FRANKLIN TEMPLETON INVESTMENTS

Templeton Foreign Fund—Class A

Product Profile First Quarter 2016

FUND CHARACTERISTICS (AS OF 3/31/16)

NASDAQ Symbol	TEMFX
Fund Inception Date	10/5/82
Dividends	Annually in December
Investment Style	International
Benchmark	MSCI EAFE Index
Lipper Classification	International Multi-Cap Value
Morningstar Category™	Foreign Large Value
Total Net Assets—All Share Classes	6,311 million
Number of Issuers	102
Maximum Initial Sales Charge	5.75%

THIRD-PARTY FUND DATA

Overall Morningstar Rating™

Traditional

★★★

Load Waived

★★★

As of March 31, 2016 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 289, 251 and 133 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.

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 March 31, 2016 (%)

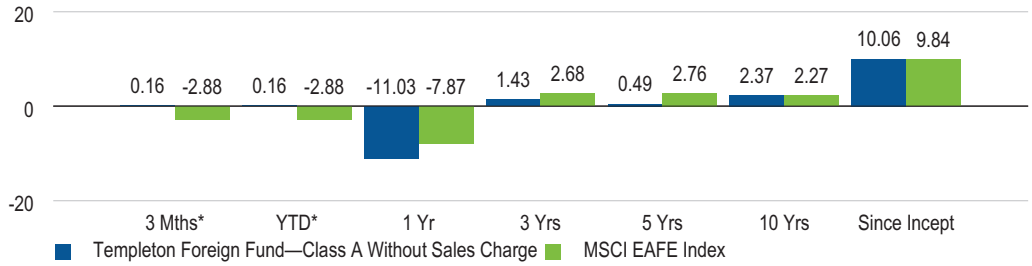
	3 Mths*	YTD*	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Incept (10/5/82)
With Sales Charge	-5.61	-5.61	-16.09	-0.54	-0.68	1.77	9.87
Without Sales Charge	0.16	0.16	-11.03	1.43	0.49	2.37	10.06
MSCI EAFE Index	-2.88	-2.88	-7.87	2.68	2.76	2.27	9.84

Total Annual Operating Expenses—*With Waiver:*1.18% *Without Waiver:*1.18%

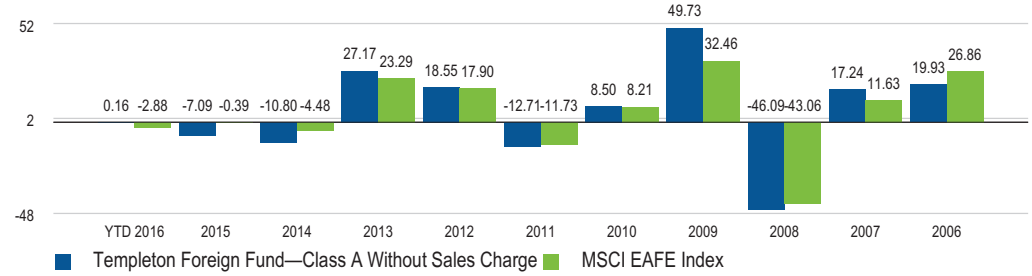
Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund's investment return and principal value will change with market conditions, and you may have a gain or a loss when you sell your shares. Please call Franklin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

The fund has a fee waiver associated with its investments in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year-end. Fund investment results reflect the fee waiver; without this reduction, the results would have been lower.

Average Annual Total Returns for Periods Ended March 31, 2016 (%)



Calendar Year Returns As of March 31, 2016 (%)



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," "Third-Party Fund Data," and "Performance Data" sections, please see Explanatory Notes.

