FRANKLIN TEMPLETON INVESTMENTS

Why Diversify? **Because Winners Rotate.**

Perhaps nothing better illustrates the need for an asset allocation plan than the chart below, which shows how various asset classes performed on a year-by-year basis from 1995 through 2014. The best-performing asset class for each calendar year is at the top of each column. Please remember, past performance does not guarantee future results.

ANNUAL TOTAL RETURNS OF KEY ASSET CLASSES 1995–2014[1]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Best	LARGE GROWTH STOCKS 38.13%	LARGE GROWTH STOCKS 23.97%	LARGE GROWTH STOCKS 36.53%	LARGE GROWTH STOCKS 42.16%	EMERGING MARKET STOCKS 66.41%	SMALL VALUE STOCKS 22.83%	SMALL VALUE STOCKS 14.02%	GLOBAL BONDS 19.49%	EMERGING MARKET STOCKS 56.28%	EMERGING MARKET STOCKS 25.95%	EMERGING MARKET STOCKS 34.54%	EMERGING MARKET STOCKS 32.55%	EMERGING MARKET STOCKS 39.82%	GLOBAL BONDS 10.89%	EMERGING MARKET STOCKS 79.02%	SMALL GROWTH STOCKS 29.09%	BONDS 7.84%	EMERGING MARKET STOCKS 18.63%	SMALL GROWTH STOCKS 43.30%	LARGE GROWTH STOCKS 14.89%
	LARGE VALUE STOCKS 37.00%	LARGE VALUE STOCKS 21.99%	SMALL VALUE STOCKS 31.78%	FOREIGN STOCKS 20.33%	SMALL GROWTH STOCKS 43.09%	BONDS 11.63%	BONDS 8.44%	BONDS 10.26%	SMALL GROWTH STOCKS 48.54%	SMALL VALUE STOCKS 22.25%	FOREIGN STOCKS 14.02%	FOREIGN STOCKS 26.86%	FOREIGN STOCKS 11.63%	BONDS 5.24%	HIGH YIELD BONDS 54.22%	SMALL VALUE STOCKS 24.50%	GLOBAL BONDS 6.35%	SMALL VALUE STOCKS 18.05%	SMALL VALUE STOCKS 34.52%	LARGE VALUE STOCKS 12.36%
	SMALL GROWTH STOCKS 31.04%	SMALL VALUE STOCKS 21.37%	LARGE VALUE STOCKS 29.98%	GLOBAL BONDS 15.30%	HEDGE STRATEGY COMPOSITE 31.29%	LARGE VALUE STOCKS 6.08%	HIGH YIELD BONDS 5.80%	HIGH YIELD BONDS 3.10%	SMALL VALUE STOCKS 46.03%	FOREIGN STOCKS 20.70%	HEDGE STRATEGY COMPOSITE 9.30%	SMALL VALUE STOCKS 23.48%	GLOBAL BONDS 10.95%	HEDGE STRATEGY COMPOSITE -19.03%	SMALL GROWTH STOCKS 34.47%	EMERGING MARKET STOCKS 19.20%	HIGH YIELD BONDS 5.47%	FOREIGN STOCKS 17.90%	LARGE GROWTH STOCKS 32.75%	BONDS 5.97%
	SMALL VALUE STOCKS 25.75%	HEDGE STRATEGY COMPOSITE 21.10%	HEDGE STRATEGY COMPOSITE 16.79%	LARGE VALUE STOCKS 14.67%	LARGE GROWTH STOCKS 28.25%	HEDGE STRATEGY COMPOSITE 4.98%	HEDGE STRATEGY COMPOSITE 4.62%	HEDGE STRATEGY COMPOSITE -1.45%	FOREIGN STOCKS 39.17%	LARGE VALUE STOCKS 15.71%	LARGE VALUE STOCKS 5.82%	LARGE VALUE STOCKS 20.80%	HEDGE STRATEGY COMPOSITE 9.96%	HIGH YIELD BONDS -26.17%	FOREIGN STOCKS 32.46%	LARGE VALUE STOCKS 15.10%	LARGE GROWTH STOCKS 4.65%	LARGE VALUE STOCKS 17.68%	LARGE VALUE STOCKS 31.99%	SMALL GROWTH STOCKS 5.60%
