operations	<u>671,421,057</u>	<u>603,151,174</u>
Distributions to shareholders:		
Class A	(22,507,205)	(31,341,778)
Class A1	(169,417,967)	(390,859,950)
Class C	(13,454,282)	(31,683,409)
Class R6	(3,210,649)	(4,986,690)
Advisor Class	(34,947,340)	(62,073,101)
Total distributions to shareholders	<u>(243,537,443)</u>	<u>(520,944,928)</u>
Capital share transactions: (Note 2)		
Class A	360,926,768	889,240,042
Class A1	(472,721,404)	(467,749,607)
Class C	(81,481,109)	(12,029,852)
Class R6	39,915,052	83,819,528
Advisor Class	500,128,978	242,039,708
Total capital share transactions	<u>346,768,285</u>	<u>735,319,819</u>
Net increase (decrease) in net assets	<u>774,651,899</u>	<u>817,526,065</u>
Net assets:		
Beginning of period	16,036,590,978	15,219,064,913
End of period	<u>\$16,811,242,877</u>	<u>\$16,036,590,978</u>

Notes to Financial Statements (unaudited)

1. Organization and Significant Accounting Policies

Franklin California Tax-Free Income Fund (Fund) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). The Fund offers five classes of shares: Class A, Class A1, Class C, Class R6 and Advisor Class. Class C shares automatically convert to Class A shares after they have been held for 10 years. Each class of shares may differ by its initial sales load, contingent deferred sales charges, voting rights on matters affecting a single class, its exchange privilege and fees due to differing arrangements for distribution and transfer agent fees.

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

The Fund's 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 Fund calculates 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 Fund's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation Committee (VC). The Fund 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 Fund's 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.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the Fund primarily employs 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. Securities Purchased on a When-Issued Basis

The Fund purchases securities on a when-issued basis, with payment and delivery scheduled for a future date. These transactions are subject to market fluctuations and are subject to the risk that the value at delivery may be more or less than the trade date purchase price. Although the Fund will generally purchase these securities with the intention of holding the securities, it may sell the securities before the settlement date. Sufficient assets have been segregated for these securities.

c. Income Taxes

It is the Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. The Fund intends to distribute to shareholders substantially all of its 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 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 September 30, 2020, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open

1. Organization and Significant Accounting Policies

(continued)

c. Income Taxes (continued)

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.

d. 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. Dividends from net investment income are normally declared daily; these dividends may be reinvested or paid monthly to shareholders. Distributions from net realized capital gains and other distributions, if any, 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.

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.

e. Insurance

The scheduled payments of interest and principal for each insured municipal security in the Fund are insured by either a new issue insurance policy or a secondary insurance policy. Some municipal securities in the Fund are secured by collateral guaranteed by an agency of the U.S. government. Depending on the type of coverage, premiums for insurance are either added to the cost basis of the security or paid by a third party.

Insurance companies typically insure municipal bonds that tend to be of very high quality, with the majority of underlying municipal bonds rated A or better. However, an event involving an insurer could have an adverse effect on the value of the securities insured by that insurance company. There can be no assurance the insurer will be able to fulfill its obligations under the terms of the policy.

f. 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.

g. Guarantees and Indemnifications

Under the Fund's organizational documents, its officers and trustees are indemnified by the Fund against certain liabilities arising out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. Currently, the Fund expects the risk of loss to be remote.

