




June 29, 2016

REMINDER

Franklin California Insured Tax-Free Income Fund Proposed Reorganization

The Board of Trustees of the Franklin California Insured Tax-Free Income Fund (the “Fund”) has approved a proposal to reorganize the Fund into Franklin California Tax-Free Income Fund at the close of market on or about **October 28, 2016** (reorganization date), subject to shareholder approval. Please see the enclosed prospectus supplement for more information. **The Franklin California Insured Tax-Free Fund has been closed to new investors and to additional investments since March 1, 2013.**

If the reorganization is approved by shareholders at a meeting expected to be held on or about **October 14, 2016**, the reorganization of the Franklin California Insured Tax-Free Income Fund is expected to complete on or about October 28, 2016. Shares of Franklin California Insured Tax-Free Income Fund share classes A, C and Advisor will be exchanged for shares in Franklin California Tax-Free Income Fund share classes A, C and Advisor respectively.

Fund Name	Share Class	Fund	CUSIP	NASDAQ	Prospectus Supplement
Franklin California Insured Tax-Free Income Fund	A	124	352 519 102	FRCIX	 CAT_P2_0616
Franklin California Insured Tax-Free Income Fund	C	224	352 519 409	FRCAX	
Franklin California Insured Tax-Free Income Fund	Advisor	654	352 519 805	FZCAX	

Fund Name	Share Class	Fund	CUSIP	NASDAQ
Franklin California Tax-Free Income Fund	A	112	352 518 104	FKTFX
Franklin California Tax-Free Income Fund	C	212	352 518 203	FRCTX
Franklin California Tax-Free Income Fund	Advisor	614	352 518 401	FCAVX

How will financial advisors and shareholders be notified?

- A message has been posted to the Franklin California Insured Tax-Free Income Fund’s main page on franklintempleton.com.
- Financial advisors were sent an email detailing these changes on about June 20, 2016; for financial advisors without an email address on file, a letter was mailed to them on about the same date.
- A prospectus supplement and statement message detailing the proposed fund reorganization will be included with shareholders’ quarterly asset summary statements, which will be mailed in early July 2016. Shareholders of record will be mailed a combined prospectus/proxy statement in August 2016.

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If you have questions, please contact your Dedicated Service Team at 1-800/266-6768.

Operational Details

Operational information regarding the Fund reorganization is provided below. Dedicated Service Teams will perform a review of accounts with networked and omnibus positions in the Funds, and contact your firm to discuss any questions or obtain processing instructions, as needed. If you have questions that are not addressed in this notification, please contact your Dedicated Service Team.

Account Listing	If your firm requires a final listing of account numbers associated with the reorganization, please contact your Dedicated Service Team.
Account Options	Account options will be carried over from the Franklin California Insured Tax-Free Income Fund account to the new Franklin California Tax-Free Income Fund account.
Accrual Bucket	The Franklin California Insured Tax-Free Income Fund is an Accrual Fund. Accrual reinvestment or pay out operational details will be provided as soon as possible prior to the reorganization.
Conversion Ratio	A communication including the conversion ratio used to process the transaction will be provided as soon as possible following the reorganization processing date. The conversion ratio is extended ten decimal places.
Existing Accounts with Matching Registrations	Shareholders that have an existing account in the Franklin California Tax-Free Income Fund that matches the registration on their Franklin California Insured Tax-Free Income Fund account will have their shares exchanged into the existing account.
F55 Activity	The reorganization is being processed on October 31, 2016 as of October 28, 2016 . Reorganization activity will be transmitted in the F55 activity file that will be transmitted around 5:00 am EST on November 1, 2016 . <ul style="list-style-type: none"> • Shares moving from the Franklin California Insured Tax-Free Income Fund as part of the reorganization will be processed as an exchange with a literal translation of "Fund Merger Out/Non-taxable" using a four digit NAV methodology. Fund reorganization activity will be included in the NSCC F55 networking activity record with the transaction type code of W0. • Shares moving into the Franklin California Tax-Free Income Fund as part of the reorganization will be processed as an exchange with a literal translation of "Fund Merger In/Non-taxable" using a two digit NAV calculation methodology. Fund reorganization activity will be included in the NSCC F55 networking activity record with the transaction type code of W0.
Final Distribution & Important Dates	Final distribution information will be provided as soon as possible if it is determined the Fund has earnings to distribute prior to the reorganization.
Net Asset Value	A communication including the Net Asset Value used to process the transaction will be provided as soon as possible following the reorganization processing date. <ul style="list-style-type: none"> • Shares moving from the Franklin California Insured Tax-Free Income Fund as part of the reorganization will be processed using a four digit NAV. • Shares moving to the Franklin California Tax-Free Income Fund as part of the reorganization will be processed using a two digit NAV.
Pre-agreement Shares (Also known as Level One, Old, or Grandfathered Shares)	Please ensure omnibus accounts in the Franklin California Insured Tax-Free Income Fund containing Pre-agreement shares receive Pre-agreement shares of the Franklin California Tax-Free Income Fund, which have the same aggregate net asset value as their investment in Franklin California Insured Tax-Free Income Fund.
Tax Implications	The Fund reorganization is a nontaxable event. While the transaction is intended to qualify as a tax-free reorganization for federal tax income purposes, please note that redemptions made before the reorganization date may be taxable. Shareholders should consult their tax advisor about the effect, if any, of the transaction in light of their individual circumstances.
T+1 Trading Dates	Trades placed on or after October 26, 2016, with a T+1 next day settlement indicator will follow normal NSCC processing rules. The Dedicated Service Teams will contact firms regarding trades that have been placed, but have not settled on October 31, 2016, in order to coordinate proper handling of the trades.


