



# Templeton Growth Fund—Class A

Product Profile

Fourth Quarter 2014

## FUND CHARACTERISTICS (AS OF 12/31/14)

|                                    |                        |
|------------------------------------|------------------------|
| NASDAQ Symbol                      | TEPLX                  |
| Fund Inception Date                | 11/29/54               |
| Dividends                          | Annually               |
| Investment Style                   | Global                 |
| Benchmark                          | MSCI World Index       |
| Lipper Classification              | Global Large-Cap Value |
| Morningstar Category™              | World Stock            |
| Total Net Assets—All Share Classes | 16,412 million         |
| Number of Issuers                  | 96                     |
| Maximum Initial Sales Charge       | 5.75%                  |

## FUND DESCRIPTION

The fund seeks long-term capital growth by investing primarily in the equity securities of companies located anywhere in the world, including emerging markets.

## PERFORMANCE DATA

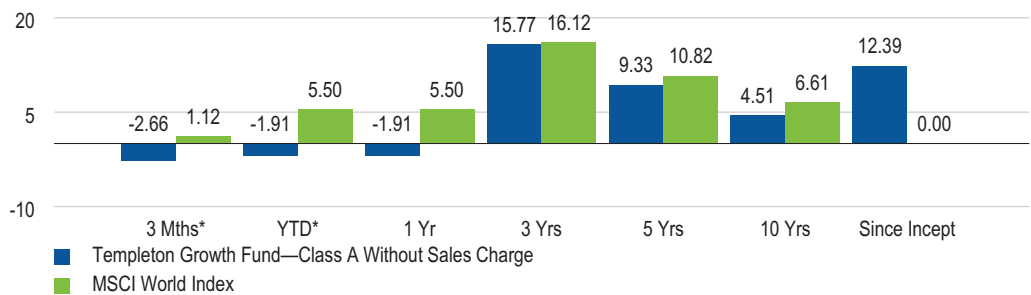
### Average Annual Total Returns for Periods Ended December 31, 2014 (%)

|                      | 3 Mths* | YTD*  | 1 Yr  | 3 Yrs | 5 Yrs | 10 Yrs | Since Incept<br>(11/29/54) |
|----------------------|---------|-------|-------|-------|-------|--------|----------------------------|
| With Sales Charge    | -8.24   | -7.54 | -7.54 | 13.52 | 8.04  | 3.89   | 12.28                      |
| Without Sales Charge | -2.66   | -1.91 | -1.91 | 15.77 | 9.33  | 4.51   | 12.39                      |
| MSCI World Index     | 1.12    | 5.50  | 5.50  | 16.12 | 10.82 | 6.61   | N/A                        |

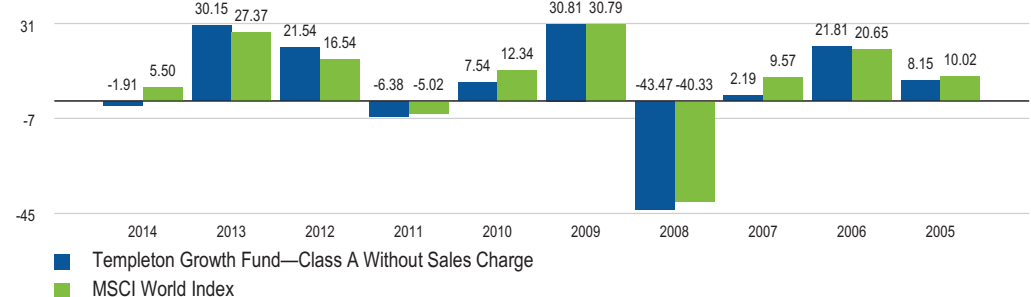
### Total Annual Operating Expenses—1.03%

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/(800) 342-5236 or visit [franklintempleton.com](http://franklintempleton.com) for the most recent month-end performance.

### Average Annual Total Returns for Periods Ended December 31, 2014 (%)



### Calendar Year Returns As of December 31, 2014 (%)



If the Fund's sales charge had been included, the returns would have been lower.











\*Cumulative Total Returns.

For information related to the "Fund Characteristics" and "Performance Data" sections, please see Explanatory Notes.

