



Franklin Templeton Bank & Trust

408(b)(2) Disclosure to ERISA 403(b) Plan Employers

ERISA-COVERED 403(b) PLAN EMPLOYERS: To the extent Franklin Templeton Bank & Trust (FTB&T) is serving as custodian to your ERISA-covered¹ 403(b) plan, FTB&T is providing information concerning plan fees in accordance with Section 408(b)(2) of ERISA.

Starting on page two, you will also find investment expense information for those Franklin Templeton mutual funds advised by affiliates of FTB&T in which plan participants may elect to invest, in part to assist with the plan participant fee disclosure requirement [under Section 404(a)(5) of ERISA], if applicable.² Further information may be obtained by visiting the Department of Labor’s website at www.dol.gov/ebsa/ or calling (866) 487-2365.

Services Provided	<ul style="list-style-type: none"> • FTB&T provides custodial services, which includes accepting contributions, processing distributions, and issuing account statements and appropriate tax reports. • FTB&T provides the custodial account agreement and ancillary forms, such as plan distribution forms.
Direct Compensation Received	FTB&T receives an annual maintenance fee of \$35 per plan participant or \$30 if the plan participant’s account balance is \$50,000 or more. This fee is assessed to the participant’s account every December unless the fee is paid separately by check.
Indirect Compensation Received	\$0
Related Party Compensation	\$0
Termination Compensation	\$0

1. An ERISA-covered retirement plan does not include a plan where the only participants are a self-employed individual and his or her spouse or, in the case of a partnership, other partners. Governmental and church plans are also generally exempt under ERISA.

2. For details, please refer to Department of Labor Field Assistance Bulletins 2013-02 and 2012-02R: <http://www.dol.gov/ebsa/Regs/fabmain.html>

TOTAL ANNUAL FUND OPERATING EXPENSES

Total Operating Expenses include 12b-1 fees, management fees of Franklin Templeton mutual funds in which plan participants may elect to invest, and other expenses based on the total amount invested in each fund. Such expenses are reflected in the value of the investment. Figures are stated in the funds' prospectus current as of the date of this report. Expenses differ as a result of the different class pricing structures. Please refer to page 5 of this flyer and the fund's prospectus for more information regarding Class A, Class C, Class R, Class Z and Advisor Class share pricing.

