FIXED INCOME

Franklin Floating Rate Daily Access Fund

A POTENTIAL HEDGE AGAINST RISING RATES

FRANKLIN TEMPLETON INVESTMENTS

The Strategy

FRANKLIN FLOATING RATE DAILY ACCESS FUND invests predominantly in senior, secured corporate loans with floating interest rates and corporate debt securities. Managers adhere to a rigorous and disciplined credit review process.

1] STRINGENT CREDIT ANALYSIS

We seek to provide a high level of income, while managing overall risk exposure. Our credit team conducts in-depth fundamental research using proprietary information and risk modeling to identify attractive opportunities. We focus on loans and debt securities from companies with dominant market shares, strong management teams and stable growth prospects.

2] BOTTOM-UP COLLATERAL ASSESSMENT

We seek out companies with significant asset coverage and strong collateral packages for their debt, particularly in the form of tangible, hard assets. In assessing the collateral value, we focus on the company's enterprise value, particularly as a going concern in a distressed scenario, and conservative liquidation value to safeguard against any unanticipated worst-case scenarios.

3] BROAD DIVERSIFICATION

Because we strive to be diversified across issuers and industries, we typically limit exposure to any single issuer to 2% or less of the portfolio, while the majority of our industry weightings are less than 10% of the portfolio.

What Are Floating Rate Loans?

- Arranged by banks and other financial institutions to help companies finance their business
- Interest rates reset periodically to the underlying benchmark rate (typically the London Interbank Offered Rate [LIBOR])
- Prices are generally less affected by interest rate changes than comparable fixed-rate securities due to their reset feature
- Generally, they are rated below investment grade credit quality, yet offer a degree of credit risk protection due to their status as senior secured debt

"We are extremely selective in choosing investments for the fund. We prefer to buy loans from companies that have strong and stable cash flows as well as significant asset value in the collateral that is pledged to us in order to facilitate multiple ways of debt repayment."

RICHARD S. HSU, CFA,[1] PORTFOLIO MANAGER

Unless otherwise noted, fund performance figures in this brochure reflect Class A shares and do not include the maximum 2.25% initial sales charge. If the sales charge had been included, returns would have been lower. 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.*

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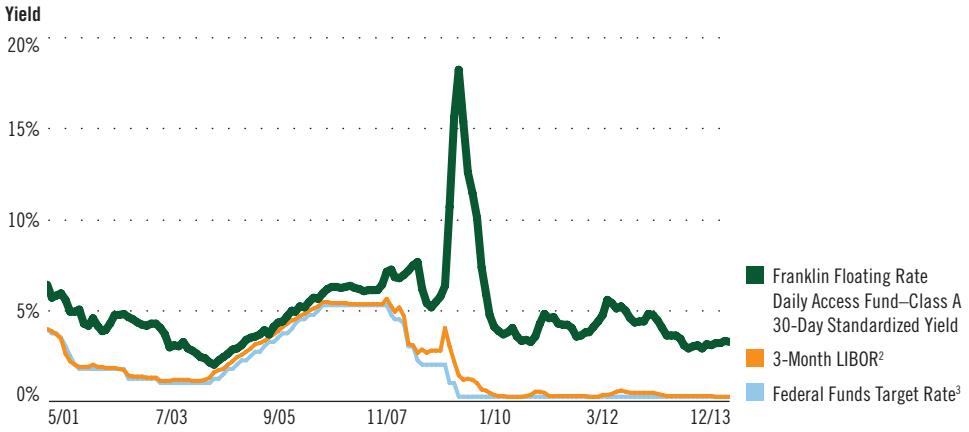
NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

The Benefits

> HIGH CURRENT INCOME POTENTIAL

Because floating-rate loan yields typically float at margins above benchmark lending rates such as LIBOR, the fund may offer higher yields than short-term, fixed-rate instruments. Please note, the risks of investing in higher-yielding, lower-rated instruments, such as increased risk of default, could result in loss of principal.

Yield Comparison (May 1, 2001–December 31, 2013)



> PORTFOLIO DIVERSIFICATION

Franklin Floating Rate Daily Access Fund may serve as an effective diversifier in an investment portfolio because it has shown a low correlation to stocks and other fixed income asset classes.

Low Correlation of Returns (Without Sales Charge)
May 1, 2001–December 31, 2013

	Franklin Floating Rate Daily Access Fund–Class A	Stocks[4]	Corporate Bonds[4]	Treasury Bonds[4]
Franklin Floating Rate Daily Access Fund–Class A	**1.00**			
Stocks	0.49	**1.00**		
Corporate Bonds	0.32	0.19	**1.00**	
Treasury Bonds	-0.35	-0.38	0.61	**1.00**

Correlation: 1 = perfect positive correlation 0 = no correlation
-1 = perfect negative correlation

Treasury bonds, if held to maturity, offer a fixed rate of return and fixed principal value; their interest payments and principal are guaranteed. The fund's investment return and principal value will fluctuate with market conditions.

> EXPERIENCED, PROFESSIONAL MANAGEMENT

The fund is managed by a seasoned group of professionals with an average of 16 years of industry experience. The management and research team consists of 17 individuals focused exclusively on floating-rate loans.[5]

Who May Want to Consider This Fund?