	HEDGE STRATEGY COMPOSITE 21.50%	HIGH YIELD BONDS 12.42%	SMALL GROWTH STOCKS 12.95%	BONDS 8.69%	FOREIGN STOCKS 27.30%	GLOBAL BONDS 1.59%	GLOBAL BONDS -0.99%	EMERGING MARKET STOCKS -6.00%	LARGE VALUE STOCKS 31.79%	SMALL GROWTH STOCKS 14.31%	SMALL VALUE STOCKS 4.71%	SMALL GROWTH STOCKS 13.35%	LARGE GROWTH STOCKS 9.13%	SMALL VALUE STOCKS -28.92%	LARGE GROWTH STOCKS 31.57%	LARGE GROWTH STOCKS 15.05%	LARGE VALUE STOCKS -0.48%	HIGH YIELD BONDS 14.71%	FOREIGN STOCKS 23.29%	SMALL VALUE STOCKS 4.22%
	GLOBAL BONDS 19.04%	SMALL GROWTH STOCKS 11.26%	HIGH YIELD BONDS 12.63%	HEDGE STRATEGY COMPOSITE 2.62%	LARGE VALUE STOCKS 12.72%	HIGH YIELD BONDS -5.21%	EMERGING MARKET STOCKS -2.37%	SMALL VALUE STOCKS -11.43%	HIGH YIELD BONDS 27.94%	HIGH YIELD BONDS 11.95%	SMALL GROWTH STOCKS 4.15%	HEDGE STRATEGY COMPOSITE 12.89%	SMALL GROWTH STOCKS 7.05%	LARGE GROWTH STOCKS -34.92%	LARGE VALUE STOCKS 21.18%	HIGH YIELD BONDS 14.42%	SMALL GROWTH STOCKS -2.91%	LARGE GROWTH STOCKS 14.61%	HEDGE STRATEGY COMPOSITE 9.13%	HEDGE STRATEGY COMPOSITE 3.57%
	BONDS 18.47%	FOREIGN STOCKS 6.36%	BONDS 9.65%	SMALL GROWTH STOCKS 1.23%	HIGH YIELD BONDS 3.28%	FOREIGN STOCKS -13.96%	SMALL GROWTH STOCKS -9.23%	FOREIGN STOCKS -15.66%	LARGE GROWTH STOCKS 25.66%	GLOBAL BONDS 10.35%	LARGE GROWTH STOCKS 4.00%	HIGH YIELD BONDS 11.92%	BONDS 6.97%	SMALL GROWTH STOCKS -38.54%	SMALL VALUE STOCKS 20.58%	HEDGE STRATEGY COMPOSITE 10.25%	HEDGE STRATEGY COMPOSITE -5.25%	SMALL GROWTH STOCKS 14.59%	HIGH YIELD BONDS 7.53%	HIGH YIELD BONDS 1.86%
	HIGH YIELD BONDS 17.38%	EMERGING MARKET STOCKS 6.03%	FOREIGN STOCKS 2.06%	HIGH YIELD BONDS 0.58%	BONDS -0.82%	LARGE GROWTH STOCKS -22.08%	LARGE VALUE STOCKS -11.71%	LARGE VALUE STOCKS -20.85%	HEDGE STRATEGY COMPOSITE 19.55%	HEDGE STRATEGY COMPOSITE 9.03%	BONDS 2.43%	LARGE GROWTH STOCKS 11.01%	HIGH YIELD BONDS 2.65%	LARGE VALUE STOCKS -39.22%	HEDGE STRATEGY COMPOSITE 19.98%	FOREIGN STOCKS 8.21%	SMALL VALUE STOCKS -5.50%	HEDGE STRATEGY COMPOSITE 6.36%	BONDS -2.02%	GLOBAL BONDS -0.48%
	FOREIGN STOCKS 11.55%	BONDS 3.63%	GLOBAL BONDS 0.23%	SMALL VALUE STOCKS -6.45%	SMALL VALUE STOCKS -1.49%	SMALL GROWTH STOCKS -22.43%	LARGE GROWTH STOCKS -12.73%	LARGE GROWTH STOCKS -23.59%	GLOBAL BONDS 14.91%	LARGE GROWTH STOCKS 6.13%	HIGH YIELD BONDS 2.26%	GLOBAL BONDS 6.12%	LARGE VALUE STOCKS 1.99%	FOREIGN STOCKS -43.06%	BONDS 5.93%	BONDS 6.54%	FOREIGN STOCKS -11.73%	BONDS 4.21%	EMERGING MARKET STOCKS -2.27%	EMERGING MARKET STOCKS -1.82%
Worst	EMERGING MARKET STOCKS -5.21%	GLOBAL BONDS 3.62%	EMERGING MARKET STOCKS -11.59%	EMERGING MARKET STOCKS -25.34%	GLOBAL BONDS -4.27%	EMERGING MARKET STOCKS -30.61%	FOREIGN STOCKS -21.21%	SMALL GROWTH STOCKS -30.26%	BONDS 4.10%	BONDS 4.34%	GLOBAL BONDS -6.88%	BONDS 4.33%	SMALL VALUE STOCKS -9.78%	EMERGING MARKET STOCKS -53.18%	GLOBAL BONDS 2.55%	GLOBAL BONDS 5.17%	EMERGING MARKET STOCKS -18.17%	GLOBAL BONDS 1.65%	GLOBAL BONDS -4.00%	FOREIGN STOCKS -4.48%