As of April 30, 2014		A Shares	C Shares	R Shares ³	Advisor/Z Shares ³
VALUE					
Franklin All Cap Value ⁴	(without waiver)	1.61%	2.31%	1.81%	1.31%
	(with waiver)	1.24%	1.94%	1.44%	0.94%
Franklin Balance Sheet Investment ⁴	(without waiver)	0.93%	1.68%	1.18%	0.68%
	(with waiver)	0.92%	1.67%	1.17%	0.67%
Franklin Large Cap Value ⁴	(without waiver)	1.37%	2.08%	1.58%	1.08%
	(with waiver)	1.36%	2.07%	1.57%	1.07%
Franklin MicroCap Value ⁴	(without waiver)	1.19%	—	—	0.95%
	(with waiver)	1.17%	—	—	0.93%
Franklin MidCap Value ⁴	(without waiver)	1.66%	2.36%	1.86%	1.36%
	(with waiver)	1.36%	2.06%	1.56%	1.06%
Franklin Mutual Recovery ⁴	(without waiver)	2.83%	3.54%	—	2.54%
	(with waiver)	1.49%	2.20%	—	1.20%
Franklin Small Cap Value ⁴	(without waiver)	1.21%	1.91%	1.41%	0.91%
	(with waiver)	1.20%	1.90%	1.40%	0.90%
Mutual Beacon		1.14%	1.84%	1.34%	0.84%
Mutual Quest		1.20%	1.90%	1.40%	0.90%
Mutual Shares		1.12%	1.82%	1.32%	0.82%
BLEND					
Franklin Focused Core Equity ⁴	(without waiver)	1.90%	2.51%	2.01%	1.60%
	(with waiver)	1.31%	1.90%	1.40%	1.01%
Franklin Large Cap Equity ⁴	(without waiver)	1.41%	2.09%	1.61%	1.11%
	(with waiver)	1.26%	1.94%	1.46%	0.96%
Franklin Rising Dividends ⁴	(without waiver)	0.95%	1.70%	1.20%	0.70%
	(with waiver)	0.94%	1.69%	1.19%	0.69%
GROWTH					
Franklin DynaTech		0.94%	1.69%	1.19%	0.69%
Franklin Flex Cap Growth		0.99%	1.74%	1.24%	0.74%
Franklin Growth ⁴	(without waiver)	0.93%	1.68%	1.18%	0.68%
	(with waiver)	0.92%	1.67%	1.18%	0.67%
Franklin Growth Opportunities		1.25%	1.97%	1.47%	0.97%
Franklin Small Cap Growth ⁴	(without waiver)	1.36%	2.06%	1.56%	1.06%
	(with waiver)	1.35%	2.05%	1.55%	1.05%
Franklin Small-Mid Cap Growth		0.98%	1.73%	1.23%	0.73%
SECTOR					
Franklin Biotechnology Discovery ⁴	(without waiver)	1.22%	1.93%	—	0.93%
	(with waiver)	1.21%	1.92%	—	0.92%
Franklin Global Real Estate ⁴	(without waiver)	1.62%	2.32%	—	1.32%
	(with waiver)	1.45%	2.15%	—	1.15%
Franklin Gold and Precious Metals		1.01%	1.76%	—	0.76%
Franklin Natural Resources		1.08%	1.77%	—	0.78%
Franklin Real Estate Securities		1.05%	1.80%	—	0.80%
Franklin Utilities		0.75%	1.25%	1.10%	0.60%
Mutual Financial Services		1.54%	2.24%	—	1.24%
GLOBAL					
Franklin World Perspectives ⁴	(without waiver)	2.05%	2.75%	2.25%	1.75%
	(with waiver)	1.58%	2.28%	1.78%	1.28%
Mutual Global Discovery		1.32%	2.02%	1.52%	1.02%
Templeton Global Opportunities Trust		1.35%	2.10%	—	1.10%

continued

3. Advisor Class, Class R and Class Z shares are only offered to qualified investors that meet certain eligibility criteria. Please see the fund's prospectus for a complete list of eligibility criteria.

4. The fund's manager has contractually agreed to waive or limit its fees and to make certain payments to reduce expenses.

TOTAL ANNUAL FUND OPERATING EXPENSES (cont'd.)

