FRANKLIN TEMPLETON INVESTMENTS

Franklin California High Yield Municipal Fund

Tax-Free Income
September 30, 2015

Fund Fact Sheet | Share Classes: A, C, Advisor

Fund Description

The fund seeks to provide investors with a high level of income exempt from federal and California personal income taxes, with capital appreciation as a secondary goal, by investing in municipal securities of any rating category, including higher yielding, lower-rated securities.

Fund Overview

Total Net Assets [All Share Classes]	$2,142 million
Fund Inception Date	5/3/1993
Dividend Frequency	Monthly, on or near the last business day
Number of Holdings	401

Share Class Information

Share Class	CUSIP	NASDAQ Symbol
A	354 025 306	FCAMX
C	354 025 603	FCAHX
Advisor	354 025 801	FVCAX

Fund Management

	Years with Firm	Years of Experience
John Wiley	26	26
Chris Sperry, CFA	19	19

Maximum Sales Charge

Class A: 4.25% initial sales charge
Class C: 1.00% contingent deferred sales charge (CDSC) in the first year only
Advisor Class: None

Total Annual Operating Expenses

Share Class	
A	0.63%
C	1.18%
Advisor	0.53%

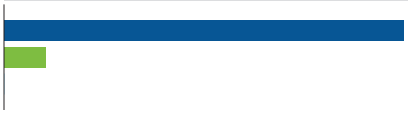
30-Day Standardized Yield

Share Class	
A	3.01%
C	2.60%
Advisor	3.24%

Taxable Equivalent Yield

Share Class	
A	6.12%
C	5.29%
Advisor	6.59%

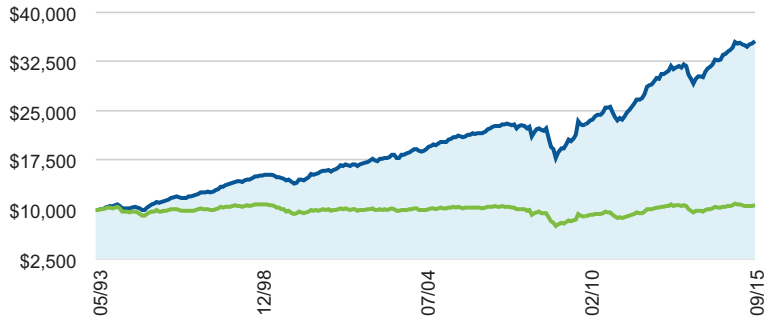
Asset Allocation (%)



Fixed Income	90.54
Cash & Cash Equivalents	9.43
Equity	0.03

Performance

Growth of a $10,000 Investment - Without Sales Charge (from 05/03/1993-09/30/2015)



Class A: **$35,585** Total Value of Investment, Including Reinvestment of Dividends and Capital Gains

Value of Initial Investment: **$10,670**

Total Returns % (as of 9/30/2015)

		CUMULATIVE	AVERAGE ANNUAL					
Share Class		YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception	Inception Date
A	With Sales Charge	-1.56	1.02	3.32	5.89	4.90	5.62	5/3/1993
	Without Sales Charge	2.77	5.53	4.83	6.82	5.35	5.83	5/3/1993
C	With Sales Charge	1.34	3.92	4.23	6.24	4.77	5.29	4/30/1996
	Without Sales Charge	2.33	4.92	4.23	6.24	4.77	5.29	4/30/1996
Advisor		2.85	5.63	4.93	6.94	5.46	5.87	5/3/1993

Calendar Year Total Returns % – Without Sales Charge

Share Class	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
A	14.68	-3.71	13.41	14.55	4.94	28.24	-19.97	-1.64	6.30	6.73
C	14.07	-4.31	12.92	13.86	4.33	27.73	-20.44	-2.18	5.70	6.11
Advisor	14.87	-3.70	13.61	14.65	5.04	28.49	-19.89	-1.46	6.21	N/A

Share Class	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
A	7.00	5.79	6.77	5.41	11.10	-6.68	7.35	11.71	6.17	18.96
C	6.40	5.29	6.16	4.92	10.37	-7.10	6.79	11.13	N/A	N/A
Advisor	7.00	5.79	6.77	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

If the sales charge had been included, the return would have been lower.

