



Franklin Low Duration Total Return Fund

Fixed Income
December 31, 2014

Fund Fact Sheet

Fund Description

The fund's investment goal is to provide a high level of current income as is consistent with prudent investing, while seeking preservation of capital. The fund invests primarily in investment-grade debt securities, and securities in various debt sectors. The fund's focus includes government and corporate debt securities, mortgage and asset-backed securities, floating rate corporate loans and municipal securities. The fund targets an estimated average portfolio duration of three (3) years or less.

Fund Overview

Total Net Assets [All Share Classes] \$2,460 million
Fund Inception Date 11/17/2004
Dividend Frequency Accrued daily and paid monthly on the last business day
Number of Holdings 1,072

Share Class Information

Share Class	CUSIP	NASDAQ Symbol
A	353 612 617	FLDAX
C	353 612 583	FLDCX
R6	353 612 534	N/A
Advisor	353 612 617	FLDZX

Fund Management

	Years with Firm	Years of Experience
Roger Bayston, CFA	23	28
Kent Burns, CFA	20	21
Chris Molumphy, CFA	26	27

30-Day Standardized Yield

Share Class	With Waiver	Without Waiver
A	1.09%	0.97%
C	0.70%	0.58%

Maximum Sales Charge

Class A: 2.25% initial sales charge
Class C: 1.00% contingent deferred sales charge (CDSC) in the first year only

Total Annual Operating Expenses

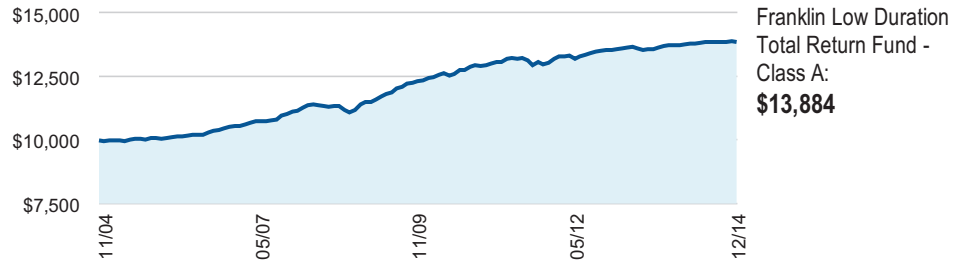
Share Class	With Waiver	Without Waiver
A	0.80%	0.98%
C	1.20%	1.38%

Asset Allocation (%)

Fixed Income	88.93
Cash & Cash Equivalents	11.07

Performance

Growth of a \$10,000 Investment - Without Sales Charge (from 11/17/2004-12/31/2014)



Total Returns % (as of 12/31/2014)

Share Class	YTD	AVERAGE ANNUAL				Since Inception	Inception Date
		1 Yr	3 Yrs	5 Yrs	10 Yrs		
A With Sales Charge	-1.23	-1.23	1.33	1.87	3.10	3.06	11/17/2004
A Without Sales Charge	1.01	1.01	2.09	2.32	3.33	3.30	11/17/2004
C With Sales Charge	-0.43	-0.43	1.68	1.91	2.88	2.84	10/1/2012
C Without Sales Charge	0.55	0.55	1.68	1.91	2.88	2.84	10/1/2012

Calendar Year Total Returns % - Without Sales Charge

Share Class	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
A	1.02	1.22	4.08	0.60	4.79	8.24	2.32	5.86	4.26	1.26

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.

The fund has an expense reduction contractually guaranteed through at least February 28, 2015. The fund may also have a fee waiver associated with any investments it makes in a Franklin Templeton money fund, an arrangement that is contractually guaranteed through at least its current fiscal year end. Fund investment results reflect the expense reduction and fee waiver, as applicable; without these reductions, the results would have been lower.

