

FUND CHARACTERISTICS (AS OF 12/31/14)

(
NASDAQ Symbol	TEMFX
Fund Inception Date	10/5/82
Dividends	Annually in December
Investment Style	International
Benchmark	MSCI EAFE Index
Lipper Classification	International Large-Cap Core
Morningstar Category™	Foreign Large Value
Total Net Assets—All Share Classes	6,507 million
Number of Issuers	104
Maximum Initial Sales Charge	5.75%

THIRD-PARTY FUND DATA

Overall Morningstar Rating™ **Traditional**



As of December 31, 2014 the fund's Class A shares received a traditional 3 star overall Morningstar Rating[™] and a load waived 3 star Morningstar Rating™, measuring risk-adjusted returns against 303, 262 and 127 U.S.-domiciled Foreign Large Value 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. Load waived Class A share Morningstar Ratings do not include front-end sales charges and are intended for investors who have access to such purchase terms (e.g., fee-based programs and participants of a defined contribution plan). Investors should contact their financial advisor to determine their eligibility to purchase Class A shares without paying the sales charge.

Templeton Foreign Fund—Class A

Product Profile Fourth Quarter 2014

FUND DESCRIPTION

The fund seeks long-term capital growth by investing at least 80% of its net assets in foreign securities, which may include emerging markets.

PERFORMANCE DATA

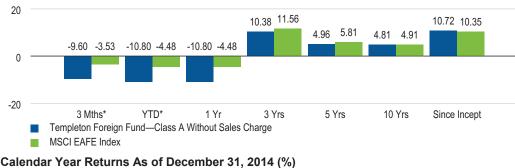
Average Annual Total Returns for Periods Ended December 31, 2014 (%)

						S	ince Incept
	3 Mths*	YTD*	1 Yr	3 Yrs	5 Yrs	10 Yrs	(10/5/82)
With Sales Charge	-14.80	-15.96	-15.96	8.23	3.72	4.19	10.51
Without Sales Charge	-9.60	-10.80	-10.80	10.38	4.96	4.81	10.72
MSCI EAFE Index	-3.53	-4.48	-4.48	11.56	5.81	4.91	10.35

Total Annual Operating Expenses—1.16%

Performance data represents past performance, which does not quarantee 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 for the most recent month-end performance.

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





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

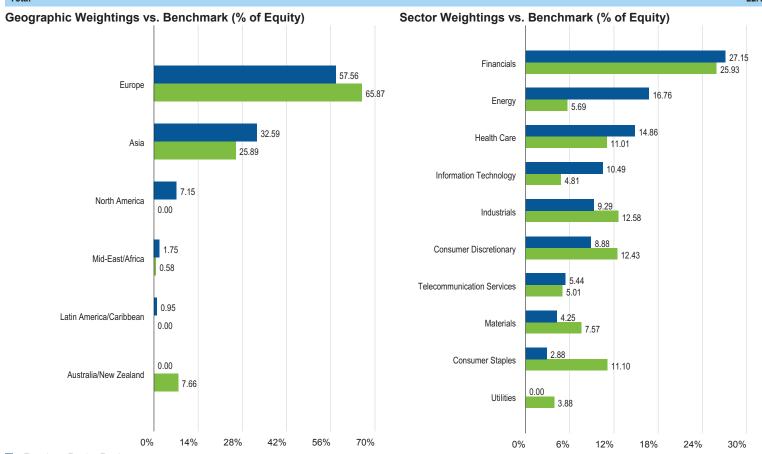
For information related to the "Fund Characteristics," "Third-Party Fund Data," and "Performance Data" sections, please see Explanatory Notes.

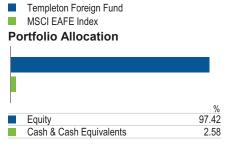
^{*}Cumulative Total Returns.