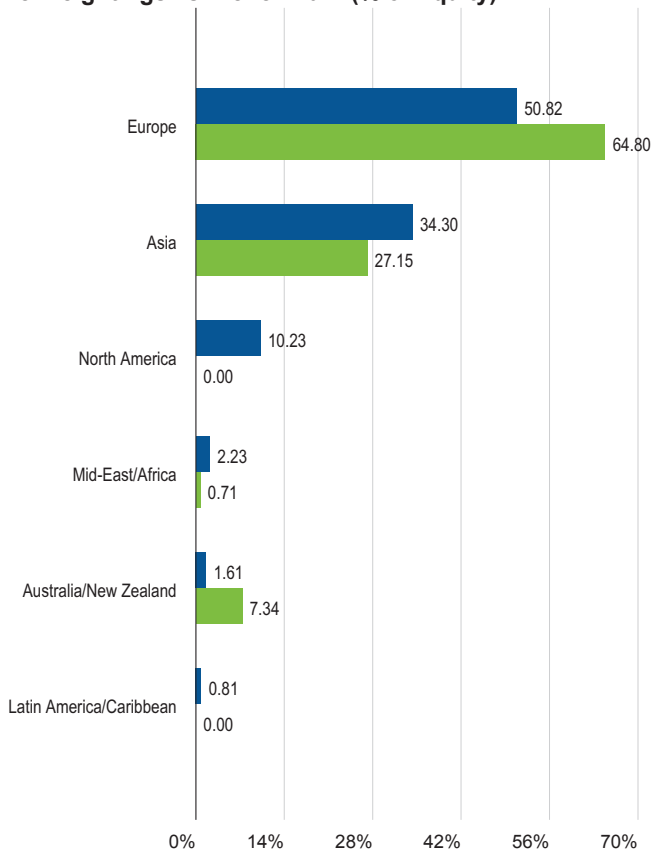
Not FDIC Insured | May Lose Value | No Bank Guarantee

PORTFOLIO DIVERSIFICATION (AS OF 3/31/16)

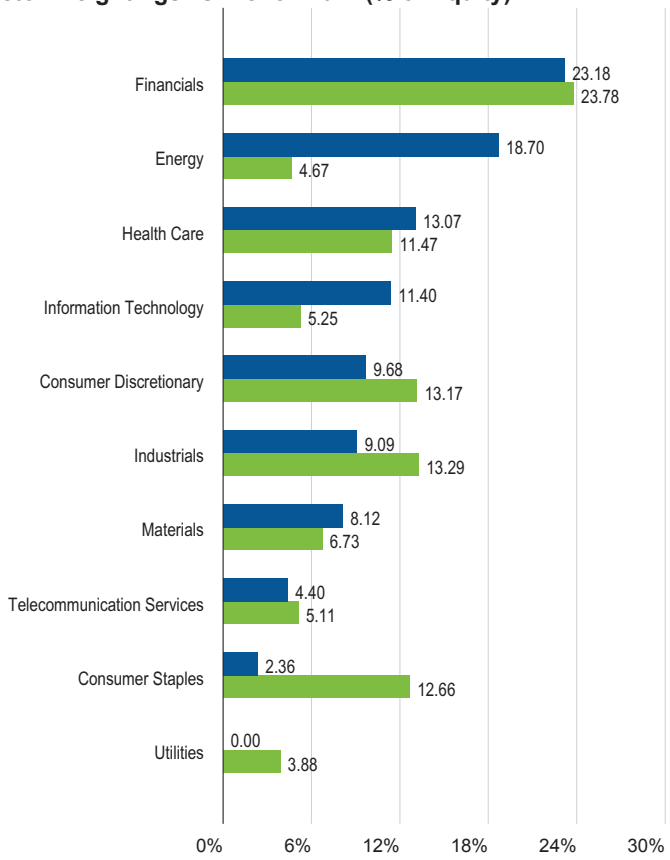
Top Ten Holdings

Issuer Name	Country	Industry	% of Total
1. SAMSUNG ELECTRONICS CO LTD	South Korea	Technology Hardware & Equipment	4.96
2. SILVER WHEATON CORP	Canada	Materials	2.23
3. BNP PARIBAS SA	France	Banks	2.13
4. HANA FINANCIAL GROUP INC	South Korea	Banks	2.08
5. GLENCORE PLC	Switzerland	Materials	2.01
6. NISSAN MOTOR CO LTD	Japan	Automobiles & Components	1.90
7. HALLIBURTON CO	United States	Energy	1.87
8. TEVA PHARMACEUTICAL INDUSTRIES LTD	Israel	Pharmaceuticals, Biotechnology & Life Sciences	1.82
9. KB FINANCIAL GROUP INC	South Korea	Banks	1.79
10. SBM OFFSHORE NV	Netherlands	Energy	1.74
Total			**22.54**

