FRANKLIN TEMPLETON INVESTMENTS

Franklin Conservative Allocation Fund—Class A

Product Profile Fourth Quarter 2014

FUND CHARACTERISTICS (AS OF 12/31/14)

NASDAQ Symbol	FTCIX
Fund Inception Date	12/31/96
Dividends	Quarterly
Investment Style	Asset Allocation
Benchmarks	Blended Benchmark^
	S&P 500 Index
Lipper Classification	Mixed-Asset Target Alloc Consv Funds
Morningstar Category™	Conservative Allocation
Total Net Assets—All Share Classes	1,714 million
Number of Holdings	29
Maximum Initial Sales Charge	5.75%

THIRD-PARTY FUND DATA

Overall Morningstar Rating™

Traditional

★★★

Load Waived

★★★

As of December 31, 2014 the fund's Class A shares received a traditional 3 star overall Morningstar Rating™ and a load waived 3 star Morningstar Rating™, measuring risk-adjusted returns against 575, 463 and 253 U.S.-domiciled Conservative Allocation 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.

Load waived Class A share Morningstar Ratings do not include front-end sales charges and are intended for investors who have access to such purchase terms (e.g., fee-based programs and participants of a defined contribution plan). Investors should contact their financial advisor to determine their eligibility to purchase Class A shares without paying the sales charge.

Effective June 30, 2014, Franklin Templeton Conservative Allocation Fund was renamed Franklin Conservative Allocation Fund.

Effective 1/1/2013, the Franklin Templeton Conservative Allocation Fund implemented changes to its target allocations; short-term investment allocations were combined into the fixed-income fund target allocation. Formerly, the Fund's target allocation was 40% equity funds, 40% fixed income funds and 20% short-term investments. The Fund's investment goal remain the same.

FUND DESCRIPTION

The fund seeks the highest level of long-term total return consistent with a lower level of risk. The manager allocates assets among broad asset classes by primarily investing in a distinctly weighted combination of Franklin Templeton funds; generally 40% equity funds and 60% fixed income funds.

The risk/reward potential is based on the fund's goal and level of risk. It is not indicative of the fund's actual or implied performance or portfolio composition, which may change on a continuous basis.

PERFORMANCE DATA

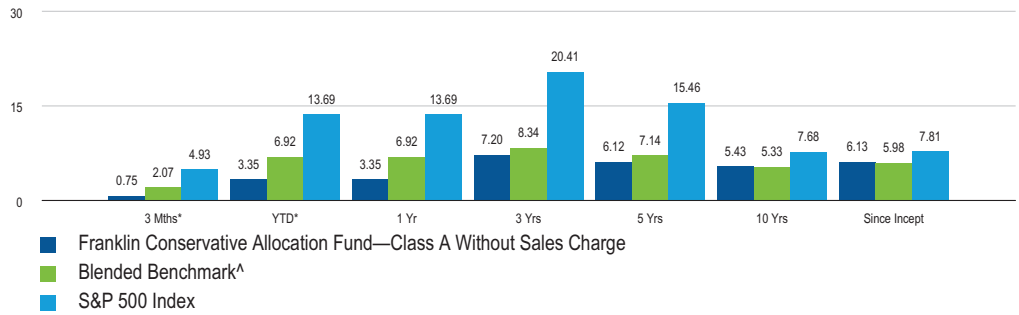
Average Annual Total Returns for Periods Ended December 31, 2014 (%)

	3 Mths*	YTD*	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Incept (12/31/96)
With Sales Charge	-5.04	-2.57	-2.57	5.12	4.86	4.81	5.78
Without Sales Charge	0.75	3.35	3.35	7.20	6.12	5.43	6.13
Blended Benchmark^	2.07	6.92	6.92	8.34	7.14	5.33	5.98
S&P 500 Index	4.93	13.69	13.69	20.41	15.46	7.68	7.81

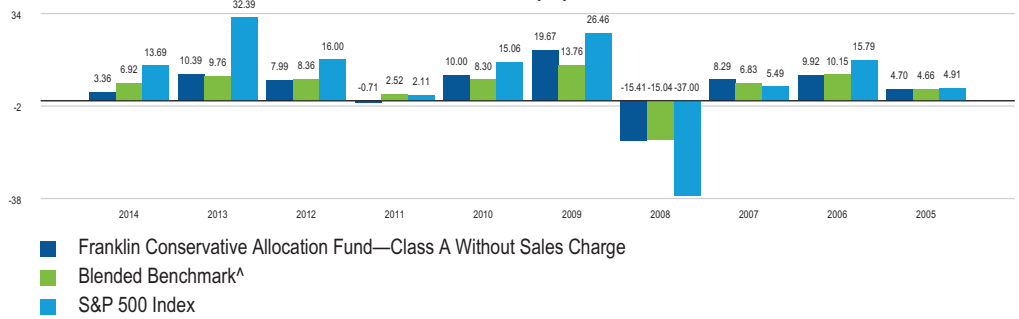
Total Annual Operating Expenses—*1.22%*

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/(800) 342-5236 or visit franklintempleton.com for the most recent month-end performance.

