



FRANKLIN TEMPLETON  
INVESTMENTS

Tax Free

FRANKLIN CALIFORNIA TAX-FREE INCOME FUND

# Tax-Free Investing with a Pioneer



For Golden State investors looking for monthly tax-free income,<sup>1</sup> **Franklin California Tax-Free Income Fund** is a pioneer in investing tax-free at the state and federal level.

### Leveraging size and experience

Size has its advantages. As the first and largest State of California municipal bond fund,<sup>2</sup> Franklin California Tax-Free Income Fund's scale not only helps keep its expenses down, it also gives the managers access to many attractive bond issue offerings.

### Consistent, conservative management style

The fund's managers—along with 15 analysts<sup>3</sup>—do not try to boost returns using leverage or make short-term bets on interest rates. This conservative style has helped the fund manage a more consistent approach to providing income.

### Monthly income for 35 years

Since 1977, the fund has delivered monthly tax-free income to investors regardless of the ups and downs of the California state economy.

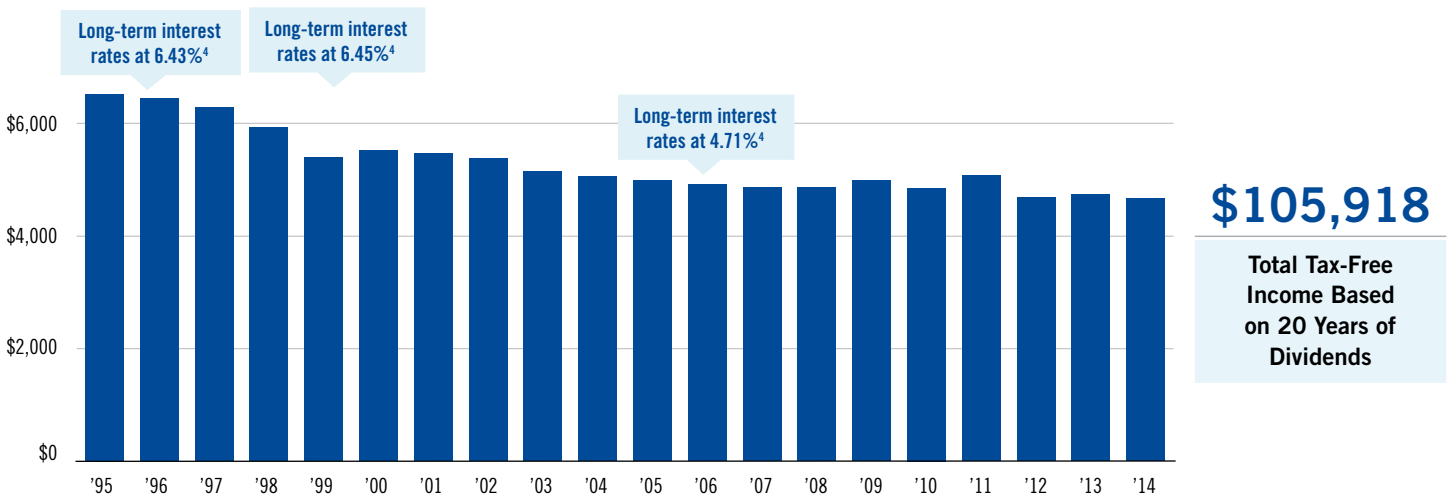
## TAX-FREE INCOME GENERATION<sup>4</sup>

### \$100,000 Initial Investment, Receive Dividends, Reinvest Capital Gains

**Franklin California Tax-Free Income Fund—Class A** (Without Sales Charge)

December 31, 1995–December 31, 2014 (Yearly Dividend Income)

Franklin California Tax-Free Income Fund has consistently paid tax-free income through different interest rate environments and market conditions.



1. For investors subject to the alternative minimum tax, a small portion of fund dividends may be taxable. Distributions of capital gains are generally taxable.

2. Source: Strategic Insight, Lipper, Inc. as of 12/31/14.

3. Investment professional data is as of 12/31/14.

4. Sources: © 2015 Thomson Reuters, The Federal Reserve H.15 Report.

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

# Franklin California Tax-Free Income Fund

Franklin California Tax-Free Income Fund's Class A shares were ranked 21 out of 126 (top 17%), 28 out of 112 (top 25%), 32 out of 107 (top 30%), 8 out of 86 (top 10%), and 8 out of 69 (top 12%) funds in Lipper's California Municipal Debt Funds classification based on cumulative total return for the 1-, 3-, 5-, 10-, and 15-year periods ended December 31, 2014.

