FRANKLIN TEMPLETON INVESTMENTS

June 30, 2015

Quarterly Performance Update

This performance information may be used only through October 31, 2015.

Each U.S. registered mutual fund in the 132 member Franklin Templeton Group is designed and managed to meet specific investment goals. Which funds are right for you depends on many factors, including your objectives, your age, and your level of comfort with various types of investments.

Performance data shown represents past performance, which does not guarantee future results. Current performance may differ from the 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 us at* ***franklintempleton.com*** *for most recent month-end performance data.*

Periods Ended June 30, 2015

Open-End Funds	Class	Symbol	Inception	Cumulative Total Return All Sales charges YTD[17] (%)	Cumulative Total Return All Sales charges Since Inception[1] (%)	Average Annual Total Return[2] All Sales Charges 1-Year (%)	5-Year (%)	10-Year (%)	Since Inception (%)	Gross Expense Ratio (%)	Net Expense Ratio[21] (%)
VALUE											
Franklin All Cap Value[9,20]	A[19]	FRAVX	6/1/07	-5.11	30.32	-7.94	12.06	—	3.33	1.42	1.25
	C	—	6/1/07	-0.68	30.75	-3.91	12.58	—	3.37	2.12	1.95
Franklin Balance Sheet Investment[20]	A[5]	FRBSX	4/2/90	-9.02	1,070.22	-11.61	11.54	4.61	10.23	0.91	0.90
	C	FCBSX	3/1/01	-4.81	164.64	-7.71	12.03	4.43	7.03	1.66	1.65
Franklin Large Cap Value[20]	A[19]	FLVAX	6/1/00	-6.67	137.78	-4.79	12.48	4.73	5.91	1.30	—
	C	FLCVX	6/1/00	-2.27	128.23	-0.69	13.04	4.63	5.62	2.00	—
Franklin MicroCap Value[8,20,30]	A[10]	FRMCX	12/12/95	-6.16	694.94	-9.08	12.37	7.26	11.19	1.18	1.16
Franklin MidCap Value[9,20]	A[19]	FMVAX	7/1/05	-6.79	69.01	-5.76	12.35	—	5.39	1.57	1.36
	C	FMVCX	7/1/05	-2.50	67.58	-1.74	12.91	—	5.30	2.27	2.06
Franklin Mutual Beacon[8,22]	A[10]	TEBIX	6/29/62	-2.86	5,736.16	-3.40	12.07	5.35	7.97	1.13	—
	C	TEMEX	6/29/62	1.69	3,825.90	0.85	12.64	5.26	7.17	1.83	—
Franklin Mutual Quest[8,22,33]	A[10]	TEQIX	9/26/80	-5.00	5,793.43	-8.69	9.32	6.32	12.44	1.11	—
	C	TEMQX	9/26/80	-0.56	4,561.89	-4.62	9.85	6.22	11.69	1.81	—
Franklin Mutual Recovery[9,27,28,55]	A[19]	FMRAX	6/2/03	-5.17	71.70	-11.73	7.34	2.16	4.58	3.72	1.53
	C	FCMRX	6/2/03	-0.82	68.14	-7.92	7.85	2.08	4.40	4.44	2.25
Franklin Mutual Shares[8,22]	A[10]	TESIX	7/1/49	-3.67	174,342.74	-4.16	11.69	5.52	11.97	1.10	—
	C	TEMTX	7/1/49	0.86	72,140.86	-0.02	12.23	5.41	10.49	1.80	—
Franklin Small Cap Value[20]	A[10]	FRVLX	3/11/96	-4.57	441.28	-8.44	14.03	7.16	9.14	1.14	—
	C	FRVFX	9/3/96	-0.11	363.60	-4.42	14.58	7.04	8.49	1.84	—
BLEND											
Franklin Focused Core Equity[9,20]	A[19]	FCEQX	12/13/07	-0.13	65.74	4.22	15.44	—	6.92	1.73	1.30
	C	—	12/13/07	4.60	66.79	8.78	16.00	—	7.01	2.43	2.00
Franklin Large Cap Equity[9,25]	A[19]	FLCAX	12/11/98	-2.00	86.14	0.46	13.30	5.72	3.83	1.36	1.25
	C	—	12/11/98	2.61	73.79	4.92	14.00	5.66	3.40	2.06	1.95
Franklin Rising Dividends[20]	A[10]	FRDPX	1/14/87	-6.03	1,081.04	-1.46	13.63	6.73	9.06	0.91	—
	C	FRDTX	5/1/95	-1.65	484.24	2.76	14.12	6.56	9.15	1.66	—

Maximum Sales Charges	Class A (%)	Class C* (%)
EQUITY	5.75	0.00
FIXED INCOME		
Long-Term	4.25	0.00
Intermediate-/Limited-Term	2.25	0.00

*For Class C shares, there is a 1% contingent deferred sales charge (CDSC) in the first year only.
Please see Footnotes for more information on each fund.

Not FDIC Insured | May Lose Value | No Bank Guarantee

Periods Ended June 30, 2015

Open-End Funds	Class	Symbol	Inception	Cumulative Total Return All Sales charges YTD[17] (%)	Cumulative Total Return All Sales charges Since Inception[1] (%)	Average Annual Total Return[2] All Sales Charges 1-Year (%)	Average Annual Total Return[2] All Sales Charges 5-Year (%)	Average Annual Total Return[2] All Sales Charges 10-Year (%)	Average Annual Total Return[2] All Sales Charges Since Inception (%)	Gross Expense Ratio (%)	Net Expense Ratio[21] (%)
GROWTH											
Franklin DynaTech	A[10,35]	FKDNX	1/1/68	1.12	5,621.80	6.30	16.88	9.37	8.89	0.89	—
	C	FDYNX	9/16/96	5.87	355.86	10.94	17.40	9.20	8.41	1.64	—
Franklin Flex Cap Growth[8]	A[10]	FKCGX	10/30/91	0.76	1,120.50	2.41	14.29	7.50	11.15	0.97	—
	C	FCIIX	9/3/96	5.51	354.50	6.97	14.79	7.33	8.38	1.72	—
Franklin Growth[20]	A[10,35]	FKGRX	3/31/48	-2.80	66,654.07	4.28	14.96	8.61	10.15	0.90	—
	C	FRGSX	5/1/95	1.76	388.33	8.82	15.46	8.44	8.18	1.65	—
Franklin Growth Opportunities[8]	A[19]	FGRAX	6/23/99	1.85	274.66	6.07	16.60	9.77	8.59	1.17	—
	C	FKACX	6/23/99	6.70	255.91	10.75	17.16	9.64	8.25	1.87	—
Franklin Small Cap Growth[20,54]	A[19]	FSGRX	5/1/00	2.21	188.09	-0.29	18.74	9.44	7.23	1.22	1.21
	C	FCSGX	5/1/00	7.02	174.46	4.00	19.30	9.30	6.88	1.92	1.91
Franklin Small-Mid Cap Growth[8]	A[10]	FRSGX	2/14/92	1.25	967.60	3.49	16.02	8.34	10.66	0.96	—
	C	FRSIX	10/2/95	6.03	373.15	8.16	16.52	8.17	8.19	1.71	—

