



# FRANKLIN TEMPLETON INVESTMENTS

## Templeton Global Bond Fund—Advisor Class

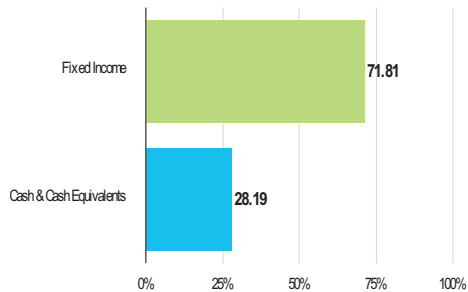
Unconstrained  
Fixed Income  
September 30, 2018

### Product Profile

#### Product Details<sup>1</sup>

Fund Assets	\$34,896,478,009.13
Fund Inception Date	09/18/1986
Number of Securities Including Cash	154
NASDAQ Symbol	TGBAX
Maximum Sales Charge	0.00
Investment Style	Unconstrained
Benchmark	FTSE World Government Bond Index
Lipper Classification	International Income Funds
Morningstar Category™	World Bond
Dividend Frequency	Monthly, on or near the 20th

#### Asset Allocation<sup>2</sup> Percent of Total



#### Third-Party Fund Data

##### Overall Morningstar Rating™<sup>3</sup>



As of 09/30/2018 the fund's Advisor Class shares received a 4 star overall Morningstar Rating™, measuring risk-adjusted returns against 261, 246 and 137 U.S.-domiciled World Bond mutual funds and exchange traded funds over the 3-, 5- and 10- year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics.

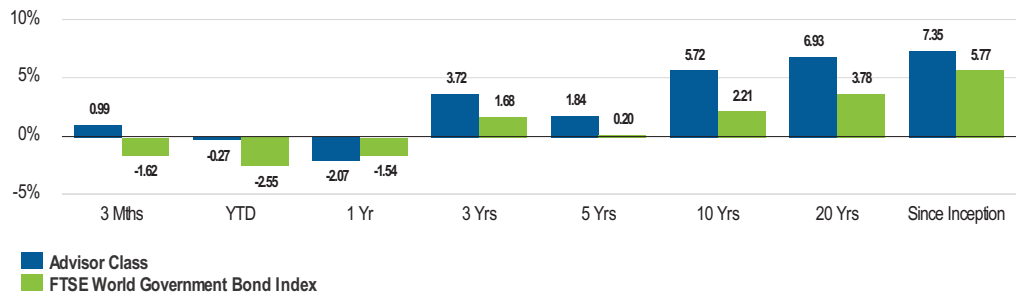
#### Fund Description

The fund seeks current income with capital appreciation and growth of income, by investing at least 80% of its net assets in bonds of governments, government related entities and government agencies located anywhere in the world. The fund regularly enters into various currency-related and other transactions involving derivative instruments.

#### Performance Data<sup>4,5</sup>

##### Average Annual Total Returns<sup>6</sup> (%)

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	20 Yrs	Since Inception (09/18/1986)
Advisor Class	0.99	-0.27	-2.07	3.72	1.84	5.72	6.93	7.35
FTSE World Government Bond Index	-1.62	-2.55	-1.54	1.68	0.20	2.21	3.78	5.77



**Total Annual Operating Expenses**—With Waiver: 0.71% Without Waiver: 0.78%

**30-Day Standardized Yield<sup>7</sup>**—With Waiver: 5.11% Without Waiver: 5.03%

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

Advisor Class shares are offered only to certain eligible investors as stated in the prospectus. They are offered without sales charges or Rule 12b-1 fees. The fund offers other share classes subject to different fees and expenses, which will affect their performance. Please see the prospectus for details.

The fund has a fee waiver associated with any investment it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 04/30/2019. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.

- All holdings are subject to change.
- 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. Information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change.
- Source for Index: FactSet. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.
- Periods shorter than one year are shown as cumulative total returns.
- 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.