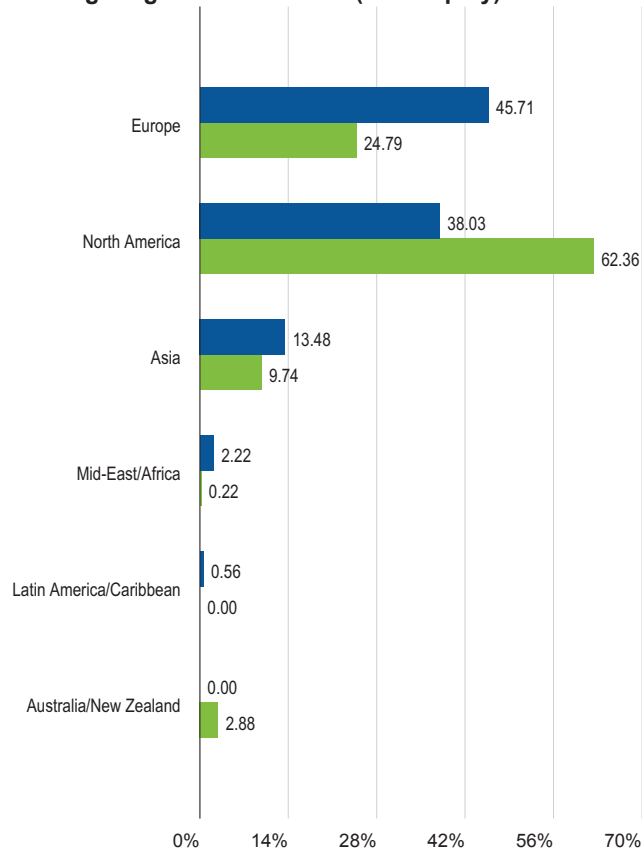
**Not FDIC Insured | May Lose Value | No Bank Guarantee**

