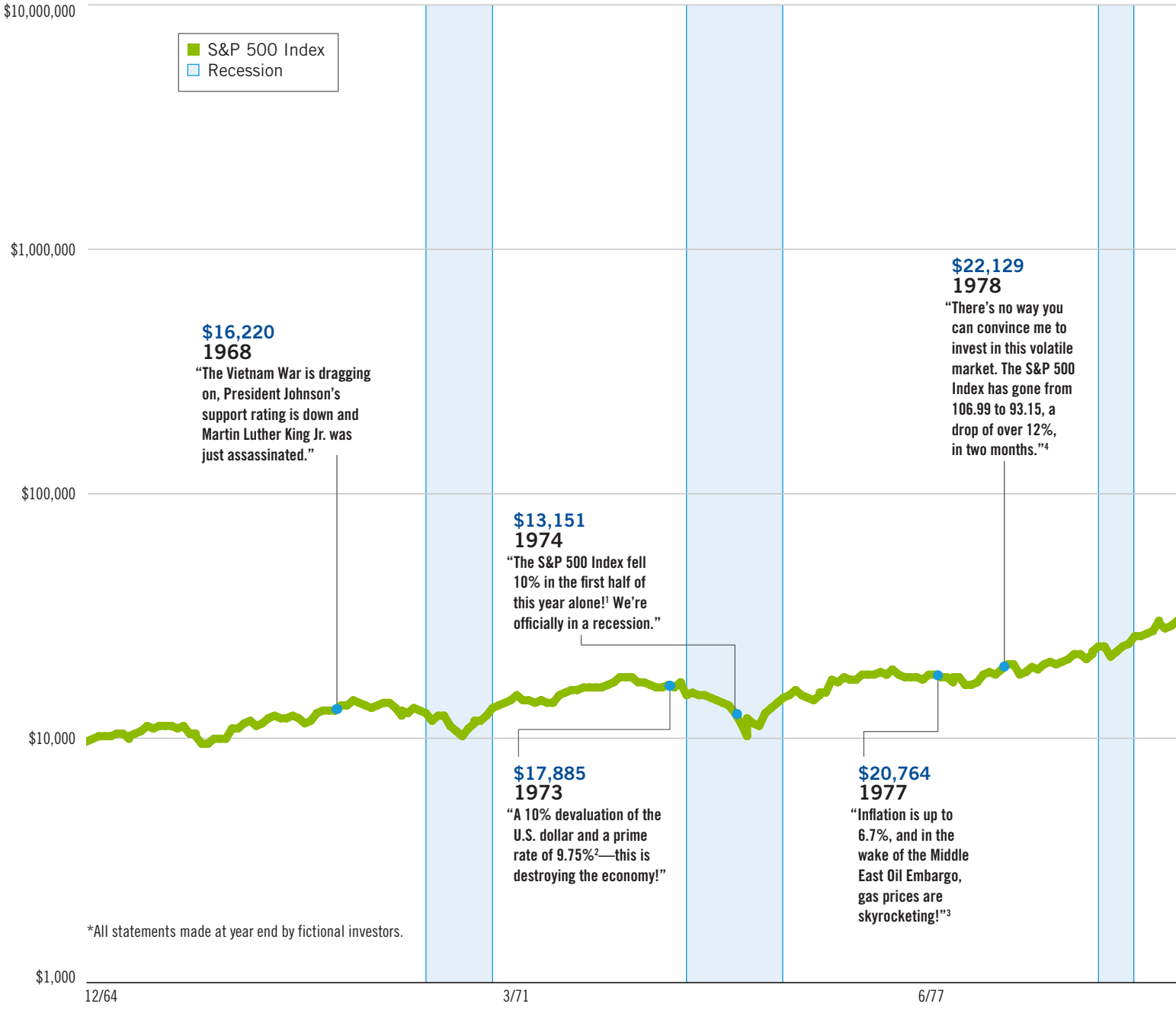
FRANKLIN TEMPLETON INVESTMENTS

Why Should I Invest in the Stock Market *Now*?

Where Is the Market Headed?

Recent volatility has some investors contemplating if they should pull out of the market or sit on the sidelines and wait for the best time to invest. If you're not convinced that now is a good time to be invested, consider some of the reasons that kept our fictional investors from investing in years past.