2. Shares of Beneficial Interest

At September 30, 2020, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended September 30, 2020		Year Ended March 31, 2020	
	Shares	Amount	Shares	Amount
Class A Shares:				
Shares sold ^a	61,619,198	\$471,821,876	147,850,300	\$1,129,226,407
Shares issued in reinvestment of distributions	2,653,914	20,313,730	3,713,022	28,452,283
Shares redeemed	(17,224,776)	(131,208,838)	(36,071,424)	(268,438,648)
Net increase (decrease)	47,048,336	\$360,926,768	115,491,898	\$889,240,042
Class A1 Shares:				
Shares sold	18,028,835	\$137,472,297	63,767,239	\$484,727,281
Shares issued in reinvestment of distributions	18,439,678	140,779,742	42,461,763	323,900,166
Shares redeemed	(99,365,878)	(750,973,443)	(168,900,892)	(1,276,377,054)
Net increase (decrease)	(62,897,365)	\$(472,721,404)	(62,671,890)	\$(467,749,607)
Class C Shares:				
Shares sold	12,176,820	\$93,011,655	43,981,976	\$335,147,952
Shares issued in reinvestment of distributions	1,631,348	12,426,313	3,752,742	28,558,209
Shares redeemed ^a	(24,414,146)	(186,919,077)	(49,771,041)	(375,736,013)
Net increase (decrease)	(10,605,978)	\$(81,481,109)	(2,036,323)	\$(12,029,852)
Class R6 Shares:				
Shares sold	8,301,684	\$63,385,707	15,488,743	\$118,031,661
Shares issued in reinvestment of distributions	417,087	3,184,350	646,831	4,937,451
Shares redeemed	(3,510,302)	(26,655,005)	(5,240,812)	(39,149,584)
Net increase (decrease)	5,208,469	\$39,915,052	10,894,762	\$83,819,528
Advisor Class Shares:				
Shares sold	88,130,518	\$665,009,690	92,321,947	\$701,556,237
Shares issued in reinvestment of distributions	3,979,938	30,360,206	6,874,739	52,369,097
Shares redeemed	(25,752,693)	(195,240,918)	(67,887,140)	(511,885,626)
Net increase (decrease)	66,357,763	\$500,128,978	31,309,546	\$242,039,708

^aMay include a portion of Class C shares that were automatically converted to Class A.

3. Transactions with Affiliates

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton. Certain officers and trustees of the Fund 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 Fund pays an investment management fee to Advisers based on the month-end net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.625%	Up to and including \$100 million
0.500%	Over \$100 million, up to and including \$250 million
0.450%	Over \$250 million, up to and including \$7.5 billion
0.440%	Over \$7.5 billion, up to and including \$10 billion
0.430%	Over \$10 billion, up to and including \$12.5 billion
0.420%	Over \$12.5 billion, up to and including \$15 billion
0.400%	Over \$15 billion, up to and including \$17.5 billion
0.380%	Over \$17.5 billion, up to and including \$20 billion
0.360%	In excess of \$20 billion

For the period ended September 30, 2020, the annualized gross effective investment management fee rate was 0.437% of the Fund's average daily net assets.

b. Administrative Fees

Under an agreement with Advisers, FT Services provides administrative services to the Fund. The fee is paid by Advisers based on the Fund's average daily net assets, and is not an additional expense of the Fund.

c. Distribution Fees

The Board has adopted distribution plans for each share class, with the exception of Class R6 and Advisor Class shares, pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's Class A and A1 reimbursement distribution plans, the Fund reimburses Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to the maximum annual plan rates for each class. Under the Class A and A1 reimbursement distribution plans, costs exceeding the maximum for the current plan year cannot be reimbursed in subsequent periods. In addition, under the Fund's Class C compensation distribution plan, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to the maximum annual plan rate. The plan year, for purposes of monitoring compliance with the maximum annual plan rates, is February 1 through January 31.

The maximum annual plan rates, based on the average daily net assets, for each class, are as follows:

Class A	0.25%
Class A1	0.10%
Class C	0.65%

d. Sales Charges/Underwriting Agreements

Front-end sales charges and contingent deferred sales charges (CDSC) do not represent expenses of the Fund. These charges are deducted from the proceeds of sales of Fund shares prior to investment or from redemption proceeds prior to remittance, as applicable. Distributors has advised the Fund of the following commission transactions related to the sales and redemptions of the Fund's shares for the period:

Sales charges retained net of commissions paid to unaffiliated brokers/dealers	\$84,988
CDSC retained	\$280,254

3. Transactions with Affiliates (continued)

e. Transfer Agent Fees

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

For the period ended September 30, 2020, the Fund paid transfer agent fees of \$4,576,628, of which \$2,130,829 was retained by Investor Services.

f. Waiver and Expense Reimbursements

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 July 31, 2021.

g. Interfund Transactions

The Fund engaged in purchases and sales of investments with funds or other accounts that have common investment managers (or affiliated investment managers), directors, trustees or officers. During the period ended September 30, 2020, these purchase and sale transactions aggregated \$133,475,000 and \$165,365,000, respectively.