	A Shares	C Shares	R Shares ³	Advisor/Z Shares ³
GLOBAL (cont'd.)				
Templeton Global Smaller Companies	1.39%	2.14%	—	1.14%
Templeton Growth	1.07%	1.82%	1.32%	0.82%
Templeton World	1.05%	1.81%	—	0.81%
INTERNATIONAL				
Franklin India Growth ⁴	(without waiver) 2.26%	2.98%	—	1.98%
	(with waiver) 1.68%	2.40%	—	1.40%
Franklin International Growth ⁴	(without waiver) 1.54%	2.24%	1.74%	1.24%
	(with waiver) 1.50%	2.20%	1.70%	1.20%
Franklin International Small Cap Growth	1.44%	2.14%	1.64%	1.14%
Mutual European	1.43%	2.13%	1.63%	1.13%
Mutual International ⁴	(without waiver) 2.05%	2.75%	2.25%	1.75%
	(with waiver) 1.47%	2.17%	1.67%	1.17%
Templeton Asian Growth ⁴	(without waiver) 3.00%	3.75%	—	2.75%
	(with waiver) 1.67%	2.42%	—	1.42%
Templeton BRIC ⁴	(without waiver) 2.08%	2.79%	—	1.79%
	(with waiver) 2.07%	2.78%	—	1.78%
Templeton China World	1.85%	2.55%	—	1.55%
Templeton Developing Markets Trust	1.70%	2.43%	1.93%	1.43%
Templeton Emerging Markets Small Cap ⁴	(without waiver) 2.11%	2.90%	2.40%	1.90%
	(with waiver) 1.45%	2.24%	1.74%	1.24%
Templeton Foreign	1.19%	1.94%	1.44%	0.94%
Templeton Foreign Smaller Companies	1.65%	2.40%	—	1.40%
Templeton Frontier Markets ⁴	(without waiver) 2.12%	2.82%	2.32%	1.82%
	(with waiver) 2.11%	2.81%	2.31%	1.81%
HYBRID				
Franklin Balanced ⁴	(without waiver) 1.14%	1.84%	1.34%	0.84%
	(with waiver) 1.13%	1.83%	1.33%	0.83%
Franklin Convertible Securities	0.88%	1.63%	—	0.63%
Franklin Equity Income	0.91%	1.66%	1.16%	0.66%
Franklin Income	0.62%	1.12%	0.97%	0.47%
Templeton Emerging Markets Balanced ⁴	(without waiver) 2.11%	2.90%	2.40%	1.90%
	(with waiver) 1.45%	2.24%	1.74%	1.24%
Templeton Global Balanced ⁴	(without waiver) 1.23%	1.98%	1.48%	0.98%
	(with waiver) 1.22%	1.97%	1.47%	0.97%
ASSET ALLOCATION				
Franklin Templeton Corefolio Allocation	1.14%	1.84%	1.34%	0.84%
Franklin Templeton Founding Funds Allocation	1.05%	1.80%	1.30%	0.80%
Franklin Templeton Global Allocation ⁴	(without waiver) 1.59%	2.29%	1.79%	1.29%
	(with waiver) 1.32%	2.02%	1.52%	1.02%
Franklin Templeton Multi-Asset Real Return ⁴	(without waiver) 3.52%	4.22%	3.72%	3.22%
	(with waiver) 1.40%	2.10%	1.60%	1.10%
Franklin Templeton Conservative Allocation ^{4,5}	(without waiver) 1.15%	1.90%	1.40%	0.90%
	(with waiver) 1.14%	1.89%	1.39%	0.89%
Franklin Templeton Moderate Allocation ^{4,5}	(without waiver) 1.22%	1.97%	1.47%	0.97%
	(with waiver) 1.20%	1.95%	1.45%	0.95%
Franklin Templeton Growth Allocation ^{4,5}	(without waiver) 1.32%	2.07%	1.57%	1.07%
	(with waiver) 1.25%	2.00%	1.50%	1.00%
Franklin LifeSmart 2015 Retirement Target ^{4,5}	(without waiver) 1.41%	2.11%	1.61%	1.11%
	(with waiver) 0.89%	1.59%	1.09%	0.59%
Franklin LifeSmart 2020 Retirement Target ^{4,5}	(without waiver) 2.77%	3.47%	2.97%	2.47%
	(with waiver) 0.91%	1.61%	1.11%	0.61%

continued

3. Advisor Class, Class R and Class Z shares are only offered to qualified investors that meet certain eligibility criteria. Please see the fund's prospectus for a complete list of eligibility criteria.

4. The fund's manager has contractually agreed to waive or limit its fees and to make certain payments to reduce expenses.

5. Please note that expense ratios for this fund include estimated indirect expenses of its underlying funds.

TOTAL ANNUAL FUND OPERATING EXPENSES (cont'd.)