Not FDIC Insured | May Lose Value | No Bank Guarantee

## Calendar Year Returns (%)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Advisor Class	2.62	6.61	-4.03	1.84	2.41	16.15	-2.21	13.00	19.22	6.47
FTSE World Government Bond Index	7.49	1.60	-3.57	-0.48	-4.00	1.65	6.35	5.17	2.55	10.89

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Portfolio Manager Insight<sup>8</sup>

## Performance Review

## QUARTERLY KEY PERFORMANCE DRIVERS

	Currencies	Duration	Credit
HELPED	Japanese Yen (Net-Negative Position)	—	—
	Euro (Net-Negative Position)	—	—
	—	—	—
HURT	Asia ex Japan	Latin America	—
	—	—	—
	—	—	—

- The Japanese yen depreciated against the US dollar during the quarter, while the euro modestly weakened. The fund's net-negative positions in the Japanese yen and the euro contributed to absolute performance. We expect the widening rate differentials between rising rates in the US and low to negative yields in the eurozone and Japan to weaken the euro and yen against the US dollar.
- Currency positions in Asia ex Japan (the Indian rupee) detracted from absolute fund results, while currency positions in Latin America had a largely neutral effect (the Mexican peso contributed, while the Argentine peso detracted). Emerging-market currencies largely depreciated against a broadly stronger US dollar during the quarter. We expect recent periods of volatility in emerging-market currencies to diminish longer term as fundamentals in select countries are repriced in the markets.
- Select duration exposures in Latin America (Argentina) detracted from absolute fund performance as yields rose across several local markets in Latin America and Asia ex Japan. We held select duration exposures in specific countries that we believe have attractive risk/return profiles, relatively higher yields and favorable macro conditions for yields to remain relatively stable or shift lower.

## Outlook &amp; Strategy

- Overall, our investment convictions remain largely unchanged, despite the escalation in emerging-market risk aversion in recent months. Many of the countries that we believed were undervalued earlier this year have become even more undervalued with the recent "risk-off" cycle. Longer term we continue to have a positive outlook on a number of local-currency markets that we believe are fundamentally stronger than markets have been indicating.
- We continue to have a positive outlook for US growth and the global economy for 2018, but we're continuing to watch for potential economic disruptions. Overall, we expect US Treasury yields to continue rising as the Fed unwinds its balance sheet and tightens policy, while inflation pressures build on exceptional strength in the US labor market and resilient expansion of the US economy.
- In the major developed economies, we anticipate continued monetary accommodation and low rates in Japan and the eurozone while rates rise in the US—those increasing rate differentials should depreciate the yen and euro against the US dollar, in our view.
- Outside of the developed markets, we are focused on specific emerging markets that are less externally vulnerable and more domestically driven, and that have responsible, credible central banks that consistently respond with appropriate monetary policies.
- We continue to hold select local-currency duration exposures in countries that we believe have healthy fundamentals and significantly higher yields than those available in developed markets. We also expect currency appreciation across a select subset of emerging markets.