Geographic Weightings vs. Benchmark (% of Equity)



Sector Weightings vs. Benchmark (% of Equity)



Templeton Foreign Fund
MSCI EAFE Index

Portfolio Allocation

	%
Equity	97.27
Cash & Cash Equivalents	2.73

Largest Sector Contributors vs. MSCI EAFE Index

Sector	Total Effect (%)
Materials	2.45
Energy	1.34
Information Technology	0.73
Consumer Discretionary	0.11
Cash & Other Net Assets	0.10

Smallest Sector Contributors vs. MSCI EAFE Index

Sector	Total Effect (%)
Health Care	-0.61
Consumer Staples	-0.43
Utilities	-0.15
Industrials	-0.08
Financials	-0.08

Contributor data shown is for the period 1/1/16 to 3/31/16.

PORTFOLIO CHARACTERISTICS (AS OF 3/31/16)—Fund vs. MSCI EAFE Index

Price to Earnings	Fund	Benchmark
Weighted Average	13.78x	16.70x
Median	14.66x	17.26x

Price to Book Value	Fund	Benchmark
Weighted Average	1.02x	1.51x
Median	1.14x	1.68x

Price to Cash Flow	Fund	Benchmark
Weighted Average	5.22x	8.83x
Median	7.76x	11.10x

Market Capitalization (Millions USD)	Fund	Benchmark
Weighted Average	40,703	48,369
Median	12,001	8,729

PERFORMANCE RISK STATISTICS - Class A

Modern Portfolio Theory (MPT) Statistics (As of 3/31/16)

Performance Risk Statistics	3 Years	5 Years	10 Years
Standard Deviation	15.13	17.45	20.63
Alpha	-1.09	-2.17	0.29
Beta	1.03	1.08	1.07
Sharpe Ratio	0.09	0.02	0.06
Information Ratio	-0.21	-0.40	0.02
Tracking Error	6.11	5.61	5.45
R-Squared	83.76	90.10	93.46

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GLOSSARY

Alpha: 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.
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.
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.
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.
Standard Deviation: 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.
Tracking Error: 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.

Alpha, Beta, Information Ratio, R-Squared, and Tracking Error are measured against the MSCI EAFE Index.
For information related to the “Portfolio Characteristics” section, please see Explanatory Notes.

MARKET REVIEW

Global equities began the first quarter of 2016 with a notable decline as ongoing global growth concerns, falling commodity prices and worries about the health of banks, particularly in Europe, weighed on investor sentiment. They ended the period with marginal gains after key central banks announced additional easing measures and as crude oil prices advanced during the second half of the period. In broad terms, developed-market equities trailed their emerging-market peers for the quarter. By region, US equity markets rose and outperformed global equities, while Asian and European equity markets declined. Latin American stock markets advanced substantially as a group. US economic data released during the quarter were somewhat mixed, though robust job additions continued and consumer confidence improved toward period-end, along with sentiment in the manufacturing sector. The US Federal Reserve kept interest rates unchanged and reduced its forecast for the federal funds rate to reflect the likelihood of two 25-basis-point increases in 2016. During the same month, the European Central Bank responded to the reappearance of deflation in the eurozone by cutting its benchmark rate and deposit rate--moving the latter further into negative territory--and expanding its bond-buying program. This announcement followed the Bank of Japan's surprise January adoption of a negative interest rate, which was aimed at boosting lending and pushing inflation to its target range.

Among emerging markets, China's purchasing managers' index contracted twice in the first quarter due to a decline in production growth and manufacturing demand, but it edged up slightly toward period-end, indicating some expansion. The People's Bank of China announced in February another reduction in the reserve requirement ratio for banks--the fifth cut in a year--to help boost the cooling economy. In Latin America, the rebound in commodity prices during the quarter's second half assisted Brazilian equities, though the country's macroeconomic data remained weak.

PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE

The fund outperformed its benchmark for the quarter. Encouragingly, value stocks led the market upswing late in the first quarter as the value recovery gathered steam.

