

ANNUAL REPORT AND SHAREHOLDER LETTER

TEMPLETON CHINA WORLD FUND

August 31, 2020



FRANKLIN
TEMPLETON

Internet Delivery of Fund Reports Unless You Request Paper Copies: Effective January 1, 2021, as permitted by the SEC, paper copies of the Fund's shareholder reports will no longer be sent by mail, unless you specifically request them from the Fund or your financial intermediary. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. If you have not signed up for electronic delivery, we would encourage you to join fellow shareholders who have. You may elect to receive shareholder reports and other communications electronically from the Fund by calling (800) 632-2301 or by contacting your financial intermediary.

You may elect to continue to receive paper copies of all your future shareholder reports free of charge by contacting your financial intermediary or, if you invest directly with a Fund, calling (800) 632-2301 to let the Fund know of your request. Your election to receive reports in paper will apply to all funds held in your account.

SHAREHOLDER LETTER

Dear Shareholder:

The 12 months under review have seen unprecedented global market turbulence and extraordinary policymaking in the face of a pandemic. China's response in domestically suppressing the novel coronavirus (COVID-19) was highly effective, enabling the economy to reopen more quickly and broadly than elsewhere. Measures that at first appeared draconian have been adopted by many other countries, albeit with varying results.

Investor optimism after the signing of the U.S.-China phase one trade agreement in mid-January 2020 was swiftly eclipsed by the COVID-19 outbreak. China's economy contracted in the first quarter for the first time on record after the government shut down large portions of the economy to contain the virus. To bolster the economy, the government implemented fiscal stimulus measures, while the People's Bank of China took significant steps to lower interest rates for borrowers and cash reserve requirement ratios for banks and offer refinancing support for small- and medium-sized companies. These efforts proved effective, allowing the economy to reopen and resume growth in the second quarter, albeit at a lower rate than prior to the pandemic. Although near-term growth has been severely impacted, we believe there is pent-up domestic demand, which will help drive growth through the remainder of 2020 and into 2021. China is likely to be the only large economy to see economic growth in 2020. We recognize the human and economic toll of the pandemic and continue to engage with companies to consider how they may emerge from the crisis as we seek to appropriately position our portfolios.

China's focus on economic restructuring and long-term sustainable growth has led to quicker application of structural reforms, industry consolidation and development of local technology supply chains to replace U.S. sources. We believe China will become a leader in fifth-generation wireless technology (5G), which together with artificial intelligence and robotics could help drive China's economy as it seeks to rely less on the U.S.

We are committed to our long-term perspective and disciplined investment approach as we conduct a rigorous, fundamental analysis of securities with a regular emphasis on investment risk management.

Historically, patient investors have achieved rewarding results by evaluating their goals, diversifying their assets globally and maintaining a disciplined investment program, all hallmarks of the Templeton investment philosophy. We continue to recommend investors consult their financial advisors and review their portfolios to design a long-term strategy and portfolio allocation that meet their individual needs, goals and risk tolerance.

Templeton China World Fund's annual report includes more detail about prevailing conditions and a discussion about investment decisions during the period. Please remember all securities markets fluctuate, as do mutual fund share prices.

We thank you for investing with Franklin Templeton, welcome your questions and comments, and look forward to serving your investment needs in the years ahead.

Sincerely,

Manraj S. Sekhon, CFA
Chief Investment Officer
Franklin Templeton Emerging Markets Equity

This letter reflects our analysis and opinions as of August 31, 2020, unless otherwise indicated. The information is not a complete analysis of every aspect of any market, state, industry, security or fund. Statements of fact are from sources considered reliable.

CFA® is a trademark owned by CFA Institute.

Not FDIC Insured | May Lose Value | No Bank Guarantee

Contents

Annual Report

Templeton China World Fund	3
Performance Summary	7
Your Fund's Expenses	10
Financial Highlights and Statement of Investments	11
Financial Statements	18
Notes to Financial Statements	22
Report of Independent Registered Public Accounting Firm	32
Tax Information	33
Board Members and Officers	34
Shareholder Information	39

Visit **franklintempleton.com** for fund updates, to access your account, or to find helpful financial planning tools.

ANNUAL REPORT

Templeton China World Fund

This annual report for Templeton China World Fund covers the fiscal year ended August 31, 2020.