		A Shares	C Shares	R Shares ³	Advisor/Z Shares ³
ASSET ALLOCATION (cont'd.)					
Franklin LifeSmart 2025 Retirement Target ^{4,5}	(without waiver)	1.48%	2.18%	1.68%	1.18%
	(with waiver)	0.93%	1.63%	1.13%	0.63%
Franklin LifeSmart 2030 Retirement Target ^{4,5}	(without waiver)	2.88%	3.58%	3.08%	2.58%
	(with waiver)	0.94%	1.64%	1.14%	0.64%
Franklin LifeSmart 2035 Retirement Target ^{4,5}	(without waiver)	1.63%	2.33%	1.83%	1.33%
	(with waiver)	0.95%	1.65%	1.15%	0.65%
Franklin LifeSmart 2040 Retirement Target ^{4,5}	(without waiver)	2.95%	3.65%	3.15%	2.65%
	(with waiver)	0.95%	1.65%	1.15%	0.65%
Franklin LifeSmart 2045 Retirement Target ^{4,5}	(without waiver)	1.88%	2.58%	2.08%	1.58%
	(with waiver)	0.95%	1.65%	1.15%	0.65%
Franklin LifeSmart 2050 Retirement Target ^{4,5}	(without waiver)	3.01%	3.71%	3.21%	2.71%
	(with waiver)	0.95%	1.65%	1.15%	0.65%
FIXED INCOME					
Franklin Adjustable U.S. Government Securities		0.87%	1.27%	—	0.62%
Franklin Floating Rate Daily Access ⁴	(without waiver)	0.87%	1.27%	—	0.62%
	(with waiver)	0.85%	1.25%	—	0.60%
Franklin High Income ⁴	(without waiver)	0.78%	1.28%	1.13%	0.63%
	(with waiver)	0.77%	1.27%	1.12%	0.62%
Franklin Limited Maturity U.S. Government Securities		0.79%	—	—	0.69%
Franklin Low Duration Total Return ⁴	(without waiver)	0.98%	1.38%	—	0.73%
	(with waiver)	0.80%	1.20%	—	0.55%
Franklin Real Return ⁴	(without waiver)	1.10%	1.50%	—	0.85%
	(with waiver)	0.92%	1.32%	—	0.67%
Franklin Strategic Income ⁴	(without waiver)	0.89%	1.29%	1.14%	0.64%
	(with waiver)	0.88%	1.28%	1.13%	0.63%
Franklin Strategic Mortgage Portfolio ⁴	(without waiver)	0.98%	1.38%	—	0.73%
	(with waiver)	0.97%	1.37%	—	0.72%
Franklin Templeton Hard Currency ⁴	(without waiver)	1.18%	—	—	0.90%
	(with waiver)	1.13%	—	—	0.85%
Franklin Total Return ⁴	(without waiver)	0.93%	1.33%	1.18%	0.68%
	(with waiver)	0.89%	1.29%	1.14%	0.64%
Franklin U.S. Government Securities		0.73%	1.23%	1.08%	0.58%
Templeton Global Bond ⁴	(without waiver)	0.89%	1.29%	1.14%	0.64%
	(with waiver)	0.88%	1.28%	1.13%	0.63%
Templeton Global Total Return ^{4,6}	(without waiver)	1.03%	1.43%	1.28%	0.78%
	(with waiver)	1.01%	1.41%	1.26%	0.76%
Templeton International Bond ⁴	(without waiver)	1.17%	1.52%	1.37%	0.87%
	(with waiver)	1.06%	1.41%	1.26%	0.76%
MONEY					
Franklin Money ⁷		0.61%	—	—	—
Franklin Templeton Money ⁸	(without waiver)	0.71%	1.36%	1.21%	—
	(with waiver)	0.60%	1.25%	1.10%	—

3. Advisor Class, Class R and Class Z shares are only offered to qualified investors that meet certain eligibility criteria. Please see the fund's prospectus for a complete list of eligibility criteria.

4. The fund's manager has contractually agreed to waive or limit its fees and to make certain payments to reduce expenses.

5. Please note that expense ratios for this fund include estimated indirect expenses of its underlying funds.

6. The fund's expense ratio, with waiver, does not reflect an expense cap on common expenses contractually guaranteed. Please see the Management section of the prospectus for more information.

7. The funds' 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.

8. The Gross Expense Ratio does not include an expense reduction contractually guaranteed through at least 10/31/14. Please see the prospectus for additional information.