	Class	Symbol	Inception	Cumulative Total Return All Sales charges YTD[17] (%)	Cumulative Total Return All Sales charges Since Inception[1] (%)	Average Annual Total Return[2] All Sales Charges 1-Year (%)	Average Annual Total Return[2] All Sales Charges 5-Year (%)	Average Annual Total Return[2] All Sales Charges 10-Year (%)	Average Annual Total Return[2] All Sales Charges Since Inception (%)	30-Day Yield[24] w/ Waiver (%)	30-Day Yield[24] w/o Waiver (%)	Gross Expense Ratio (%)	Net Expense Ratio[21] (%)
SECTOR													
Franklin Biotechnology Discovery	A[10]	FBDIX	9/15/97	12.75	902.97	37.45	34.66	17.10	13.84	—	—	1.10	—
	C	FBTDX	9/15/97	18.18	834.21	43.74	35.22	16.95	13.38	—	—	1.80	—
Franklin Global Listed Infrastructure[9]	A[19]	FLGIX	9/6/13	-7.37	15.47	-9.67	—	—	8.26	1.38	0.61	4.15	1.45
	C	—	9/6/13	-3.08	20.81	-5.86	—	—	10.99	0.72	-0.06	4.85	2.15
Franklin Global Real Estate[9]	A[19]	FGRRX	6/16/06	-8.63	11.40	-5.66	9.44	—	1.20	1.40	1.27	1.61	1.45
	C	FCGRX	6/16/06	-4.37	11.06	-1.59	9.99	—	1.17	0.78	0.64	2.31	2.15
Franklin Gold and Precious Metals[8]	A[10,35]	FKRCX	5/19/69	-6.04	568.45	-34.95	-17.30	1.52	4.21	—	—	1.07	—
	C	FRGOX	5/1/95	-1.67	56.53	-32.17	-16.93	1.36	2.25	—	—	1.82	—
Franklin Mutual Financial Services[8]	A[10]	TFSIX	8/19/97	1.23	338.14	7.57	12.04	3.49	8.62	—	—	1.44	—
	C	TMFSX	8/19/97	6.12	312.24	12.40	12.59	3.38	8.25	—	—	2.14	—
Franklin Natural Resources[8]	A[10]	FRNRX	6/5/95	-6.90	325.00	-35.83	-0.07	3.08	7.48	—	—	1.07	—
	C	FNCRX	9/1/05	-2.54	13.55	-33.06	0.42	—	1.30	—	—	1.76	—
Franklin Real Estate Securities[8]	A[10]	FREEX	1/3/94	-11.66	479.10	-1.96	12.35	2.36	8.52	—	—	1.05	—
	C	FRRSX	5/1/95	-7.63	385.73	2.19	12.82	2.20	8.15	—	—	1.80	—
Franklin Utilities	A[6,12]	FKUTX	9/30/48	-13.45	47,460.71	-8.32	12.30	7.32	9.68	3.06	3.06	0.75	—
	C	FRUSX	5/1/95	-10.70	421.04	-5.66	12.71	7.25	8.53	2.69	2.69	1.25	—

Periods Ended June 30, 2015

Open-End Funds	Class	Symbol	Inception	Cumulative Total Return All Sales charges YTD[17] (%)	Cumulative Total Return All Sales charges Since Inception[1] (%)	Average Annual Total Return[2] All Sales Charges 1-Year (%)	Average Annual Total Return[2] All Sales Charges 5-Year (%)	Average Annual Total Return[2] All Sales Charges 10-Year (%)	Average Annual Total Return[2] All Sales Charges Since Inception (%)	Gross Expense Ratio (%)	Net Expense Ratio[21] (%)
GLOBAL											
Franklin Mutual Global Discovery[8,22,33]	A[10]	TEDIX	12/31/92	-3.25	1,067.14	-4.27	10.06	7.57	11.54	1.29	—
	C	TEDSX	12/31/92	1.28	964.13	-0.11	10.60	7.45	11.08	1.99	—
Franklin World Perspectives[9,20]	A[19]	FWPAX	12/16/10	-0.08	37.16	-2.90	—	—	7.21	2.11	1.58
	C	—	12/16/10	4.73	41.18	1.45	—	—	7.90	2.81	2.28
Templeton Global Opportunities Trust	A[15,19]	TEGOX	2/28/90	-3.62	571.32	-10.75	8.98	5.59	7.81	1.31	—
	C	TEGPX	5/1/95	0.94	239.14	-6.86	9.46	5.42	6.24	2.06	—
Templeton Global Smaller Companies	A[15,19]	TEMGX	6/1/81	-1.97	2,361.46	-8.54	9.22	5.41	9.85	1.34	—
	C	TESGX	5/1/95	2.49	251.63	-4.68	9.71	5.24	6.43	2.09	—
Templeton Growth	A[15,19]	TEPLX	11/29/54	-4.91	105,923.67	-11.50	11.07	3.99	12.19	1.03	—
	C	TEGTX	5/1/95	-0.53	284.60	-7.70	11.56	3.83	6.91	1.78	—
Templeton World	A[15,19]	TEMWX	1/17/78	-4.11	5,780.29	-11.21	10.82	5.49	11.49	1.05	—
	C	TEWTX	5/1/95	0.38	314.41	-7.37	11.32	5.33	7.30	1.80	—
INTERNATIONAL											
Franklin India Growth[9]	A[19]	FINGX	1/31/08	-3.70	26.94	8.94	5.91	—	3.27	2.25	1.65
	C	FINDX	1/31/08	0.84	27.78	13.86	6.43	—	3.36	2.95	2.35
Franklin International Growth[9]	A[19]	FNGAX	6/3/08	-0.80	11.66	-8.63	6.74	—	1.57	1.70	1.49
	C	—	6/3/08	3.87	12.59	-4.75	7.27	—	1.69	2.40	2.19
Franklin International Small Cap Growth[8,9,18,50]	A[19]	FINAX	10/15/02	1.89	485.80	-11.87	11.29	10.90	14.93	1.42	—
	C	FCSMX	10/15/02	6.70	468.36	-8.02	11.83	10.80	14.65	2.12	—
Franklin Mutual European[8,22]	A[10]	TEMIX	7/3/96	-0.28	589.50	-4.88	7.80	6.92	10.70	1.34	—
	C	TEURX	7/3/96	4.40	547.11	-0.68	8.31	6.80	10.33	2.04	—
Franklin Mutual International[9]	A[19]	FMIAX	5/1/09	-0.45	76.24	-3.09	7.44	—	9.63	1.69	1.47
	C	FCMIX	5/1/09	4.29	78.98	1.15	7.98	—	9.90	2.39	2.17
Templeton BRIC[20]	A[19]	TABRX	6/1/06	-0.76	10.89	-10.68	-2.55	—	1.14	2.10	2.00
	C	TPBRX	6/1/06	3.81	10.48	-6.88	-2.09	—	1.10	2.82	2.72
Templeton China World[16]	A[19]	TCWAX	9/9/93	1.16	404.50	-0.95	4.33	9.05	7.70	1.85	—
	C	TCWCX	9/9/93	5.95	355.97	3.46	4.85	8.95	7.21	2.54	—
Templeton Developing Markets[9]	A[19]	TEDMX	10/16/91	-7.72	295.22	-15.93	0.54	4.10	5.97	1.72	1.68
	C	TDMTX	5/1/95	-3.44	156.79	-12.12	1.02	3.97	4.79	2.44	2.40
Templeton Emerging Markets Small Cap[20]	A[19]	TEMMX	10/2/06	-1.54	46.63	-5.26	4.56	—	4.47	2.12	2.11
	C	TCEMX	10/2/06	3.06	46.52	-1.16	5.04	—	4.47	2.82	2.81
Templeton Foreign	A[15,19]	TEMFX	10/5/82	-1.35	2,527.67	-15.34	7.63	4.76	10.50	1.16	—
	C	TEFTX	5/1/95	3.40	221.58	-11.65	8.11	4.61	5.96	1.91	—
Templeton Foreign Smaller Companies[8,51]	A[15,23]	FINEX	9/20/91	1.35	463.73	-10.39	6.79	4.67	7.54	1.67	—
	C	FCFSX	7/1/98	6.18	154.08	-6.58	7.27	4.50	5.64	2.42	—
Templeton Frontier Markets[39]	A[19]	TFMAX	10/14/08	-8.79	54.00	-25.65	1.27	—	6.65	1.99	—
	C	FFRMX	10/14/08	-4.49	55.59	-22.46	1.73	—	6.81	2.74	—

Maximum Sales Charges	Class A (%)	Class C* (%)
EQUITY	5.75	0.00
FIXED INCOME		
Long-Term	4.25	0.00
Intermediate-/Limited-Term	2.25	0.00

*For Class C shares, there is a 1% contingent deferred sales charge (CDSC) in the first year only.
Please see Footnotes for more information on each fund.