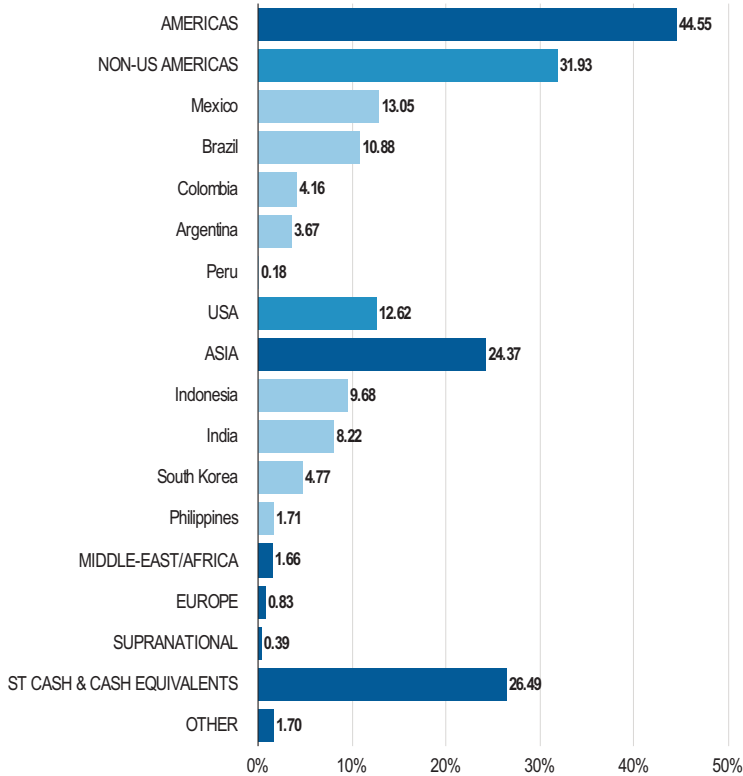
8. The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or fund. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of the date of this material and may change without notice. A portfolio manager's assessment of a particular security, investment or strategy is not intended as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy; it is intended only to provide insight into the fund's portfolio selection process. Holdings are subject to change.

**Portfolio Characteristics**<sup>9,10,11,12</sup>

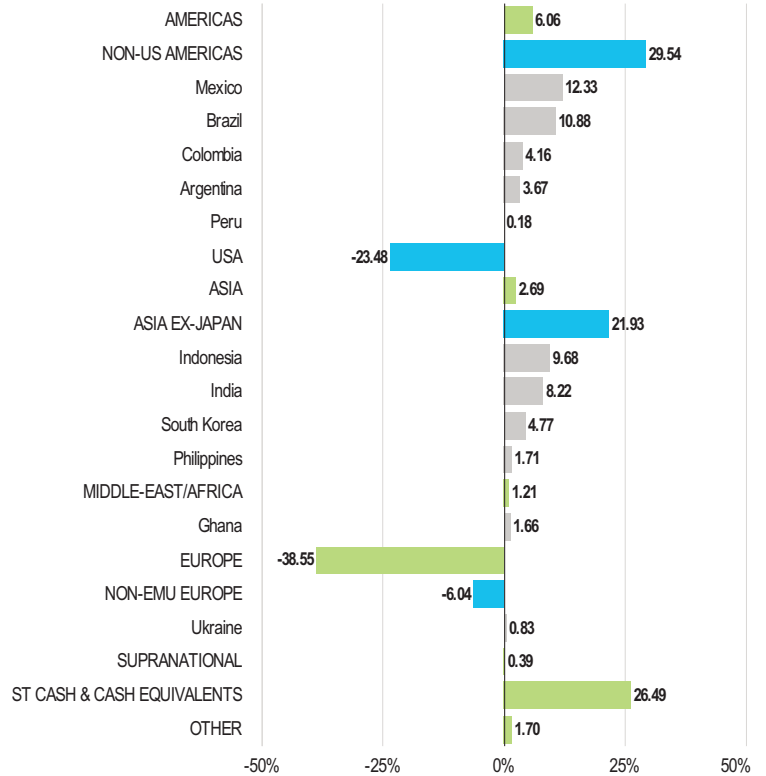
	Portfolio	FTSE World Government Bond Index
Average Duration	-1.34 Yrs	7.75 Yrs
Average Weighted Maturity	2.91 Yrs	9.48 Yrs
Annual Turnover Ratio (12/31/2017)	42.12%	-

**Portfolio Diversification**

**Geographic Allocation**<sup>13</sup>  
Percent of Total



**Geographic Weightings vs. FTSE World Government Bond Index**<sup>14,15</sup>  
Percent of Total



9. The portfolio characteristics listed are based on the fund's underlying holdings, and do not necessarily reflect the fund's characteristics. Information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change.

10. Average Duration and Average Weighted Maturity reflect certain derivatives held in the portfolio (or their underlying reference assets).