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended September 30, 2020, the custodian fees were reduced as noted in the Statement of Operations.

5. Income Taxes

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

At March 31, 2020, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:

Short term	\$441,469,367
Long term	475,847,589
Total capital loss carryforwards	<u>\$917,316,956</u>

At September 30, 2020, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	<u>\$14,340,201,709</u>
Unrealized appreciation	\$2,401,631,072
Unrealized depreciation	(54,001,414)
Net unrealized appreciation (depreciation)	<u>\$2,347,629,658</u>

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 wash sales.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended September 30, 2020, aggregated \$1,660,621,429 and \$680,473,476, respectively.

7. Defaulted Securities

The Fund held defaulted securities and/or other securities for which the income has been deemed uncollectible. At September 30, 2020, the aggregate value of these securities was \$109,249,500, representing 0.6% of the Fund's net assets. The Fund discontinues accruing income on securities for which income has been deemed uncollectible and provides an estimate for losses on interest receivable. The securities have been identified in the accompanying Statement of Investments.

8. Concentration of Risk

The Fund invests a large percentage of its total assets in obligations of issuers within its California and U.S. territories. Such concentration may subject the Fund to risks associated with industrial or regional matters, and economic, political or legal developments occurring within California and U.S. territories. Investing in Puerto Rico securities may expose the Fund to heightened risks due to recent adverse economic and market changes, credit downgrades and ongoing restructuring discussions. In addition, investments in these securities are sensitive to interest rate changes and credit risk of the issuer and may subject the Fund to increased market volatility. The market for these investments may be limited, which may make them difficult to buy or sell.

9. 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 Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

10. Credit Facility

The Fund, 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 billion (Global Credit Facility) which matures on February 5, 2021. 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 Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its 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 Statement of Operations. During the period ended September 30, 2020, the Fund did not use the Global Credit Facility.

11. Fair Value Measurements

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

- Level 1 – quoted prices in active markets for identical financial instruments

11. Fair Value Measurements (continued)

- 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 Fund’s 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.

At September 30, 2020, all of the Fund’s investments in financial instruments carried at fair value were valued using Level 2 inputs.

12. New Accounting Pronouncements

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

13. Subsequent Events

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

Abbreviations

Selected Portfolio

ABAG	Association of Bay Area Governments
AGMC	Assured Guaranty Municipal Corp.
AMBAC	American Municipal Bond Assurance Corp.
BAM	Build America Mutual Assurance Co.
COP	Certificate of Participation
ETM	Escrowed to Maturity
FGIC	Financial Guaranty Insurance Co.
FHA	Federal Housing Administration
FHLMC	Federal Home Loan Mortgage Corp.
FNMA	Federal National Mortgage Association
FRN	Floating Rate Note
GNMA	Government National Mortgage Association
GO	General Obligation
LOC	Letter of Credit
NATL	National Reinsurance Corp.
SPA	Standby Purchase Agreement

Shareholder Information

Liquidity Risk Management Program

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

The Funds' Board of Trustees approved the appointment of the Director of Liquidity Risk within the Investment Risk Management Group (the "IRMG") as the 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 and Product Management groups.

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.

The 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 2020, the Program Administrator provided a written report to the Board addressing the adequacy and effectiveness of the program during the period December 1, 2018 to December 31, 2019. 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. At the same time, the Program Administrator also presented the Fund Board of Trustees an update on liquidity during the first quarter of 2020 in relation to the COVID-19 pandemic.

Proxy Voting Policies and Procedures

The Fund's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Fund uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Fund'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 Fund'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 Fund 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 the Fund's financial reports every six months as well as an annual updated summary prospectus (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 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.

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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.

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