Periods Ended June 30, 2015

Open-End Funds	Class	Symbol	Inception	Cumulative Total Return All Sales charges YTD[17] (%)	Cumulative Total Return All Sales charges Since Inception[1] (%)	Average Annual Total Return[2] All Sales Charges 1-Year (%)	5-Year (%)	10-Year (%)	Since Inception (%)	30-Day Yield[24] w/ Waiver (%)	w/o Waiver (%)	Gross Expense Ratio (%)	Net Expense Ratio[21] (%)
HYBRID													
Franklin Balanced[20]	A[19]	FBLAX	7/3/06	-6.45	60.63	-6.41	9.35	—	5.41	2.19	2.19	1.09	—
	C	FBMCX	7/3/06	-2.04	60.19	-2.33	9.87	—	5.38	1.62	1.62	1.79	—
Franklin Convertible Securities[8]	A[10,35]	FISCX	4/15/87	-2.84	1,042.61	-5.63	9.88	6.38	9.02	1.57	1.56	0.88	—
	C	FROTX	10/2/95	1.71	329.19	-1.55	10.36	6.21	7.65	0.91	0.90	1.63	—
Franklin Equity Income[8]	A[10,35]	FISEX	3/15/88	-6.41	814.95	-3.59	13.18	5.12	8.45	2.16	2.16	0.87	—
	C	FRETX	10/2/95	-2.05	239.46	0.59	13.67	4.95	6.38	1.54	1.54	1.62	—
Franklin Income[20]	A[6,12]	FKINX	8/31/48	-4.82	69,214.53	-9.03	8.47	5.78	10.28	3.99	3.99	0.61	—
	C	FCISX	5/1/95	-1.67	338.98	-6.46	8.89	5.70	7.61	3.66	3.66	1.11	—
Templeton Emerging Markets Balanced[9,20]	A[19]	TAEMX	10/3/11	-7.97	-3.39	-14.94	—	—	-0.92	2.41	1.85	2.04	1.54
	C	—	10/3/11	-3.74	-0.27	-11.24	—	—	-0.07	1.86	1.27	2.74	2.24
Templeton Global Balanced[20,37,38]	A[19]	TAGBX	7/1/05	-2.44	89.56	-7.83	8.37	—	6.61	2.07	2.06	1.14	1.13
	C	FCGBX	7/1/05	2.34	79.12	-3.72	8.89	—	6.00	1.43	1.42	1.89	1.88
ALTERNATIVE													
Franklin K2 Alternative Strategies[9]	A[19]	FAAAX	10/11/13	-4.09	4.82	-3.17	—	—	2.78	—	—	3.71	2.82
	C	FASCX	10/11/13	0.39	9.99	1.11	—	—	5.70	—	—	4.41	3.52
Franklin Pelagos Commodities Strategy[9]	A[19]	FLSQX	12/7/11	-8.27	-32.43	-28.54	—	—	-10.41	—	—	3.58	1.25
	C	FLSVX	12/7/11	-3.96	-30.10	-25.46	—	—	-9.56	—	—	4.28	1.95
ASSET ALLOCATION													
Franklin Corefolio Allocation[8]	A[19]	FTCOX	8/15/03	-2.69	125.21	-2.46	12.96	6.28	7.07	—	—	1.06	—
	C	FTCLX	8/15/03	1.90	119.82	1.80	13.51	6.16	6.86	—	—	1.77	—
Franklin Founding Funds Allocation[8]	A[19]	FFALX	8/15/03	-4.95	107.46	-8.95	10.19	4.90	6.34	—	—	0.99	—
	C	FFACX	8/15/03	-0.51	102.43	-5.02	10.68	4.77	6.12	—	—	1.74	—
Franklin Global Allocation[9,56]	A[19]	FGAAX	9/1/11	0.51	16.48	-3.80	—	—	4.06	—	—	2.04	1.31
	C	—	9/1/11	5.24	20.03	0.41	—	—	4.88	—	—	2.74	2.01
Franklin Multi-Asset Real Return[9,20]	A[19]	FTMAX	12/19/11	-5.20	0.53	-12.00	—	—	0.15	—	—	1.96	1.41
	C	—	12/19/11	-0.69	3.81	-8.10	—	—	1.06	—	—	2.70	2.15
Franklin Conservative Allocation[3,45]	A[10]	FTCIX	12/31/96	-4.46	178.97	-4.77	5.25	4.94	5.70	—	—	1.27	—
	C	FTCCX	12/31/96	0.02	157.03	-0.71	5.72	4.77	5.24	—	—	2.02	—
Franklin Moderate Allocation[3,46]	A[10]	FMTIX	12/31/96	-4.01	199.74	-4.13	6.92	5.74	6.11	—	—	1.29	—
	C	FTMTX	12/31/96	0.51	175.10	0.09	7.40	5.58	5.62	—	—	2.04	—
Franklin Growth Allocation[3,9,47]	A[10]	FGTIX	12/31/96	-3.42	208.32	-3.22	9.29	6.38	6.28	—	—	1.34	1.29
	C	FTGTX	12/31/96	1.09	185.45	0.97	9.75	6.22	5.83	—	—	2.09	2.04
Franklin LifeSmart™ 2015 Retirement Target[9,20,36]	A[19]	FTRAX	8/1/06	-4.22	54.41	-4.69	6.74	—	5.00	—	—	1.47	0.98
	C	FRTCX	8/1/06	0.23	53.91	-0.57	7.23	—	4.96	—	—	2.17	1.68
Franklin LifeSmart™ 2020 Retirement Target[9,20,52]	A[19]	FLRMX	7/1/13	-3.55	11.91	-3.20	—	—	5.80	—	—	2.90	1.00
	C	FLRQX	7/1/13	1.07	17.04	1.00	—	—	8.20	—	—	3.60	1.70
Franklin LifeSmart™ 2025 Retirement Target[9,20,36]	A[19]	FTRTX	8/1/06	-2.97	60.85	-2.62	8.99	—	5.48	—	—	1.49	1.01
	C	FTTCX	8/1/06	1.55	60.36	1.60	9.52	—	5.44	—	—	2.19	1.71
Franklin LifeSmart™ 2030 Retirement Target[9,20,52]	A[19]	FLRSX	7/1/13	-2.84	14.77	-1.57	—	—	7.14	—	—	2.95	1.02
	C	FLRTX	7/1/13	1.67	20.07	2.66	—	—	9.59	—	—	3.65	1.72
Franklin LifeSmart™ 2035 Retirement Target[9,20,36]	A[19]	FRTAX	8/1/06	-2.82	62.20	-2.23	9.97	—	5.58	—	—	1.58	1.02
	C	FTRCX	8/1/06	1.74	61.74	2.06	10.54	—	5.54	—	—	2.28	1.72
Franklin LifeSmart™ 2040 Retirement Target[9,20,52]	A[19]	FLAPX	7/1/13	-2.65	16.18	-0.95	—	—	7.80	—	—	3.92	1.02
	C	FLOLX	7/1/13	1.90	21.55	3.31	—	—	10.26	—	—	4.62	1.72
Franklin LifeSmart™ 2045 Retirement Target[9,20,36]	A[19]	FTTAX	8/1/06	-2.78	64.36	-2.14	10.63	—	5.73	—	—	1.78	1.02
	C	FLRIX	8/1/06	1.86	63.97	2.24	11.20	—	5.71	—	—	2.48	1.72
Franklin LifeSmart™ 2050 Retirement Target[9,20,52]	A[19]	FLSJX	7/1/13	-2.71	16.47	-1.05	—	—	7.93	—	—	4.79	1.02
	C	FLSKX	7/1/13	1.91	21.94	3.19	—	—	10.44	—	—	5.49	1.72
Franklin LifeSmart™ 2055 Retirement Target[9,20]	A	FLTFX	5/1/15	-6.74	-6.74	—	—	—	-6.74	—	—	3.11	1.03
	C	FLTNX	5/1/15	-2.14	-2.14	—	—	—	-2.14	—	—	3.81	1.73
FIXED INCOME													
Franklin Adjustable U.S. Government Securities[8]	A[7]	FISAX	10/20/87	-2.26	192.41	-1.96	0.37	2.03	3.95	0.31	0.30	0.93	—
	C	FCSCX	7/1/03	-1.31	22.97	-1.10	0.43	1.86	1.74	-0.07	-0.07	1.33	—
Franklin Floating Rate Daily Access[20]	A[7]	FAFRX	5/1/01	0.05	63.87	-0.89	3.91	3.21	3.55	4.59	4.57	0.85	0.84
	C	FCFRX	5/1/01	1.21	58.59	0.00	3.96	3.04	3.31	4.29	4.28	1.25	1.24