Top 5 Holdings (% of Total)

Security Name	
San Joaquin Hills Transportation Corridor Agency Toll Road Revenue, junior lien, Refunding, Series B, 5.25%, 1/15/49	3.70
Foothill/Eastern Transportation Corridor Agency Toll Road Revenue, junior lien, Refunding, Series C, 6.50%, 1/15/43	2.21
M-S-R Energy Authority Gas Revenue, Series B, 6.50%, 11/01/39	2.03
Golden State Tobacco Securitization Corp. Enhanced Tobacco Settlement Revenue, Asset-Backed, Series A, 5.00%, 6/01/45	1.93
California Statewide CDA Revenue, Kaiser Permanente, Series B, 5.25%, 3/01/45	1.78

Fund Measures

AMT Exposure	0.94
Average Duration	7.10 Years
Average Weighted Maturity	22.90 Years
Standard Deviation (3 Yrs) - Class A	5.05
Beta (3 Yrs, vs.Barclays Municipal Bond Index) - Class A	1.39

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Not FDIC Insured | May Lose Value | No Bank Guarantee

Composition of Fund

■ Franklin California High Yield Municipal Fund

Sector	% of Total
Tax Supported Debt	24.11
General Obligation Bonds	13.68
Transportation	12.81
Hospital & Health Care	11.73
Utilities	6.71
Higher Education	5.34
Other Revenue Bonds	4.66
Refunded	4.64
Cash & Cash Equivalents	9.43
Other	6.89

State / U.S. Territory Exposure	% of Total
California	95.57
Guam	1.27
Northern Mariana Islands	0.07
Puerto Rico	3.09

Morningstar Rating™—Class A

Overall Morningstar Rating™

As of September 30, 2015 the fund's Class A shares received a traditional 5 star overall Morningstar Rating™, measuring risk-adjusted returns against 117, 109 and 92 U.S.-domiciled Muni California Long funds over the 3-, 5- and 10- year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics.

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. Investments in lower-rated bonds include higher risk of default and loss of principal. 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.

Glossary

AMT Exposure: Percentage of a fund's assets invested in bonds with income subject to the alternative minimum tax (AMT). For investors subject to the alternative minimum tax, a small portion of fund dividends may be taxable. Distributions of capital gains are generally taxable.
Average Duration: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years.
Average Weighted Maturity: An estimate of the number of terms of maturity, taking the possibility of early payments into account, for the underlying holdings.
Beta: A measure of the fund's volatility relative to the market, as represented by the stated Index. A beta greater than 1.00 indicates volatility greater than the market.
Standard Deviation: A measure of risk; the larger the standard deviation, the greater the likelihood (and risk) that a fund's performance will fluctuate.

Important Information

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. Please carefully read a prospectus before you invest or send money.

Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.
Source for Index: FactSet. Indexes are unmanaged and one cannot invest directly in an index.
Fund Management: CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.
Performance: The fund offers other share classes subject to different fees and expenses, which will affect their performance. Advisor shares do not have sales charges or 12b-1 fees and are offered only to certain eligible investors as stated in the prospectus.
Class A: Prior to 7/1/94, these shares were offered at a higher initial sales charge. Class C: Prior to 1/1/04, these shares were offered with an initial sales charge; thus actual returns would have differed. Advisor: Effective 11/11/06, the fund began offering Advisor Class Shares. For periods prior to the fund's Advisor Class inception date, a restated figure is used based on the fund's oldest share class, Class A performance, excluding the effect of Class A's maximum initial sales charge but reflecting the effect of the Class A Rule 12b-1 fees; and for periods after the fund's Advisor Class inception date, actual Advisor Class performance is used, reflecting all charges and fees applicable to that class.
30-Day Standardized Yield: 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.
Taxable Equivalent Yield: The Taxable Equivalent Yield assumes the maximum regular federal income tax rate, maximum state personal income tax, and Medicare tax in effect on June 2015. This does not consider the impact of California's surcharge on taxable incomes in excess of $1 million.
Top 5 Holdings: The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included.
Composition of Fund: Percentage may not equal 100% due to rounding.
Uninvested cash is not included in the State / U.S. Territory Exposure.
Overall Morningstar Rating™: Source: Morningstar® 9/30/15. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance after adjusting for sales loads (except for load-waived A shares), redemption fees, and the risk free rate, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. Class A shares of Franklin California High Yield Municipal Fund received a traditional Morningstar Rating of 4, 5 and 5 star(s) for the 3-, 5- and 10-year periods, respectively. The Morningstar Rating™ may differ among share classes of a mutual fund as a result of different sales loads and/or expense structure. **Past performance does not guarantee future results.** ©2015 Morningstar, Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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