

FRANKLIN TEMPLETON FOUNDING FUNDS ALLOCATION FUND

AS OF 12/31/13 ASSET ALLOCATION

FUND DESCRIPTION

Franklin Templeton Founding Funds Allocation Fund seeks capital appreciation through a diversified, value-oriented approach—investing in a fixed allocation of three Franklin Templeton mutual funds that specifically target stocks and bonds trading at a discount to their true worth. The fund seeks income as a secondary goal.

FUND DATA

Total Net Assets-All Share Classes: \$6.1 billion

Inception: 8/15/03

Beta1: 1.05

Dividends: Semiannually

Minimum Initial Investment: \$1,000

Symbol by Class:

Α	С	R	Advisor	
FFALX	FFACX	FFARX	FFAAX	

MAXIMUM SALES CHARGES

Class A: 5.75% initial sales charge

Class C: 1% contingent deferred sales charge

(CDSC) in the first year only

TOTAL ANNUAL OPERATING EXPENSES

Class A: 1.05%; Class C: 1.80%

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

HOW DOES THE STRATEGY WORK?

The fund invests in equal allocations to three underlying funds—Franklin Income Fund, Templeton Growth Fund and Mutual Shares Fund—that invest in stocks and bonds in the U.S. and abroad. The fund's allocation is monitored and automatically rebalanced to adapt to market movements. The fund's rebalancing feature helps maintain consistent exposure to three distinct investment strategies in any market environment.

PORTFOLIO ALLOCATION^{2,3}



AVERAGE ANNUAL TOTAL RETURNS (As of December 31, 2013)

With Maximum Sales Charges4

Class	Inception Date	1 Yr	5 Yrs	10 Yrs	Since Inception
Α	8/15/03	16.53%	14.10%	6.00%	6.90%
С	8/15/03	21.69%	14.58%	5.89%	6.76%

Without Sales Charges

1 Yr	5 Yrs	10 Yrs	Since Inception
23.64%	15.46%	6.63%	7.51%
22.69%	14.58%	5.89%	6.76%

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PORTFOLIO BREAKDOWN^{2,5}

Underlying Funds' Top Ten Equity Holdings (% of Total)

Merck & Company Inc	1.95%
Royal Dutch Shell	1.64%
Microsoft Corp	1.47%
Vodafone Group PLC	1.36%
J.P. Morgan Chase & Co.	1.24%

1. Source: © 2014 Thomson Reuters, 12/31/13. Beta measures a fund's market-related risk over a three-year period. The fund is measured against the Dow Jones Moderately Aggressive Relative Risk Index, which has a beta of 1.00. A beta lower than 1.00 indicates historically lower volatility than the index; higher than 1.00 indicates historically higher volatility. 2. As of 12/31/13. Portfolio holdings are subject to change and may not represent current or future composition. The portfolio manager for the Fund reserves the right to withhold release of information with respect to holdings that would otherwise be included in the top 10 holdings list. For updated information,

DF FLC	1.1070
Medtronic Inc.	1.08%
Cisco Systems Inc	ე.97%
Roche Holding AG	ე.96%
Pfizer Inc).93%

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- 3. Due to rounding, the sum of portfolio holdings may not equal 100%.
- 4. Prior to 1/1/04, Class C shares were offered with an initial sales charge; thus actual returns would have differed. All figures assume reinvestment of dividends and capital gains at net asset value. The fund offers other share classes, subject to different fees and expenses that will affect their performance.
- 5. Based on a combined investment consisting of equal allocations to the three underlying funds.

PORTFOLIO MANAGER⁶

T. Anthony Coffey, CFA

Since 2003; joined Franklin Templeton in 1989

WHAT ARE THE RISKS?

All investments involve risks, including possible loss of principal. Because the fund invests in underlying funds that may engage in a variety of investment strategies involving certain risks, Franklin Templeton Founding Funds Allocation Fund is subject to these same risks. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Bonds are affected by changes in interest rates and the credit worthiness of their issuers. Bond prices generally move in the opposite direction of interest rates. Thus, as the prices of bonds adjust to a rise in interest rates, the fund's share price may decline. Higher-yielding, lower-rated corporate bonds entail a greater degree of credit risk compared to investmentgrade securities. Foreign investing carries additional risks such as currency and market volatility and political or social instability; risks which are heightened in developing countries. Value securities may not increase in price as anticipated or may decline further in value. These and other risks are discussed in the fund's prospectus.

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.

FUND PERSPECTIVE

"Each underlying fund within Franklin Templeton Founding Funds Allocation Fund employs a value-driven approach, attempting to maintain prospects for capital appreciation over the long term while offering diversification that can help reduce overall risk. By actively rebalancing the allocation of the three underlying funds, we seek to provide diversification by maintaining consistent exposure to multiple asset classes across varying market conditions."

—T. Anthony Coffey, Portfolio Manager

UNDERLYING FUNDS: THREE DISTINCT INVESTMENT STRATEGIES

Franklin Income Fund focuses on undervalued dividend-paying stocks, convertible securities and bonds across a variety of industries.

Investment Category......Hybrid Inception Date......8/31/48

Templeton Growth Fund searches worldwide for stocks selling at prices the managers believe are low relative to their true value.

Investment Category......Global Inception Date......11/29/54

Mutual Shares Fund seeks to invest primarily in undervalued stocks and, to a lesser extent, distressed securities and arbitrage situations.

Inception Date......7/1/49 Investment Category.....Value

LIPPER RANKINGS7

Franklin Templeton Founding Funds Allocation Fund's Class A shares were ranked 70 out of 573 (top 13%), 36 out of 510 (top 8%), 64 out of 474 (top 14%) and 110 out of 289 (top 38%) funds in Mixed-Asset Target Allocation Growth Funds classification in cumulative total return for the 1-, 3-, 5- and 10-year periods ended December 31, 2013.

GAIN FROM OUR PERSPECTIVE®

Franklin Templeton's distinct multi-manager structure combines the specialized expertise of three world-class investment management groups—Franklin, Templeton and Mutual Series.

Specialized Expertise

Each of our portfolio management groups operates autonomously, relying on its own research and staying true to the unique investment disciplines that underlie its success.

- Franklin. Founded in 1947, Franklin is a recognized leader in fixed income investing and also brings expertise in growth- and value-style U.S. equity investing.
- Templeton. Founded in 1940, Templeton pioneered international investing and, in 1954, launched what has become the industry's oldest global fund. Today, with offices in over 25 countries, Templeton offers investors a truly global perspective.
- Mutual Series. Founded in 1949, Mutual Series is dedicated to a unique style of value investing, searching aggressively for opportunity among what it believes are undervalued stocks, as well as arbitrage situations and distressed securities.
- owned by CFA Institute.

6. CFA® and Chartered Financial Analyst® are trademarks 7. Source: Lipper, Inc. Rankings do not include sales charges and are for the fund's Class A shares only. Other share classes may differ. Past performance does not quarantee future results.



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