Fund Management

Years with Firm
Edward D. Perks, CFA 26
Matt Quinlan 13
Richard Hsu, CFA 23
Todd Brighton, CFA 19
Brendan Circle, CFA 5

Years of Experience
26
24
23
19
9

Share Class Information

Share Class CUSIP NASDAQ Symbol
Advisor 353 496 847 FRIAX
A 353 496 490 FKIQX
C 353 496 805 FCIAX
R 353 496 722 FISRX
R6 353 496 631 FNCFX

Fund Management

Total Net Assets $74,533 million [All Share Classes]

Fund Inception Date 8/31/1948

Dividend Frequency Monthly, on the 3rd business day

Number of Issuers 161

Total Returns % (as of 9/30/2019)

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Fund Overview

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Top Ten Holdings (% of Total)

Issuer Name
GOVERNMENT OF THE UNITED STATES OF AMERICA 10.95
COMMUNITY HEALTH SYSTEMS INC 5.10
JP MORGAN CHASE & CO 2.85
TENET HEALTHCARE CORP 2.82
BANK OF AMERICA CORP 2.39
CHESAPEAKE ENERGY CORP 2.37
SPRINT CORP 2.16
WELLS FARGO & CO 2.09
THE SOUTHERN CO 2.08
BAUSCH HEALTH COS INC 1.89

Fund Measures

Average Weighted Maturity 3.77 Years
Standard Deviation (3 Yrs) - Advisor Class 7.13 Years
Beta (3 Yrs, vs Blended 50% MSCI USA High Dividend Yield Index + 25% Bloomberg Barclays High Yield Very Liquid Index + 25% Bloomberg Barclays US Aggregate Index) - Advisor Class 1.07

Performance

Growth of a $10,000 Investment (from 08/31/1948-09/30/2019)

Total Annual Operating Expenses
Share Class
Advisor 0.47%

30-Day Standardized Yield
Share Class
Advisor 3.95%

Asset Allocation (Market Value %)

- Fixed Income 50.32
- Equity 30.48
- Convertibles 17.53
- Cash & Cash Equivalents 1.67

Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund’s investment returns and principal values will change with market conditions, and you may have a gain or a loss when you sell your shares. Please call Franklin Templeton at (800) DIAL BEN/(800) 342-5236 or visit franklintempleton.com for the most recent month-end performance.

Advisor Class shares do not have sales charges or 12b-1 fees and are offered only to certain eligible investors as stated in the prospectus.

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

Not FDIC Insured | May Lose Value | No Bank Guarantee
### Composition of Fund

<table>
<thead>
<tr>
<th>Sector (Market Value)—Equity</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information Technology</td>
<td>7.96</td>
</tr>
<tr>
<td>Financials</td>
<td>7.74</td>
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<tr>
<td>Health Care</td>
<td>6.60</td>
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<tr>
<td>Energy</td>
<td>6.55</td>
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<tr>
<td>Utilities</td>
<td>5.97</td>
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<tr>
<td>Consumer Discretionary</td>
<td>3.56</td>
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<tr>
<td>Materials</td>
<td>2.86</td>
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<tr>
<td>Industrials</td>
<td>2.16</td>
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<tr>
<td>Communication Services</td>
<td>2.12</td>
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<tr>
<td>Others</td>
<td>2.49</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Sector (Market Value)—Fixed Income</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Yield Corporates</td>
<td>26.94</td>
</tr>
<tr>
<td>U.S. Treasury</td>
<td>10.91</td>
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<tr>
<td>Investment Grade Corporates</td>
<td>9.79</td>
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<tr>
<td>Floating-Rate Loans</td>
<td>2.12</td>
</tr>
<tr>
<td>MBS</td>
<td>0.45</td>
</tr>
<tr>
<td>International Bonds</td>
<td>0.11</td>
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</table>

### Portfolio Data Disclosures

Market value figures reflect the trading value of the investments. Average Weighted Maturity reflects certain derivatives held in the portfolio (or their underlying reference assets). Portfolio breakdown percentages may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors.

### What Are the Risks?

All investments involve risks, including possible loss of principal. The fund’s portfolio includes a substantial portion of higher-yielding, lower-rated corporate bonds and some floating rate loans, which are also higher-yielding and lower-rated. These investments have more credit risk than investment-grade securities and are subject to increased risk of default and potential loss of principal. The fund’s share price and yield will be affected by interest rate movements. Bond prices generally move in the opposite direction of interest rates. Thus, as the prices of bonds in the fund adjust to a rise in interest rates, the fund’s share price may decline. Changes in the financial strength of a bond issuer or in a bond’s credit rating may affect its value. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Foreign investing involves additional risks such as currency and market volatility, as well as political and social instability. These and other risk considerations are discussed in the fund’s prospectus.

### Glossary

**Average Weighted Maturity:** An estimate of the number of years to maturity, taking the possibility of early payments into account, for the underlying holdings.

**Beta:** A measure of the fund’s volatility relative to the market, as represented by the stated index. A beta greater than 1.00 indicates volatility greater than the market.

**Standard Deviation:** A measure of the degree to which a fund’s return varies from the average of its previous returns. The larger the standard deviation, the greater the likelihood (and risk) that a fund’s performance will fluctuate from the average return.

### Important Information

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.

Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change. All MSCI data is provided “as is.” The Fund described herein is not sponsored or endorsed by MSCI. In no event shall MSCI, its affiliates or any MSCI data provider have any liability of any kind in connection with the MSCI data or the Fund described herein. Copying or redistributing the MSCI data is strictly prohibited.

The Bloomberg Barclays US High Yield Very Liquid Index (VLI) is a component of the US Corporate High Yield Index designed to track a more liquid component of the USD-denominated, high yield, fixed-rate corporate bond market. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

**Fund Management:** CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.

**Performance:** The fund offers other share classes subject to different fees and expenses, which will affect their performance.

**Advisor:** Effective 12/31/96, the fund began offering Advisor Class Shares. For periods prior to the fund’s Advisor Class inception date, a restated figure is used based on the fund’s oldest share class, Class A1 performance, excluding the effect of Class A1’s maximum initial sales charge but reflecting the effect of the Class A1 Rule 12b-1 fees; and for periods after the fund’s Advisor Class inception date, actual Advisor Class performance is used, reflecting all charges and fees applicable to that class.

**Benchmark:** The 50% USA High Div Yield + 25% High Yield Very Liquid + 25% US Agg Index is composed of the Blended 50% MSCI USA High Dividend Yield Index + 25% Bloomberg Barclays High Yield Very Liquid Index + 25% Bloomberg Barclays US Aggregate Index.

**30-Day Standardized Yield:** The fund’s 30-day standardized yield is calculated over a trailing 30-day period using the yield to maturity on bonds and/or the dividends accrued on stocks. It may not equal the fund’s actual income distribution rate, which reflects the fund’s past dividends paid to shareholders.

**Top Ten Holdings:** The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included.

**Fund Measures:** Source: FactSet. The portfolio characteristics listed are based on the fund’s underlying holdings, and do not necessarily reflect the fund’s characteristics. Average weighted maturity data pertains to the fixed income component of the fund.

**Composition of Fund:** Percentage may not equal 100% due to rounding.