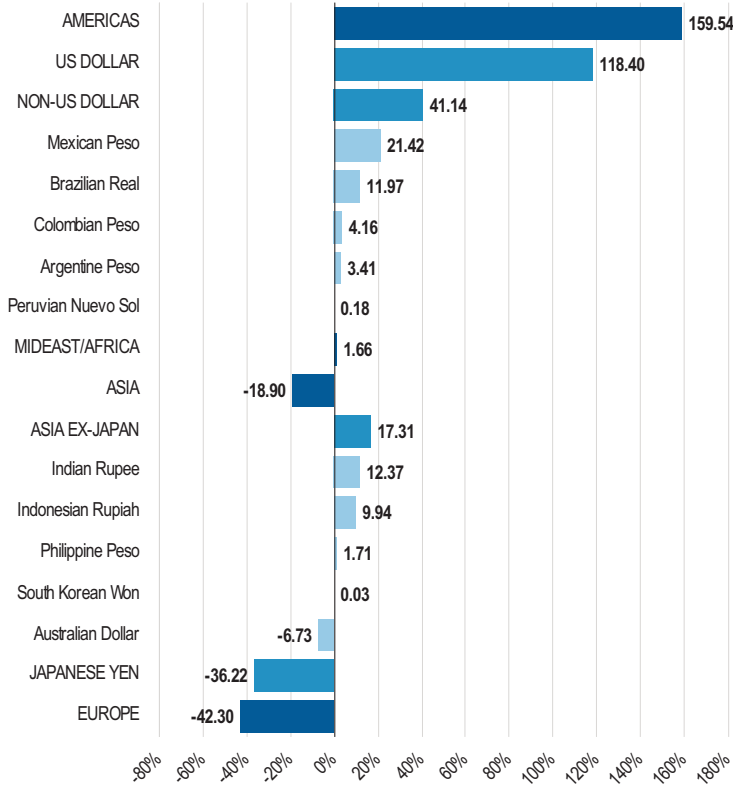
11. Turnover Ratio is as of the fund's fiscal year-end.

12,15. Source for Index: FactSet. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

13,14. 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. Information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change.