Top 10 Holdings (% of Total)

Security Name	
U.S. Treasury Note, 2.125%, 5/31/15	1.81
U.S. Treasury Note, 4.25%, 8/15/15	1.44
U.S. Treasury Note, 1.875%, 6/30/15	1.23
PowerShares Senior Loan Portfolio	0.81
U.S. Treasury Note, 4.125%, 5/15/15	0.62
Wachovia Corp., sub. note, FRN, .6006%, 10/15/16	0.60
Apple Inc., FRN, 5/03/18	0.53
Bank of America Corp., senior note, FRN, 1.2706%, 1/15/19	0.52
Kinder Morgan Finance Co. LLC, senior bond, 5.70%, 1/05/16	0.50
Capital One Multi-Asset Execution Trust, 2007-A1, A1, FRN, .2108%, 11/15/19	0.49

Fund Measures

Average Duration	0.84 Years
Average Weighted Maturity	2.16 Years
Standard Deviation (3 Yrs)	1.22
Beta (3 Yrs; vs. Barclays U.S. Government & Credit (1-3 Year) Index)	1.61

Composition of Fund

■ Franklin Low Duration Total Return Fund ■ Barclays U.S. Government & Credit (1-3 Year) Index

Sector	% of Total
Investment Grade Corporates	25.17 / 20.03
U.S. Treasury	12.67 / 63.58
MBS	10.55 / 0.00
ABS	10.28 / 0.00
CMBS	7.59 / 0.00
Floating-Rate Loans	6.88 / 0.00
High Yield Corporates	6.65 / 0.00
International Bonds	6.49 / 8.06
Cash & Cash Equivalents	11.07 / 0.00
Other	2.66 / 8.33

Morningstar Rating™—Class A

Overall Morningstar Rating™ As of December 31, 2014 the fund's Class A shares received a traditional 3 star overall Morningstar Rating™, measuring risk-adjusted returns against 435, 378 and 271 U.S.-domiciled Short-Term Bond 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.

**Important Information About Portfolio Data**

Asset Allocation: The figures shown reflect certain derivatives held in the portfolio (or their underlying reference assets) and may not total 100% or may be negative due to rounding, use of derivatives, unsettled trades or other factors.

Fund Measures: The figures shown for Average Duration and Average Weighted Maturity reflect certain derivatives held in the portfolio (or their underlying reference assets).

Composition of Fund: Sector portfolio weights reflect certain derivatives held in the portfolio (or their underlying reference assets) and may not total 100% or may be negative due to rounding, use of derivatives, unsettled trades or other factors.

What Are the Risks

All investments involve risks, including possible loss of principal. Interest rate movements and mortgage prepayments will affect the fund's share price and yield. Bond prices generally move in the opposite direction of interest rates. As the prices of bonds in the fund adjust to a rise in interest rates, the fund's share price may decline. Derivatives, including currency management strategies, involve costs and can create economic leverage in the portfolio which may result in significant volatility and cause the fund to participate in losses (as well as enable gains) on an amount that exceeds the fund's initial investment. The fund may not achieve the anticipated benefits, and may realize losses when a counterparty fails to perform. Some derivatives are particularly sensitive to changes in interest rates. Foreign securities involve special risks, including currency fluctuations and economic and political uncertainty. These and other risks are described in the fund's prospectus.

Glossary

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

Effective 10/1/12, Franklin Low Duration Total Return Fund offers a Class C share.

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 Description: Although U.S. government-sponsored entities may be chartered by Acts of Congress, their securities are neither issued nor guaranteed by the U.S. government. Please see the fund's prospectus for a detailed discussion regarding various levels of credit support for government agency or instrumentality securities. The fund's yield and share price are not guaranteed and will vary with market conditions.

Fund Management: CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.

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.

Performance: The fund offers other share classes subject to different fees and expenses, which will affect their performance.

Class C: The fund began offering Class C shares on 10/1/12. Total returns are calculated as follows: a) for periods prior to 10/1/12, a restated figure is used based on the fund's oldest share class, Class A, performance excluding its maximum initial sales charge, but including Class C's sales charges and Rule 12b-1 fees as though in effect from the fund's inception; and b) for periods after 10/1/12, actual Class C performance is used, reflecting all charges and fees applicable to that class. Class C Shares have higher annual fees and expenses than Class A Shares.

Top 10 Holdings: The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included.

Overall Morningstar Rating™: Source: Morningstar® 12/31/14. 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 Low Duration Total Return Fund received a traditional Morningstar Rating of 2, 2 and 3 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.