

FRANKLIN FLOATING RATE DAILY ACCESS FUND

AS OF 12/31/13 FIXED INCOME

FUND DESCRIPTION

The fund seeks a high level of current income and, secondarily, preservation of capital, by investing predominantly in floating interest rate senior secured corporate loans (floating-rate loans) and corporate debt securities.

FUND DATA¹

Total Net Assets-All Share Classes: \$5.4 billion

Number of Holdings: 374

Inception: 5/1/01

Dividends: Accrued daily and paid monthly on the last

business day

Credit Quality²

A: 0.54% B: 49.19% BBB: 6.69% CCC: 4.20% Not Rated: 0.92%

Weighted Average Time to Reset: 80.52 days

CUSIP/Symbol by Class:

	Α	С	R6	Advisor
F	AFRX	FCFRX	353 612 559	FDAAX

MAXIMUM SALES CHARGES

Class A: 2.25% initial sales charge

Class C: 1% contingent deferred sales charge

(CDSC) in the first year only

TOTAL ANNUAL OPERATING EXPENSES³

Without Waiver: Class A: 0.94%; Class C: 1.34% With Waiver: Class A: 0.92%; Class C: 1.32%

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.

Please reference our *Understanding the Fundamentals* of *Floating-Rate Loans* flyer for more information on floating-rate loans. Literature Code: *FLTRT WP*.

FRANKLIN FLOATING RATE DAILY ACCESS FUND—CLASS A

Total Return in Quarters When the Federal Reserve Board Raised the Fed Funds Target Rate May 1, 2001 (Inception)—December 31, 2013

	Franklin Floating Rate Daily Access Fund-Class A	Treasury Bonds⁴	Corporate Bonds⁴
Q2 2004	0.84%	-4.94%	-3.43%
Q3 2004	0.68%	5.03%	4.21%
Q4 2004	1.00%	0.23%	1.26%
Q1 2005	1.14%	-1.03%	-1.05%
Q2 2005	0.65%	5.68%	3.58%
Q3 2005	1.37%	-2.20%	-1.00%
Q4 2005	0.98%	0.72%	0.49%
Q1 2006	1.72%	-2.57%	-1.17%
Q2 2006	0.93%	-0.99%	-0.39%
Average	1.03%	-0.01%	0.28%

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

Treasury bonds, if held to maturity, offer a fixed rate of return and fixed principal value; their interest payments and principal are guaranteed.

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

With Maximum Sales Charges⁵

		900				
	Inception			Sinc		
Class	Date	1 Yr	5 Yrs	10 Yrs	Inception	
Α	5/1/01	2.18%	9.36%	3.47%	3.74%	
С	5/1/01	3.12%	9.42%	3.30%	3.52%	

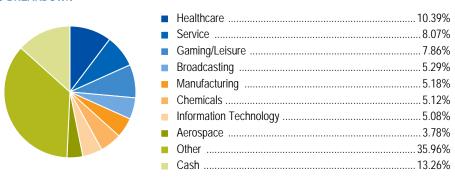
Without Sales Charges

1 Yr	5 Yrs	10 Yrs	Since Inception
4.53%	9.85%	3.71%	3.93%
4.12%	9.42%	3.30%	3.52%

YIELDS (As of December 31, 2013)

	• ,					
	30-Day Standardized Yield6					
Class	Without Waiver	With Waiver				
Α	3.22%	3.23%				
С	2.89%	2.90%				

PORTFOLIO BREAKDOWN^{1,7}



- 1. As of 12/31/13. Holdings are subject to change. For updated information, please call Franklin Templeton Investments at (800) DIAL BEN/342-5236 or visit franklintempleton.com.
- 2. Ratings shown are assigned by Standard & Poor's, a Nationally Recognized Statistical Credit Rating Organization. The ratings are an indication of an issuer's creditworthiness and typically range from AAA (highest) to D (lowest). The NR category consists of rateable securities that have not been rated by S&P. Cash and equivalents (defined as bonds with
- stated maturities, or that can be redeemed at intervals, of seven days or less) as well as derivatives are excluded from this breakdown. As a result, the chart does not reflect the fund's total net assets.
- 3. The fund has a fee waiver associated with its investments in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year end. Fund investment results reflect the fee waiver; without this reduction, the results would have been lower.

PORTFOLIO MANAGERS8

Richard S. Hsu, CFA

Manager or analyst since 2001; joined Franklin Templeton in 1996

Madeline Lam

Manager or analyst since 2001; joined Franklin Templeton in 1998

Justin Ma, CFA

prospectus.

Manager or analyst since 2008; joined Franklin Templeton in 2006

WHAT ARE THE RISKS?

All investments involve risks, including possible loss of principal. Investors should be aware that the fund's share price and yield will fluctuate with market conditions. The fund should not be considered an alternative to money market funds or certificates of deposit (CDs). The floating-rate loans and debt securities in which the fund invests tend to be rated below investment grade. Investing in higher-yielding, lower-rated, floating-rate loans and debt securities involves greater risk of default, which could result in loss of principal—a risk that may be heightened in a slowing economy. Interest earned on floating-rate loans varies with changes in prevailing interest rates. Therefore, while floating-rate loans offer higher interest income when interest rates rise, they will also generate less income when interest rates decline. Changes in the financial strength of a bond issuer or in a bond's credit rating may affect its value. 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 discussed in the fund's

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.



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MANAGER'S PERSPECTIVE

"Floating-rate loans pay interest that adjusts periodically to reflect current market rates, so compared to fixed-rate securities, floating-rate loans are generally less sensitive to interest rate volatility. This feature may make floating-rate loan investments especially attractive in a rising interest rate environment. Floating-rate loans tend to offer higher yields because of their lower credit quality. To help manage credit risk, we invest in hundreds of loans of companies that we have identified as having attractive risk/reward profiles, favorable capital structures, strong asset coverage and dominant market shares. This diversification potentially reduces credit risk by spreading assets across many different industries."

-Richard S. Hsu, Portfolio Manager

CALENDAR YEAR TOTAL RETURNS—CLASS A (Without Sales Charge)

2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
4.53%	8.07%	0.87%	8.36%	29.56%	-22.83%	1.78%	6.02%	4.20%	3.67%
2003	2002	2001	2000	1999	1998	1997	1996	1995	1994

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

WHO MAY WANT TO CONSIDER THIS FUND?

Those who:

- · Are looking for a complement to their traditional fixed income investments
- · Can tolerate fluctuation in the fund's net asset value
- Understand that the fund invests in loans that are rated below investment grade
- Understand that the fund may invest a portion of the portfolio in high-quality, short-term investments in order to
 offer daily liquidity
- Understand that the fund should not be considered an alternative to certificates of deposit, which are insured as
 to principal and interest, or money market funds

We recommend you select a fund to meet your individual situation with the help of an experienced financial advisor who will consider a variety of factors, including your assets, income, age, investment objective and level of risk tolerance.

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.
- 4. Source: © 2014 Morningstar. Treasury bonds are represented by the Payden & Rygel 10-Year Treasury Index; corporate bonds are represented by the Barclays U.S. Credit Index. Indexes are unmanaged, and one cannot invest directly in an index.
- 5. The fund offers other share classes, subject to different fees and expenses that will affect their performance.
- 6. 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.
- 7. Due to rounding, the sum of portfolio holdings may not equal 100%.
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