**PORTFOLIO DIVERSIFICATION (AS OF 12/31/14)**

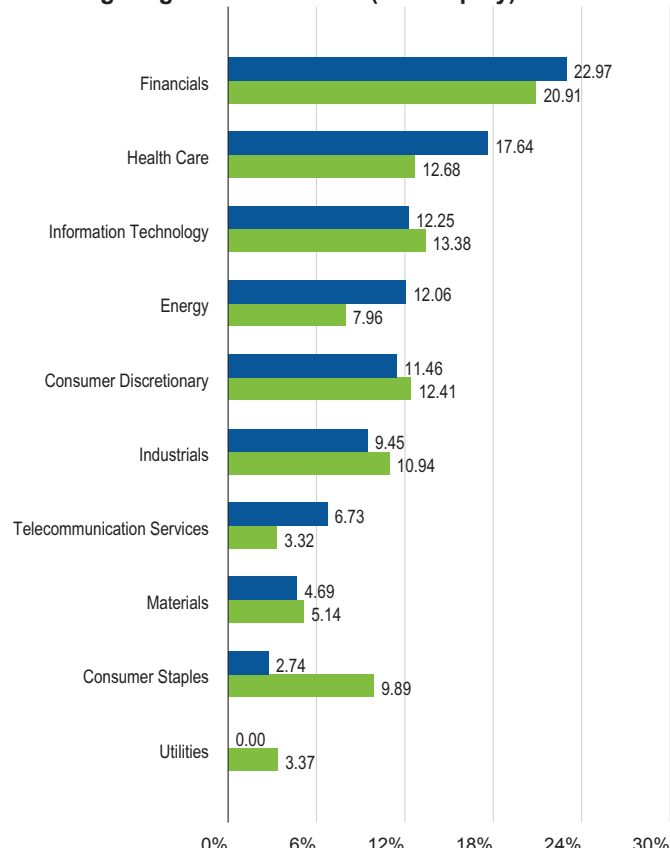
**Top Ten Holdings**

| Issuer Name                           | Country   | Industry                                       | % of Total   |
|---------------------------------------|---|--|--------------|
| 1. SAMSUNG ELECTRONICS CO LTD         |  South Korea   | Technology Hardware & Equipment                | 2.98         |
| 2. MICROSOFT CORP                     |  United States | Software & Services                            | 2.95         |
| 3. CITIGROUP INC                      |  United States | Banks  | 2.27         |
| 4. COMCAST CORP                       |  United States | Media  | 2.23         |
| 5. TEVA PHARMACEUTICAL INDUSTRIES LTD |  Israel        | Pharmaceuticals, Biotechnology & Life Sciences | 2.16         |
| 6. HEWLETT-PACKARD CO                 |  United States | Technology Hardware & Equipment                | 2.08         |
| 7. PFIZER INC                         |  United States | Pharmaceuticals, Biotechnology & Life Sciences | 1.98         |
| 8. TALISMAN ENERGY INC                |  Canada        | Energy   | 1.94         |
| 9. AMGEN INC                          |  United States | Pharmaceuticals, Biotechnology & Life Sciences | 1.94         |
| 10. MEDTRONIC INC                     |  United States | Health Care Equipment & Services               | 1.88         |
| <b>Total</b>                          |   |  | <b>22.40</b> |

**Geographic Weightings vs. Benchmark (% of Equity)**

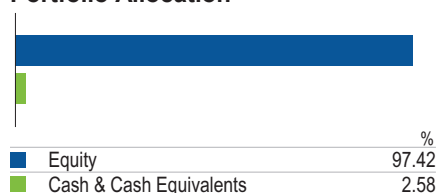


**Sector Weightings vs. Benchmark (% of Equity)**



■ Templeton Growth Fund  
■ MSCI World Index

**Portfolio Allocation**



**Largest Sector Contributors vs. MSCI World Index**

| Sector                  | Total Effect (%) |
|-------------------------|------------------|
| Information Technology  | 0.15             |
| Industrials             | -0.02            |
| Materials               | -0.03            |
| Cash & Other Net Assets | -0.07            |
| Utilities               | -0.11            |

**Smallest Sector Contributors vs. MSCI World Index**

| Sector                     | Total Effect (%) |
|----------------------------|------------------|
| Energy                     | -1.75            |
| Financials                 | -0.87            |
| Consumer Discretionary     | -0.24            |
| Telecommunication Services | -0.23            |
| Health Care                | -0.17            |

*Contributor data shown is for the period 10/1/14 to 12/31/14*

**PORTFOLIO CHARACTERISTICS (AS OF 12/31/14)—Fund vs. MSCI World Index**

|   |  |             | Fund        | Benchmark        |
|---|--|-------------|-------------|------------------|
| Weighted Average Market Capitalization (Millions USD) |  |             | 82,658      | 87,851           |
| Median Market Capitalization (Millions USD)           |  |             | 36,961      | 10,721           |
| <b>Price to Earnings</b>                              |  | <b>Fund</b> |             | <b>Benchmark</b> |
| Weighted Average                                      |  | 14.97x      |             | 18.05x           |
| Median  |  | 16.62x      |             | 18.96x           |
| <b>Price to Book Value</b>                            |  |             | <b>Fund</b> | <b>Benchmark</b> |
| Weighted Average                                      |  |             | 1.34x       | 2.19x            |
| Median  |  |             | 1.40x       | 2.15x            |
| <b>Price to Cash Flow</b>                             |  | <b>Fund</b> |             | <b>Benchmark</b> |
| Weighted Average                                      |  | 6.76x       |             | 10.72x           |
| Median  |  | 8.94x       |             | 12.20x           |

**GLOSSARY**

**Benchmark:** An unmanaged group of securities whose overall performance is used as a standard to measure investment performance.

**Market Capitalization:** A determination of a company's value, calculated by multiplying the total number of company stock shares outstanding by the price per share.

**Price to Book Value (P/BV):** The price per share of a stock divided by its book value (i.e., net worth) per share. For a portfolio, the ratio is the weighted average price/book ratio of the stocks it holds.

**Price to Cash Flow (P/CF):** Supplements price/earnings ratio as a measure of relative value; represents a weighted average of the price/cash flow ratios for the underlying fund holdings.

**Price to Earnings (P/E):** The share price of a stock, divided by its per-share earnings over the past year. P/E is a good indicator of market expectations about a company's prospects; the higher the P/E, the greater the expectations for a company's future growth in earnings.