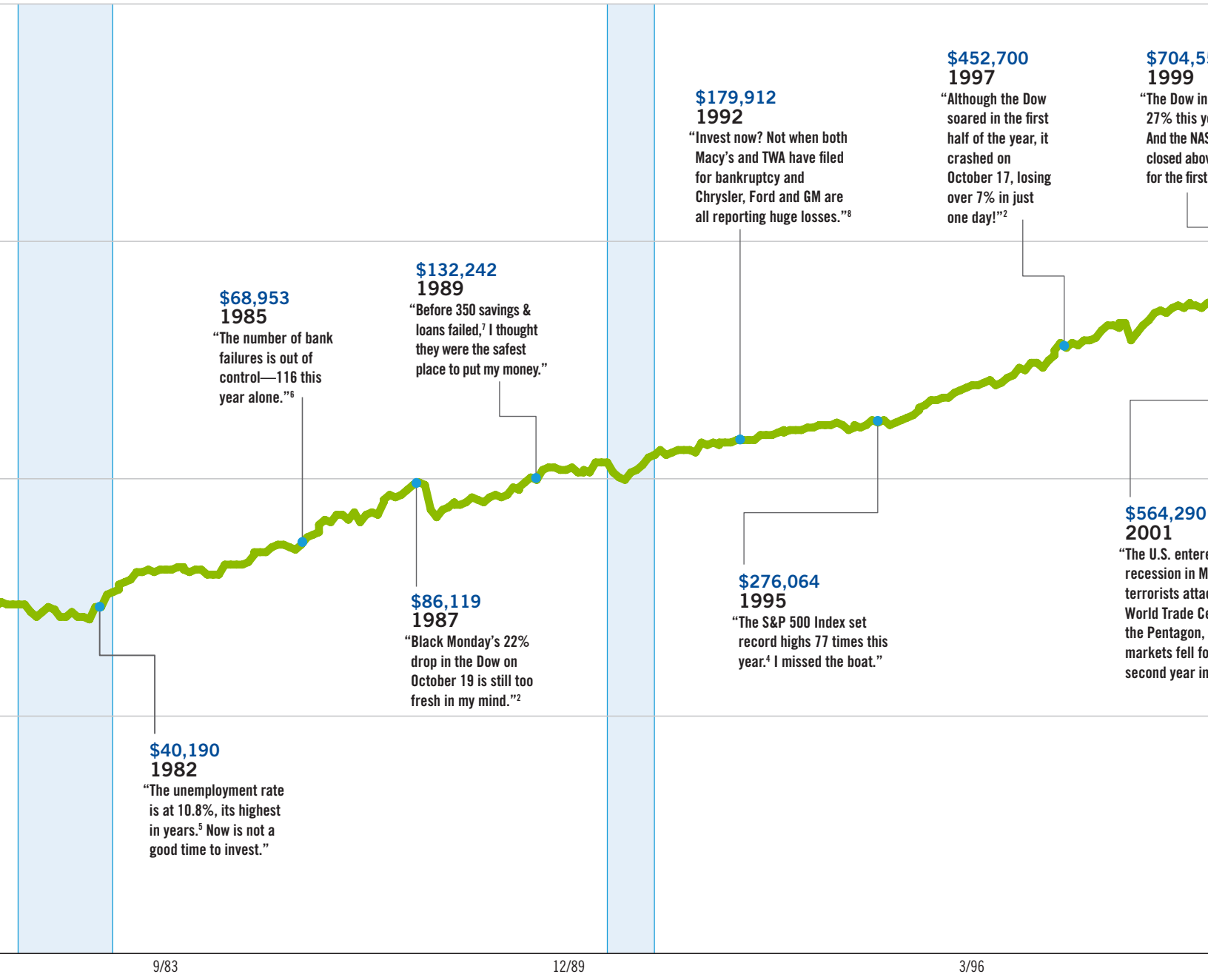
S&P 500 INDEX PERFORMANCE OVER THE LAST HALF CENTURY[1] (As of December 31, 2014)



The unmanaged S&P 500 Index represents the general stock market and is used for illustrative purposes only. It does not reflect the performance of any Franklin, Templeton, or Franklin Mutual Series Fund. One cannot invest directly in an index.
All investments involve risks, including possible loss of principal. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions.

Not FDIC Insured | May Lose Value | No Bank Guarantee

Using the S&P 500 Index to represent the general stock market, we see that, regardless of what often seems like bad timing, stocks have historically provided investors with growth over time, despite short-term ups and downs. And often the best buying opportunities were when things still seemed quite bleak.



Data sources in support of these illustrative statements are as follows:

1. Morningstar, © S&P Dow Jones Indices LLC. See www.franklintempletondatasources.com for additional data provider information.
2. California Department of Finance, Chronology of Significant Events, 2008.
3. Inflation: Consumer Price Index (CPI). Gasoline: U.S. Department of Labor, Bureau of Labor Statistics, *U.S. City Average Gasoline Prices.*
4. © 2015 S&P Dow Jones Indices LLC. All rights reserved. See www.franklintempletondatasources.com for additional data provider information.

For more information on the importance of long-term investing and how to deal with market volatility, contact your financial advisor, call us at (800) DIAL BEN/342-5236, or visit franklintempleton.com.

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$439,579
2002
"The Dow sunk to its lowest level in almost four years. Both the NASDAQ and the S&P 500 Index hit their lowest levels since the beginning of 1997.[2] I'm going to wait until the market turns around."

$627,227
2004
"The Dow closed at its highest level in over two years on February 11."[2]

$506,430
2008
"Several banks have failed, like in 1985. The American auto industry has reported huge losses, similar to 1992. Global stock markets have plunged.[2] The Dow fell 38% from its all-time high."[9]

$640,455
2009
"The U.S. unemployment rate is at a 26-year high.[10] I'm going to wait to invest until the economy starts improving."