1. Source: Morningstar. Large growth stocks are represented by the S&P Growth Index; Large value stocks are represented by the S&P 500 Value Index; Small growth stocks are represented by the Russell 2000 Growth Index; Small value stocks are represented by the Russell 2000 Value Index; Foreign stocks are represented by the MSCI EAFE Index; Bonds are represented by the Barclays U.S. Aggregate Bond Index; High yield bonds are represented by the Credit Suisse High Yield Index; Emerging market stocks are represented by the MSCI Emerging Markets Index; Global bonds are represented by the Citigroup World Government Bond Index; and Hedge Strategies are represented by the HFRI Fund Weighted Composite Index. See www.franklintempletondatasources.com for additional data provider information. Indexes are unmanaged and one cannot invest directly in an index. All rights reserved. **Past performance is no guarantee of future results.**

Diversification does not guarantee a profit or protect against loss.

Certain asset classes carry relatively higher risks. Small capitalization and emerging markets stocks can be more volatile than large capitalization stocks. High-yield and global bonds have a higher risk of default and loss of principal compared to US investment grade bonds. Foreign stocks and global bonds involve special risks, including currency fluctuations, and political and economic uncertainty. Emerging markets stocks involve heightened risks related to the same factors, in addition to those associated with their relatively small size and lesser liquidity. Hedge strategies entail significant risks and provide for only limited liquidity.

The indexes above do not represent the performance of any Franklin Templeton fund. For current performance of any Franklin Templeton fund, please visit franklintempleton.com or call (800) DIAL BEN®/342-5236.

To take advantage of the strong returns of each year's "winners," it is important to develop a well-balanced portfolio with investments across all asset classes. **Franklin Templeton Investments**, one of the largest mutual fund organizations in the United States, offers a variety of professionally managed mutual funds that cover every major asset class.

Not FDIC Insured | May Lose Value | No Bank Guarantee

DOES ASSET ALLOCATION REALLY WORK?

Yes. In addition to helping reduce overall volatility and improving your chances to earn more consistent returns over time, keeping assets properly allocated helps avoid the temptation to try and time the market. Consider the three scenarios below, illustrating different strategies used by investors. Of course, past performance can't guarantee future results.

