FRANKLIN TEMPLETON INVESTMENTS

Franklin Mutual Recovery Fund

Value
June 30, 2015

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

Fund Description

The fund seeks capital appreciation with superior risk adjusted returns with moderate correlation to the U.S. equity market through opportunistic investments in event-driven situations, including distressed securities, merger arbitrage and undervalued stocks.

Fund Overview

Total Net Assets [All Share Classes]	$48 million
Fund Inception Date	6/2/2003
Dividend Frequency	Annually in December
Number of Issuers	72

Share Class Information

Share Class	CUSIP	NASDAQ Symbol
A	354 02P 203	FMRAX
C	354 02P 401	FCMRX
Advisor	354 02P 104	FMRVX

Fund Management

	Years with Firm	Years of Experience
Shawn Tumulty	14	26
Christian Correa, CFA	11	13
Keith W. Luh, CFA	9	13

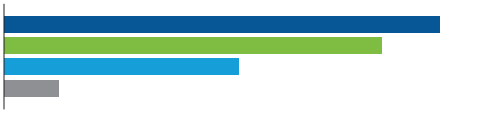
Maximum Sales Charge

Class A: 5.75% 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	With Waiver	Without Waiver
A	1.53%	3.72%
C	2.25%	4.44%
Advisor	1.25%	3.44%

Asset Allocation (%)

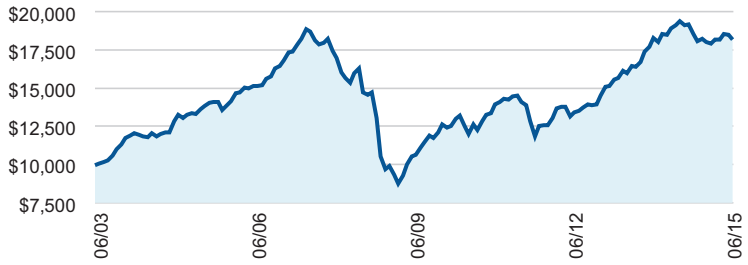


Distressed Investments	39.53
Undervalued Equities	34.27
Cash & Other Net Assets	21.26
Merger Arbitrage	4.95

Understanding the Fund's Fulcrum Fee: The fund's management fee, a component of the operating expenses, is set up to reward good relative performance and penalize poor relative performance. Here's how it works: 1) The fee will range between 0.5% and 2.5%. 2) Each month, the rolling 1-year performance of the fund and the Bloomberg/ EFFAS U.S. Government 3–5 Years Total Return Index are compared. 3) The fee adjusts up or down by 0.2% for every 1% that the fund's performance exceeds or falls short of the index.

Performance

Growth of a $10,000 Investment - Without Sales Charge (from 06/02/2003-06/30/2015)



Franklin Mutual Recovery Fund - Class A:
$18,217

Total Returns % (as of 6/30/2015)

		CUMULATIVE	AVERAGE ANNUAL					
Share Class		YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception	Inception Date
A	With Sales Charge	-5.17	-11.73	8.42	7.34	2.16	4.58	6/2/2003
	Without Sales Charge	0.61	-6.35	10.58	8.62	2.77	5.09	6/2/2003
C	With Sales Charge	-0.82	-7.92	9.79	7.85	2.08	4.40	6/2/2003
	Without Sales Charge	0.18	-7.02	9.79	7.85	2.08	4.40	6/2/2003
Advisor		0.69	-6.05	10.92	8.94	3.09	5.43	6/2/2003

Calendar Year Total Returns % – Without Sales Charge

Share Class	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
A	-1.38	26.10	15.44	-9.71	10.31	27.50	-41.66	0.98	18.59	6.74
C	-2.07	25.22	14.65	-10.26	9.39	26.75	-42.06	0.40	17.86	5.99
Advisor	-1.11	26.57	15.74	-9.35	10.46	27.92	-41.43	1.36	19.07	7.04

Share Class	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
A	13.11	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
C	12.47	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Advisor	13.53	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Franklin Mutual Recovery Fund will close to new investors at the close of the market on or about May 15, 2015; existing shareholders may continue to purchase additional shares of the fund.

*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 July 31, 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)

Issuer Name	
DIRECTV	3.62
NORTEL NETWORKS CORP	3.54
IHEARTCOMMUNICATIONS INC	3.36
TEXAS COMPETITIVE ELECTRIC HOLDINGS CO LLC	3.07
SYMANTEC CORP	2.93
DEEPOCEAN GROUP HOLDING BV	2.88
BLUESTEM BRANDS INC	2.82
VODAFONE GROUP PLC	2.72
PINNACLE ENTERTAINMENT INC	2.46
INTERNATIONAL AUTOMOTIVE COMPONENTS GROUP NA LLC	2.36

Fund Measures

Standard Deviation (3 Yrs) - Class A	6.49
Beta (3 Yrs; vs. S&P 500 Index) - Class A	0.54

Composition of Fund

■ Franklin Mutual Recovery Fund ■ S&P 500 Index

Geographic	% of Total	
United States	53.45	100.00
Cash & Cash Equivalents	21.26	0.00
United Kingdom	9.16	0.00
Canada	5.13	0.00
Netherlands	4.23	0.00
Germany	1.61	0.00
South Korea	1.42	0.00
Austria	1.06	0.00
Belgium	0.99	0.00
Other	0.70	0.00

Sector	% of Total	
Consumer Discretionary	25.76	12.79
Cash & Cash Equivalents	21.26	0.00
Information Technology	17.87	19.71
Financials	9.89	16.54
Energy	7.37	7.87
Utilities	6.80	2.85
Consumer Staples	2.98	9.40
Industrials	2.74	10.09
Telecommunication Services	2.13	2.27
Other	3.19	18.49

What Are the Risks

All investments involve risks, including possible loss of principal. The fund may invest in companies engaged in mergers, reorganizations or liquidations, which involve special risks, as pending deals may not be completed on time or on favorable terms, as well as lower-rated bonds, which entail higher credit risk. The fund is a non-diversified fund and may experience increases susceptibility to adverse economic or regulatory developments affecting similar issuers or securities. The fund may invest in foreign securities whose risks include currency fluctuations, and economic and political uncertainties. These and other risks are described more fully in the fund's prospectus.

Glossary

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.
S&P® and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC. S&P does not sponsor, endorse, sell or promote any S&P index-based product.
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 Class 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 and Class C: Prior to 11/3/03, the fund offered only a single class of shares without a sales charge and Rule 12b-1 expenses, Advisor Class shares. Figures reflect a restatement of the original share class to include both the Rule 12b-1 fees and maximum initial sales charges (when quoting figures with sales charges) applicable to each share class as though in effect from the fund's inception. For periods after 11/3/03, actual performance is used, reflecting all charges and fees applicable to that class.
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.
Composition of Fund: Percentage may not equal 100% due to rounding.

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