Those who:

- Are looking for a complement to their traditional fixed income portfolio
- Can tolerate fluctuation in the fund's net asset value
- Understand that the fund invests in loans that are generally rated below investment grade
- Understand that the fund may invest a portion of the portfolio in high-quality, short-term investments to offer daily liquidity
- Understand that the fund should not be considered an alternative to certificates of deposit (CDs), 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 tolerance for risk.

2. Source: © 2014 Morningstar.
3. Source: Federal Reserve.
4. Source: © 2014 Morningstar. Treasury bonds are represented by the Payden & Rygel 10-year U.S. Treasury Note Index; corporate bonds are represented by the Barclays Capital U.S. Credit Index. Stocks are represented by the S&P 500 Index. Indexes are unmanaged, and one cannot invest directly in an index. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) 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. Past performance is no guarantee of future results.
5. As of 12/31/13.

The Results

A POTENTIAL HEDGE AGAINST RISING INTEREST RATES

Since inception, the fund's Class A shares have generated positive total returns in every quarter the Federal Reserve raised interest rates (as of December 31, 2013).[6] Past performance does not guarantee future results.

Quarterly Total Return Comparison (Without 2.25% Sales Charge)

	Franklin Floating Rate Daily Access Fund–Class A	Treasury Bonds[7]	Corporate Bonds[7]
2ND QTR 2006	**0.93%**	-0.99%	-0.39%
1ST QTR 2006	**1.72%**	-2.57%	-1.17%
4TH QTR 2005	**0.98%**	0.72%	0.49%
3RD QTR 2005	**1.37%**	-2.20%	-1.00%
2ND QTR 2005	**0.65%**	5.68%	3.58%
1ST QTR 2005	**1.14%**	-1.03%	-1.05%
4TH QTR 2004	**1.00%**	0.23%	1.26%
3RD QTR 2004	**0.68%**	5.03%	4.21%
2ND QTR 2004	**0.84%**	-4.94%	-3.43%

If the sales charge had been included, the fund's 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.

ANNUAL TOTAL RETURNS–CLASS A (Without Sales Charge)

2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
4.53%	8.07%	0.87%	8.36%	29.56%	-22.83%	1.78%	6.02%	4.20%	3.67%	6.57%	1.98%

AVERAGE ANNUAL TOTAL RETURNS (Periods Ended December 31, 2013)

	With Sales Charge[8]					Without Sales Charge			
	Inception Date	1-Year	3-Year	5-Year	10-Year	1-Year	3-Year	5-Year	10-Year
Class A	5/1/01	2.18%	3.67%	9.36%	3.47%	4.53%	4.45%	9.85%	3.71%
Class C	5/1/01	3.12%	4.04%	9.42%	3.30%	4.12%	4.04%	9.42%	3.30%

Sales Charges: *Class A: Maximum 2.25% initial sales charge; Class C: 1% contingent deferred sales charge (CDSC) in the first year only.*
Total Annual Operating Expenses[9]:
Without waiver: *Class A: 0.94%; Class C: 1.34%;* ***With waiver:*** *0.92%; Class C: 1.32%.*

YIELDS AND DISTRIBUTION RATES (Periods Ended February 28, 2014)

	30-DAY STANDARDIZED YIELD[10]		
	Without Waiver	With Waiver	Distribution Rate[11]
Class A	2.89%	2.92%	3.34%
Class C	2.56%	2.58%	3.02%

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.*

6. Source: Federal Reserve.

7. Source: © 2014 Morningstar. Treasury bonds as represented by the Payden & Rygel 10-Year U.S. Treasury Note Index; corporate bonds as represented by the Barclays Capital U.S. Credit Index. Indexes are unmanaged, and one cannot invest directly in an index.

8. Class C shares have higher annual fees and expenses than Class A shares.

9. 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.

10. 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.

11. Based on the annualization of the fund's February 2014 dividend and maximum offering price per share on 2/28/14.

Franklin Templeton Investments

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.

TRUE DIVERSIFICATION

Because our management groups work independently and adhere to different investment approaches, Franklin, Templeton and Mutual Series funds typically have distinct portfolios. That's why our funds can be used to build truly diversified allocation plans covering every major asset class.

RELIABILITY YOU CAN TRUST

At Franklin Templeton Investments, we seek to provide investors with strong risk-adjusted returns over the long term, as well as the reliable, accurate and personal service that has helped us become one of the most trusted names in financial services.

MUTUAL FUNDS | RETIREMENT | 529 COLLEGE SAVINGS PLANS | SEPARATELY MANAGED ACCOUNTS

WHAT ARE THE RISKS?

All investments involve risk, 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. 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. These and other risks are described in the fund's prospectus.

< GAIN FROM OUR PERSPECTIVE® >

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Your Source For:

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Franklin Floating Rate Daily Access

Fund Symbols:

Class A: FAFRX

Class C: FCFRX

Class R6: 353 612 559

Advisor: FDAAX

This brochure must be preceded or accompanied by a current Franklin Floating Rate Daily Access Fund summary prospectus and/or prospectus. Please read a prospectus carefully before you invest or send money. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing.

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