

Franklin High Yield Tax-Free Income Fund



Advisor Class: **FHYVX** Class A: **FHYQX** Class C: **FHYIX** Class R6: **FHYRX**

Municipals Factsheet as of December 31, 2023

Investment Overview

The fund seeks to provide a high current yield exempt from regular federal income taxes. Its secondary goal is capital appreciation to the extent possible and consistent with the fund's principal investment goal.

Average Annual Total Returns (%)

	Without Sales Charges					With Sales Charges					Inception Date
	1-Yr	3-Yr	5-Yr	10-Yr	Inception	1-Yr	3-Yr	5-Yr	10-Yr	Inception	
Advisor Class	6.51	-1.25	1.91	3.34	5.46	6.51	-1.25	1.91	3.34	5.46	3/18/1986
Class A	6.27	-1.47	1.68	3.16	5.38	2.29	-2.71	0.91	2.77	5.27	3/18/1986
Class C	5.72	-1.97	1.19	2.65	3.87	4.72	-1.97	1.19	2.65	3.87	5/1/1995
Class R6	6.67	-1.20	1.95	3.38	5.47	6.67	-1.20	1.95	3.38	5.47	3/18/1986
Benchmark	6.40	-0.40	2.25	3.03	—	6.40	-0.40	2.25	3.03	—	—

Cumulative Total Returns (% Without Sales Charge)

	3-Mo	YTD	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Advisor Class	7.98	6.51	6.51	-13.92	5.03	5.84	7.83	2.03	3.86	1.14	3.37	14.04
Class A	7.94	6.27	6.27	-14.09	4.79	5.59	7.58	1.88	3.77	1.14	3.17	13.86
Class C	7.80	5.72	5.72	-14.46	4.18	5.19	7.06	1.44	3.13	0.57	2.65	13.35
Class R6	8.11	6.67	6.67	-13.89	4.97	5.98	7.76	2.17	3.86	1.15	3.19	13.90
Benchmark	7.89	6.40	6.40	-8.53	1.52	5.21	7.54	1.28	5.45	0.25	3.30	9.05

Performance data quoted represents past performance, which does not guarantee future results. Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Returns with sales charge reflect a deduction of the stated maximum sales charge. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. Returns for periods of less than one year are not annualized. All classes of shares may not be available to all investors or through all distribution channels. For current month-end performance, please visit www.franklintempleton.com.

The fund began offering Advisor Class shares on 1/3/2006, the fund began offering R6 Class shares on 8/1/2017, and the fund began offering A Class shares on 9/10/2018. Performance quotations have been calculated as follows: (a) for Advisor Class periods prior to 1/3/2006, a restated figure is used based on the fund's Class A1 performance; for R6 Class periods prior to 8/1/2017, a restated figure is used based on the fund's Class Advisor performance; for A Class periods prior to 9/10/2018, a restated figure is used based on the fund's Class A1 performance. The performance was adjusted to take into account differences in class-specific operating expenses and maximum sales charges. (b) For periods after share class offering, performance for the specific share class is used, reflecting the expenses and maximum sales charges applicable to that class.

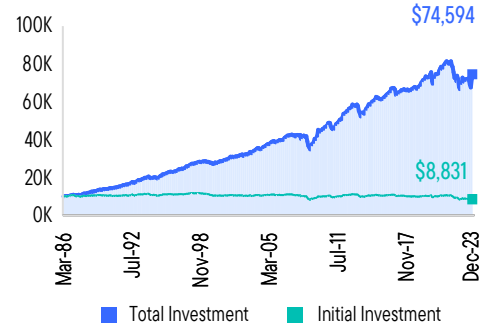
Share Class Details

	CUSIP	Ticker	Sales Charges (%)		Expenses (%)		30-Day SEC Yields (%)		Taxable Equivalent Yields (%)	
			Max	CDSC	Gross	Net	Without Waiver	With Waiver	Without Waiver	With Waiver
Advisor Class	354723272	FHYVX	0.00	—	0.54	0.54	4.83	4.83	8.16	8.16
Class A	354726887	FHYQX	3.75	—	0.80	0.80	4.60	4.43	7.48	7.48
Class C	354723595	FHYIX	0.00	1.00	1.18	1.18	4.10	4.11	6.93	6.94
Class R6	354724585	FHYRX	0.00	—	0.51	0.50	4.87	4.87	8.23	8.23

Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 06/30/2024 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice. There is a 1% CDSC on any Class C shares you sell within 12 months of purchase.