$736,929
2010
"The European debt crisis has me too worried to invest."

$1,127,903

While past performance cannot guarantee future results, MAYBE NOW ISN'T SUCH A BAD TIME TO INVEST.

6/02 9/08 12/14

5. U.S. Bureau of Labor Statistics, U.S. unemployment rate for December 1982.
6. Federal Deposit Insurance Corporation, 1985 Annual Report, FDIC Division of Finance, Division of Research & Statistics.
7. *New York Times*, "U.S. Weighing Plan to Take Over 350 Insolvent Savings Institutions," 2/5/89.
8. *The World Almanac and Book of Facts* 1996, pg. 509.
9. Dow Jones and Company, Inc. As of 12/31/08.
10. U.S. Bureau of Labor Statistics, U.S. unemployment rate for December 2009.

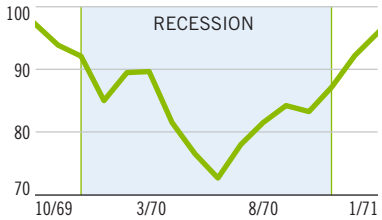
Recessions Often Lead to Opportunities

The stock market in general is forward-looking—it moves in anticipation of expected events. For example, if the Federal Reserve was expected to raise interest rates, the market typically would have priced this in even before the rate hike actually happened. Likewise, past market recoveries have typically started before a recession was officially over. Thus, if you keep waiting to start investing, you may miss an attractive investment opportunity.

The charts below show the S&P 500 Index's movements shortly before, during and right after each of the seven U.S. recessions over the past 50 years through 2014. During this period, recessions lasted an average of 13 months, and stocks hit bottom an average of 4 months before the recession ended.[11] Past performance cannot guarantee future results.

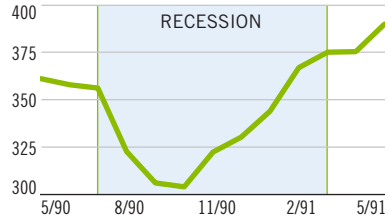
RECESSIONS AND RECOVERIES OVER THE LAST HALF CENTURY[11]

December 1969–November 1970



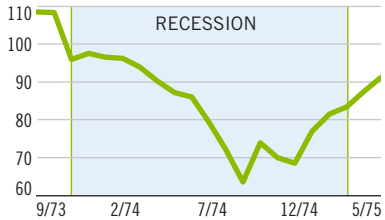
Market peak	November 1968
Recession starts	December 1969
Market trough	May 1970
Recession ends	November 1970
Peak to trough	-36%
Trough to recession end	26%

July 1990–March 1991



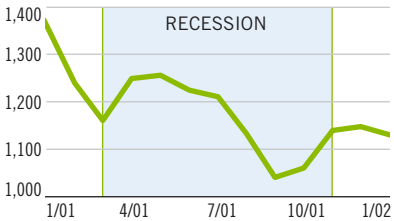
Market peak	June 1990
Recession starts	July 1990
Market trough	October 1990
Recession ends	March 1991
Peak to trough	-20%
Trough to recession end	27%

November 1973–March 1975



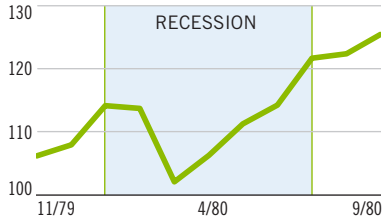
Market peak	January 1973
Recession starts	November 1973
Market trough	October 1974
Recession ends	March 1975
Peak to trough	-48%
Trough to recession end	34%

March 2001–November 2001



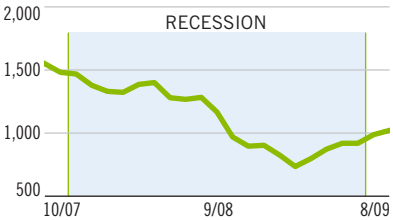
Market peak	March 2000
Recession starts	March 2001
Market trough	September 2001
Recession ends	November 2001
Peak to trough	-37%
Trough to recession end	18%

January 1980–July 1980



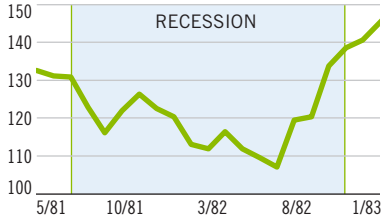
Market peak	October 1979
Recession starts	January 1980
Market trough	March 1980
Recession ends	July 1980
Peak to trough	-12%
Trough to recession end	24%

December 2007–June 2009



Market peak	October 2007
Recession starts	December 2007
Market trough	March 2009
Recession ends	June 2009
Peak to trough	-57%
Trough to recession end	36%

July 1981–November 1982



Market peak	November 1980
Recession starts	July 1981
Market trough	August 1982
Recession ends	November 1982
Peak to trough	-27%
Trough to recession end	35%

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11. Calculations are based on the S&P 500 Price Return Index. Standard & Poor's, National Bureau of Economic Research.

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