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	4.80
2. HANA FINANCIAL GROUP INC	# *	South Korea	Banks	2.23
3. BNP PARIBAS SA		France	Banks	2.19
4. CREDIT SUISSE GROUP AG	+	Switzerland	Diversified Financials	2.06
5. ROCHE HOLDING AG	+	Switzerland	Pharmaceuticals, Biotechnology & Life Sciences	1.97
6. TESCO PLC		United Kingdom	Food & Staples Retailing	1.94
7. KB FINANCIAL GROUP INC	# *	South Korea	Banks	1.86
8. AXA SA		France	Insurance	1.73
9. TEVA PHARMACEUTICAL INDUSTRIES LTD	*	Israel	Pharmaceuticals, Biotechnology & Life Sciences	1.70
10. ITOCHU CORP		Japan	Capital Goods	1.69
Total				22.15





Largest Sector Contributors vs. MSCI EAFE Index	
Sector	Total Effect (

Sector	Total Ellect (%)
Cash & Other Net Assets	0.22
Materials	0.09
Utilities	0.03
Consumer Staples	-0.13
Health Care	-0.14

Smallest Sector Contributors vs. MSCI EAFE Index

Sector	Total Effect (%)
Energy	-2.92
Financials	-0.93
Industrials	-0.64
Consumer Discretionary	-0.55
Information Technology	-0.39

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

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

				Fund	Benchmark
Weighted Average Market Capita	ization (Millions USD)			51,727	53,826
Median Market Capitalization (Mil	lions USD)			14,645	8,732
Price to Earnings	Fund	Benchmark	Price to Book Value	Fund	Benchmark
Weighted Average	13.41x	16.40x	Weighted Average	1.13x	1.65x
Median	15.53x	18.17x	Median	1.26x	1.72x
Price to Cash Flow	Fund	Benchmark			
Weighted Average	5.85x	8.79x			
Median	7.59x	10.99x			

PERFORMANCE RISK STATISTICS - Class A

Modern Portfolio Theory (MPT) Statistics (As of 12/31/14)

Performance Risk Statistics	3 Years	5 Years	10 Years
Standard Deviation	14.91	18.24	19.92
Alpha	-1.52	-0.93	-0.08
Beta	1.06	1.06	1.07
Sharpe Ratio	0.69	0.27	0.17
Information Ratio	-0.21	-0.17	-0.02
Tracking Error	5.71	5.07	5.07
R-Squared	85.63	92.58	93.89

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GLOSSARY

<u>Alpha:</u> Alpha measures the difference between a fund's actual returns and its expected returns given its risk level as measured by its beta. A positive alpha figure indicates the fund has performed better than its beta would predict. In contrast, a negative alpha indicates a fund has underperformed, given the expectations established by the fund's beta. Some investors see alpha as a measurement of the value added or subtracted by a fund's manager.

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

Beta: A measure of the magnitude of a portfolio's past share-price fluctuations in relation to the ups and downs of the overall market (or appropriate market index). The market (or index) is assigned a beta of 1.00, so a portfolio with a beta of 1.20 would have seen its share price rise or fall by 12% when the overall market rose or fell by 10%.

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.

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.

<u>Price to Book Value (P/BV):</u> 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. <u>Price to Cash Flow (P/CF):</u> 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.

<u>Price to Earnings (P/E)</u>: 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.

R-Squared: A measure of how much of a portfolio's performance can be explained by the returns from the overall market (or a benchmark index). If a portfolio's total return precisely matched that of the overall market or benchmark, its R-squared would be 100. If a portfolio's return bore no relationship to the market's returns, its R-squared would be 0.

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.

<u>Standard Deviation:</u> A measure of the degree to which a fund's return varies from its previous returns or from the average of all similar funds. The larger the standard deviation, the greater the likelihood (and risk) that a security's performance will fluctuate from the average return.

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

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.

PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE

Performance Review

During the quarter, an overweighting and stock selection in the energy sector detracted from relative fund performance. Security selection in the financials and industrials sectors also weighed on results, as did stock selection and an underweighting in the consumer discretionary sector. Conversely, stock selection in the materials and utilities sectors enhanced relative fund performance over the quarter.

Sector Analysis

Hindered by an overweighting and stock selection, the energy sector was a significant detractor from relative returns for the quarter. Shares of Canadian oilfield services firm Trican Well Service declined over the period as an oil supply glut brought about by the North American shale revolution has coincided with flagging global demand expectations, creating downward pressure on crude oil prices. As drilling for oil becomes less economical, many major integrated oil companies have lowered their investment guidance, limiting expectations for their own profitability and, to an even greater degree, that of the oilfield services companies that help them extract the resource. Investments in European energy equipment and services companies such as Saipem (Italy) and Technip (France) also weighed on results.

