



Franklin High Income Fund

Global Fixed Income

As of February 1, 2017, all U.S.-dollar denominated series of this fund are closed to new investors.

October 31, 2018

Franklin

Fund Overview¹

Total Net Assets	\$20,834,703 ²
Inception Date	Series A: 02/17/2003 Series F: 02/17/2003
Number of Holdings	130
Morningstar Category TM	High Yield Fixed Income
Benchmark	Credit Suisse High Yield Index (USD)

Investment Objective & Strategy

High current income and some long-term capital appreciation by investing primarily in high-yield, lower-rated debt securities issued in the United States and throughout the world.

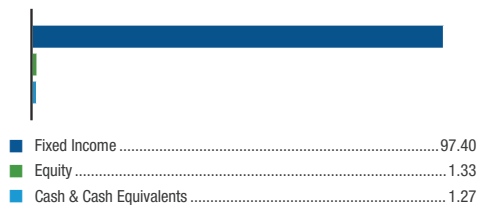
Fund Management

Christopher J. Molumphy	31 Years, California, United States
Glenn Voyles	25 Years, California, United States

Risk Classification

Low	Low to Medium	Medium	Medium to High	High
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Asset Allocation (%)⁶



Fund Codes

	Fund		Corp Class	
	CDN\$	US\$	CDN\$	US\$
Series A Front	TML186	TML187		
Series A DSC	TML188	TML189		
Series A Low Load	TML190	TML191		
Series F	TML228	TML262		
Series I (Closed to new investors)	TML3380	TML3381		
Series O	TML172	TML149		
Series PF	TML3810	TML3811		

¹ Series F is available to investors participating in programs that do not require Franklin Templeton to incur distribution costs in the form of trailing commissions to dealers. As a consequence, the management fee on Series F is lower than on Series A.

² Figures shown for Yield to Maturity, Weighted Average Maturity, Duration, Duration to Worst and Yield to Worst reflect certain derivatives held in the portfolio (or their underlying reference assets).

³ Inclusive of trust and corporate class versions where applicable.

⁴ Please see detailed definitions on the last page.

⁵ Uses effective duration for MBS/ABS securities, uses 90-day average reset period assumed for all bank loans and for duration of bank loans and uses zero duration for certain convertible preferred stock.

⁶ The fund may also pay capital gains in December if required.

⁷ Asset Allocation and Top Country Weightings figures reflect certain derivatives held in the portfolio (or their underlying reference assets) and may not total 100% or may be negative due to rounding, use of derivatives, unsettled trades or other factors.

⁸ Includes issues in default as well as issues which have missed payments but may not be in technical default. May not include other issues for which interest receivables have been reversed but have not yet missed coupon/ principal payments or filed for bankruptcy.

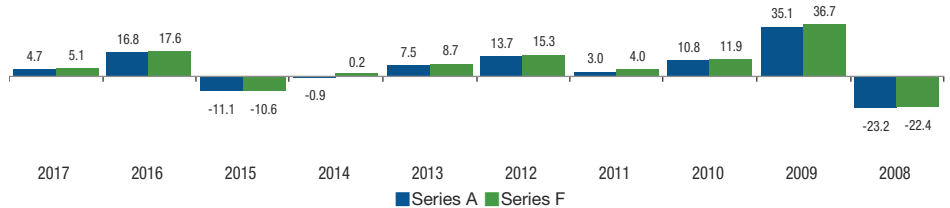
⁹ May include currency forwards and common/warrants.

REASONS TO INVEST IN THIS FUND:

- **A source of fixed income portfolio diversification.** High-yield bond funds tend to have low correlations with other asset classes, improving portfolio efficiency.
- **Breadth of research.** The fund is supported by a team of high-yield specialists, and further leverages the expertise of more than 170 investment professionals from Franklin Templeton Fixed Income.
- **Currency management.** The fund typically engages in currency management strategies to hedge the exposure to the impact of changes in currency exchange rates.