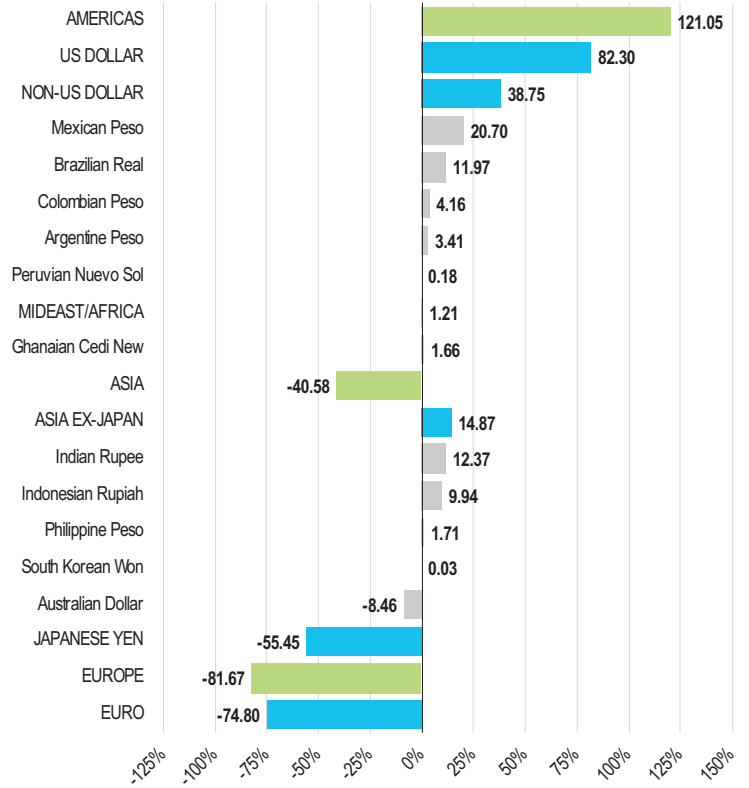
**Currency Allocation<sup>16</sup>**

Percent of Total



**Currency Weightings vs. FTSE World Government Bond Index<sup>17,18</sup>**

Percent of Total

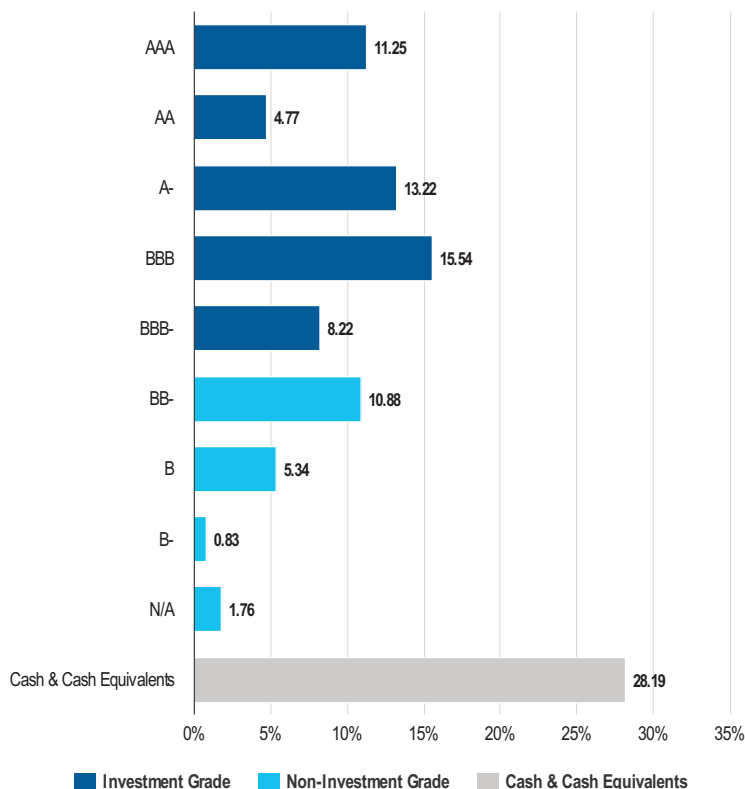


16,17. Figures reflect certain derivatives held in the portfolio (or their underlying reference assets) and may not total 100% or may be negative due to rounding, use of derivatives, unsettled trades or other factors. Information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change.

18. Source for Index: FactSet. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

**Credit Quality Ratings<sup>19</sup>**

Percent of Total



**Supplemental Performance Statistics**

**Supplemental Risk Statistics<sup>20,21</sup>**

	3 Yrs	5 Yrs	10 Yrs
<b>Standard Deviation (%)</b>	6.80	6.15	8.14
<b>Beta (%)</b>	9.89	8.58	8.77
<b>Information Ratio</b>	0.21	0.19	0.40
<b>Sharpe Ratio</b>	0.42	0.22	0.66

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**Investment Philosophy**

We believe that applying a fundamental, research-driven approach focused on identifying potential sources of total return (current income and capital appreciation) worldwide and seeking to capitalize on global interest rates and currency trends provides the best potential for solid risk-adjusted returns. The strategy is run independently of its benchmark, allowing the manager to hold only the positions it believes have the best potential to maximize risk-adjusted returns. This is a high alpha seeking strategy that invests globally and may include allocations to both developed and emerging markets.

**Investment Process**

**Investment Strategy**

Long-Term, Opportunistic Value Approach

- Long-term, fundamentally driven investment focus

19. Ratings shown are assigned by one or more Nationally Recognized Statistical Rating Organizations ("NRSRO"), such as Standard & Poor's, Moody's and Fitch. The ratings are an indication of an issuer's creditworthiness and typically range from AAA or Aaa (highest) to D (lowest). When ratings from all three agencies are available, the middle rating is used; when two are available, the lowest rating is used; and when only one is available, that rating is used. Foreign government bonds without a specific rating are assigned the country rating provided by an NRSRO, if available. If listed, the NR category consists of ratable securities that have not been rated by an NRSRO. The N/A category consists of nonratable securities (e.g., equities). Cash includes equivalents, which may be rated. Derivatives are excluded from this breakdown. Information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change.