Your Fund's Goals and Main Investments

The Fund seeks long-term capital appreciation. Under normal market conditions, the Fund invests at least 80% of its net assets in securities of "China companies." Such companies are those that are organized under the laws of, or with a principal office in, the People's Republic of China (China), Hong Kong or Taiwan; or for which the principal trading market is in China, Hong Kong or Taiwan; or that derive at least 50% of their revenues from goods or services sold or produced, or have at least 50% of their assets, in China.

Performance Overview

For the 12 months ended August 31, 2020, the Fund's Class A shares posted a total return of +36.80%. For comparison, the MSCI China Index, which measures stock market performance of mid- and large-capitalization companies in China, posted a +37.49% cumulative total return for the same period.¹ The Fund's prior benchmark, the MSCI Golden Dragon Index, posted a +32.28% return.¹ For the 10-year period ended August 31, 2020, the Fund's Class A shares posted a +90.94% cumulative total return, compared with the MSCI China Index's +116.04% and the MSCI Golden Dragon Index's +135.63% cumulative total returns for the same period.² Please note index performance information is provided for reference and we do not attempt to track the index but rather undertake investments on the basis of fundamental research. You can find more performance data in the Performance Summary beginning on page 7.

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com or call (800) 342-5236.

1. Source: Morningstar.

2. Source: Morningstar. As of 8/31/20, the Fund's Class A 10-year average annual total return not including sales charges was +6.68%, compared with the 10-year average annual total return of +8.01% for the MSCI China Index.

The indexes are unmanaged and include reinvestment of any income or distributions. They do not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

See www.franklintempletondatasources.com for additional data provider information.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 15.

Geographic Composition 8/31/20

	% of Total Net Assets
China	97.3%
Hong Kong	1.3%
Short-Term Investments & Other Net Assets	1.4%

Economic and Market Overview

China's economy contracted for the first time on record in 2020's first quarter, reflecting the significant disruption caused by the novel coronavirus (COVID-19) pandemic and subsequent lockdowns of nonessential businesses. Growth had already been moderating prior to the pandemic, weighed down by trade tensions with the U.S. along with soft global and domestic demand, although increased industrial production provided some support. Economic growth returned in the second quarter as the economy began to reopen, albeit at a rate below pre-pandemic levels. Low oil prices have provided some relief to the oil-import dependent economy.

The People's Bank of China (PBOC) lowered its benchmark loan prime rate (LPR) four times during the period, including once in February to counter the negative economic effects of COVID-19. Although the PBOC left the LPR unchanged for the last four months of the period, it enacted additional stimulus measures, such as a new one-year medium-term lending facility in June 2020.

In this environment, Chinese equities rose during the period. Prior to the COVID-19 outbreak, Chinese stocks benefited from a generally accommodative global monetary environment and a phase one trade deal with the U.S. When the pandemic hit, investors were reassured by the government's aggressive actions to contain the virus and the economy's return to growth in 2020's second quarter. Renewed trade tensions with the U.S. and subsequent COVID-19 outbreaks in China late in the period restricted further gains, but these were partly offset by a weaker U.S.

dollar and optimism about potential coronavirus vaccines. In this environment, the MSCI China Index posted a +37.49% total return for the 12 months ended August 31, 2020.¹

Investment Strategy

Our investment strategy employs a fundamental research, value-oriented, long-term approach. We focus on the market price of a company's securities relative to our evaluation of the company's long-term earnings, asset value and cash flow potential. We also consider a company's profit and loss outlook, balance sheet strength, cash flow trends and asset value in relation to the current price. Our analysis considers the company's corporate governance behavior as well as its position in its sector, the economic framework and political environment.

Manager's Discussion

During the 12 months under review, key contributors to the Fund's absolute performance included Tencent Holdings, Alibaba Group Holding and Meituan Dianping.

Tencent is one of the largest internet services companies in China. The company provides online gaming, social network, financial technology, cloud and other entertainment-related services. Tencent posted muted returns in the earlier part of the period following disappointing 2019 third-quarter earnings. Later, expectations that COVID-19 would have a short-term negative impact on Tencent's advertising, payments and cloud services as a result of a decline in business activities led shares to correct in March 2020. Shares subsequently rose, however, on expectations of solid growth in the mobile gaming and financial technology businesses. The company also reported above-consensus 2020 first- and second-quarter corporate results driven by strong growth in its online gaming business. Although shares experienced a setback in early August following U.S. President Donald Trump's decision to ban Tencent's social app WeChat in the U.S., management disclosure that the U.S. makes up a very small proportion of revenues eased concerns.