## LIPPER RANKINGS<sup>5</sup>

### FUND GOAL

The fund seeks to provide investors with as high a level of income exempt from federal income taxes and California personal income taxes as is consistent with prudent investment management and the preservation of shareholders' capital.<sup>1</sup>

### PORTFOLIO BREAKDOWN<sup>7,8</sup>

As of December 31, 2014

Transportation	21.70%
General Obligation Bonds	17.20%
Hospital & Health Care	14.62%
Refunded	12.06%
Utilities	11.23%
Subject to Government Appropriation	7.86%
Tax Supported Debt	4.83%
Cash & Cash Equivalents	4.07%
Higher Education	3.78%
Other Revenue Bonds	1.60%
Housing	1.06%

### MATURITY BREAKDOWN<sup>7</sup>

As of December 31, 2014

0 to 1 Year	4.44%
1 to 3 Years	7.62%
3 to 5 Years	2.25%
5 to 10 Years	5.73%
10 to 20 Years	19.61%
20 to 30 Years	38.82%
Over 30 Years	21.53%

### Symbol by Class

A	C	Advisor
FKTFX	FRCTX	FCAVX

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

### WHAT ARE THE RISKS?

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. The fund holds a small portion of its assets in Puerto Rico municipal bonds that 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.

### PORTFOLIO MANAGERS<sup>3,6</sup>



**Christopher Sperry, CFA**  
19 years industry experience  
18 years with Franklin Templeton



**John Wiley**  
25 years industry experience  
25 years with Franklin Templeton

### TENURE AND EXPERTISE

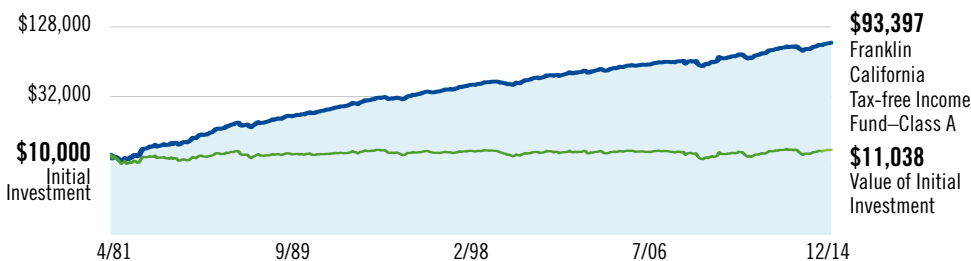
Mr. Sperry and Mr. Wiley have been managing the fund since 2000 and 1991 respectively.

### TEAM FACTS

Christopher and John are supported by 15 research analysts with an average of 17 years of industry experience.

### TOTAL RETURN OF A \$10,000 INVESTMENT (Without Sales Charge)

April 1, 1981–December 31, 2014



If the fund's 4.25% sales charge had been included, the return would have been lower.

### AVERAGE ANNUAL TOTAL RETURNS—CLASS A<sup>9</sup> (For Periods Ended December 31, 2014)

	1-Year	3-Year	5-Year	10-Year	Since Inception (2/1/77)
With Sales Charge	8.68%	4.80%	5.50%	4.64%	5.70%
Without Sales Charge	13.54%	6.34%	6.43%	5.09%	5.82%

Class A has a maximum **4.25%** initial sales load and total annual operating expenses of **0.57%**.

### YIELDS—CLASS A (As of December 31, 2014)

30-Day Standardized Yield:<sup>10</sup> **2.50%** Taxable Equivalent:<sup>11</sup> **5.08%**

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

5. Source: Lipper<sup>®</sup>, Inc. Rankings do not include sales charges and are for the fund's Class A shares only. Other share classes may differ. **Past performance does not guarantee future results.**

6. CFA<sup>®</sup> and Chartered Financial Analyst<sup>®</sup> are trademarks owned by CFA Institute.

7. As of 12/31/14. Holdings are subject to change. For updated information, please call Franklin Templeton Investments at (800) DIAL BEN/342-5236 or visit [franklintempleton.com](http://franklintempleton.com).

8. Due to rounding, the sum of portfolio holdings may not equal 100%.

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

10. The 30-Day Standardized Yield reflects an estimated yield to maturity. It should be regarded as an estimate of the fund's rate of investment income, and it may not equal the fund's actual income distribution rate, which reflects the fund's past dividends paid to shareholders.

11. Taxable equivalent distribution rate assumes the maximum regular federal income tax rate; the maximum state personal income tax rate; and the Medicare tax in effect on December 2014. This combined rate does not consider the impact of California's surcharge on taxable incomes in excess of \$1 million.



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