Growth of \$10,000

Advisor Class Shares—Inception through December 31, 2023
Excluding Effects of Sales Charges



Fund Overview

Dividend Frequency, if any	Monthly
Morningstar Category	High Yield Muni
Lipper Classification	High Yield Municipal Debt Funds
Turnover (fiscal yr)	23%

Benchmark(s)

Bloomberg Municipal Bond Index

Fund Characteristics

	Fund
Total Net Assets	\$4.87 Billion
Number of Holdings	1,745
Weighted Average Maturity	20.08 Years
Effective Duration	8.42 Years
AMT Exposure	3.43%

Risk Statistics (3-Year—Advisor Class)

	Fund
Beta	1.22
R-Squared	0.94
Sharpe Ratio	-0.38
Standard Deviation (%)	9.24

Sector Allocation (% of Total)

	Fund
Special Tax	27.76
Housing	14.58
Industrial Dev. Revenue and Pollution Control	12.21
Health Care	11.22
Transportation	8.03
Local	6.53
Refunded	5.06
Utilities	4.94
Other	11.20
Cash & Cash Equivalents	-1.53

State / U.S. Territory Allocation (% of Total)

	Fund
California	21.21
Florida	17.14
Texas	11.24
Colorado	5.61
Arizona	3.62
Ohio	3.39
Alabama	3.26
Puerto Rico	9.09
Other	26.97
Cash & Cash Equivalents	-1.53

Credit Quality Allocation (% of Total)

	Fund
AAA	1.31
AA	6.23
A	8.93
BBB	6.20
BB	6.52
B	0.63
CCC	1.05
D	0.22
Refunded	5.06
Not Rated	64.70
Not Applicable	0.68
Cash & Cash Equivalents	-1.53

Portfolio Data Information

Ratings shown are assigned by one or more Nationally Recognized Statistical Rating Organizations ("NRSRO"), such as Standard & Poor's, Moody's and Fitch. When ratings from multiple agencies are available, the highest is used, consistent with the portfolio investment process. Ratings reflect an NRSRO's opinion of an issuer's creditworthiness and typically range from AAA (highest) to D (lowest). The Refunded category consists of refunded bonds secured by U.S. government or other high-quality securities. The Not Rated category consists of ratable securities that have not been rated by an NRSRO. The Not Applicable category consists of third-party ETFs and securities that only have a short-term rating and are not cash equivalents. Cash includes equivalents, which may be rated.

Portfolio Management

	Years with Firm	Years of Experience		Years with Firm	Years of Experience
Benjamin C. Barber, CFA	12	32	Francisco Rivera	29	30
Daniel Workman, CFA	20	21	James Conn, CFA	31	37

What should I know before investing?

All investments involve risks, including possible loss of principal. Fixed income securities involve interest rate, credit, inflation and reinvestment risks, and possible loss of principal. As interest rates rise, the value of fixed income securities falls. **Changes in the credit rating of a bond**, or in the credit rating or financial strength of a bond's issuer, insurer or guarantor, may affect the bond's value. **Low-rated, high-yield bonds** are subject to greater price volatility, illiquidity and possibility of default. These and other risks are discussed 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. **R-squared** measures the strength of the linear relationship between the fund and its benchmark. R-squared at 1 implies perfect linear relationship and zero implies no relationship exists. **Sharpe Ratio** refers to a risk-adjusted measure calculated using standard deviation and excess returns to determine reward per unit of risk. The higher the ratio, the greater the risk-adjusted performance. **Standard Deviation:** Measure of the degree to which a fund's return varies from the average of its previous returns. The larger the standard deviation, the greater the likelihood (and risk) that a fund's performance will fluctuate from the average return. The **30-day SEC yield** is calculated using the net income (interest and dividends) per share earned over a trailing 30-day period (annualized), divided by the fund's share price at the end of that period. It may not equal the fund's actual income distribution rate, which reflects the fund's past dividends paid to shareholders. The **Taxable Equivalent Yield** assumes the maximum regular federal income tax rate and the Medicare tax in effect on December 2023. **Turnover** is a measure of the fund's trading activity which represents the portion of the fund's holdings that has changed over a twelve-month period through the fiscal year end. There is no assurance that the fund will maintain its current level of turnover. **Weighted Average Maturity:** An estimate of the number of years to maturity for the underlying holdings. **Effective Duration** is a duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change. Duration measures the sensitivity of price (the value of principal) of a fixed-income investment to a change in interest rates. The higher the duration number, the more sensitive a fixed-income investment will be to interest rate changes. **AMT Exposure** measures the percentage of a fund's assets invested in bonds with income subject to the alternative minimum tax (AMT).

Important Information

CFA® and **Chartered Financial Analyst®** are trademarks owned by CFA Institute. **Negative Cash Weightings:** The negative cash position reflects a temporary position that is a result of a delay in securities settlement transactions. The **Bloomberg Municipal Bond Index** is a broad measure of the municipal bond market with maturities of at least one year. Source: Bloomberg Indices. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change. Important data provider notices and terms available at www.franklintempletondatasources.com. © 2023 Franklin Templeton. Franklin Distributors, LLC. Member FINRA/SIPC.

Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, or summary prospectus, if available, at www.franklintempleton.com. Please read it carefully.