Alibaba is the leading e-commerce company in China. It also provides cloud computing services and is also involved in payment, financing and logistics services. Shares generally remained on an upward trend except for the short-term correction in the first quarter of 2020, when COVID-19-related concerns weighed on stocks globally. Strong investor demand for its secondary listing in Hong Kong and market optimism over its multiple digital ventures drove investor

Top 10 Holdings

8/31/20

Company Sub-Industry	% of Total Net Assets
Alibaba Group Holding Ltd. <i>Internet & Direct Marketing Retail</i>	14.2%
Tencent Holdings Ltd. <i>Interactive Media & Services</i>	13.7%
Meituan Dianping <i>Internet & Direct Marketing Retail</i>	4.2%
New Oriental Education & Technology Group, Inc. <i>Education Services</i>	4.0%
JD.com, Inc. <i>Internet & Direct Marketing Retail</i>	3.8%
China Life Insurance Co. Ltd. <i>Life & Health Insurance</i>	3.0%
Wuxi Biologics Cayman, Inc. <i>Life Sciences Tools & Services</i>	3.0%
China Merchants Bank Co. Ltd. <i>Diversified Banks</i>	2.9%
Shimao Group Holdings Ltd. <i>Real Estate Development</i>	2.8%
Luzhou Laojiao Co. Ltd. <i>Distillers & Vintners</i>	2.8%

confidence in the earlier part of the reporting period. The company reported better-than-expected 2020 first- and second-quarter corporate results, driven by double-digit revenue growth in e-commerce and cloud computing. The planned dual listing of Alibaba's financial technology arm and China's dominant mobile payments firm Ant Group in Hong Kong and China, which is expected to be the world's largest initial public offering ever, further boosted interest in Alibaba.

Meituan Dianping is a major Chinese delivery app service and food and consumer product online retailer. Although shares declined in March along with the wider market, a better-than-expected decline in 2020 first-quarter sales led investors to adopt a more positive view on the stock. By mid-May, its group buying business and food deliveries operation, which was helped by contactless payment capabilities, reported seeing a recovery. Shares subsequently surged in the second half of the reporting period as the COVID-19 pandemic boosted online business models, driving investors towards companies that appear well-positioned to capture this trend. As a result, the company saw an increase in the number of users and merchants on its platforms, leading to better-than-expected second-quarter corporate results with positive revenue growth. Investor confidence was also supported by expectations that the growing penetration of food delivery in China could bolster Meituan Dianping's dominance in the segment and set it on a clearer path to profitability.

Conversely, major detractors from absolute performance included CNOOC, Ping An Insurance Group and Uni-President China.

CNNOC is one of the largest energy companies in China. Share prices performed largely in-line with oil prices over the 12-month period. The oil sector came under pressure from an unprecedented demand destruction due to the COVID-19 pandemic as well as a sharp increase in supply following the end of an agreement between countries of the Organization of Petroleum Exporting Countries + (OPEC+), which combines members of OPEC along with Russia and other oil producers. This combination led to inventory builds that weighed on oil prices, which fell sharply in March and April, before rebounding and stabilizing in June. However, compared to prior industry downturns, most Asian operators, including CNOOC, have strong balance sheets and have significantly lowered their cost of production, better placing them to weather these conditions. Shares in CNOOC stabilized in the latter part of the reporting period, with the company also reporting better-than-expected first-half 2020 earnings largely due to successful cost control. A higher-than-expected dividend payout also incentivized investors.

Ping An Insurance is a leading Chinese financial conglomerate involved in four key business areas: insurance, banking, investment and financial technology. The company is also one of the largest life and property and casualty insurers in China. Shares trailed the broader market as border closures with mainland China and visa suspensions amid the COVID-19 pandemic prohibited face-to-face sales meetings that drive insurance sales. The company recorded a double-digit decline in net profit for the first half of 2020 largely due to a fall in insurance premiums. On the positive side, the group's brokerage and financial and health technology income reported solid growth. Shares rebounded late in the period on expectations of a recovery in operations as economies reopen as well as business expansion in mainland China. Ping An Insurance's strong brand strategy and execution record, as well as its technology-driven model of agent recruitment and client acquisition, provided investors with additional reasons to maintain a longer-term view on the stock's potential.

