

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

The fund seeks to maximize income to support monthly distributions while maintaining the prospects for capital appreciation. The fund invests in a diversified portfolio of stocks and debt securities and employs a managed distribution policy that is intended to provide level monthly payments.

Fund Overview

Total Net Assets [All Share Classes]	\$3,908 million
Fund Inception Date	7/3/2006
Dividend Frequency	Monthly
Number of Issuers	113

Share Class Information

Share Class	CUSIP	NASDAQ Symbol
Advisor	353 612 658	FBFZX
A	353 612 682	FBLAX
C	353 612 674	FBMCX
R	353 612 666	FBFQX
R6	353 612 575	FBFRX

Fund Management

	Years with Firm	Years of Experience
Edward D. Perks, CFA	27	27
Brendan Circle, CFA	5	9
Todd Brighton, CFA	19	19
Alan Muschott, CFA	21	21
Shawn Lyons, CFA	23	24

Maximum Sales Charge

Class A: 5.50% initial sales charge
Class C: 1.00% contingent deferred sales charge (CDSC) in the first year only

Total Annual Operating Expenses

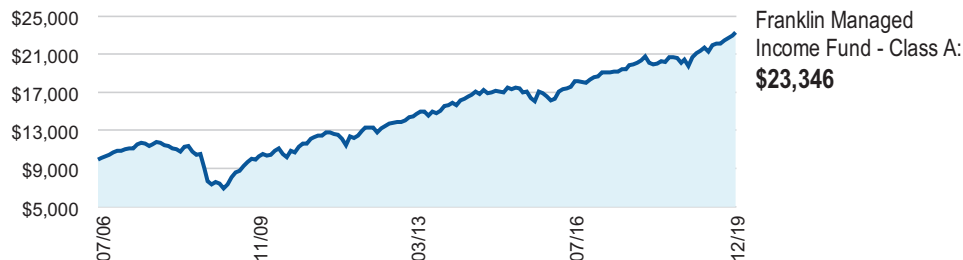
Share Class	With Waiver	Without Waiver
A	0.93%	0.96%
C	1.68%	1.71%

30-Day Standardized Yield

Share Class	With Waiver	Without Waiver
A	1.80%	1.80%
C	1.15%	1.15%

Asset Allocation (%)

Fixed Income	48.23
Equity	32.91
Convertibles	14.79
Cash & Cash Equivalents	4.07

Performance
Growth of a \$10,000 Investment - Without Sales Charge (from 07/03/2006-12/31/2019)

Total Returns % (as of 12/31/2019)

Share Class		YTD	AVERAGE ANNUAL					Since Inception	Inception Date
			1 Yr	3 Yrs	5 Yrs	10 Yrs			
A	With Sales Charge	11.38	11.38	5.71	5.15	7.65	6.04	7/3/2006	
A	Without Sales Charge	17.89	17.89	7.73	6.34	8.26	6.48	7/3/2006	
C	With Sales Charge	16.07	16.07	6.96	5.56	7.49	5.73	7/3/2006	
C	Without Sales Charge	17.07	17.07	6.96	5.56	7.49	5.73	7/3/2006	

Calendar Year Total Returns % - Without Sales Charge

Share Class	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
A	17.89	-3.16	9.51	11.98	-2.85	7.47	13.10	12.57	3.23	15.13
C	17.07	-3.91	8.79	11.07	-3.57	6.78	12.22	11.88	2.51	14.33

Share Class	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
A	37.58	-32.82	4.15	N/A	N/A	N/A	N/A	N/A	N/A	N/A
C	36.61	-33.29	3.46	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Effective March 1, 2019, the Franklin Balanced Fund repositioned to become an income strategy. The fund changed its name to Franklin Managed Income Fund, as well as its dividend policy, investment management fees and primary benchmark.

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 and a fee waiver associated with any investments it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through February 29, 2020. Fund investment results reflect the expense reduction and fee waiver; without these reductions, the results would have been lower.