Performance

Calendar Year Returns in Canadian Dollars (%)



Compounded Returns in Canadian Dollars (%)

	YTD	1 Mo	3 Mo	6 Mo	1 Year	3 Years	5 Years	10 years	Since Inc [^]
Series A	-1.03	-2.41	-1.03	-0.08	-1.17	4.34	1.50	7.11	3.12
Series F [†]	-0.55	-2.36	-0.89	0.26	-0.55	4.89	2.17	8.07	4.08

[^] Series inception date

Top Holdings (%)

Valeant Pharmaceuticals International, Inc.	2.61
Navient Corp	1.99
Sprint Communications Inc	1.97
Calpine Corp	1.42
Cheniere Corpus Christi Holdings, LLC	1.36
Grinding Med/Mc Grinding	1.33
T-Mobile USA Inc	1.33
Clear Channel Worldwide Holdings, Inc.	1.32
SunCoke Energy Partners, L.P.	1.32
EnQuest plc	1.32

Fund Facts¹

Price per Unit (Series A)	\$5.45
Yield to Maturity ³	7.11%
Average Weighted Maturity	5.4 Years
Average Duration	4.0 Years
Duration to Worst ⁴	4.2 Years
Portfolio Turnover Rate (06/30/2018)	13.87%
MER (06/30/2018 incl. HST)	A: 1.62% F: 1.07%
Yield to Worst ³	7.02%
Distributions	Interest income paid monthly ⁵

Composition of Fund

Top Country Weightings (% of Total)⁶

United States	83.79
Canada	4.88
Netherlands	1.94
United Kingdom	1.32
Zambia	1.26
United Arab Emirates	1.25
Luxembourg	1.25
Australia	1.24
Others	1.79
Cash & Cash Equivalents	1.27

Bond Ratings (%)

BBB	1.29	D ⁷	0.00
BB	34.19	NR ⁸	0.89
B	42.60	N/A	1.21
CCC ⁷	19.82		

Series A Distribution History

Date	Price	Distr.	Date	Price	Distr.
11/30/2017	\$5.73	\$0.02	05/31/2018	\$5.53	\$0.02
12/21/2017	\$5.70	\$0.03	06/29/2018	\$5.53	\$0.02
01/31/2018	\$5.72	\$0.02	07/31/2018	\$5.57	\$0.02
02/28/2018	\$5.64	\$0.02	08/31/2018	\$5.60	\$0.02
03/29/2018	\$5.56	\$0.02	09/28/2018	\$5.61	\$0.02
04/30/2018	\$5.57	\$0.02	10/31/2018	\$5.45	\$0.02

Disclaimers

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus or fund facts document before investing. The indicated rates of return are historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The portfolio manager for a Fund reserves the right to withhold release of information with respect to holdings that would otherwise be included in the top 10 holdings list. Series T distributions are automatically reinvested unless otherwise requested. Series T may also pay a distribution that must be reinvested in December, consisting of income and capital gains. Please indicate your preference to receive cash flow immediately on the application form. Fund AUM reported may include fund-on-fund holdings, and assets are therefore reflected in both the top fund and underlying fund AUM. The 'Supranational' geographic designation refers to international financial institutions whereby member states transcend national boundaries and issue debt securities on behalf of the group as a whole.

Beginning in October 2016, investors switching between Corporate Class funds may trigger a capital gain or loss at the time of the switch due to certain changes in the federal government's 2016 budget proposal.

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Franklin Templeton Investments Canada is a business name used by Franklin Templeton Investments Corp.

Glossary

Dividend Yield of a stock is the total amount of dividend per share paid over the previous 12 months, divided by its current price. The dividend yield of a mutual fund is the market-weighted average of the dividend yields of all the stocks in the portfolio. This measure is gross of fees.

Weighted Yield (Internal Yield) is a blended measure used for balanced funds, the internal yield is the market-weighted average of the Yield to Maturity of the fund's fixed income component and the Dividend Yield of the fund's equity component. This measure is gross of fees.

Yield to Maturity (YTM) is a long-term yield expressed as an annual rate. A bond's YTM is the rate of return anticipated if one assumes the bond is held until its maturity date and all the coupons paid by the bond are reinvested at the same rate of return as the coupons. The calculation takes into account the current market price, par value, coupon interest rate and time to maturity. The YTM of a bond fund is the market-weighted average of the YTM of all the bonds in the portfolio.

Yield to Worst (YTW) of a bond is the yield to maturity if the worst possible bond repayment takes place. If market yields are higher than the coupon, the YTW would assume no prepayment. If market yields are below the coupon, the YTW would assume prepayment. The YTW of a fund is the market-weighted average of the YTWs of all the bonds in the portfolio. This measure is gross of fees and excludes yield on cash.



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