Periods Ended June 30, 2015

Open-End Funds	Class	Symbol	Inception	Cumulative Total Return All Sales charges YTD[17] (%)	Cumulative Total Return All Sales charges Since Inception[1] (%)	Average Annual Total Return[2] All Sales Charges 1-Year (%)	5-Year (%)	10-Year (%)	Since Inception (%)	30-Day Yield[24] w/ Waiver (%)	w/o Waiver (%)	Gross Expense Ratio (%)	Net Expense Ratio[21] (%)
FIXED INCOME, cont'd.													
Franklin Global Government Bond[9,20]	A[12]	FGGAX	9/6/13	-7.83	-2.48	-9.50	—	—	-1.37	1.03	-0.21	3.42	0.86
	C	—	9/6/13	-5.08	0.66	-7.04	—	—	0.36	0.51	-0.79	3.82	1.26
Franklin High Income	A[6,12]	FHAIX	12/31/69	-2.91	2,861.74	-8.49	6.75	6.39	7.73	5.60	5.59	0.76	—
				0.25	242.99	-5.59	7.03	6.30	6.32	5.35	5.35	1.26	—
Franklin Low Duration Total Return[9,42,43,44]	A[7]	FLDAX	11/17/04	-1.79	36.35	-1.64	1.55	3.07	2.96	1.13	0.97	0.94	0.81
	C	FLDCX	11/17/04	-0.68	33.14	-0.73	1.63	2.86	2.73	0.75	0.60	1.34	1.21
Franklin Real Return[9,31]	A[12]	FRRAX	11/17/04	-5.65	33.79	-10.17	0.70	2.72	2.78	1.10	0.88	1.12	0.92
	C	FRRCX	11/17/04	-2.54	31.39	-7.42	1.17	2.59	2.61	0.75	0.52	1.52	1.32
Franklin Strategic Income[20]	A[12]	FRSTX	5/24/94	-3.81	321.79	-6.04	4.46	5.29	7.06	4.04	4.02	0.86	—
	C	FSGCX	5/1/98	-0.76	155.82	-3.21	4.95	5.33	5.62	3.82	3.80	1.26	—
Franklin Strategic Mortgage Portfolio	A[40]	—	2/1/93	-4.26	199.47	-2.31	3.76	3.64	5.02	1.74	1.73	1.06	—
	C[40]	—	2/1/93	-1.12	174.34	0.60	4.28	3.65	4.61	1.42	1.40	1.46	—
Franklin Total Return[9,20]	A[12]	FKBAX	8/3/98	-4.85	131.34	-3.36	3.54	4.19	5.08	1.79	1.75	0.94	0.89
	C	FCTLX	3/1/02	-1.70	85.74	-0.46	4.04	4.23	4.75	1.48	1.44	1.34	1.29
Franklin U.S. Government Securities	A[6,12]	FKUSX	5/31/70	-3.88	1,497.82	-2.67	1.58	3.54	6.34	2.03	2.03	0.75	—
	C	FRUGX	5/1/95	-0.83	148.63	0.16	1.95	3.44	4.62	1.62	1.61	1.25	—
Templeton Constrained Bond[9,57]	A[12]	FTCAX	9/20/13	-5.24	-4.02	-6.59	—	—	-2.28	0.90	-0.19	3.47	0.86
	C	—	9/20/13	-2.25	-0.84	-3.94	—	—	-0.47	0.31	-0.82	3.87	1.26
Templeton Emerging Markets Bond[9,20]	A[12]	FEMGX	4/1/13	-5.12	-7.82	-10.59	—	—	-3.56	5.10	3.91	3.24	1.26
	C	—	4/1/13	-2.08	-4.55	-7.96	—	—	-2.05	4.87	3.63	3.64	1.66
Templeton Global Bond[20]	A[12,15]	TPINX	9/18/86	-4.47	741.95	-6.08	4.04	7.29	7.68	2.06	2.03	0.91	0.90
	C	TEGBX	5/1/95	-1.43	328.59	-3.24	4.53	7.33	7.48	1.75	1.73	1.31	1.30
Templeton Global Total Return[20]	A[12]	TGTRX	9/30/08	-4.28	76.30	-6.59	5.26	—	8.77	3.24	3.22	1.04	1.03
	C	TTRCX	9/30/08	-1.18	79.18	-3.77	5.74	—	9.03	2.99	2.97	1.44	1.43
Templeton Hard Currency[20]	A	ICPHX	11/17/89	-6.57	136.22	-14.51	-0.29	1.69	3.41	—	—	1.19	1.15
Templeton International Bond[9,20]	A[12]	TBOAX	12/3/07	-6.12	41.07	-11.74	2.11	—	4.65	2.26	2.12	1.16	1.06
	C	FCNBX	12/3/07	-3.12	43.60	-9.08	2.64	—	4.89	2.02	1.86	1.51	1.41

Open-End Funds	Class	Symbol	Inception	Cumulative Total Return All Sales charges YTD[17] (%)	Cumulative Total Return All Sales charges Since Inception[1] (%)	Average Annual Total Return[2] All Sales Charges 1-Year (%)	5-Year (%)	10-Year (%)	Since Inception (%)	30-Day Yield[24] (%)	Taxable Equivalent Yield[11] (%)	Gross Expense Ratio (%)	Net Expense Ratio[21] (%)
TAX-FREE													
NATIONAL													
Franklin Double Tax-Free Income[8,32,41]	A[6,12]	FPRTX	4/3/85	-6.46	361.44	-1.54	-0.72	1.52	5.19	3.28	5.80	0.76	—
	C	FPRIX	5/1/95	-3.40	97.41	1.41	-0.41	1.41	3.43	2.86	5.05	1.32	—
Franklin Federal Tax-Free Income[4]	A[6,12]	FKTIX	10/7/83	-4.35	663.93	-0.93	3.98	3.94	6.62	1.92	3.39	0.62	—
	C	FRFTX	5/1/95	-1.34	149.48	1.84	4.32	3.82	4.64	1.46	2.58	1.17	—
Franklin High Yield Tax-Free Income[4,8]	A[6,12]	FRHIX	3/18/86	-4.40	480.43	-0.17	4.47	4.06	6.19	2.84	5.02	0.65	—
	C	FHYIX	5/1/95	-1.52	158.04	2.60	4.78	3.94	4.81	2.42	4.28	1.20	—
Franklin Insured Tax-Free Income[4,8,48]	A[6,12]	FTFIX	4/3/85	-3.24	506.33	0.32	3.91	3.73	6.14	1.81	3.20	0.61	—
	C	FRITX	5/1/95	-0.27	141.83	3.16	4.23	3.61	4.48	1.34	2.37	1.17	—
INTERMEDIATE/LIMITED-TERM													—
Franklin California Intermediate-Term Tax-Free Income[8,32]	A[7]	FKCIX	9/21/92	-2.32	197.78	0.49	4.00	3.73	4.91	1.66	3.38	0.63	—
	C	FCCIX	7/1/03	-1.26	48.76	1.34	3.91	3.42	3.36	1.15	2.34	1.18	—
Franklin Federal Intermediate-Term Tax-Free Income[4,8]	A[7]	FKITX	9/21/92	-2.50	196.70	-0.27	3.47	3.67	4.89	1.29	2.28	0.68	—
	C	FCITX	7/1/03	-1.40	47.39	0.44	3.38	3.35	3.29	0.78	1.38	1.23	—

Maximum Sales Charges	Class A (%)	Class C* (%)
EQUITY	5.75	0.00
FIXED INCOME		
Long-Term	4.25	0.00
Intermediate-/Limited-Term	2.25	0.00

*For Class C shares, there is a 1% contingent deferred sales charge (CDSC) in the first year only.
Please see Footnotes for more information on each fund.