**MARKET REVIEW**

Global equity markets rose slightly overall in 2014's fourth quarter, largely due to gains for US stocks, and developed-market equities generally outperformed their emerging-market peers. By region, US stocks advanced, while European, Asian and Latin American stocks fell and underperformed global equities. US economic reports released during the three-month period were broadly positive, indicating continued momentum for economic growth. Indicators for the manufacturing and nonmanufacturing sectors moderated somewhat over the period, but the labor market showed ongoing improvement. The US Federal Reserve ended its asset-purchase program in October and stated in its December meeting that it would be patient in beginning to normalize monetary policy. In the eurozone, economic data broadly remained weak, and the bloc witnessed mild deflation in December. The European Central Bank maintained its accommodative monetary policy at its December meeting. Political instability in Greece as the government failed to elect a new presidential candidate added to market volatility near quarter-end. Meanwhile, Japan's economy shrank in the third quarter, largely due to weak domestic and private demand following a consumer tax increase in the prior quarter. In December, the country's newly re-elected government announced a fresh stimulus package intended to revive economic growth.

Emerging-market equities declined overall as weakening commodity prices and rising inflation weighed on markets. Brazil's central bank increased its benchmark rate twice in three months as it sought to keep inflation within its target range. China's purchasing managers index moderated during the quarter but indicated that the economy remained in expansionary mode. The People's Bank of China cut benchmark interest rates in November for the first time in more than two years to support the slowing economy. Russia's central bank raised its key interest rate sharply in December in an effort to limit further devaluation of the ruble and contain rising inflation.

The above commentary does not provide a complete analysis of every material fact regarding any market, region, industry, security, portfolio or pooled investment vehicle. Portfolio holdings information, opinions and other market or economic information and data provided are as of the date of the commentary, unless another date is expressly indicated, and may change without notice. Statements of fact cited by the manager have been obtained from sources considered reliable but no representation is made as to their completeness or accuracy. The manager's assessment of a particular industry, region, security, sector or investment is intended solely to provide insight into the manager's investment process and is not a recommendation to buy or sell any security, nor investment advice. References to particular securities or sectors are only for the limited purpose of illustrating general market or economic conditions and are not recommendations to buy or sell a security. Although historical data is no guarantee of future results, these insights may help you understand our investment management philosophy.

**PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE****Performance Review**

In a period when the price of oil plummeted to five-year lows and Europe's economic and political malaise resurfaced, the fund's allocations in energy and Europe were the biggest detractors from relative returns. Our experience investing in Europe over the past several years has been at times both rewarding and frustrating. Most recently, frustration has prevailed as the delicate progress Europe has made stabilizing the banking system, enacting necessary budget reforms and preparing for further monetary stimulus has yet to meaningfully restore corporate confidence or revive lending activity. At the heart of our investment process is the idea of normalization--the belief that, over a long-term horizon, companies should eventually approach their earnings, asset growth and cash flow potential in a mid-cycle environment. There are several milestones that we view as prerequisites for the normalization of corporate conditions in Europe, which we are therefore monitoring closely. On the economic front, we believe the banking system must avoid further material balance sheet impairment and credit expansion must begin to meaningfully occur. On the political/policy front, we think structural labor market reforms must continue, monetary and fiscal stimulus must accelerate, regional geopolitical turmoil must subside, and the European Union must avoid divisive political fallout among member states. While uncertainty persists around these issues (not least of all political cohesion given recent electoral results in Greece), on balance we have continued to find signs of modest progress in European economic and policy spheres. The potential trade impact of an economic slowdown in China and confidence impact of a destabilized Russia are also risks to stability that exist largely outside the control of European policymakers.

Of greatest significance to long-term equity investors, in our view, is the impact that all this uncertainty has been having on regional equity valuations. To this end, European stocks look cheap to us on nearly all meaningful normalized valuation metrics. European equities also look attractive to us relative to bonds. In our analysis, the equity risk premium, forward earnings yield and dividend yield for European stocks on average compared favorably to investment-grade corporate bonds and benchmark 10-year German Bunds at the end of 2014. These valuation extremes are occurring at a time when listed European companies have been under-earning their US peers by the widest gap on record and corporate investment has sputtered. According to our analysis, as of year-end, the ratio of capital expenditures to sales of European companies was at a 25-year low (compared to a multi-year high in the United States), and the net investment share of gross domestic product was running at roughly one-third its normal level. We believe cyclical stocks in particular looked attractively priced at the end of 2014, with the relative price, price-to-earnings ratio and price-to-book ratio of European cyclical sectors compared to defensive sectors close to post-financial crisis lows. Overall, we consider such valuation levels deeply depressed for a diverse corporate sector comprised disproportionately of high-quality, globally relevant companies.