Average Annual Total Returns for Periods Ended December 31, 2014 (%)



Calendar Year Returns As of December 31, 2014 (%)



If the Fund's sales charge had been included, the returns would have been lower.

^For an explanation of the the Blended Benchmark, please see the "Performance Data" section in the Explanatory Notes.
*Cumulative Total Returns.
For information related to the "Fund Characteristics," "Third-Party Fund Data," and "Performance Data" sections, please see Explanatory Notes.

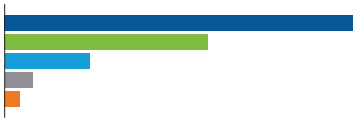
Not FDIC Insured | May Lose Value | No Bank Guarantee

PORTFOLIO DIVERSIFICATION (AS OF 12/31/14)

Top Ten Holdings

Issuer Name	% of Total
Templeton Global Total Return Fund, Class R6	19.44
Franklin Low Duration Total Return Fund, Class R6	12.25
Franklin Growth Fund, Class R6	9.93
Franklin U.S. Government Securities Fund, Class R6	7.37
Franklin Rising Dividends Fund, Class R6	6.50
Franklin Strategic Income Fund, Class R6	5.67
Franklin DynaTech Fund, Class R6	4.09
iShares Intermediate Credit Bond ETF	3.54
Franklin Mutual European Fund, Class R6	3.32
Franklin K2 Alternative Strategies Fund, Class R6	3.29

Portfolio Allocation



	%
Fixed Income Funds	51.23
Domestic Equity Funds	29.94
Foreign Equity Funds	12.51
Alternatives Funds	4.09
Cash & Cash Equivalents	2.23

PERFORMANCE RISK STATISTICS - Class A

Modern Portfolio Theory (MPT) Statistics (As of 12/31/14)

Performance Risk Statistics	3 Years	5 Years	10 Years
Standard Deviation	5.26	6.46	7.19
Alpha	-2.61	-2.06	-0.17
Beta	1.20	1.17	1.08
Sharpe Ratio	1.36	0.94	0.56
Information Ratio	-0.75	-0.60	0.05
Tracking Error	1.52	1.69	1.98
R-Squared	94.32	95.11	92.94

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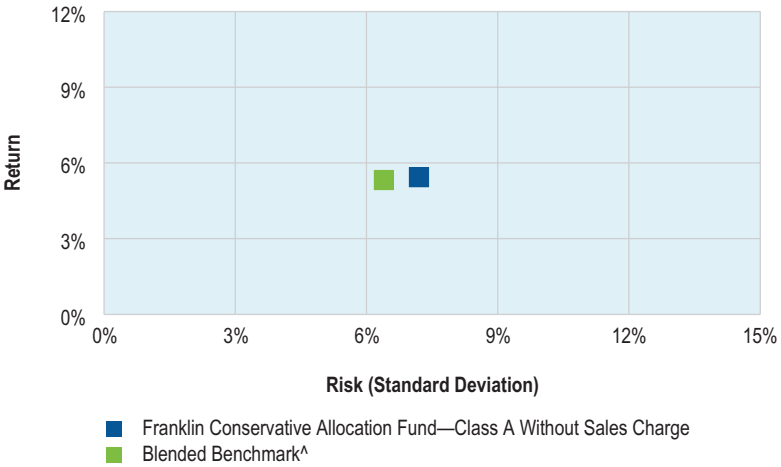
Risk vs. Return 10-Year Period Ended 12/31/14



If the Fund's sales charge had been included, the returns would have been lower.