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REMINDER**Templeton Institutional Funds (“TIF”) Foreign Equity Series Fund Name Change**

Effective **June 30, 2016**, TIF Foreign Equity Series (the “Fund”) will be renamed TIF International Equity Series. **There will be no change to the Fund’s CUSIP Numbers, NASDAQ Symbols, fund numbers, investment policy, or strategy as a result of the name change.** Please see additional details listed below.

Fund Details

Current Fund Name	New Fund Name (as of 6/30/16)	Share Class	Fund	CUSIP	NASDAQ	Prospectus Supplement
TIF Foreign Equity Series	TIF International Equity Series	Primary Shares	454	880 210 505	TFEQX	
		Service Shares	444	880 210 869	TFESX	ZTIF_P1_

Shareholder Notification

- A message has been posted to the Institutional Mutual Fund page on ffinstitutional.com.
- Shareholders that receive quarterly statements from Franklin Templeton will receive a message on their Q2 asset summary statement message regarding the fund name change, which is scheduled to be sent in early July 2016.

FUND LAUNCH**Franklin K2 Global Macro Opportunities Fund**

Franklin Templeton is pleased to announce the launch of a new fund, Franklin K2 Global Macro Opportunities Fund (the “Fund”), which is scheduled to be available to the public on or about **August 1, 2016**. Please see the table below and the following pages for more information about the Fund.

Fund Name	Share Class	Fund	CUSIP	NASDAQ
Franklin K2 Global Macro Opportunities Fund	A	973	352 41W 815	FKMAX
Franklin K2 Global Macro Opportunities Fund	C	273	352 41W 799	FKMDX
Franklin K2 Global Macro Opportunities Fund	R	854	352 41W 781	FKMRX
Franklin K2 Global Macro Opportunities Fund	R6	836	352 41W 773	FKMQX
Franklin K2 Global Macro Opportunities Fund	Advisor	993	352 41W 765	FKMZX

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Fund Details	
Fund Name	Franklin K2 Global Macro Opportunities Fund
Fund Investment Goal	The Fund will seek capital appreciation over a full market cycle by allocating the Fund's assets across global macro- focused investment strategies, which are alternative strategies that generally focus on macro-economic opportunities across numerous markets and investments.
Share Classes	A, C, R, R6 and Advisor
Target Public Launch Date	August 1, 2016
Fund Category	Alternative Strategies
Portfolio Management	<p>Brooks Ritchey Senior Managing Director, Director of Investment Solutions K2 Advisors</p> <p>Robert Christian Senior Managing Director, Head of Investment Research K2 Advisors</p> <p>Anthony Zanolla Senior Vice President, Portfolio Manager K2 Advisors</p>
Fund Investment Objective	The Fund will seek capital appreciation over a full market cycle. The Fund will seek to achieve this objective by allocating the Fund's assets across global macro- focused investment strategies which are alternative strategies that generally focus on macro-economic opportunities across numerous markets and investments. Investments may be long or short and are based on the relative value or direction of a market, an index, a currency, an interest rate, a commodity or any macroeconomic variable. The Fund's principal investments include both U.S. and foreign securities and exchange traded and over-the-counter ("OTC") derivative instruments, including futures contracts, forwards and swaps, and may include asset classes such as equities, fixed income, interest rates, currencies or commodities. The sub-advisors' use of macroeconomic data, markets data and/or their knowledge of the geopolitical landscape are central to the global macro investment process. K2 Advisors broadly categorizes global macro strategies into two buckets—discretionary and systematic macro strategies. Such strategies will be implemented by institutional quality hedge fund managers that will be appointed as sub-advisor to the Fund. Each sub-advisor will invest the portion of the Fund's assets for which they are responsible directly in securities and other investments.
Risks	All investments involve risks, including possible loss of principal. The Fund is actively managed and could experience losses if the investment manager's or sub-advisors' judgment about particular investments made for the Fund's portfolio prove to be incorrect. Investments in derivatives involve costs and create economic leverage, which may result in significant volatility and cause the Fund to participate in losses (as well as gains) that significantly exceed the Fund's initial investment. The market values of securities owned by the Fund will go up or down, sometimes rapidly or unpredictably. Liquidity risk may exist when securities have become more difficult to sell, or are unable to be sold, at the price at which they have been valued. The sub-advisors may not be successful in maintaining effective and operational trading models used to implement systematic strategies. An issuer of debt securities may fail to make interest payments or repay principal when due. Lower-rated or high yield debt securities involve greater credit risk, including the possibility of default or bankruptcy. When interest rates rise, debt security prices tend to fall. Foreign investments are subject to greater investment risk such as political, economic, credit and information risks as well as risk of currency fluctuations. Investments in emerging market are subject to the risks of foreign investing and have additional heightened risks. Commodity and commodity-linked investments present unique risks are speculative and can be extremely volatile. Please see the prospectus and summary prospectus for information on these as well as other risk considerations.