At the sector level, energy stocks accounted for the majority of the fund's largest detractors for the fourth quarter. Leading sector detractors included Galp Energia (Portugal), KunLun Energy (China), Total (France), Saipem (Italy) and Noble (US). Brazilian oil firm Petrobras was also a significant detractor, declining in value amid a far-reaching corruption scandal and an unfavorable political climate. Looking at the sector more broadly, instead of attempting to time the near-term direction and magnitude of complex global energy markets, we focus on the things we can analyze with a degree of confidence: namely, the long-term fundamental prospects of individual energy companies. Balance sheets across the sector are selectively healthy, in our view, and we are also encouraged by the material capital expenditure reductions underway in an industry that has been consuming vast amounts of low-cost capital with seemingly little to show for it. Against this backdrop of improving capital allocation and relative financial stability, global energy stocks at quarter-end traded at or near record-low multiples on nearly all valuation metrics that have historically mattered, in our analysis. Following a period of sustained pressure on energy sector fundamentals and, most recently, a major oil price correction, we believe such historically low valuations suggest that capitulation could be on the horizon.

In the financials sector, stock selection impaired relative results, pressured by Italian lender UniCredit. Shares of UniCredit declined after the bank posted lower-than-expected third-quarter sales and concerns surfaced about the firm's exposures to Russia. Yet, UniCredit's Russian exposure is limited, in our view, and overall, we remain encouraged by the progress the firm has made in increasing focus on its core business and running off legacy problems. We remain constructive, more generally, on our investments in European banks. While significant risks persist, including regulatory uncertainty and the possibility of larger-than-expected exposures to Russia and the energy sector, we believe valuations have remained selectively attractive in this restructured and recapitalized sector.

In spite of a strong performance by media companies, including US-based Comcast, stock selection weighed on relative performance in the consumer discretionary sector. Russian telecom operator Mobile TeleSystems (MTS) was the biggest detractor from the telecommunication services sector. Our original thesis on the stock--that it offered what we viewed as cheap exposure to strong mobile data growth as well as attractive cash flow and dividend streams--has simply been overtaken by Russian macroeconomic and currency risk. Deepening troubles between the Russian state and MTS's parent company have added to the pressure. In the health care sector, weak performance from French pharmaceutical manufacturer Sanofi and a number of other stocks outweighed strong performances from US-based firms Amgen and Medtronic, as well as Israeli-based Teva Pharmaceuticals.

Turning to positive performers, US computer manufacturer Hewlett-Packard contributed, rallying to its highest level in over three years as the firm prepared to split its personal computer (PC) and enterprise operations into two separate businesses. We believe the stock has remained cheap on a sum-of-the-parts

**PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE (CONTINUED)**

basis and should benefit from ongoing cost reductions and an improved PC cycle. South Korean semiconductor and consumer electronics firm Samsung was another top contributor, surging since 2008 as a leadership transition paved the way for shareholder-friendly restructuring initiatives. The firm announced the disposal of at least eight holdings, including its chemicals and defense businesses, and surprised investors by buying back \$2 billion of its own stock and setting expectations for a dividend hike in 2015. Profits from its semiconductor operations have recently exceeded those from its mobile devices unit, and yet the stock has failed to re-rate to the valuation levels enjoyed prior to 2010, when the corporate mix-shift last favored the dominant semiconductor business. We believe scope for improvement also exists in the handset business, with mobile operating margins recently falling to the lowest levels in a decade.

Other leading fund contributors included Morgan Stanley (US), International Consolidated Airlines Group (UK) and Turkcell Iletisim Hizmetleri (Turkey).