Periods Ended June 30, 2015

Open-End Funds	Class	Symbol	Inception	Cumulative Total Return All Sales charges YTD[17] (%)	Cumulative Total Return All Sales charges Since Inception[1] (%)	Average Annual Total Return[2] All Sales Charges 1-Year (%)	5-Year (%)	10-Year (%)	Since Inception (%)	30-Day Yield[24] (%)	Taxable Equivalent Yield[11] (%)	Gross Expense Ratio (%)	Net Expense Ratio[21] (%)
TAX-FREE, cont'd.													
Franklin Federal Limited-Term Tax-Free Income[4,9]	A[13]	FFTFX	9/2/03	-2.18	28.84	-2.06	1.22	2.30	2.17	0.43 w/waiver 0.38 w/o waiver	0.76 w/waiver 0.67 w/o waiver	0.70	0.63
Franklin New York Intermediate-Term Tax-Free Income[8,29]	A[7]	FKNIX	9/21/92	-1.93	185.45	0.25	3.37	3.54	4.71	1.31	2.68	0.66	—
	C	FKNCX	7/1/03	-0.96	43.69	0.99	3.27	3.21	3.07	0.79	1.61	1.21	—
STATE													—
Franklin Alabama Tax-Free Income[8,32]	A[6,12]	FRALX	9/1/87	-4.44	347.35	-1.21	3.30	3.44	5.53	1.93	3.60	0.72	—
	C	FALEX	5/1/95	-1.40	130.52	1.69	3.64	3.33	4.23	1.49	2.78	1.27	—
Franklin Arizona Tax-Free Income[32]	A[6,12]	FTAZX	9/1/87	-4.49	353.03	-0.98	3.58	3.55	5.58	2.20	4.08	0.62	—
	C	FAZIX	5/1/95	-1.40	135.82	1.89	3.93	3.44	4.35	1.75	3.25	1.17	—
Franklin California High Yield Municipal[8,32]	A[12]	FCAMX	5/3/93	-3.64	233.65	1.86	6.43	4.72	5.59	3.07	6.24	0.63	—
	C	FCAHX	5/1/96	-0.67	166.70	4.78	6.78	4.61	5.25	2.66	5.41	1.18	—
Franklin California Insured Tax-Free Income[32,49]	A[6,12]	FRCIX	9/3/85	-3.41	489.45	0.97	4.87	4.05	6.13	2.12	4.31	0.61	—
	C	FRCAX	5/1/95	-0.42	153.68	3.96	5.22	3.93	4.72	1.66	3.38	1.16	—
Franklin California Tax-Free Income[32]	A[6,12]	FKTFX	2/1/77	-4.60	716.11	-0.22	4.60	4.16	5.62	2.53	5.15	0.57	—
	C	FRCTX	5/1/95	-1.57	156.47	2.82	4.93	4.04	4.78	2.09	4.25	1.13	—
Franklin Colorado Tax-Free Income[8,32]	A[6,12]	FRCOX	9/1/87	-4.22	372.49	-0.59	3.43	3.61	5.74	2.04	3.79	0.65	—
	C	FCOIX	5/1/95	-1.20	141.76	2.32	3.77	3.49	4.47	1.58	2.94	1.20	—
Franklin Connecticut Tax-Free Income[8,32]	A[6,12]	FXCTX	10/3/88	-5.28	274.32	-2.57	2.29	3.07	5.06	2.00	3.81	0.68	—
	C	FCTIX	5/1/95	-2.35	123.65	0.21	2.62	2.95	4.07	1.55	2.95	1.23	—
Franklin Florida Tax-Free Income[8,32]	A[6,12]	FRFLX	9/1/87	-3.81	369.65	-0.50	2.87	3.29	5.71	2.08	3.67	0.64	—
	C	FRFIX	5/1/95	-0.81	135.58	2.24	3.21	3.17	4.34	1.63	2.88	1.19	—
Franklin Georgia Tax-Free Income[8,32]	A[6,12]	FTGAX	9/1/87	-4.30	363.47	-0.77	3.41	3.61	5.66	1.90	3.59	0.67	—
	C	FGAIX	5/1/95	-1.41	136.56	1.99	3.73	3.48	4.36	1.44	2.72	1.22	—
Franklin Kentucky Tax-Free Income[8,32]	A[6,12]	FRKYX	10/12/91	-4.16	226.88	-0.93	3.21	3.45	5.12	1.75	3.30	0.78	—
Franklin Louisiana Tax-Free Income[8,32]	A[6,12]	FKLAX	9/1/87	-3.90	356.74	-0.92	3.25	3.43	5.61	1.84	3.47	0.69	—
	C	FLAIX	5/1/95	-1.01	137.12	1.88	3.58	3.31	4.37	1.38	2.60	1.24	—
Franklin Maryland Tax-Free Income[8,32]	A[6,12]	FMDTX	10/3/88	-5.21	298.08	-1.79	2.63	3.09	5.30	2.16	4.22	0.67	—
	C	FMDIX	5/1/95	-2.26	131.23	1.02	2.96	2.98	4.24	1.72	3.36	1.22	—
Franklin Massachusetts Tax-Free Income[8,32]	A[6,12]	FMISX	4/3/85	-4.65	433.35	-1.11	2.95	3.24	5.69	1.86	3.48	0.67	—
	C	FMAIX	5/1/95	-1.67	131.82	1.66	3.30	3.14	4.26	1.42	2.65	1.22	—
Franklin Michigan Tax-Free Income[8,32]	A[6,12]	FTTMX	4/3/85	-5.02	452.81	-1.69	2.66	3.20	5.82	1.97	3.65	0.65	—
	C	FRMTX	5/1/95	-2.01	131.03	1.19	3.00	3.08	4.24	1.51	2.79	1.20	—
Franklin Minnesota Tax-Free Income[8,32]	A[6,12]	FMINX	4/3/85	-4.16	456.23	-1.71	3.03	3.54	5.84	1.29	2.55	0.65	—
	C	FMNIX	5/1/95	-1.20	129.48	1.16	3.36	3.43	4.20	0.81	1.60	1.20	—
Franklin Missouri Tax-Free Income[8,32]	A[6,12]	FRMOX	9/1/87	-3.89	362.07	-0.70	2.94	3.32	5.65	1.87	3.53	0.63	—
	C	FMOIX	5/1/95	-0.88	137.11	2.09	3.27	3.20	4.37	1.42	2.68	1.18	—
Franklin New Jersey Tax-Free Income[32]	A[6,12]	FRNJX	5/12/88	-5.17	333.70	-2.11	2.44	3.20	5.56	2.38	4.65	0.64	—
	C	FNIIX	5/1/95	-2.22	133.90	0.69	2.77	3.09	4.30	1.95	3.81	1.19	—

Periods Ended June 30, 2015 Open-End Funds	Class	Symbol	Inception	Cumulative Total Return All Sales charges YTD[17] (%)	Cumulative Total Return All Sales charges Since Inception[1] (%)	Average Annual Total Return[2] All Sales Charges 1-Year (%)	5-Year (%)	10-Year (%)	Since Inception (%)	30-Day Yield[24] (%)	Taxable Equivalent Yield[11] (%)	Gross Expense Ratio (%)	Net Expense Ratio[21] (%)
TAX-FREE, cont'd.													
STATE													
Franklin New York Tax-Free Income[29]	A[6,12]	FNYTX	9/13/82	-4.20	698.51	-1.51	2.73	3.40	6.54	1.56	3.19	0.60	—
	C	FNYIX	5/1/95	-1.22	137.99	1.34	3.04	3.27	4.39	1.09	2.23	1.15	—
Franklin North Carolina Tax-Free Income[8,32]	A[6,12]	FXNCX	9/1/87	-4.49	353.29	-1.54	2.46	3.19	5.58	1.83	3.44	0.63	—
	C	FNCIX	5/1/95	-1.51	132.78	1.20	2.77	3.06	4.28	1.37	2.58	1.18	—
Franklin Ohio Tax-Free Income[8,32]	A[6,12]	FTOIX	4/3/85	-3.83	471.24	-0.67	3.25	3.55	5.93	1.83	3.43	0.63	—
	C	FOITX	5/1/95	-0.84	137.98	2.10	3.57	3.43	4.39	1.37	2.57	1.18	—
Franklin Oregon Tax-Free Income[32]	A[6,12]	FRORX	9/1/87	-4.48	334.95	-1.46	2.72	3.43	5.42	1.97	3.89	0.63	—
	C	FORIX	5/1/95	-1.43	133.95	1.43	3.07	3.31	4.30	1.51	2.98	1.18	—
Franklin Pennsylvania Tax-Free Income[8,32]	A[6,12]	FRPAX	12/1/86	-4.23	352.05	-0.77	3.10	3.55	5.42	2.21	4.04	0.64	—
	C	FRPTX	5/1/95	-1.28	137.45	2.04	3.43	3.43	4.38	1.77	3.23	1.19	—
Franklin Tennessee Municipal Bond[8,32]	A[12]	FRTIX	5/10/94	-4.97	175.97	-1.83	2.79	3.33	4.92	1.89	3.57	0.72	—
Franklin Virginia Tax-Free Income[8,32]	A[6,12]	FRVAX	9/1/87	-4.72	347.30	-1.77	2.54	3.16	5.53	2.02	3.80	0.65	—
	C	FVAIX	5/1/95	-1.74	128.44	0.97	2.86	3.04	4.18	1.56	2.94	1.20	—