Sector Analysis

We are still finding value to be scarce in the materials sector, where miners face a combination of demand impairment and oversupply in the aftermath of China's two-decade investment binge. While we have yet to find wholesale value in the challenging mining space, severely depressed conditions have given rise to selective bargains, and we modestly increased exposure in recent quarters. Overall, this enhanced allocation strongly contributed to performance during the first quarter as a weaker US dollar and renewed Chinese stimulus seemed to provide the catalysts required for mining stocks to bounce from largely oversold levels. A stake in UK-listed commodities trader and diversified miner Glencore was the fund's top relative performer, with its shares rallying significantly during the quarter. What appeared to be a general misunderstanding of the firm's trading business and funding model, combined with existential fears surrounding the balance sheet in an environment of falling commodity prices, had weighed heavily on the stock, driving the shares far below the firm's 2011 initial public offering price. Glencore has since responded decisively to market concerns by selling assets, cutting debt, improving liquidity, reducing receivables and gaining efficiencies across its industrial and marketing businesses. The successful renegotiation of a credit revolver and recently released earnings figures that demonstrated the counter-cyclical cash flow characteristics of the firm's trading division further enhanced Glencore's credibility among investors. Other top contributors in the sector included Canadian gold miner Barrick Gold and precious metals miner Silver Wheaton.

Our value conviction in the energy sector was at least partially vindicated during the quarter as oil prices rebounded from a 12-year nadir and energy stocks that had largely been left for dead suddenly showed signs of life. UK-based Petrofac, an onshore engineering and construction company for the oil and gas industry, and France-based Technip, a leading European oil/gas services engineering, construction and technology company, performed well and boosted relative fund results. Our analysis of oil industry dynamics and corporate fundamentals in the energy sector generally continues to highlight abundant long-term value. On the supply side, Saudi Arabia's interest in a coordinated production freeze suggests that the kingdom is either unable to increase its output or is unwilling to further pressure pricing given the effect of cheap oil on its own finances. Either way, we view it as a positive sign that large producers may yet cooperate to help balance the oil market. Meanwhile, in North America (the source of the marginal production keeping prices under pressure), it appears the production gambit by OPEC (Organization of the Petroleum Exporting Countries) is having the intended effect. During the first quarter of 2016, the number of oil and gas rigs operating in the US shale patch fell to levels even below those associated with the severe supply adjustments of the mid-'80s and late '90s. The upshot of these various supply constraints is global, industry-wide spare capacity that is currently low and nowhere near the glut experienced during the mid-'80s oil crisis. Demand is holding up well too, with global oil demand growing since the global financial crisis at a stronger rate than the 2003-2008 expansionary period, itself considered an era of “super growth.” While near-term volatility in energy stocks is expected, we believe the sector remains a fertile ground for bargain hunters with a long-term investment horizon.

Stock selection in the information technology sector further supported relative performance. Within the sector, South Korea-based Samsung Electronics is the leading producer of semiconductors, flat panel displays, cellular handsets and consumer electronics. Its shares rose late in the quarter after the company announced strong preorder volumes for the new Galaxy S7 phone. Elsewhere, stock selection in the consumer discretionary sector proved beneficial to relative results. Turning to detractors, the health care sector has recently come under pressure as thematic investors appeared to extrapolate overly generalized macro-economic threats into excessively pessimistic forecasts. The main challenges here are regulatory and political in nature. Politicians' criticism of aggressive drug pricing policies effectively marked the top of the market for pharmaceuticals and biotechnology stocks last autumn. While cash flows and earnings have generally held up well since then, the sector experienced a massive multiple de-rating. Yet we believe closer scrutiny of industry conditions and bottom-up fundamentals in health care belies the pessimism currently clouding the growth outlook. The pharmaceutical pricing reforms being advanced by US Democrats today are not new; they have been introduced to Congress numerous times in recent history without any measurable success. Furthermore, there is no mechanism to unilaterally reset US drug prices in light of the numerous legislative hurdles that would have to be cleared. Campaign rhetoric aside, politicians on both sides of the aisle acknowledge the need to pay for innovation. The technological advancements of the late '90s, such as genomics, proteomics and bio-informatics, are contributing to a deeper understanding of a number of infectious, auto-immune and metastatic diseases, and they are translating into a wave of new products. The industry is experiencing a deep cycle of drug discovery technology, and we think it is in no one's interest to curtail research and development productivity or slow down life-saving innovation. At Templeton, we have constructed what we view as a portfolio of well-run and highly innovative companies capable of dealing with pricing and competitive pressures on a bottom-up, case-by-case basis. Other leading fund detractors included Credit Suisse Group (Switzerland), UniCredit (Italy) and Nissan Motor (Japan). Shares of Credit Suisse declined to 25-year lows after the company reported rising costs and disappointing earnings in fixed income. According to our analysis, at Credit Suisse's significant discount to tangible book value, the depressed valuation levels fail to reflect the firm's strong capital position, updated strategic plan and profitability targets, and lower reliance on investment banking for profits.