**Country Analysis**

From a regional standpoint, an overweight allocation and stock selection in Europe materially impaired relative results. Investments in Brazil and an underweight in the US proved adverse to relative performance as well. A lack of exposure to Australia along with individual holdings in both Canada and Israel lifted relative results, while our Asian holdings modestly underperformed those in the benchmark index primarily due to off-benchmark investments in China.

**Portfolio Positioning**

During the quarter, the fund's largest overweight sectors included health care, energy and telecommunication services, while its underweight sectors included consumer staples. The fund had no exposure to the utilities sector.

**Outlook & Strategy**

The final quarter of 2014 ended a challenging year in which investors appeared to focus more on macroeconomic and political issues than company fundamentals. While we still view near-term macroeconomic scenarios as largely unforecastable with any degree of accuracy or consistency, we do have confidence in our ability to analyze and value the business fundamentals of individual companies over a long-term horizon. However, we believe increasing "financial repression" (there were a significant number of easing moves from global central banks in the last two months of 2014 alone) has largely suspended the process of value recognition in recent years. Throughout this challenging period, we have tried to use the market's distraction to our advantage by focusing on what we determine to be overlooked value. In doing so, we have continued to build differentiated portfolios that embed long-term assumptions about company-level business fundamentals. Reassuringly, academic studies attesting to the potential benefits of the type of truly active, long-term value investing long practiced by Templeton have begun to emerge in recent years. Overall, we believe performance comes from value recognition, and, in our experience, price and value eventually do intersect over time. Going into 2015, we remain as confident as ever that our equity portfolios contain far more long-term value potential than their prices reflected at year-end.

**INVESTMENT PHILOSOPHY AND PROCESS**

Templeton utilizes a disciplined, consistent approach based on three timeless principles of investing:

**Value**

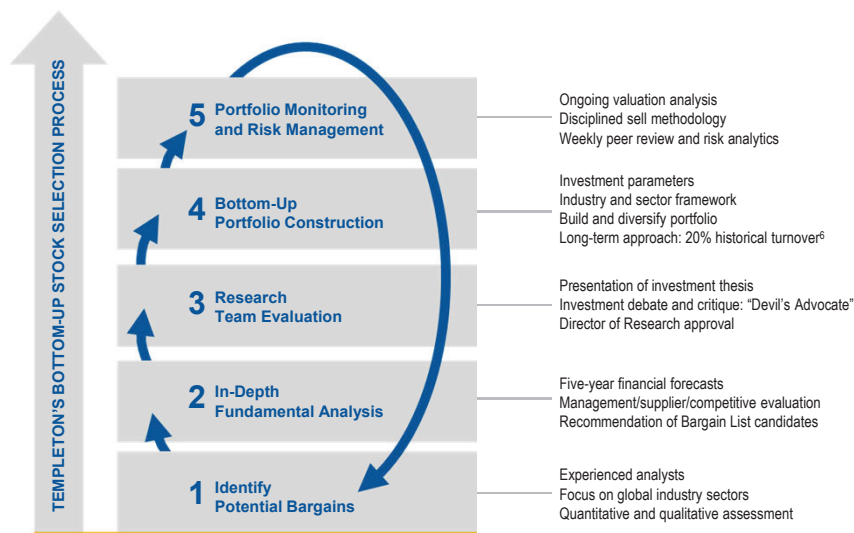
Our flexible approach is applied within a disciplined framework and seeks to identify companies trading at large discounts to their business value.

**Patience**

Our long-term focus gives us a framework to take advantage of price volatility to reveal potential long-term investment opportunities. Patience allows for potential long-term value recognition.

**Bottom-up stock picking**

Our portfolio management process seeks to buy pessimism and sell optimism. We build portfolios spanning regions and sectors made up of securities identified through this process.