Performance at Market Price as of 6/30/15	Symbol	Inception	Cumulative Total Return YTD[17] (%)	Cumulative Total Return Since Inception (%)	Average Annual Total Return[53] 1-Year (%)	5-Year (%)	10-Year (%)	Inception (%)	Gross Expense Ratio (%)	Net Expense Ratio[21] (%)
EXCHANGE-TRADED FUND (ETF)										
Franklin Short Duration U.S. Government ETF	FTSD	11/4/13	0.44	1.55	0.51	—	—	0.93	0.51	0.30

	Class	Symbol	Inception	7-day Current Yield[14] (%)	7-day Effective Yield[14] (%)	Current Yield Without Waiver (%)	Effective Yield Without Waiver (%)	Average Weighted Maturity (days)	Gross Expense Ratio (%)	Net Expense Ratio[21] (%)
MONEY FUNDS[34]										
Franklin California Tax-Exempt Money[32]	A	FCLXX	9/3/85	0.00	0.00	—	—	14	0.53	—
Franklin Money[58]	A	FMFXX	5/1/76	0.00	0.00	—	—	39	0.57	—
Franklin Templeton Money[9,59]	A	—	12/15/06	0.00	0.00	-0.55	-0.55	39	0.65	0.60
	C	FRIXX	5/1/95	0.00	0.00	-1.17	-1.16	39	1.30	1.25

While money funds are managed to maintain a stable $1.00 share price, there is no guarantee this value will be maintained and it is possible to lose money. An investment in the funds is not insured or guaranteed by the Federal Deposit Insurance Corporation or any government agency.

Maximum Sales Charges	Class A (%)	Class C* (%)
EQUITY	5.75	0.00
FIXED INCOME		
Long-Term	4.25	0.00
Intermediate-/Limited-Term	2.25	0.00

*For Class C shares, there is a 1% contingent deferred sales charge (CDSC) in the first year only.
Please see Footnotes for more information on each fund.

Morningstar Overall Ratings*

Periods Ended June 30, 2015

Class A	Morningstar Category	Overall Morningstar Rating™
Franklin Biotechnology Discovery Fund	Health	★★★★
Franklin California High Yield Municipal Fund	Muni California Long	★★★★
Franklin California Intermediate-Term Tax-Free Income Fund	Muni California Intermediate	★★★★
Franklin Mutual European Fund	Europe Stock	★★★★
Franklin Mutual Global Discovery Fund	World Stock	★★★★
Templeton Emerging Markets Small Cap Fund	Diversified Emerging Mkts	★★★★
Templeton Global Bond Fund	World Bond	★★★★
Templeton Global Total Return Fund	World Bond	★★★★
Franklin DynaTech Fund	Large Growth	★★★
Franklin Federal Tax-Free Income Fund	Muni National Long	★★★
Franklin Growth Fund	Large Growth	★★★
Franklin Growth Opportunities Fund	Large Growth	★★★
Franklin MicroCap Value Fund	Small Value	★★★
Franklin Small Cap Growth Fund	Small Growth	★★★
Franklin Utilities Fund	Utilities	★★★
Templeton International Bond Fund	World Bond	★★★
Templeton World Fund	World Stock	★★★
Franklin Flex Cap Growth Fund	Large Growth	★★
Franklin Large Cap Value Fund	Large Value	★★
Franklin Rising Dividends Fund	Large Blend	★★
Franklin Small Cap Value Fund	Small Value	★★
Templeton Foreign Fund	Foreign Large Value	★★
Franklin All Cap Value Fund	Mid-Cap Value	★
Franklin Balance Sheet Investment Fund	Mid-Cap Value	★

*Source: Morningstar® 6/30/15. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), 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. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.)

Past performance does not guarantee future results.

The Overall Morningstar Rating™ for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating™ metrics.

3-Year Rating	# of Funds	5-Year Rating	# of Funds	10-Year Rating	# of Funds
★★★★	123	★★★★	117	★★★★	97
★★★	117	★★★★	108	★★★★★	91
★★★	68	★★★★	67	★★★★	53
★★	85	★★	78	★★★★★	63
★★	988	★★	744	★★★★★	388
★★★★★	549	★★★★	351	N/A	N/A
★★★★	308	★★★	237	★★★★★	137
★★★★	308	★★★★	237	N/A	N/A
★★	1,533	★★★	1,317	★★★★	918
★★	190	★★★	178	★★★	145
★★	1,533	★★	1,317	★★★★	918
★★★	1,533	★★★	1,317	★★★★	918
★	365	★★	305	★★★★	198
★★★	667	★★★★	588	★★★	413
★★	64	★★★	58	★★★★	55
★★★	308	★★★	237	N/A	N/A
★★	988	★★	744	★★★	388
★	1,533	★★	1,317	★★★	918
★★	1,185	★	1,045	★★	734
★	1,380	★★	1,225	★★★	854
★★	365	★★	305	★★	198
★★	289	★★	254	★★	124
★	429	★	370	N/A	N/A
★	429	★	370	★	242

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Lipper Total Return Rankings*

Periods Ended June 30, 2015

Class A	Lipper Classification	1-Year
Franklin California Tax-Free Income Fund	California Municipal Debt Funds	#39 out of 126 funds
Franklin Federal Intermediate-Term Tax-Free Income Fund	Intermediate Municipal Debt Funds	#72 out of 220 funds
Franklin Federal Limited-Term Tax-Free Income Fun	Short Municipal Debt Funds	#53 out of 101 funds
Franklin Federal Tax-Free Income Fund	General & Insured Municipal Debt Funds	#92 out of 255 funds
Franklin High Yield Tax-Free Income Fun	High Yield Municipal Debt Funds	#109 out of 143 funds
Franklin New York Tax-Free Income Fund	New York Municipal Debt Funds	#73 out of 100 funds
Franklin Strategic Income Fund	Multi-Sector Income Funds	#207 out of 269 funds
Templeton Foreign Fund	International Multi-Cap Value	#172 out of 181 funds
Templeton Global Bond Fund	International Income Funds	#37 out of 135 funds
Templeton Global Total Return Fund	International Income Funds	#44 out of 135 funds

*As measured by Lipper, Inc. For those funds that offer other classes of shares, the ranking information is based on the funds' Class A shares only. Lipper rankings do not include sales charges or take into account fee waivers, if any. Past performance does not guarantee future results.

	3-Year	5-Year	10-Year
	#35 out of 115 funds	#38 out of 107 funds	#13 out of 84 funds
	#84 out of 192 funds	#38 out of 161 funds	#25 out of 101 funds
	#32 out of 84 funds	#15 out of 74 funds	#10 out of 50 funds
	#101 out of 226 funds	#75 out of 203 funds	#37 out of 153 funds
	#98 out of 115 funds	#77 out of 106 funds	#14 out of 64 funds
	#66 out of 93 funds	#59 out of 79 funds	#29 out of 67 funds
	#85 out of 187 funds	#73 out of 146 funds	#35 out of 94 funds
	#34 out of 149 funds	#54 out of 128 funds	#16 out of 78 funds
	#14 out of 110 funds	#12 out of 81 funds	#2 out of 39 funds
	#7 out of 110 funds	#2 out of 81 funds	N/A