FUND SALES CHARGES AND COMMISSIONS

CLASS A			
	ACCOUNT/PURCHASE SIZE	SALES CHARGE	DEALER COMMISSION
Equity Funds ⁹	Less than \$50,000	5.75%	5.00%
	\$50,000 – \$99,999	4.50%	3.75%
	\$100,000 – \$249,999	3.50%	2.80%
	\$250,000 – \$499,999	2.50%	2.00%
	\$500,000 – \$999,999	2.00%	1.60%
	\$1,000,000 – \$3,999,999	0.00% ¹⁰	up to 1.00% ¹⁰
	\$4,000,000 – \$49,999,999	0.00% ¹⁰	up to 0.50% ¹⁰
	\$50,000,000 and over	0.00% ¹⁰	up to 0.25% ¹⁰
Long-Term Fixed Income Funds ⁹	Less than \$100,000	4.25%	4.00%
	\$100,000 – \$249,999	3.50%	2.80%
	\$250,000 – \$499,999	2.50%	2.00%
	\$500,000 – \$999,999	2.00%	1.60%
	\$1,000,000 – \$3,999,999	0.00% ¹⁰	up to 0.75% ¹⁰
	\$4,000,000 – \$49,999,999	0.00% ¹⁰	up to 0.50% ¹⁰
Intermediate- and Limited-Term Fixed Income Funds	Less than \$100,000	2.25%	2.00%
	\$100,000 – \$249,999	1.75%	1.50%
	\$250,000 – \$499,999	1.25%	1.00%
	\$500,000 – \$999,999	1.00%	0.85%
	\$1,000,000 – \$3,999,999	0.00% ¹⁰	up to 0.75% ¹⁰
	\$4,000,000 – \$49,999,999	0.00% ¹⁰	up to 0.50% ¹⁰
Maximum 12b-1 fees paid to dealer ¹¹			
	All equity funds	0.25%	
EXCEPT			
	Franklin Income Fund Franklin Utilities Fund	0.15% 0.15%	
All long-term taxable fixed income funds			
		0.25%	
EXCEPT			
	Franklin High Income Fund Franklin U.S. Government Securities Fund	0.15% 0.15%	
All intermediate-term taxable income funds			
		0.25%	
EXCEPT			
	Franklin Limited Maturity U.S. Gov't Securities Fund	0.10%	

CLASS C		
	EQUITY FUNDS ⁹	FIXED INCOME FUNDS ⁹
Front-end sales charge paid by investor	0.00%	0.00%
Commission paid to dealer ¹²		
Franklin Templeton Distributors, Inc., upfront payment	0.75%	0.85%
Advanced 12b-1 service fee for year 1	0.25%	0.15%
Total up-front commission	1.00%	1.00%
CDSC (shares redeemed within 12 months of purchase) ¹³	1.00%	1.00%
Maximum 12b-1 fees paid to dealer ¹⁴		
Service fee	0.25%	0.15%
Asset-based charge	0.75%	0.50%
Total 12b-1 fees	1.00%	0.65%

CLASS R		
	EQUITY FUNDS	FIXED INCOME FUNDS
Front-end sales charge paid by investor	0.00%	0.00%
Commission paid to dealer	0.00%	0.00%
CDSC	0.00%	0.00%
Maximum 12b-1 fees paid to dealer	0.50%	0.50%

ADVISOR CLASS/CLASS Z		
Refer to a prospectus for a list of eligible investors.		
	EQUITY FUNDS	FIXED INCOME FUNDS
Front-end sales charge paid by investor	0.00%	0.00%
Commission paid to dealer	0.00%	0.00%
CDSC	0.00%	0.00%
Maximum 12b-1 fees paid to dealer	0.00%	0.00%

9. Hybrid funds follow the equity funds' pricing schedule (except Franklin Income Fund). Franklin Income Fund and Franklin Utilities Fund follow the long-term, fixed income funds' pricing schedule. Please see prospectus for details.

10. For Net Asset Value (NAV) purchases of \$1 million or more, a CDSC may apply (1.00% for equity funds or 0.75% for fixed income funds) to shares redeemed within 18 months.

11. Annual 12b-1 fees are paid quarterly to qualifying dealers.

12. Dealer commission for equity funds includes 0.75% prepaid commission and 0.25% advance of first year's 12b-1 service fee. Dealer commission for fixed income funds includes 0.85% prepaid commission and 0.15% advance of first year's 12b-1 service fee.

13. Please see each fund's prospectus and Statement of Additional Information (SAI) for Contingent Deferred Sales Charge (CDSC) waivers.

14. 12b-1 service fees are paid in advance for the first year at the time of purchase. Franklin Templeton Distributors, Inc. retains the asset-based charge in the first year. Qualifying dealers will earn the full 12b-1 fee (service fee and asset based charge) beginning in the 13th month.