FRANKLIN TEMPLETON INVESTMENTS

Franklin Real Return Fund

Fixed Income
December 31, 2014

Fund Fact Sheet

Fund Description

The fund seeks to achieve total return that exceeds the rate of inflation over an economic cycle. The fund will generally invest a significant portion of its assets in inflation-protected securities. The manager also has the flexibility to invest in other sectors of the market as it seeks to achieve a high level of real return (total return less inflation), consistent with an acceptable level of risk.

Fund Overview

Total Net Assets [All Share Classes]	$367 million
Fund Inception Date	11/17/2004
Dividend Frequency	Monthly
Number of Holdings	165

Share Class Information

Share Class	CUSIP	NASDAQ Symbol
A	353 612 724	FRRAX
C	353 612 591	FRRCX
R6	353 612 526	N/A
Advisor	353 612 716	FARRX

Fund Management

	Years with Firm	Years of Experience
Tony Coffey, CFA	25	25
Kent Burns, CFA	20	21

30-Day Standardized Yield

Share Class	With Waiver	Without Waiver
A	1.15%	0.94%
C	0.79%	0.58%

Maximum Sales Charge

Class A: 4.25% initial sales charge
Class C: 1.00% contingent deferred sales charge (CDSC) in the first year only

Total Annual Operating Expenses

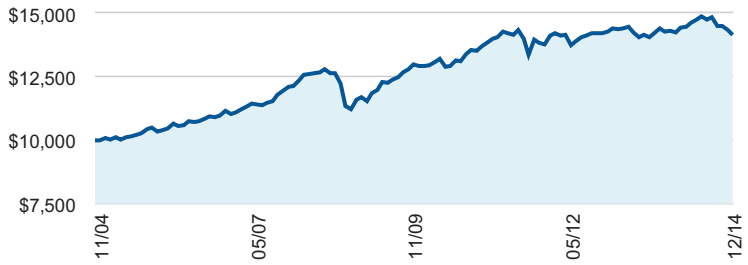
Share Class	With Waiver	Without Waiver
A	0.92%	1.10%
C	1.32%	1.50%

Asset Allocation (%)

Fixed Income	80.07
Equity	16.37
Cash & Cash Equivalents	3.57

Performance

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



Franklin Real Return Fund - Class A:
$14,173

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

		CUMULATIVE	AVERAGE ANNUAL					
Share Class		YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception	Inception Date
A	With Sales Charge	-5.25	-5.25	-0.56	0.95	2.99	3.07	11/17/2004
	Without Sales Charge	-1.08	-1.08	0.90	1.83	3.44	3.51	11/17/2004

Calendar Year Total Returns % – Without Sales Charge

Share Class	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
A	-1.08	0.15	3.68	0.54	6.03	11.43	-4.49	10.21	5.20	3.81

*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, Index Linked, 1.875%, 7/15/15	13.98
U.S. Treasury Note, Index Linked, 2.00%, 1/15/16	11.02
U.S. Treasury Bond, Index Linked, .125%, 4/15/17	10.56
SPDR Dow Jones REIT ETF	9.49
U.S. Treasury Note, Index Linked, 0.50%, 4/15/15	7.82
U.S. Treasury Note, Index Linked, 1.625%, 1/15/18	5.54
U.S. Treasury Note, Index Linked, 1.625%, 1/15/15	2.73
Government of Mexico, 8.00%, 12/17/15	2.47
Korea Treasury Bond, senior note, 3.00%, 12/10/16	2.35
Government of Poland, FRN, 5.15%, 1/25/17	1.21

Fund Measures

Average Duration	1.52 Years
Average Weighted Maturity	2.01 Years
Standard Deviation (3 Yrs)	3.77
Beta (3 Yrs; vs. Barclays U.S. TIPS Index)	0.36

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Not FDIC Insured | May Lose Value | No Bank Guarantee

Composition of Fund

■ Franklin Real Return Fund ■ Barclays U.S. TIPS Index

Geographic	% of Total	
United States	76.39	100.00
Poland	4.31	0.00
South Korea	3.89	0.00
Mexico	3.41	0.00
Malaysia	3.14	0.00
Brazil	1.67	0.00
Canada	1.12	0.00
Luxembourg	0.93	0.00
Cash	3.39	0.00
Other	1.75	0.00

Currency	% of Total	
US Dollar	84.52	100.00
Polish Zloty	4.31	0.00
South Korean Won	3.89	0.00
Mexican Peso	3.41	0.00
Malaysian Ringgit	3.14	0.00
Singapore Dollar	1.68	0.00
Brazilian Real	1.67	0.00
Chilean Peso	0.66	0.00
EURO	-3.28	0.00

Sector	% of Total
Treasury Inflation-Protected Securities	51.65
Foreign Debt Securities	17.21
Financials	9.49
Natural Resources	6.87
High Yield	6.34
Loans	4.87
Cash	3.57

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: Geographic, Sector and Currency 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 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 a fund adjust to a rise in interest rates, the fund's share price may decline. Foreign securities involve special risks, including currency fluctuations and economic and political uncertainties. Changes in the financial strength of a bond issuer or in a bond's credit rating may affect its value. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. The fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. 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

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.

***Please note**: Investors in Franklin Real Return Fund who do not reinvest income that comes from inflation adjustments may not maintain the purchasing power of the investment over the long term. Income earned depends on the amount of principal invested, and that principal may not keep up with inflation if the investor does not reinvest the principal adjustment paid out as part of the fund's income.*
Fund Overview: *The fund's yield and distributions should be expected to vary significantly from month to month. Because the fund has a significant investment in Treasury Inflation-Protected Securities (TIPS), it is highly influenced by the TIPS market and the monthly inflation adjustments on these securities. If inflation declines, it can result in negative inflation adjustments for TIPS, and thus a negative 30-day standardized yield. In this scenario, the fund may not earn enough net investment income from its investments in TIPS to pay out a dividend.*
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 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.
Fund Measures: Average duration and average weighted maturity data pertains to the fixed income component of the fund.

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