Uni-President China is a leading beverage and instant noodle manufacturer in China. The company is the China subsidiary of Uni-President Group, the largest food and beverage conglomerate in Taiwan. Shares corrected in the earlier part of the period after a weaker-than-expected 2019 third-quarter net profit due largely to higher-than-expected advertising and promotional expenditure amid new product launches and a withholding tax expense. Shares fell sharply in March 2020 in line with the global selloff, but a strong pick-

up in consumer demand for packaged food and drinks amid the pandemic led shares to rebound to pre-COVID-19 levels. The stock price fell again, however, as some investors realized profits in August amid weaker-than-expected second-quarter profit stemming from higher investment in branding.

The market volatility during the reporting period provided us with a chance to invest in new opportunities as well as add to our existing high-conviction portfolio holdings at attractive prices. In the past 12 months, we increased the Fund's holdings in the consumer discretionary, real estate, industrials and health care sectors. Portfolio realignment and the search for undervalued investments led to the addition of numerous new companies to the Fund. Key purchases included JD.com, one of China's largest online retailers; New Oriental Education & Technology Group, a key private education service provider in China; Shimao Group Holdings, a developer of residential, hotel, office and commercial properties; the aforementioned Meituan Dianping; A-Living Services, a property management services company in China; and WuXi Biologics Cayman, a leading global open-access biologics technology platform. We also added to existing investments in China Overseas Land & Investment, a major Chinese real estate company, Baidu, China's premier search engine, and the previously mentioned Ping An Insurance.

Meanwhile, we reduced the Fund's investments in financials, information technology, consumer staples and energy companies in favor of opportunities we found more compelling and to raise funds for dividend and capital gains distribution during the reporting period. Geographically, exposure to Taiwan was eliminated over the course of the year to allow the Fund's portfolio to focus on what we viewed to be attractive opportunities in China. In terms of key sales, we reduced holdings in Chinese sportswear manufacturer Anta Sports Products, Hong Kong-listed insurer AIA, and Chinese telecommunications provider China Mobile. The Fund also divested its positions in Taiwanese semiconductor company Taiwan Semiconductor Manufacturing Co. (TSMC), the aforementioned Uni-President China, Chinese energy company China Petroleum & Chemical Corporation (Sinopec), Chinese commercial banks Industrial & Commercial Bank of China (ICBC) and China Construction Bank, Chinese pharmaceutical company Shanghai Pharmaceuticals and pan-Asian retailer Dairy Farm.

Thank you for your continued participation in Templeton China World Fund. We look forward to serving your future investment needs.

Michael Lai, CFA
Lead Portfolio Manager

Eric Mok, CFA
Portfolio Manager

The foregoing information reflects our analysis, opinions and portfolio holdings as of August 31, 2020, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, state, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Performance Summary as of August 31, 2020

The performance table and graphs do not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares. Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses. Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses of each class. Capital gain distributions are net profits realized from the sale of portfolio securities.

Performance as of 8/31/20

*Cumulative total return excludes sales charges. Average annual total return includes maximum sales charges. Sales charges will vary depending on the size of the investment and the class of share purchased. The maximum is 5.50% and the minimum is 0%. **Class A:** 5.50% maximum initial sales charge; **Advisor Class:** no sales charges. For other share classes, visit franklintempleton.com.*

Share Class	Cumulative Total Return ¹	Average Annual Total Return ²
A³		
1-Year	+36.80%	+29.28%
5-Year	+92.31%	+12.69%
10-Year	+90.94%	+6.08%
Advisor		
1-Year	+37.20%	+37.20%
5-Year	+94.83%	+14.27%
10-Year	+96.27%	+6.98%

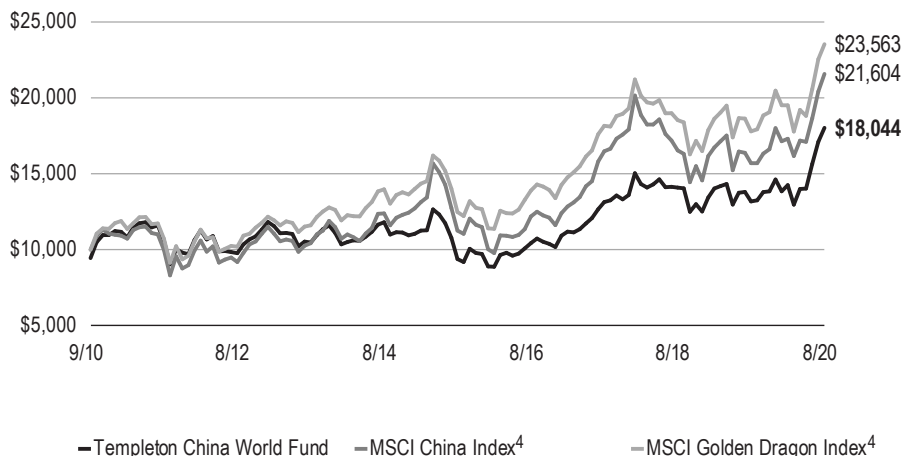
Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com or call (800) 342-5236.