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Fund Details (continued)	
Benchmarks	Primary: BofA Merrill Lynch 3-Month U.S. Treasury Index Secondary: HFRX Macro/CTA Index
Distribution Frequency	Annually in December
Investment Manager / Sub-Managers	Investment Manager: K2 Advisors Sub-Managers: <ul style="list-style-type: none"> • Emso Asset Management Limited • Graham Capital Management, L.P. • Aspect Capital Limited
Fiscal Year End	May 31
Fund Administrator	Franklin Templeton Services, LLC. Franklin Templeton Services, LLC will sub-delegate to The Bank of New York Mellon
Shareholder Serving and Transfer Agency	Shareholder services to be provided by Franklin Templeton Investor Services, LLC
Auditor	Ernst & Young
Custodian	The Bank of New York Mellon
Principal Distributor	Franklin Templeton Distributors, Inc.
Market Cut-Off	4.00 p.m. ET / 1:00 p.m. PT

Purchases	
Minimum Initial Investment	\$1,000
Automatic Investment Plan	Yes
Automatic Payroll Deduction	Yes
Confirmations	Yes
Continuous Share Offering	Yes
Dollar Cost Averaging	Yes
FundSERV Eligible	Yes
Sales Charge Waivers	Yes

Redemptions	
Continuous Share Redemption	Yes
Electronic Funds Transfer	Yes
Reinvest Dividends and Capital Gains	Yes
Systematic Withdrawal Plan	Yes
90 Day Reinvestment	Yes
Telephone Redemptions	Yes
Redemption Fee	No

Fees and Expenses

Shareholder Fees (fees paid directly from a shareholder's investment)	Class A	Class C	Class R	Class R6	Advisor Class
Maximum Sales Charge (Load)	5.75%	0.00%	0.00%	0.00%	0.00%
Maximum Deferred Sales Charge (Load)	0.00%	1.00%	0.00%	0.00%	0.00%

Estimated Annual Fund Operating Expenses (expenses that shareholders pay each year as a percentage of the value of their investment)	Class A	Class C	Class R	Class R6	Advisor Class
Management fees ¹	2.05%	2.05%	2.05%	2.05%	2.05%
Distribution and service (12b-1) fees	0.25%	1.00%	0.50%	0.00%	0.00%
Other expenses:					
Other expenses of the Fund	2.10%	2.10%	2.10%	2.09%	2.10%
Other expenses of the Subsidiary	0.45%	0.45%	0.45%	0.45%	0.45%
Dividend expense and security borrowing fees for securities sold short	0.05%	0.05%	0.05%	0.05%	0.05%
Acquired fund fees and expenses	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total annual fund operating expenses	4.90%	5.65%	5.15%	4.64%	4.65%
Fee waiver and/or expense reimbursement ¹	-2.65%	-2.65%	-2.65%	-2.65%	-2.65%
Total annual Fund operating expenses after fee waiver and/or expense reimbursement¹	2.25%	3.00%	2.50%	1.99%	2.00%

1. For the fiscal year ended May 31, 2017, the manager agreed in advance to waive its fees. With this reduction, management fees were 0.00% and net annual fund operating expenses were 2.25%, 0.00%, 0.00%, 3.00%, 0.00%, 2.50%, 1.99%, and 2.00% for Class A, Class A1, Class B1, Class C, Class C1, Class R, Class R6, and Advisor Class, respectively.

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