FOOTNOTES

1. Cumulative total returns show the change in value of an investment since inception, include sales charges, and assume reinvestment of dividends and capital gains at net asset value.
2. All figures represent the average annual change in value of an investment over the specified periods, assuming reinvestment of dividends and capital gains at net asset value. The fund may have a contractually guaranteed expense reduction and/or 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 expense reduction and/or fee waiver, to the extent applicable; without these reductions, the results would have been lower. Class A figures include the current maximum initial sales charge. Class C figures reflect the 1% contingent deferred sales charge (CDSC) to the extent applicable. Prior to 1/1/04, these shares were offered with an initial sales charge, thus actual returns would have differed. For classes of shares existing for less than one year, aggregate total returns replace average annual total returns.
3. Effective 5/1/10, the fund changed its name; the investment goal and primary investment strategy remained the same.
4. Dividends are generally subject to state and local taxes, if any. For investors subject to the alternative minimum tax, a small portion of fund dividends may be taxable. Distributions of capital gains are generally taxable.
5. Total returns have been restated to reflect the current, maximum 5.75% initial sales charge. Prior to 1/1/01, fund shares were offered at a lower initial sales charge (1.50%); thus actual returns may differ.
6. Effective 5/1/94, the fund implemented a Rule 12b-1 plan, which affects subsequent performance.
7. Maximum initial sales charge: 2.25%.
8. Past expense limitations increased the fund's total returns.
9. The fund's manager has contractually agreed in advance to waive or limit its fees and/or to make certain payments to reduce expenses. Without this waiver, yield and total return would be lower.
10. Total returns have been restated to reflect the current maximum initial sales charge: 5.75%. Prior to 8/3/98, Class A shares were offered at a lower initial sales charge; thus actual returns may differ.
11. Based on published rates in effect on 6/12/15. Federal and state rates are stated at the highest marginal tax rate and include 3.8% Medicare tax. The Maryland rate includes local tax based on the highest local tax rate. Various cities and counties of other states may impose a local tax. The combined rate for these states will be higher. For investors subject to the alternative minimum tax, a small portion of these dividends may be taxable. Distributions of capital gains are generally taxable.
12. Maximum initial sales charge: 4.25%.
13. Total returns have been restated to reflect the current, maximum 2.25% initial sales charge. Prior to 2/1/06, fund shares were offered without an initial sales charge; thus actual returns may differ.
14. Annualized and effective yields are for the 7-day period ended 6/30/15. Yield reflects fluctuations in interest rates on portfolio investments, and fund expenses.
15. Effective 1/1/93, the fund implemented a Rule 12b-1 plan, which affects subsequent performance.
16. On 8/8/03, the fund converted from a closed-end fund to an open-end fund. Returns shown are a restatement of the closed-end fund's performance to include both the Rule 12b-1 fees and the current sales charges applicable to each share class as though in effect from the fund's inception.
17. Cumulative total returns show the change in value of an investment year-to-date, include sales charges, and assume reinvestment of dividends and capital gains at net asset value.
18. Prior to 5/15/08, the fund offered only a single share class without a sales charge and Rule 12b-1 expenses. Performance figures reflect a restatement of these shares' performance to include both 12b-1 fees and sales charges applicable to each share class as though in effect from the fund's inception.
19. Maximum initial sales charge: 5.75%.
20. 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.
21. Net Expense Ratio includes the expense reduction, which is contractually guaranteed through at least the dates shown in parentheses. Total returns and yields with waiver reflect the expense reduction, without which the results would have been lower. Please see the prospectus for additional information. F. All Cap Value (2/29/16); F. Federal Limited-Term Tax-Free Income (6/30/16); F. Focused Core Equity (8/31/15); F. Global Allocation (9/30/15); F. Global Government Bond (8/31/15); F. Global Listed Infrastructure (11/30/16); F. Global Real Estate (11/30/16); F. Growth Allocation (4/30/16); F. India Growth (2/29/16); F. International Growth (11/30/16); F. K2 Alternative Strategies (9/30/15); F. Large Cap Equity (11/30/16); F. LifeSmart 2015 Retirement Target (4/30/16); F. LifeSmart 2020 Retirement Target (4/30/16); F. LifeSmart 2025 Retirement Target (4/30/16); F. LifeSmart 2030 Retirement Target (4/30/16); F. LifeSmart 2035 Retirement Target (4/30/16); F. LifeSmart 2040 Retirement Target (4/30/16); F. LifeSmart 2045 Retirement Target (4/30/16); F. LifeSmart 2050 Retirement Target (4/30/16); F. LifeSmart 2055 Retirement Target (4/30/16); F. Low Duration Total Return (2/29/16); F. Midcap Value (2/29/16); F. Multi-Asset Real Return (9/30/15); F. Mutual International (4/30/16); F. Mutual Recovery (7/31/15); F. Pelagos Commodities Strategy (9/30/15); F. Real Return (2/29/16); F. Short Duration U.S. Government ETF (9/30/15); F. Total Return (2/29/16); F. World Perspectives (2/29/16); FT Money Fund (10/31/16); T. Constrained Bond (12/31/16); T BRIC (7/31/15); T. Developing Markets Trust (4/30/16); T. Emerging Markets Balanced (7/31/15); T. Emerging Markets Bond (12/31/16); T. International Bond (12/31/16).
22. Prior to 11/1/96, only a single class of fund shares was offered without a sales charge and Rule 12b-1 expenses. This fund began offering Class A and Class C shares on 11/1/96. Returns reflect a restatement of the original class to include both the Rule 12b-1 fees and the current sales charges applicable to each share class as though in effect from the fund's inception.
23.Total returns have been restated to reflect the current maximum initial sales charge: 5.75%. Prior to 1/2/97, Class A shares were offered at a lower initial sales charge. Thus, actual returns may differ.
24.The 30-day standardized yield for the 30 days ended 6/30/15 reflects an estimated yield to maturity (assuming all portfolio securities are held 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) or the income reported in the Fund's financial statements.

FOOTNOTES, cont'd.

25. Prior to 9/30/08, the fund offered only a single class of shares, without a sales charge and Rule 12b-1 fees, Advisor Class shares. Performance figures reflect a restatement of the Advisor Class performance to include both the Rule 12b-1 fees and sales charges applicable to each share class as though in effect from the fund's inception. For periods after 9/30/08, actual performance is used, reflecting all charges and fees applicable to that class.
26. Total returns have been restated to reflect the current maximum initial sales charge: 2.25%. Prior to 8/3/98, fund shares were offered at a higher initial sales charge; thus actual returns may differ.
27. The minimum purchase into a regular account is $10,000.
28. Prior to 11/3/03, the fund offered only a single class of shares without a sales charge and Rule 12b-1 expenses, Advisor Class shares. Performance figures reflect a restatement of the Advisor Class performance to include both the Rule 12b-1 fees and sales charges applicable to each share class as though in effect from the fund's inception. For periods after 11/3/03, actual performance is used, reflecting all charges and fees applicable to that class.
29. Distributions of capital gains are generally taxable. Although the fund has the ability to invest up to 20% of its assets in bonds with income subject to the alternative minimum tax, its current exposure to such bonds is 0%.
30. Effective 2/19/13, the fund is closed to all new investors. Existing shareholders may continue to add additional money to their accounts.
31. The fund's distributions should be expected to vary significantly from month to month. Because the fund has a significant investment in TIPS, the fund is highly influenced by the TIPS market and the monthly inflation adjustments on these securities.
32. For investors subject to the alternative minimum tax, a small portion of these dividends may be taxable. Distributions of capital gains are generally taxable.
33. Effective 5/1/09, the fund changed its name. The fund's investment goal and strategy remained unchanged.
34. The fund's manager, administrator and distributor have voluntarily agreed to an expense reduction in order to avoid a negative yield. This reduction may be modified or discontinued at any time. Please see the fund's prospectus for additional information. Total returns and 7-day yields reflect the expense reduction, without which the results would have been lower.
35. Effective 5/1/94, the fund implemented a Rule 12b-1 plan, which affects subsequent performance.
36. As of 5/1/11, the fund's glide path was modified, and among other changes, reflects a lower starting allocation to equity funds; such a change can impact performance. Effective 5/1/13, the fund changed its name to Franklin LifeSmart Retirement Target Fund. The fund's investment goals and principal investment strategies remained unchanged. As of 7/1/13, the fund changed its target allocation, with short-term investments combined into the fixed income fund target allocation; such a change can impact performance.
37. Effective 7/1/11, Templeton Income Fund changed its name to Templeton Global Balanced Fund. Additionally, the fund changed its goal and pricing structure. Under normal circumstances, the fund will invest: at least 25% of its assets in fixed income senior securities and at least 25% of its assets in equity securities; at least 40% of its assets in non-U.S. investments; and, in issuers located in at least three different countries (including the U.S.).
38. On 7/1/11, the fund changed its name, its goal and pricing structure. Class A: Total returns have been restated to reflect the current maximum initial sales charge of 5.75% (Class A shares were previously offered at a lower initial sales charge). Class C: Effective 7/1/11, Class C shares closed to new investors, were renamed Class C1 shares, and a new Class C share with a different expense structure became available. Class C performance shown has been calculated as follows: (a) for periods prior to 7/1/11 a restated figure is used based on Class C1 performance and including the Rule 12b-1 rate differential between Class C and C1, and (b) for periods after 7/1/11, actual Class C performance is used, reflecting all charges and fees applicable to that class. The fund offers other share classes subject to different fees and expenses, which will affect their performance. Please see the prospectus for details.
39. Effective 6/28/13, the fund closed to new investors. Existing shareholders may continue to add money to their accounts.
40. Class A: Effective 2/1/12, Class A shares of Franklin Strategic Mortgage Portfolio closed to new investors and were renamed Class A1. A new Class A share, with a 25 basis point (0.25%) Rule 12b-1 fee, is available to investors as of 2/1/12. The new Class A performance shown has been calculated as follows: (a) For periods prior to 2/1/12, a restated figure is used based on Class A1 performance and including the Class A Rule 12b-1 fee, and (b) for periods after 2/1/12, actual Class A performance will be used, reflecting all charges and fees applicable to that class. If you have any questions, please call Franklin Templeton Investments at (800) DIAL BEN/342-5236 or visit franklintempleton.com. The fund offers other share classes, subject to different fees and expenses that will affect their performance. Class C: The fund began offering a new Class C share on 2/1/12. Performance quotations for this class reflect the following methods of calculation: a) For periods prior to 2/1/12, a restated figure is used based on the fund's oldest share class, Class A1 excluding the effect of its maximum initial sales charge, but including Class C's sales charges and Rule 12b-1 fees as though in effect from the fund's inception; and b) for periods after the fund's Class C inception date, actual Class C performance is used, reflecting all charges and fees applicable to that class.
41. Effective 8/1/12, the Franklin Double Tax-Free Income Fund closed to all new investments (other than reinvestment of dividends and capital gains distributions).
42. Effective 10/1/12, Franklin Low Duration Total Return Fund offers a Class C share. Class C: The fund began offering Class C shares on 10/1/12. Total returns are calculated as follows: a) For periods prior to 10/1/12, a restated figure is used based on the fund's oldest share class, Class A, performance excluding its maximum initial sales charge, but including Class C's sales charges and Rule 12b-1 fees as though in effect from the fund's inception; and b) for periods after 10/1/12, actual Class C performance is used, reflecting all charges and fees applicable to that class.
43. The fund offers other share classes, subject to different fees and expenses that will affect their performance.
44. 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 funds past dividends paid to shareholders.
45. As of 1/1/13, 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.
46. Effective 1/1/15, Franklin Moderate Allocation Fund increased target allocation to equity funds by 5% (from 55% to 60%) and correspondingly decreased the target allocation to fixed income funds (from 45% to 40%). The fund's investment goal remains the same. As of 1/1/13, the fund changed its target allocation, with short-term investments (formerly a targeted allocation of 10%) combined into the fixed income allocations; such a change can impact performance.
47. As of 1/1/13, the fund changed its target allocation, with short-term investments (formerly a targeted allocation of 5%) combined into the fixed income allocations; such a change can impact performance. The fund's investment goal remained the same.