See page 9 for Performance Summary footnotes.

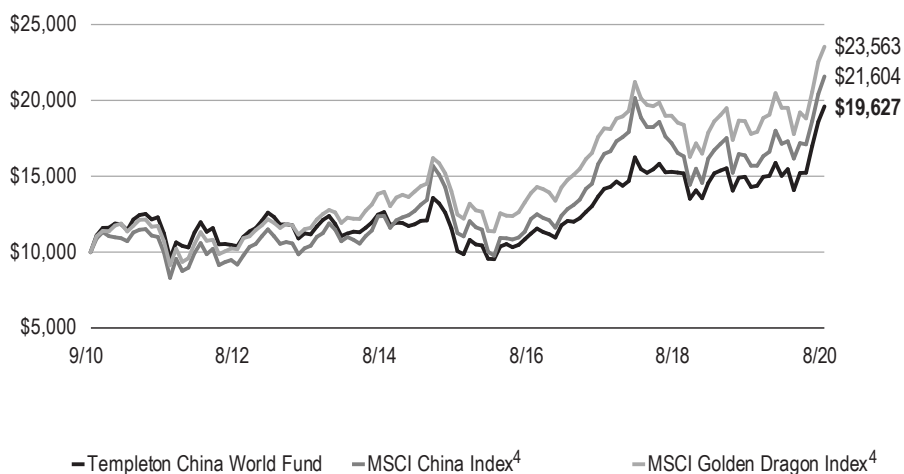
Total Return Index Comparison for a Hypothetical \$10,000 Investment

Total return represents the change in value of an investment over the periods shown. It includes any applicable maximum sales charge, Fund expenses, account fees and reinvested distributions. The unmanaged indexes include reinvestment of any income or distributions. They differ from the Fund in composition and do not pay management fees or expenses. One cannot invest directly in an index.

Class A (9/1/10–8/31/20)



Advisor Class (9/1/10–8/31/20)



See page 9 for Performance Summary footnotes.

Distributions (9/1/19–8/31/20)

Share Class	Net Investment Income	Long-Term Capital Gain	Total
A	\$0.1270	\$3.0497	\$3.1767
C	–	\$3.0497	\$3.0497
R6	\$0.2138	\$3.0497	\$3.2635
Advisor	\$0.1809	\$3.0497	\$3.2306

Total Annual Operating Expenses⁵

Share Class	
A	1.78%
Advisor	1.53%

Each class of shares is available to certain eligible investors and has different annual fees and expenses, as described in the prospectus.

All investments involve risks, including possible loss of principal. The government's participation in the economy is still high and, therefore, the Fund's investments in China will be subject to larger regulatory risk levels compared to many other countries. In addition, special risks are associated with international investing, including currency fluctuations, economic instability and political developments. Investments in emerging markets involve heightened risks related to the same factors. The Fund may also experience greater volatility than a fund that is more broadly diversified geographically. Historically, smaller and mid-sized securities have experienced more price volatility than larger company stocks, especially over the short term. Also, as a nondiversified fund investing in China companies, the Fund may invest in a relatively small number of issuers and, as a result, be subject to a greater risk of loss with respect to its portfolio securities. The Fund is designed for the aggressive portion of a well-diversified portfolio. Unexpected events and their aftermaths, such as the spread of deadly diseases; natural, environmental or man-made disasters; financial, political or social disruptions; terrorism and war; and other tragedies or catastrophes, can cause investor fear and panic, which can adversely affect the economies of many companies, sectors, nations, regions and the market in general, in ways that cannot necessarily be foreseen. The Fund's prospectus also includes a description of the main investment risks.

