

# FRANKLIN GLOBAL GOVERNMENT BOND FUND

AS OF 12/31/13 FIXED INCOME

#### **FUND DESCRIPTION**

The fund's principal investment objective is total return, consisting of interest and capital appreciation. The fund invests predominantly in investment grade government bonds of issuers located around the world.

#### **FUND DATA**

Target Inception: September 6, 2013

Dividends: Monthly CUSIP by Class:

Α	С	R	R6	Advisor
354 713 315	354 713 299	354 713 281	354 713 273	354 713 265

### **MAXIMUM SALES CHARGES**

Class A: 4.25% initial sales charge

Class C: 1% contingent deferred sales charge

(CDSC) in the first year only

### TOTAL ANNUAL OPERATING EXPENSES

Without Waiver: Class A: 3.28%; Class C: 3.68% With Waiver: Class A: 0.85%; Class C: 1.25%

- 1. The fund has an expense reduction contractually guaranteed through at least September 5, 2014. The fund may also have a fee waiver associated with any investments it makes in a Franklin Templeton money fund, an arrangement that is contractually guaranteed through at least its current fiscal year end. Please see the prospectus for additional information.
- 2. Correlation is the statistical measure of the degree to which the movements of two variables are related: 1 = perfect positive correlation; 0 = no correlation; -1 = perfect negative correlation.

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STRATEGY

The fund seeks to exploit market inefficiencies through both top-down allocation decisions and bottom-up security selection. Qualitative analysis seeks to identify secular trends and evaluate the factors that affect countries, currencies and sectors, while quantitative research and risk management techniques seek to provide additional oversight and opportunity for return.

# **REASONS TO INVEST**

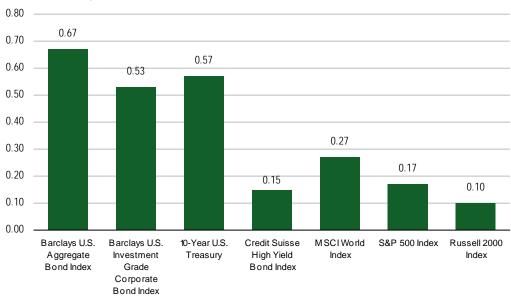
**Diversification.** Global fixed income offers investors an attractive option for overall portfolio diversification through low historical correlations with other major asset classes.

**Volatility Management.** The fund's emphasis on investment grade debt may help reduce overall portfolio volatility. **Actively Managed.** A diversified set of active management positions has the potential to generate attractive risk-adjusted returns.

**Research Expertise.** The fund taps the knowledge and research resources of the Franklin Templeton Fixed Income Group®.

# Low Historical Correlation to Other Asset Classes<sup>2</sup>

Citigroup World Government Bond Index 10-Years Ending December 31, 2013



For illustrative purposes only; not representative of the fund's performance or portfolio composition. Past performance does not guarantee future results.

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References to indices are made for comparative purposes only and are provided to represent the investment environment existing during the time periods shown. An index is unmanaged and one cannot invest directly in an index. The performance of the index does not include the deduction of expenses and does not represent the performance of any Franklin Templeton fund.

NOT FDIC INSURED I MAY LOSE VALUE I NO BANK GUARANTEE

### PORTFOLIO MANAGERS

### John W. Beck

Senior Vice President
Co-Director, Global Fixed Income
Franklin Templeton Fixed Income Group

### David Zahn, CFA, FRM

Head of European Fixed Income Senior Vice President, Portfolio Manager Franklin Templeton Fixed Income Group

## WHAT ARE THE RISKS?

All investments involve risks, including possible loss of principal. Changes in interest rates will affect the value of the fund's portfolio and its share price and yield. 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. Special risks are associated with foreign investing, including currency rate fluctuations, economic instability and political developments. Investments in developing markets involve heightened risks related to the same factors, in addition to those associated with their relatively small size and lesser liquidity. Changes in the financial strength of a bond issuer or in a bond's credit rating may affect its value. 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 (as well as enable gains) 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. Currency rates may fluctuate significantly over short periods of time, and can reduce returns. The fund is also non-diversified, which involves the risk of greater price fluctuation than a more diversified portfolio. These and other risk considerations are discussed in the fund's prospectus.

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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.

### MANAGERS' PERSPECTIVE

"Franklin Global Government Bond Fund provides exposure to global fixed income markets with an emphasis on investment grade sovereign debt. We allocate investments across the fixed income universe—focusing on investment grade sovereign debt and opportunistic exposure to corporate and mortgage backed securities—to help reduce risk and maintain flexibility. This approach enhances our ability to capitalize on market shifts and allows us to identify bonds with attractive prospects for income, capital appreciation, and price stability."—John W. Beck

### GLOBAL—THE NEW CORE™

The word "core" can mean many things including the most essential or most vital part of something. As people, businesses and economies around the world become more intertwined, it has become more essential to have a global perspective when it comes to investing. Adjusting the core of your investment portfolio to the new global marketplace opens a world of investment opportunities.

### **GAIN FROM OUR PERSPECTIVE®**

Franklin Templeton's distinct multi-manager structure combines the specialized expertise of three world-class investment management groups—Franklin, Templeton and Mutual Series.

### Specialized Expertise

Each of our portfolio management groups operates autonomously, relying on its own research and staying true to the unique investment disciplines that underlie its success.

- Franklin. Founded in 1947, Franklin is a recognized leader in fixed income investing and also brings expertise in growth- and value-style U.S. equity investing.
- **Templeton.** Founded in 1940, Templeton pioneered international investing and, in 1954, launched what has become the industry's oldest global fund. Today, with offices in over 25 countries, Templeton offers investors a truly global perspective.
- Mutual Series. Founded in 1949, Mutual Series is dedicated to a unique style of value investing, searching
  aggressively for opportunity among what it believes are undervalued stocks, as well as arbitrage situations and
  distressed securities.



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