FOOTNOTES, cont'd.

48. Effective 3/31/13, the Franklin Insured Tax-Free Income Fund closed to all investment from new and existing shareholders (dividend reinvestments and capital gains distributions excepted).
49. Effective 3/1/13, the Franklin California Insured Tax-Free Income Fund closed to all investment from new and existing shareholders (dividend reinvestments and capital gains distributions excepted).
50. Effective 6/3/13, the fund closed to new investors with limited exceptions. Existing shareholders may continue to add money to their accounts.
51. Effective 12/10/13, the fund closed to new investors with limited exceptions. Existing shareholders may continue to add money to their accounts.
52. On 1/1/14, the fund's glide path was modified, including increasing its tactical allocation ranges and adding a strategic allocation to alternative funds. Such changes impact performance. The fund's investment goal has remained the same.
53. For funds existing for less than one year, aggregate total returns replace average annual total returns.
54. Franklin Small Cap Growth Fund closed to all new investors at close of market on 2/12/15. Existing investors may continue to purchase additional shares of the fund. For more information, please contact your financial advisor or call Franklin Templeton Shareholder Services at (800) 632-2301.
55. Franklin Mutual Recovery Fund is proposing to reorganize into Franklin Mutual Quest Fund on 8/27/15, subject to shareholder approval. As a result, the fund closed to new investors on 5/15/15; existing shareholders may continue to purchase additional shares of the fund.
56. Franklin Global Allocation Fund's scheduled 6/30/15 liquidation will be delayed until on or about 10/23/15, due to delays in liquidating certain portfolio securities. Shareholders may exchange their investment in the fund for another Franklin Templeton fund or redeem their investment without incurring any contingent deferred sales charges or other fees, at any time prior to the liquidation.
57. Effective at the close of market on 6/10/15, Templeton Constrained Bond Fund closed to all new investors. The fund will be liquidated on or around 8/27/15. Shareholders may exchange their investment in the fund for another Franklin or Templeton fund prior to the liquidation date.
58. Effective on or about 11/1/15, Franklin Money Fund's principal investment policies will change so that the Fund will qualify and begin operating as a government money market fund. Accordingly, the Fund's name will change to Franklin U.S. Government Money Fund.
59. Effective on or about 11/1/15, Franklin Templeton Money Fund's principal investment policies will change so that the Fund will qualify and begin operating as a government money market fund. Accordingly, the Fund's name will change to Franklin U.S. Government Money Fund.

A WORD ABOUT RISK

All mutual funds are subject to certain risks. Generally, investments offering the potential for higher returns are accompanied by a higher degree of risk. Stocks and other equities, representing an ownership interest in a corporation, historically have outperformed other asset classes over the long term but tend to fluctuate more dramatically over the short term. Bonds and other debt obligations are affected by changes in interest rates and the creditworthiness of their issuers. 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, the fund's share price may decline. High-yield, lower-rated ("junk") bonds generally have greater price swings and higher default risks. Foreign investing, especially in developing markets, has additional risks such as currency and market volatility, and political or social instability. These and other risks pertaining to specific funds, such as those involving specialized industry sectors, or use of complex securities, are discussed in each fund's prospectus.

Franklin Templeton Investments

Gain From Our Perspective®

At Franklin Templeton Investments, we're dedicated to one goal: delivering exceptional asset management for our clients. By bringing together multiple, world-class investment teams in a single firm, we're able to offer specialized expertise across styles and asset classes, all supported by the strength and resources of one of the world's largest asset managers. This has helped us to become a trusted partner to individual and institutional investors across the globe.

Focus on Investment Excellence

At the core of our firm, you'll find multiple independent investment teams—each with a focused area of expertise—from traditional to alternative strategies and multi-asset solutions. And because our portfolio groups operate autonomously, their strategies can be combined to deliver true style and asset class diversification.

All of our investment teams share a common commitment to excellence grounded in rigorous, fundamental research and robust, disciplined risk management. Decade after decade, our consistent, research-driven process have helped Franklin Templeton earn an impressive record of strong, long-term results.

Global Perspective Shaped by Local Expertise

In today's complex and interconnected world, smart investing demands a global perspective. Franklin Templeton pioneered international investing over 60 years ago, and our expertise in emerging markets spans more than a quarter of a century. Today, our investment professionals are on the ground across the globe, spotting investment ideas and potential risks firsthand. These locally based teams bring in-depth understanding of local companies, economies and cultural nuances, and share their best thinking across our global research network.

Strength and Experience

Franklin Templeton is a global leader in asset management serving clients in over 150 countries. We run our business with the same prudence we apply to asset management, staying focused on delivering relevant investment solutions, strong long-term results and reliable, personal service. This approach, focused on putting clients first, has helped us to become one of the most trusted names in financial services.

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A FINANCIAL ADVISOR CAN HELP

With the variety of investment options available today, we suggest that you seek the guidance of a financial professional. Why? First, consider there are more mutual funds available for purchase to the public than there are stocks listed on the New York Stock Exchange. While many of these funds share similar goals, no two are exactly alike. Second, nearly every investment entails special risks that should be discussed with an experienced professional. Your investment goals are unique, and a financial advisor can help you find the right fund for your needs.

Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. To obtain a prospectus, which contains this and other information, call us at ***(800) DIAL BEN/342-5236*** *or visit* ***franklintempleton.com****. Please read the prospectus carefully before investing.*

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