Country Analysis

Regionally, stock selection in Asia and off-benchmark exposure to Canada enhanced relative performance. A lone investment in Brazil lifted relative results, as did investments in the United States. Conversely, stock selection and an underweight allocation in Europe eroded relative performance. Our only holding in Israel further weighed on relative results.

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.

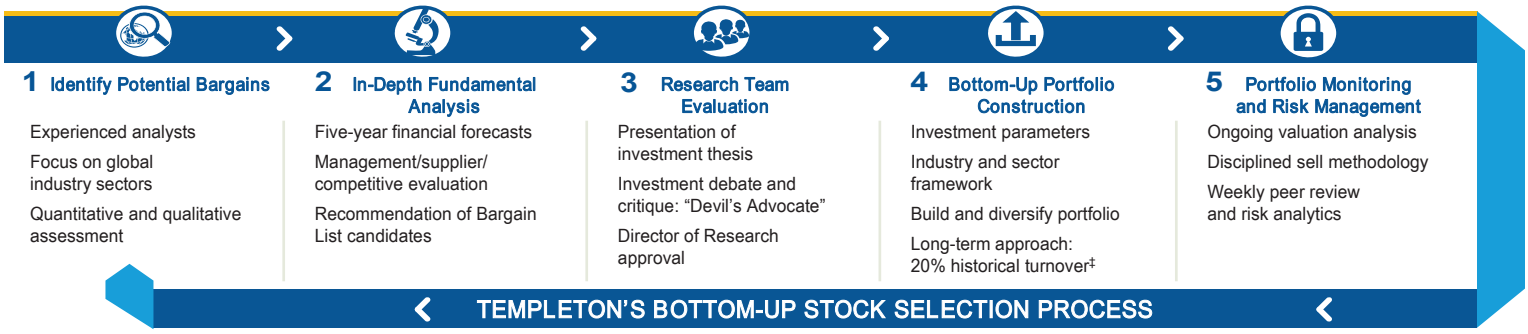
INVESTMENT PHILOSOPHY AND PROCESS

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.



‡ Historical turnover is based on Templeton's experience as a Firm, over a five-year period as of most recent quarter end. The turnover is a byproduct of Templeton's long-term approach to managing portfolios, but various factors, such as a portfolio's specific investment guidelines and market or economic conditions may cause actual portfolio turnover to vary.

INVESTMENT AND MANAGEMENT TEAM (AS OF 3/31/16)

Templeton Foreign Fund Management Team	Years with Firm	Years Experience
Tucker Scott, CFA	19	24
Norman Boersma, CFA	24	30
James Harper, CFA	8	23
Heather Arnold, CFA	11	32
Templeton Global Equity Management Team	**Years with Firm**	**Years Experience**
Norman Boersma, CFA - Chief Investment Officer	24	30
Heather Arnold, CFA - Director of Research	11	32
Cindy L. Sweeting, CFA - Director of Portfolio Management	19	32
Templeton Global Equity Group	**Number of Members**	**Average Years Experience**
Portfolio Managers/Analysts	25	23
Research Analysts	9	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.

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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® 3/31/16. 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, 2 and 4 star(s) for the 3-, 5- and 10- year periods, respectively. The Morningstar Rating™ may differ among share classes of a mutual fund as a result of different sales loads and/or expense structure. **Past performance does not guarantee future results.** ©2016 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. They do not reflect any fees, expenses or sales charges.
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.
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. They do not reflect any fees, expenses or sales charges.

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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