Alpha: Alpha measures the difference between a fund's actual returns and its expected returns given its risk level as measured by its beta. A positive alpha figure indicates the fund has performed better than its beta would predict. In contrast, a negative alpha indicates a fund has underperformed, given the expectations established by the fund's beta. Some investors see alpha as a measurement of the value added or subtracted by a fund's manager.
Beta: A measure of the magnitude of a portfolio's past share-price fluctuations in relation to the ups and downs of the overall market (or appropriate market index). The market (or index) is assigned a beta of 1.00, so a portfolio with a beta of 1.20 would have seen its share price rise or fall by 12% when the overall market rose or fell by 10%.
Information Ratio: In investing terminology, the ratio of expected return to risk. Usually, this statistical technique is used to measure a manager's performance against a benchmark. This measure explicitly relates the degree by which an investment has beaten the benchmark to the consistency by which the investment has beaten the benchmark.
R-Squared: A measure of how much of a portfolio's performance can be explained by the returns from the overall market (or a benchmark index). If a portfolio's total return precisely matched that of the overall market or benchmark, its R-squared would be 100. If a portfolio's return bore no relationship to the market's returns, its R-squared would be 0.
Sharpe Ratio: To calculate a Sharpe ratio, an asset's excess returns (its return in excess of the return generated by risk-free assets such as Treasury bills) are divided by the asset's standard deviation.
Standard Deviation: A measure of the degree to which a fund's return varies from its previous returns or from the average of all similar funds. The larger the standard deviation, the greater the likelihood (and risk) that a security's performance will fluctuate from the average return.
Tracking Error: Measure of the deviation of the return of a fund compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment fund is managed, the smaller the tracking error.

^For an explanation of the the Blended Benchmark, please see the “Performance Data” section in the Explanatory Notes.
For information related to the “Portfolio Diversification” and “Performance Risk Statistics” sections, please see Explanatory Notes.

MARKET REVIEW

Global equity markets rose slightly overall in 2014's fourth quarter, largely due to gains for US stocks, and developed-market equities generally outperformed their emerging-market peers. By region, US stocks advanced, while European, Asian and Latin American stocks fell and underperformed global equities. US economic reports released during the three-month period were broadly positive, indicating continued momentum for economic growth. Indicators for the manufacturing and nonmanufacturing sectors moderated somewhat over the period, but the labor market showed ongoing improvement. The US Federal Reserve ended its asset-purchase program in October and stated in its December meeting that it would be patient in beginning to normalize monetary policy. In the eurozone, economic data broadly remained weak, and the bloc witnessed mild deflation in December. The European Central Bank maintained its accommodative monetary policy at its December meeting. Political instability in Greece as the government failed to elect a new presidential candidate added to market volatility near quarter-end. Meanwhile, Japan's economy shrank in the third quarter, largely due to weak domestic and private demand following a consumer tax increase in the prior quarter. In December, the country's newly re-elected government announced a fresh stimulus package intended to revive economic growth.

Emerging-market equities declined overall as weakening commodity prices and rising inflation weighed on markets. Brazil's central bank increased its benchmark rate twice in three months as it sought to keep inflation within its target range. China's purchasing managers index moderated during the quarter but indicated that the economy remained in expansionary mode. The People's Bank of China cut benchmark interest rates in November for the first time in more than two years to support the slowing economy. Russia's central bank raised its key interest rate sharply in December in an effort to limit further devaluation of the ruble and contain rising inflation.

PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE

Performance Review

For the fourth quarter, asset allocation and fund selection weighed on relative performance. Fund selection in fixed income detracted from relative performance, while an off-benchmark allocation to alternatives modestly hampered relative results. In contrast, fund selection in equity contributed to relative returns.

Equity Analysis

In equity investments, Franklin Utilities Fund, Franklin Growth Fund and Franklin Real Estate Securities Fund contributed to relative results, while Templeton Frontier Markets Fund and Templeton Foreign Fund declined and hindered results.

Fixed Income Analysis

Among fixed income investments, Templeton Global Total Return, a relatively large weighting in the fund, notably detracted from relative results. Franklin Templeton Emerging Market Debt Opportunities Fund and Franklin Strategic Income Fund also weighed on relative performance.

Alternatives Analysis

Franklin Pelagos Commodities Strategy Fund weighed on relative performance in alternative investments.

Portfolio Positioning

By quarter-end, the fund's overall equity allocation was modestly lower, while the fixed income allocation was slightly higher and the alternatives allocation was largely unchanged. During the period, we established positions in iShares Global Infrastructure ETF and iShares MSCI All Country Asia ex Japan ETF.

Outlook & Strategy

We continued to favor equities over developed government bonds. Improving economic conditions and credit growth suggest to us the United States is in the middle of its economic cycle. Historically, this stage of the economic cycle has exhibited positive global equity performance potential relative to that of developed government bonds. Valuations and accommodative monetary policy also supported global equities, in our view.