Security selection in the financials and industrials sectors also hampered performance. 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. 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 the restructured and recapitalized European banking sector.

Other individual detractors included an off-benchmark investment in Hong Kong-based semiconductor manufacturer GCL-Poly Energy Holdings.

Conversely, stock selection in the materials sector, in which the fund was also underweight, contributed to returns in an environment of steadily declining commodity prices.

Although information technology was an overall detractor at the sector level, an investment in South Korean semiconductor and consumer electronics firm Samsung enhanced returns significantly. Its shares have risen over time as a leadership transition has paved the way for shareholder-friendly restructuring initiatives. 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 individual contributors included German airline Deutsche Lufthansa. Its shares rallied as falling oil prices helped lower fuel costs for transportation firms. Lower oil prices aside, many macroeconomic factors have continued to work against the airline. Yet, Lufthansa has been managing these challenges well, in our view, as illustrated by its restructuring progress and capacity discipline. Elsewhere, leading individual fund contributors included China Life Insurance (China), Marks and Spencer Group (UK), and Teva Pharmaceutical Industries (Israel).

Regionally, security selection in Europe detracted from relative returns, with the fund's investments in France, Italy and Switzerland proving especially detrimental. Stock selection in Asia also weighed on results, as did off-benchmark investments in Canada and the United States. A lack of exposure to Australia enhanced relative returns, as did investments in select European markets such as Spain and Ireland. Although Asia was an overall detractor from relative performance, security selection in Singapore and off-benchmark investments in India boosted results.

Portfolio Positioning

Our fundamentals-based stock-selection metrics produced a portfolio with above-index weightings during the quarter in the energy, information technology and health care sectors and underweightings in consumer staples, consumer discretionary, utilities, industrials and materials. Regionally, the fund was overweighted in Asia and underweighted in Europe.

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

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 (CONTINUED)

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.

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INVESTMENT PHILOSOPHY AND PROCESS

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

Value

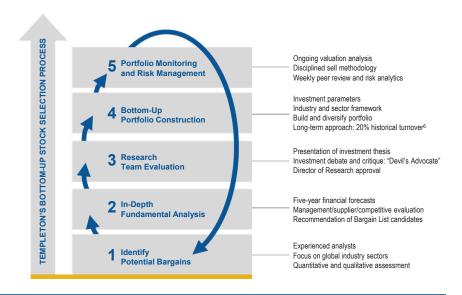
Our flexible approach is applied within a disciplined framework and seeks to identify companies trading at large discounts to their business value.

Patience

Our long-term focus gives us a framework to take advantage of price volatility to reveal potential longterm 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)

Templeton Foreign Fund Management Team	Years with Firm	Years Experience
Tucker Scott, CFA	18	23
Norman Boersma, CFA	23	29
Lisa Myers, CFA	18	18
James Harper, CFA	7	22
Heather Arnold, CFA	10	31
Templeton Global Equity Management Team	Years with Firm	Years Experience
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
Templeton Global Equity Group	Number of Members	Average Years Experience
Portfolio Managers/Analysts	24	22
Research Analysts	14	9
Additional Resources		
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.

THIRD-PARTY FUND DATA

Morningstar Rating™: Source: Morningstar® 12/31/14. For each fund with at least a three-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 after adjusting for sales loads (except for load-waived A shares), redemption fees, and the risk free rate, 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. Class A shares of Templeton Foreign Fund received a traditional Morningstar Rating of 2, 2 and 3 star(s) for the 3-, 5- and 10-year periods, respectively. Load-waived Class A shares of Templeton Foreign Fund received Morningstar Ratings of 3, 3 and 3 star(s) for the 3-, 5- and 10- year periods, respectively. The Morningstar Rating of a mutual fund as a result of different sales loads and/or expense structure. Past performance does not guarantee future results. ©2015 Morningstar, Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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.

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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.

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. Please carefully read a prospectus before you invest or send money.



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