1. Cumulative total return represents the change in value of an investment over the periods indicated.
2. Average annual total return represents the average annual change in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.
3. Prior to 9/10/18, these shares were offered at a higher initial sales charge of 5.75%, thus actual returns (with sales charges) would have differed. Average annual total returns (with sales charges) have been restated to reflect the current maximum initial sales charge of 5.50%.
4. Source: Morningstar. The MSCI China Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance of mid- and large-capitalization companies in China. The MSCI Golden Dragon Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance of China, Hong Kong and Taiwan.
5. Figures are as stated in the Fund's current prospectus and may differ from the expense ratios disclosed in the Your Fund's Expenses and Financial Highlights sections in this report. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown. See www.franklintempletondatasources.com for additional data provider information.

Your Fund’s Expenses

As a Fund shareholder, you can incur two types of costs: (1) transaction costs, including sales charges (loads) on Fund purchases and redemptions; and (2) ongoing Fund costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses. The table below shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a \$1,000 investment held for the six months indicated.

Actual Fund Expenses

The table below provides information about actual account values and actual expenses in the columns under the heading “Actual.” In these columns the Fund’s actual return, which includes the effect of Fund expenses, is used to calculate the “Ending Account Value” for each class of shares. You can estimate the expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by \$1,000 (*if your account had an \$8,600 value, then $\$8,600 \div \$1,000 = 8.6$*). Then multiply the result by the number in the row for your class of shares under the headings “Actual” and “Expenses Paid During Period” (*if Actual Expenses Paid During Period were \$7.50, then $8.6 \times \$7.50 = \64.50*). In this illustration, the actual expenses paid this period are \$64.50.

Hypothetical Example for Comparison with Other Funds

Under the heading “Hypothetical” in the table, information is provided about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. This information may not be used to estimate the actual ending account balance or expenses you paid for the period, but it can help you compare ongoing costs of investing in the Fund with those of other funds. To do so, compare this 5% hypothetical example for the class of shares you hold with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transactional costs. Therefore, information under the heading “Hypothetical” is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transactional costs were included, your total costs would have been higher.

Share Class	Beginning Account Value 3/1/20	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 8/31/20	Expenses Paid During Period 3/1/20–8/31/20 ^{1,2}	Ending Account Value 8/31/20	Expenses Paid During Period 3/1/20–8/31/20 ^{1,2}	
A	\$1,000	\$1,265.10	\$10.64	\$1,015.74	\$9.47	1.86%
C	\$1,000	\$1,261.20	\$14.93	\$1,011.94	\$13.28	2.61%
R6	\$1,000	\$1,268.50	\$8.20	\$1,017.91	\$7.29	1.42%
Advisor	\$1,000	\$1,267.60	\$9.23	\$1,016.99	\$8.21	1.61%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 184/366 to reflect the one-half year period.

2. Reflects expenses after fee waivers and expense reimbursements. Does not include acquired fund fees and expenses.

Financial Highlights

	Year Ended August 31,				
	2020	2019	2018	2017	2016
Class A					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$18.01	\$22.42	\$23.49	\$21.51	\$26.19
Income from investment operations ^a :					
Net investment income (loss) ^b	(0.07)	0.14	0.29 ^c	0.15	0.17
Net realized and unrealized gains (losses)	5.95	(1.76)	1.29	4.59	2.19
Total from investment operations	5.88	(1.62)	1.58	4.74	2.36
Less distributions from:					
Net investment income	(0.13)	(0.30)	(0.25)	(0.19)	(0.46)
Net realized gains	(3.05)	(2.49)	(2.40)	(2.57)	(6.58)
Total distributions	(3.18)	(2.79)	(2.65)	(2.76)	(7.04)
Net asset value, end of year	\$20.71	\$18.01	\$22.42	\$23.49	\$21.51
Total return ^d	36.80%	(6.46)%	7.26%	26.00%	11.19%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.86%	1.87%	1.85%	1.94%	1.91%
Expenses net of waiver and payments by affiliates	1.85%	1.83%	1.85% ^e	1.94% ^{e,f}	1.91% ^{e,f}
Net investment income (loss)	(0.39)%	0.76%	1.26% ^c	0.71%	0.77%
Supplemental data					
Net assets, end of year (000's)	\$164,145	\$146,709	\$178,315	\$188,885	\$186,850
Portfolio turnover rate	59.87%	5.69%	12.15%	7.92%	3.87%

^aThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.10 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.83%.

^dTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable.

^eBenefit of waiver and payments by affiliates rounds to less than 0.01%.

^fBenefit of expense reduction rounds to less than 0.01%.