Growth of $10,000 invested annually between 1995–2014[2]

	Total Investment	Value of Portfolio	Average Annual Total Return
1. **Chasing the Winners** Investing in last year's *best*-performing asset class[2,3]	$200,000	$439,526	7.02%
2. **Investing with the Losers** Investing in last year's *worst*-performing asset class[2,4]	$200,000	$447,717	7.17%
3. **Asset Allocation** **Investing consistently *across several* asset classes in equal proportion each year[2,5]**	**$200,000**	**$489,513**	**7.92%**

This chart is for illustrative purposes only. It is important to note that an asset allocation strategy does not ensure results superior to other investment strategies and also does not guarantee a profit or protect against a loss. The chart does not represent the performance of any Franklin Templeton fund. For the current performance of any Franklin Templeton fund listed, please visit ***franklintempleton.com*** *or call (800) DIAL BEN/342-5236.*

For more information on Franklin Templeton mutual funds, please contact your financial advisor.

All investments involve risks, including possible loss of principal. 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.*

Indexes are unmanaged and one cannot invest directly in an index. This illustration assumes that indexes are reasonable representations of asset classes and their returns. However, investment manager performance relative to the different asset class indexes has varied widely during the past 20 years.

2. Source: © 2014 Morningstar. The three scenarios above included **large growth stocks**, represented by the S&P 500 Growth Index; **large value stocks**, represented by the S&P 500 Value Index; **small growth stocks**, represented by the Russell 2000 Growth Index; **small value stocks**, represented by the Russell 2000 Value Index; **foreign stocks**, represented by the MSCI EAFE Index; **bonds**, represented by the Barclays U.S. Aggregate Bond Index; **high yield bonds,** represented by the Credit Suisse High Yield Index; **emerging market stocks**, represented by the MSCI Emerging Markets Index; **global bonds**, represented by the Citigroup World Government Bond Index; and **hedge strategies**, represented by the HFRI Fund Weighted Composite Index. See **www.franklintempletondatasources.com** for additional data provider information.
3. Annual investments are made into the best-performing asset class index of the previous calendar year.
4. Annual investments are made into the worst-performing asset class index of the previous calendar year.
5. Annual investments are distributed evenly among all 10 asset class indexes each calendar year and the portfolio is rebalanced annually.
6. The fund generally invests in a combination of large-, medium- and small-capitalization stocks.
7. State-specific, tax-free income funds are available in many states. Alternative minimum tax may apply.

Franklin Templeton Investments offers funds to meet your asset allocation needs.

Large Growth Stocks

Franklin Dynatech Fund
Franklin Flex Cap Growth Fund[6]
Franklin Growth Fund
Franklin Growth Opportunities Fund[6]

Large Value Stocks

Franklin Large Cap Value Fund
Franklin Mutual Beacon Fund
Franklin Mutual Shares Fund

Small Growth Stocks

Franklin Small-Mid Cap Growth Fund

Small Value Stocks

Franklin Balance Sheet Investment Fund
Franklin Small Cap Value Fund

Foreign Stocks

Franklin International Growth Fund
Franklin Mutual Global Discovery Fund
Franklin Mutual European Fund
Franklin World Perspectives Fund
Templeton Foreign Fund
Templeton Growth Fund
Templeton World Fund

Emerging Markets Stocks

Templeton China World Fund
Templeton Developing Markets Trust
Templeton Emerging Markets Small Cap Fund
Templeton Frontier Markets Fund

Bonds

Franklin Strategic Income Fund
Franklin Total Return Fund
Franklin US Government Securities Fund
Franklin Federal Tax-Free Income Fund[7]

High Yield Bonds

Franklin High Income Fund

Global Bonds

Franklin Global Government Bond Fund
Templeton Global Bond Fund
Templeton Global Total Return Fund

Alternatives

Franklin K2 Alternative Strategies Fund
Franklin Pelagos Commodities Strategy Fund
Franklin Real Estate Securities Fund
Franklin Global Infrastructure Fund

Franklin Templeton Distributors, Inc.
One Franklin Parkway
San Mateo, CA 94403-1906
(800) DIAL BEN® / 342-5236
franklintempleton.com

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