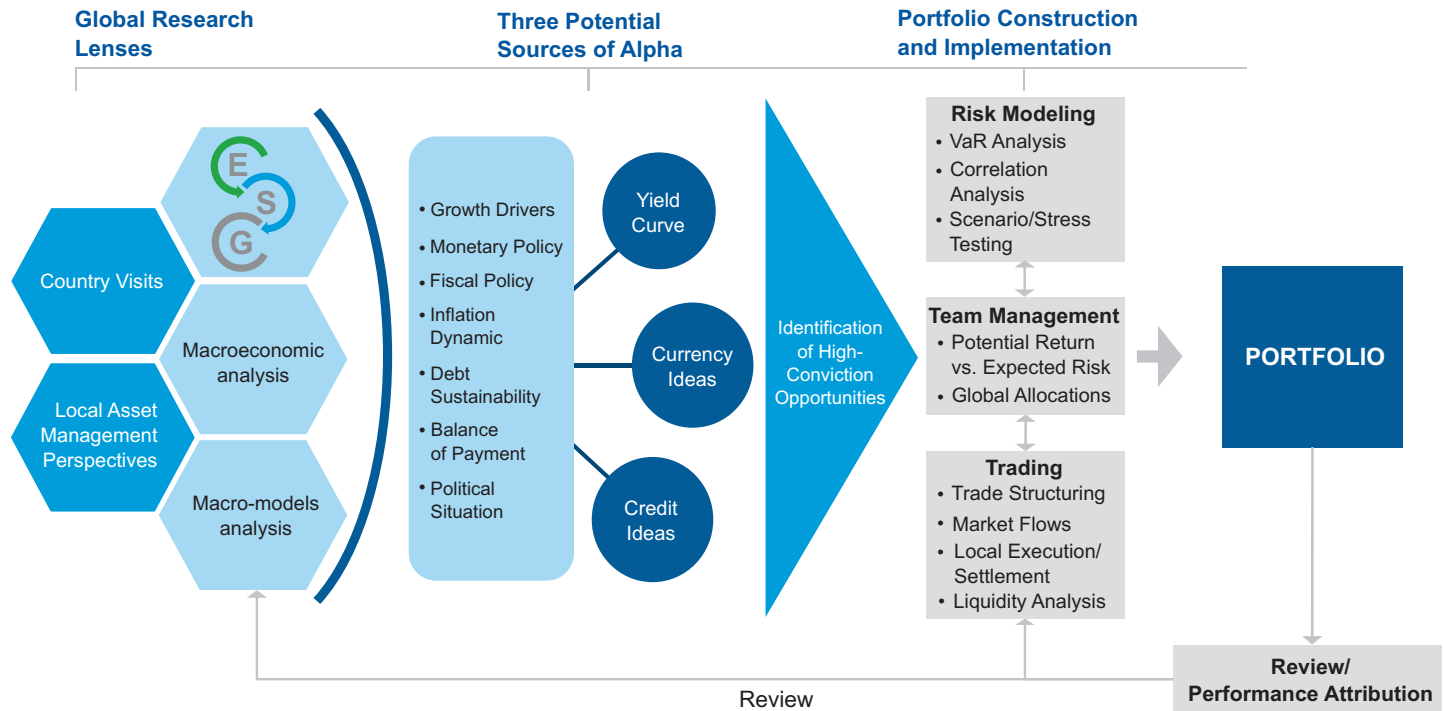
20. Information Ratio and Tracking Error information are displayed for the product versus the FTSE World Government Bond Index.

21. Information Ratio is a way to evaluate a manager's ability to outperform a benchmark in relation to the risk that manager is assuming, with risk defined as deviation from the benchmark. This measure is calculated by dividing the portfolio's excess return (portfolio return less the benchmark return) by the tracking error (derived by taking the standard deviation of the monthly differences between the portfolio return and the benchmark return over time).