Top Ten Holdings (% of Total)

Issuer Name	
GOVERNMENT OF THE UNITED STATES OF AMERICA	7.84
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	3.81
JPMORGAN CHASE & CO	2.59
BANK OF AMERICA CORP	2.29
INTEL CORP	2.12
MORGAN STANLEY	2.09
WELLS FARGO & CO	1.94
APPLE INC	1.87
CVS HEALTH CORP	1.80
BROADCOM INC	1.79

Fund Measures

Average Weighted Maturity	5.04 Years
Standard Deviation (3 Yrs) - Class A	5.51%
Beta (3 Yrs, vs. Blended 50% MSCI USA High Dividend Yield Index + 25% ICE BofAML US Corporate & High Yield Index + 25% Bloomberg Barclays US Aggregate Index) - Class A	0.93

Composition of Fund

Sector—Equity	% of Total	Sector—Fixed Income	% of Total
Information Technology	12.54	Corporate	34.28
Financials	8.30	Government/Agency	13.42
Health Care	5.67	Loans	0.53
Industrials	4.58	Cash & Cash Equivalents	4.07
Energy	3.52		
Communication Services	3.31		
Consumer Staples	2.96		
Consumer Discretionary	2.93		
Utilities	2.04		
Others	1.86		

What Are the Risks?

All investments involve risks, including possible loss of principal. The fund's share price and yield will be affected by interest rate movements. 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. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. These and other risk considerations are described more fully in the prospectus.

Managed Distribution Policy Risks - The Franklin Managed Income Fund is not guaranteed to achieve its investment goal of making monthly distributions while maintaining prospects for capital appreciation nor is there any guarantee that the fund will provide sufficient income at or through the investor's retirement. In addition, some of its distributions may be treated in part as a return of capital which will decrease shareholders' cost basis in the fund and affect the amount of any capital gain or loss that they realize when selling or exchanging fund shares. The annual payout rate may be adjusted higher or lower from year to year and could vary substantially over time. It is possible for the fund to suffer substantial investment losses and simultaneously experience additional asset reductions as a result of its distributions to shareholders under the managed distribution policy. Investors who hold the fund within a tax-advantaged retirement account should consult their tax advisors to discuss tax consequences of receiving cash distributions. In addition, use of the fund or election of the option to receive distribution payments in cash may be restricted in certain retirement plans by the terms of the governing plan documents and/or the discretion of the plan administrator. Investors are strongly advised to consult with their financial advisor for assistance before selecting the appropriate fund, based on their goals and personal situations, including time horizon, retirement income needs, risk tolerance, and tax bracket. These and other risks are described more fully in the fund's prospectus.

Glossary

Average Weighted Maturity: An estimate of the number of years to 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 the degree to which a fund's return varies from the average of its previous returns. The larger the standard deviation, the greater the likelihood (and risk) that a fund's performance will fluctuate from the average return.

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.

Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

The 25% US Corp and High Yield + 25% US Agg + 50% US High Div Yield Index is composed of the blended 25% ICE BofAML US Corporate & High Yield Index + 25% Bloomberg Barclays US Aggregate Index + 50% MSCI US High Dividend Yield Index.

All MSCI data is provided "as is." The Fund described herein is not sponsored or endorsed by MSCI. In no event shall MSCI, its affiliates or any MSCI data provider have any liability of any kind in connection with the MSCI data or the Fund described herein. Copying or redistributing the MSCI data is strictly prohibited.

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

Class A: Prior to 9/10/18, these shares were offered at a higher initial sales charge of 5.75%; thus actual returns would have differed. Total returns with sales charges have been restated to reflect the current maximum initial sales charge of 5.50%.

30-Day Standardized Yield: 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.

Top Ten 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: Source: FactSet. The portfolio characteristics listed are based on the fund's underlying holdings, and do not necessarily reflect the fund's characteristics.