We continue to view Japanese equities hedged to the US dollar favorably due to the Bank of Japan's supportive central bank policy, generally strong corporate fundamentals, valuations we regard as attractive and positive investor sentiment for Japan. We found some economic indicators encouraging, with corporate sales improving and earnings revisions exceeding consensus expectations. In addition to these economic tailwinds, we believe positive inflation expectations in Japan could eventually drive equity multiples higher.

We continue to favor European versus US equities, with increased conviction. Monetary stimulus in the United States has been decelerating, while we believe the liquidity environment in Europe has the potential to benefit equities in the region since the European Central Bank appears open to unconventional measures to support growth and combat disinflation as necessary. European earnings also have the potential to cyclically rebound, benefiting from current low levels of growth since the region as a whole exited recession more recently than the United States. From a valuation standpoint, European stocks appeared more attractive to us than US equities as measured by price-to-book and price-to-sales ratios, although evenly paired as measured by the price-to-earnings ratios as of December 18, 2014.

We continue to favor equities in emerging Asia over emerging Latin America. Fiscal and monetary policies, corporate fundamentals and relative valuation present a more attractive case for equities in emerging Asia, based on our analysis. Accommodative monetary policy in South Korea and Japan, combined with expectations for easing from central banks in China and India, contrasts with the expected policy tightening moves from Brazil's central bank and Minster of Finance, which both have plans for policy tightening. Equities in emerging Latin America were trading well above the 10-year average price-to-earnings multiple as of November-end, while emerging Asia equities were trading below their long-term average, based on most valuation measures. Our short-duration view stems from an improving US economy, rising US employment and US Treasury valuations we regard as stretched. We believe duration exposure presents more downside than upside return potential. There is a clear discrepancy between the Federal Open Market Committee median projected level for the federal funds rate implied trajectory and market expectations for the federal funds rate. In particular, we believe rates of intermediate-term US Treasuries are greatly mispriced. This discrepancy most likely underscores an exaggerated market view, in our opinion, that the US economy cannot sustainably grow beyond 2% annually.

We have a favorable view of US high yield and believe the sector offers attractive return potential over intermediate-term US Treasuries. Although high-yield issuers have been re-levering, interest coverage ratios have improved over the last few years as companies took advantage of low borrowing costs and increased their cash holdings. The Institute for Supply Management's manufacturing and nonmanufacturing composite indexes rose to their highest levels of 2014 in recent months, with record breadth of expansion by industry.

The above commentary does not provide a complete analysis of every material fact regarding any market, region, industry, security, portfolio or pooled investment vehicle. Portfolio holdings information, opinions and other market or economic information and data provided are as of the date of the commentary, unless another date is expressly indicated, and may change without notice. Statements of fact cited by the manager have been obtained from sources considered reliable but no representation is made as to their completeness or accuracy. The manager's assessment of a particular industry, region, security, sector or investment is intended solely to provide insight into the manager's investment process and is not a recommendation to buy or sell any security, nor investment advice. References to particular securities or sectors are only for the limited purpose of illustrating general market or economic conditions and are not recommendations to buy or sell a security. Although historical data is no guarantee of future results, these insights may help you understand our investment management philosophy.

PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE (*CONTINUED)*

Additionally, commercial and industrial lending conditions and leading indicators have remained supportive, in our view.

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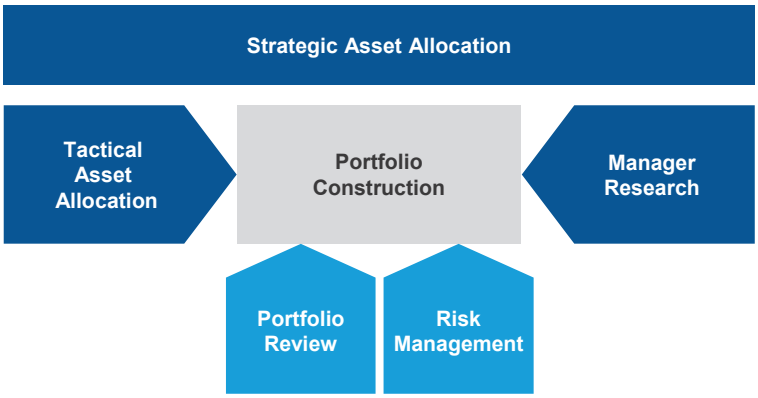
Investment Strategy and Process