- Total return approach that is not benchmark driven
- Identify economic imbalances that may lead to value opportunities in:
  - Yield curve
  - Currencies
  - Sovereign credit
- Active positioning across these three areas
  - Precisely isolate desired exposures
  - Risk budget composition will shift based on relative attractiveness during global economic and credit cycles

**Investment Process<sup>22,23</sup>**

**Multiple Research Lenses Can Lead to High-Conviction Opportunities**



22. The above chart is for illustrative and discussion purposes only. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions.

23. The Local Asset Management Group is comprised of investment professionals located in affiliates of and joint venture partners with Franklin Templeton Investments.

**Investment Team**

Portfolio Manager	Years with Firm	Years Experience
Michael Hasenstab, Ph. D., Executive VP & Chief Investment Officer	19	23
Sonal Desai, Ph. D., Senior VP, Portfolio Manager, Director of Research	8	24

**Additional Resources**

Global Sovereign/EMD	Local Asset Management
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**Annual Turnover Ratio:** Percentage of a fund’s holdings replaced with other holdings during a fund’s most recent full fiscal year.

**Average Duration:** A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years.

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

**Information Ratio:** In investing terminology, the ratio of expected return to risk. Usually, this statistical technique is used to measure a manager’s performance against a benchmark. This measure explicitly relates the degree by which an investment has beaten the benchmark to the consistency by which the investment has beaten the benchmark.

**Sharpe Ratio:** To calculate a Sharpe ratio, an asset’s excess returns (its return in excess of the return generated by risk-free assets such as Treasury bills) are divided by the asset’s standard deviation.

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

**Tracking Error:** Measure of the deviation of the return of a product compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment is managed, the smaller the tracking error.

**What Are The Risks?**

All investments involve risks, including possible loss of principal. Derivatives, including currency management strategies, involve costs and can create economic leverage in the portfolio which may result in significant volatility and cause the fund to participate in losses on an amount that exceeds the fund's initial investment. The fund may not achieve the anticipated benefits, and may realize losses when a counterparty fails to perform as promised. The markets for particular securities or types of securities are or may become relatively illiquid. Reduced liquidity will have an adverse impact on the security's value and on the fund's ability to sell such securities when necessary to meet the fund's liquidity needs or in response to a specific market event. Foreign securities involve special risks, including currency fluctuations (which may be significant over the short term) and economic and political uncertainties; investments in developing markets involve heightened risks related to the same factors. Sovereign debt securities are subject to various risks in addition to those relating to debt securities and foreign securities generally, including, but not limited to, the risk that a government entity may be unwilling or unable to pay interest and repay principal on its sovereign debt, or otherwise meet its obligations when due. Investments in lower-rated bonds include higher risk of default and loss of principal. Bond prices generally move in the opposite direction of interest rates. 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. These and other risks are discussed in the fund's prospectus.

**Important Legal 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](http://franklintempleton.com). Please carefully read a prospectus before you invest or send money.*

Source: FTSE. Important data provider notices and terms available at [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com).

3. Source: Morningstar®, 09/30/2018. For each mutual fund and exchange traded fund with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance, and does not take into account the effects of sales charges and loads, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods. The Fund's Advisor Class shares received a Morningstar Rating of 4, 4 and 4 star(s) for the 3-, 5- and 10-year periods, respectively. Morningstar Rating™ is for the named share class only; other classes may have different performance characteristics. **Past performance is not an indicator or a guarantee of future performance.**

4. Effective 01/02/1997, 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 A performance, excluding the effect of Class A's maximum initial sales charge but reflecting the effect of the Class A Rule 12b-1 fees; and b) 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.



**FRANKLIN TEMPLETON  
INVESTMENTS**

**Franklin Templeton Distributors, Inc.**

One Franklin Parkway  
San Mateo, CA 94403-1906  
(800) DIAL BEN/342-5236  
[franklintempleton.com](http://franklintempleton.com)