**INVESTMENT AND MANAGEMENT TEAM (AS OF 12/31/14)**

| <b>Templeton Growth Fund Management Team</b>              |  |                                   |
|---|--|-----------------------------------|
|   | <b>Years with Firm</b>                         | <b>Years Experience</b>           |
| Norman Boersma, CFA                                       | 23   | 29                                |
| Lisa Myers, CFA   | 18   | 18                                |
| Tucker Scott, CFA   | 18   | 23                                |
| James Harper, CFA   | 7  | 22                                |
| Matthew R. Nagle, CFA, CPA                                | 11   | 16                                |
| <b>Templeton Global Equity Management Team</b>            |  |                                   |
|   | <b>Years with Firm</b>                         | <b>Years Experience</b>           |
| Norman Boersma, CFA - Chief Investment Officer            | 23   | 29                                |
| Heather Arnold, CFA - Director of Research                | 10   | 31                                |
| Cindy L. Sweeting, CFA - Director of Portfolio Management | 17   | 31                                |
| <b>Templeton Global Equity Group</b>                      |  |                                   |
|   | <b>Number of Members</b>                       | <b>Average Years Experience</b>   |
| Portfolio Managers/Analysts                               | 24   | 22                                |
| Research Analysts   | 14   | 9                                 |
| <b>Additional Resources</b>                               |  |                                   |
| Research Technology Group                                 | Junior Research Analysts                       | Global Trading Platform           |
| Global Research Library                                   | Performance Analysis and Investment Risk Group | Global Portfolio Compliance Group |

**WHAT ARE THE RISKS**

All investments involve risks, including possible loss of principal. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments; investments in emerging markets involve heightened risks related to the same factors. In addition, smaller-company stocks have historically experienced more price volatility than larger-company stocks, especially over the short term. To the extent the fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, it may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. The fund's risk considerations are discussed in the prospectus.

**EXPLANATORY NOTES****FUND CHARACTERISTICS**

**Number of Issuers:** All portfolio holdings are subject to change. Holdings of the same issuer have been combined.

**PERFORMANCE DATA**

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

Source for Index: FactSet. Indexes are unmanaged and one cannot invest directly in an index.

BofA Merrill Lynch, used with permission.

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.

On January 1, 1993, the fund implemented a Rule 12b-1 plan, which affects subsequent performance.

**PORTFOLIO DIVERSIFICATION**

**Top Ten Holdings:** Holdings of the same issuer have been combined. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included. For updated information, call Franklin Templeton Investments at (800) DIAL BEN/(800) 342-5236 or visit [franklintempleton.com](http://franklintempleton.com).

**Geographic/Sector Weightings:** Weightings as percent of equity (unless otherwise noted). Percentage may not equal 100% due to rounding. Information is historical and may not reflect current or future portfolio characteristics.

**Sector Weightings:** Weightings as percent of equity (unless otherwise noted). Percentage may not equal 100% due to rounding. Information is historical and may not reflect current or future portfolio characteristics.

**Largest/Smallest Sector Contributors:** Total effect represents the opportunity cost of investment decisions in a group relative to overall benchmark.

Source for Index: FactSet. Indexes are unmanaged and one cannot invest directly in an index.

**PORTFOLIO CHARACTERISTICS**

The portfolio characteristics listed are based on the fund's underlying holdings, and do not necessarily reflect the fund's characteristics. Due to data limitations all equity holdings are assumed to be the primary equity issue (usually the ordinary or common shares) of each security's issuing company. This methodology may cause small differences between the portfolio's reported characteristics and the portfolio's actual characteristics. In practice, Franklin Templeton's portfolio managers invest in the class or type of security which they believe is most appropriate at the time of purchase. The market capitalization figures for both the portfolio and the benchmark are at the security level, not aggregated up to the main issuer. All portfolio holdings are subject to change.

Source: FactSet. For the portfolio, the Price to Earnings, Price to Cash Flow, and Price to Book Value calculations for the weighted average use harmonic means. Values less than 0.01 (i.e., negative values) are excluded and values in excess of 200x are capped at 200x. For the benchmark, no limits are applied to these ratios in keeping with the benchmark's calculation methodology. Market capitalization statistics are indicated in the base currency for the portfolio presented.

*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/(800) 342-5236 or visit [franklintempleton.com](http://franklintempleton.com). Please carefully read a prospectus before you invest or send money.*



**FRANKLIN TEMPLETON  
INVESTMENTS**

Franklin Templeton Distributors, Inc.  
One Franklin Parkway  
San Mateo, California 94403-1906  
**(800) DIAL BEN® (800) 342-5236**  
[franklintempleton.com](http://franklintempleton.com)