FRANKLIN TEMPLETON INVESTMENTS

Institutional Execution for the Individual Investor

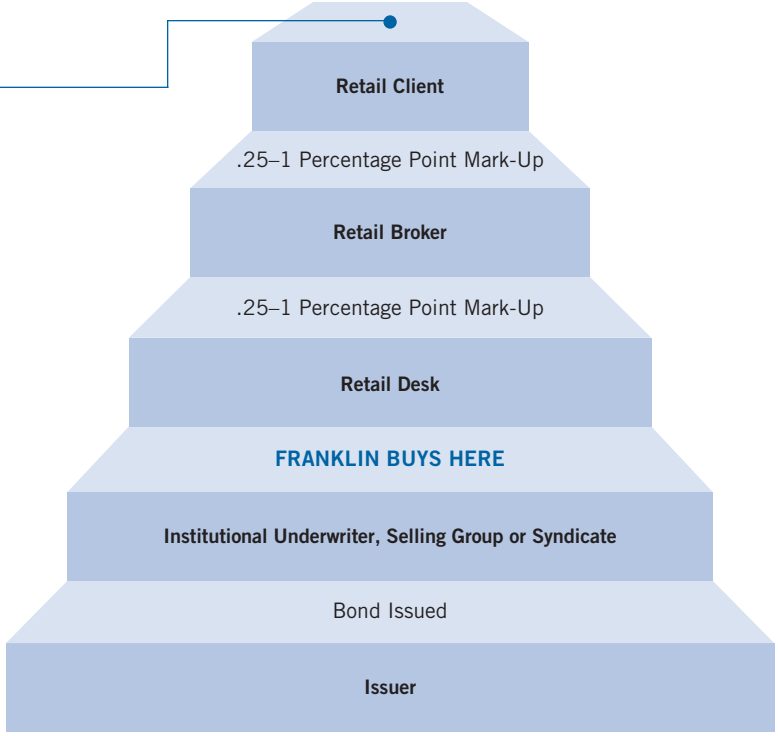
INVESTMENT SOLUTION

2014

WHERE DO YOU WANT TO BUY?

The transaction costs for individual investors typically range from 0.5% to 3.0% and, in some cases, the mark-up or mark-down may exceed 3.0%.

What Does This Mean to You?
$5,000 bonds @ 2 pts. = $100 mark-up
$10,000 bonds @ 2 pts. = $200 mark-up
$100,000 bonds @ 2 pts. = $2,000 mark-up
$1,000,000 bonds @ 2 pts. = $20,000 mark-up



The mark-up represented by each step can be .25 to 1 percentage point per bond.

PRICING KNOWLEDGE: WHAT IS THE RIGHT PRICE TO PAY?

ABC BOND EXAMPLE—CA State General Obligation	
Coupon	5.00%
Maturity	8/1/2034
Trade Date	11/4/2013
High	$105.28
Low	$101.53
Spread	**$3.74**

XYZ BOND EXAMPLE—NY State General Obligation	
Coupon	6.00%
Maturity	10/15/2023
Trade Date	10/23/2013
High	$118.03
Low	$112.75
Spread	**$5.28**

Trades as reported by InvestinginBonds.com on 12/31/13.

1. Franklin Templeton Investments includes Franklin Separately Managed Accounts and its affiliates.
2. As of 12/31/13. Municipal bond assets under management figure includes U.S. retail municipal bond fund assets and separately managed accounts.
3. Source: Strategic Insight, ICI. As of 12/31/13.
4. As of 12/31/13. Franklin Separately Managed Accounts and Franklin are defined as separate firms within the broader Franklin organization for the purpose of GIPS® compliance. Franklin Separately Managed Accounts, part of the Franklin Templeton Fixed Income Group, manages separately managed account portfolios for high-net-worth individuals and institutional clients.

Before investing in municipal bonds, you should understand the risks involved, including interest rate risk, credit risk and market risk. The value of the portfolio will fluctuate based on the value of the underlying securities, and you may lose some or all of your principal.

Please contact your tax advisor regarding the suitability of tax-exempt investments in your portfolio, the applicability of local taxes and the Alternative Minimum Tax to municipal bond income, and any gains or losses on sales prior to maturity.

Not FDIC Insured | May Lose Value | No Bank Guarantee

FRANKLIN TEMPLETON INVESTMENTS:[1] A TAX-FREE LEADER

- $69 billion in municipal bond assets under management[2]
- One of the largest municipal bond fund managers in the nation[3]
- 18 research analysts and 15 portfolio managers[4]
- Sector-specific expertise
- Approximately 150 site visits each year

WHO NEEDS FRANKLIN'S EXPERTISE?

- Investors wanting to avoid large spreads and mark-ups
- Investors concerned with pricing knowledge
- Investors and advisors who realize they do not have the time to properly manage a municipal bond portfolio, given the complexities of the market
- Investors seeking continuous portfolio maintenance
- Investors concerned with taxes

COMPLIANCE STATEMENT

The information contained in this piece is not a complete analysis of every material fact regarding the market and any industry, sector, security or portfolio. Statements of fact cited by the manager have been obtained from sources considered reliable but no representation is made as to their completeness or accuracy. Because market and economic conditions are subject to rapid change, opinions provided are valid only as of the date of the material, and are subject to change without notice. The manager's opinions are intended solely to provide insight into how the manager analyzes securities and are not a recommendation or individual investment advice for any particular security, strategy or investment product. Any securities discussed may not represent an account's entire portfolio and in the aggregate may represent a small percentage of an account's portfolio holdings. There is no assurance that any such securities will remain in an account's portfolio, or that securities sold have not been repurchased. It should not be assumed that any securities transactions discussed were or will prove to be profitable. The information provided should not be considered a recommendation to purchase, sell or hold any particular security.

Investors should review their investment objectives, risk tolerance and liquidity needs before choosing a manager. There is no guarantee that investment strategies will work under all market conditions, and investors should evaluate their ability to invest for the long term, especially during periods of market downturns. **Past performance does not guarantee future results and results may differ over future time periods.**

Franklin Separately Managed Accounts claims compliance with the Global Investment Performance Standards (GIPS®).

Franklin Separately Managed Accounts (the "firm") manages domestic equity and fixed income portfolios for high net worth individuals and institutional clients, applying a bottom-up, research-oriented process that utilizes proprietary screening models and top-down risk controls in managing its portfolios. Franklin Separately Managed Accounts is a division of Franklin Templeton Portfolio Advisors, Inc. ("FTPA"), a subsidiary of Franklin Resources, Inc. ("FRI") and is a unit of the broader Franklin organization. At Franklin Separately Managed Accounts, brokerage, administrative, custodial and investment management fees are charged together as a percentage of the portfolios' assets (comprehensive fee or "wrap fee") or may in some instances be charged separately (unbundled fee). Retail and Institutional separate accounts managed by affiliated Franklin entities are not included in the firm definition. Franklin Separately Managed Accounts was previously known as Franklin Portfolio Advisors prior to June 30, 2012. Franklin Portfolio Advisors was previously known as the Franklin Private Client Group prior to October 1, 2004.

Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. To receive a complete list of composite descriptions for Franklin Separately Managed Accounts and/or a presentation that adheres to the GIPS® standards for any composite, contact your Franklin Templeton separately managed account sales team at (800) 822-8464 or visit www.franklintempleton.com.

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