- **Top Down/Bottom Up:** Leveraging a wide range of current market and economic insights from across the Franklin Templeton complex, timely investment themes are formed into asset allocation recommendations. These are then partnered with a short list of Franklin Templeton funds identified through intensive research by our dedicated fund research team.
- **Diversification:** Few companies can match the depth and breadth of investment expertise Franklin Templeton target-risk and target-date funds can offer with access to a wide range of funds, covering nearly all asset classes. A diverse group of underlying investments provides the flexibility to gain exposure to varied sectors of the market.
- **Active Asset Allocation:** The funds seek to balance strategic allocation with active diversification as a method of providing superior long-term returns with lower overall volatility.
- **Focused on Long-Term Results:** Long-term strategic allocations utilize models that are determined to possess the most attractive risk/reward characteristics. This focus on achieving attractive long-term, risk-adjusted performance offers you the potential for competitive relative returns in a variety of market conditions.



INVESTMENT AND MANAGEMENT TEAM (AS OF 12/31/14)

Franklin Templeton Conservative Allocation Fund Management Team	Years with Firm	Years Experience
T. Anthony Coffey, CFA	25	25
Tom Nelson	7	23
Franklin Templeton Solutions	**Number of Members**	**Average Years Experience**
Portfolio Managers	19	21
Research Analysts	55	11
Additional Resources		
Research Technology Group	Global Trading Platform	Global Portfolio Compliance Group
Global Research Library	Performance Analysis and Investment Risk Group	

WHAT ARE THE RISKS

While an asset allocation plan can be a valuable tool to help reduce overall volatility, all investments involve risks, including possible loss of principal. Because this fund invests in underlying funds, which may engage in a variety of investment strategies involving certain risks, Franklin Templeton Conservative Allocation Fund is subject to those same risks. Typically, the more aggressive the investment, or the greater the potential return, the more risk involved. Generally, investors should be comfortable with some fluctuation in the value of their investments, especially over the short term. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as the prices of bonds in a fund adjust to a rise in interest rates, that fund's share price may decline. Foreign investing carries additional risks such as currency and market volatility and political or social instability; risks which are heightened in developing countries. These risks are described in the fund's prospectus. Investors should consult their financial advisor for help selecting the appropriate fund of funds, or fund combination, based on an evaluation of their investment objectives and risk tolerance.

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EXPLANATORY NOTES

FUND CHARACTERISTICS

Number of Holdings: All portfolio holdings are subject to change.

THIRD-PARTY FUND DATA

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 Conservative Allocation Fund received a traditional Morningstar Rating of 2, 2 and 3 star(s) for the 3-, 5- and 10-year periods, respectively. Load-waived Class A shares of Franklin Conservative Allocation Fund received Morningstar Ratings of 3, 2 and 4 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.

PERFORMANCE DATA

As of January 1, 2013, the fund changed its target allocation, with short-term investments (formerly a targeted allocation of 20%) combined into the fixed income allocations; such a change can impact performance. The fund's investment goal remained the same.
Prior to January 1, 2013, the Blended Benchmark was comprised of 28% S&P 500 Index, 12% MSCI EAFE Index, 40% Barclays U.S. Aggregate Index and 20% Payden and Rygel 90 Day T-Bill Index. After January 1, 2013, the Blended Benchmark is comprised of 28% S&P 500 Index, 12% MSCI EAFE Index and 60% Barclays U.S. Aggregate Index. Such a change can impact performance.
The fund offers other share classes subject to different fees and expenses, which will affect their performance.
Source for Index: FactSet. Indexes are unmanaged and one cannot invest directly in an index.
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PORTFOLIO DIVERSIFICATION

Source for Index: FactSet. Indexes are unmanaged and one cannot invest directly in an index.
Portfolio Allocation: Percentage may not equal 100% due to rounding. The asset class of each underlying fund is based on its predominant investments under normal market conditions. Alternatives Funds refers to the fund's investments in underlying Franklin commodities and managed futures funds.
Top Ten Holdings: Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change. The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included. For updated information, call Franklin Templeton Investments at (800) DIAL BEN/(800) 342-5236 or visit franklintempleton.com.

PERFORMANCE RISK STATISTICS

Modern Portfolio Theory (MPT) Statistics: In cases where a benchmark is required for calculation purposes, the Blended Benchmark is utilized.
Risk vs. Return: Risk is measured by the annualized standard deviation of monthly total returns. Performance of the fund does not include sales charges (if applicable), but it does include dividends and capital gains reinvested at net asset value.
Source for Index: FactSet. Indexes are unmanaged and one cannot invest directly in an index.
The fund offers other share classes subject to different fees and expenses, which will affect their performance.

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/(800) 342-5236 or visit franklintempleton.com. Please carefully read a prospectus before you invest or send money.

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