	Year Ended August 31,				
	2020	2019	2018	2017	2016
Class C					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$17.91	\$22.13	\$23.12	\$21.18	\$25.76
Income from investment operations ^a :					
Net investment income (loss) ^b	(0.20)	(—) ^c	0.10 ^d	(0.03)	— ^c
Net realized and unrealized gains (losses)	5.91	(1.72)	1.31	4.54	2.17
Total from investment operations	5.71	(1.72)	1.41	4.51	2.17
Less distributions from:					
Net investment income	—	(0.01)	(—) ^c	—	(0.17)
Net realized gains	(3.05)	(2.49)	(2.40)	(2.57)	(6.58)
Total distributions	(3.05)	(2.50)	(2.40)	(2.57)	(6.75)
Net asset value, end of year	\$20.57	\$17.91	\$22.13	\$23.12	\$21.18
Total return ^e	35.80%	(7.16)%	6.52%	24.97%	10.41%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	2.61%	2.62%	2.60%	2.69%	2.66%
Expenses net of waiver and payments by affiliates	2.60%	2.58%	2.60% ^f	2.69% ^{f,g}	2.66% ^{f,g}
Net investment income (loss)	(1.15)%	0.01% ^h	0.51% ^d	(0.04)%	0.02%
Supplemental data					
Net assets, end of year (000's)	\$12,376	\$15,744	\$36,678	\$42,577	\$48,769
Portfolio turnover rate	59.87%	5.69%	12.15%	7.92%	3.87%

^aThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cAmount rounds to less than \$0.01 per share.

^dNet investment income per share includes approximately \$0.10 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.08%.

^eTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable.

^fBenefit of waiver and payments by affiliates rounds to less than 0.01%.

^gBenefit of expense reduction rounds to less than 0.01%.

^hRatio is calculated based on the Fund level net investment income, as reflected in the Statement of Operations, and adjusted for class specific expenses. The amount may not correlate with the per share amount due to the timing of income earned and/or fluctuating fair value of the investments of the Fund in relation to the timing of sales and repurchases of Fund shares.

	Year Ended August 31,				
	2020	2019	2018	2017	2016
Class R6					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$18.14	\$22.55	\$23.66	\$21.68	\$26.41
Income from investment operations ^a :					
Net investment income ^b	0.01	0.26	0.45 ^c	0.27	0.31
Net realized and unrealized gains (losses)	5.99	(1.81)	1.25	4.59	2.18
Total from investment operations	6.00	(1.55)	1.70	4.86	2.49
Less distributions from:					
Net investment income	(0.21)	(0.37)	(0.41)	(0.31)	(0.64)
Net realized gains	(3.05)	(2.49)	(2.40)	(2.57)	(6.58)
Total distributions	(3.26)	(2.86)	(2.81)	(2.88)	(7.22)
Net asset value, end of year	\$20.88	\$18.14	\$22.55	\$23.66	\$21.68
Total return	37.42%	(6.08)%	7.75%	26.62%	11.76%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.56%	1.57%	1.50%	1.49%	1.45%
Expenses net of waiver and payments by affiliates	1.42%	1.42%	1.42%	1.44% ^d	1.42% ^d
Net investment income	0.05%	1.17%	1.69% ^c	1.21%	1.26%
Supplemental data					
Net assets, end of year (000's)	\$3,437	\$3,395	\$3,412	\$1,213	\$720
Portfolio turnover rate	59.87%	5.69%	12.15%	7.92%	3.87%

^aThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.10 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.26%.

^dBenefit of expense reduction rounds to less than 0.01%.

	Year Ended August 31,				
	2020	2019	2018	2017	2016
Advisor Class					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$18.18	\$22.60	\$23.68	\$21.68	\$26.39
Income from investment operations ^a :					
Net investment income (loss) ^b	(0.02)	0.20	0.35 ^c	0.22	0.22
Net realized and unrealized gains (losses)	6.01	(1.79)	1.30	4.60	2.22
Total from investment operations	5.99	(1.59)	1.65	4.82	2.44
Less distributions from:					
Net investment income	(0.18)	(0.34)	(0.33)	(0.25)	(0.57)
Net realized gains	(3.05)	(2.49)	(2.40)	(2.57)	(6.58)
Total distributions	(3.23)	(2.83)	(2.73)	(2.82)	(7.15)
Net asset value, end of year	\$20.94	\$18.18	\$22.60	\$23.68	\$21.68
Total return	37.20%	(6.25)%	7.54%	26.31%	11.51%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.61%	1.62%	1.60%	1.69%	1.66%
Expenses net of waiver and payments by affiliates	1.60%	1.58%	1.60% ^d	1.69% ^{d,e}	1.66% ^{d,e}
Net investment income (loss)	(0.12)%	1.01%	1.51% ^c	0.96%	1.02%
Supplemental data					
Net assets, end of year (000's)	\$74,741	\$67,189	\$79,456	\$83,172	\$73,504
Portfolio turnover rate	59.87%	5.69%	12.15%	7.92%	3.87%

^aThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.10 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.08%.

^dBenefit of waiver and payments by affiliates rounds to less than 0.01%.

^eBenefit of expense reduction rounds to less than 0.01%.

Statement of Investments, August 31, 2020

	Country	Shares	Value
Common Stocks 98.6%			
Application Software 0.8%			
Hundsun Technologies, Inc., A.	China	124,020	\$2,017,020
Biotechnology 3.6%			
^{a,b} BeiGene Ltd.	China	183,800	3,452,805
^a I-Mab, ADR.	China	6,097	240,466
^{a,c,d} InnoCare Pharma Ltd., 144A, Reg S	China	565,200	924,413
^{a,c,d} Innovent Biologics, Inc., 144A, Reg S	China	702,000	4,664,119
			9,281,803
Brewers 0.9%			
China Resources Beer Holdings Co. Ltd.	China	348,646	2,266,258
Construction Machinery & Heavy Trucks 1.8%			
Weichai Power Co. Ltd., H	China	2,242,693	4,501,790
Construction Materials 2.2%			
Anhui Conch Cement Co. Ltd., H.	China	764,500	5,534,588
Asia Cement China Holdings Corp.	China	71,271	72,170
			5,606,758
Distillers & Vintners 2.8%			
Luzhou Laojiao Co. Ltd., A.	China	325,900	7,107,948
Diversified Banks 2.9%			
China Merchants Bank Co. Ltd., H.	China	1,559,500	7,440,353
Education Services 5.4%			
^{a,b} GSX Techedu, Inc., ADR	China	44,027	3,759,906
^a New Oriental Education & Technology Group, Inc., ADR	China	68,792	10,086,971
			13,846,877
Electrical Components & Equipment 1.2%			
Sunwoda Electronic Co. Ltd., A.	China	860,889	3,010,636
Electronic Components 1.4%			
Luxshare Precision Industry Co. Ltd., A.	China	330,355	2,662,182
Sunny Optical Technology Group Co. Ltd.	China	66,710	986,988
			3,649,170
Electronic Equipment & Instruments 1.0%			
Hangzhou Hikvision Digital Technology Co. Ltd., A.	China	457,230	2,496,396
Environmental & Facilities Services 2.6%			
^{c,d} A-Living Services Co. Ltd., H, 144A, Reg S	China	1,266,500	6,526,273
Footwear 2.4%			
ANTA Sports Products Ltd.	China	627,435	6,184,931
Hypermarkets & Super Centers 0.9%			
Sun Art Retail Group Ltd.	China	1,821,408	2,369,575
Interactive Home Entertainment 1.8%			
NetEase, Inc.	China	230,340	4,624,543
Interactive Media & Services 15.6%			
^a Baidu, Inc., ADR	China	38,004	4,734,158
Tencent Holdings Ltd.	China	511,900	34,972,395
			39,706,553
Internet & Direct Marketing Retail 25.5%			
^a Alibaba Group Holding Ltd., ADR	China	126,199	36,222,899

	Country	Shares	Value
Common Stocks (continued)			
Internet & Direct Marketing Retail (continued)			
^{a,b} Baozun, Inc., ADR	China	126,932	\$5,260,062
^a JD.com, Inc., A	China	242,704	9,726,762
^{a,d} Meituan Dianping, B, Reg S	China	324,898	10,710,073
^a Vipshop Holdings Ltd., ADR	China	188,318	3,109,130
			65,028,926
Internet Services & Infrastructure 1.8%			
^a GDS Holdings Ltd., ADR	China	57,566	4,659,392
Life & Health Insurance 6.5%			
AIA Group Ltd.	Hong Kong	184,543	1,890,610
China Life Insurance Co. Ltd., H	China	3,158,481	7,694,210
Ping An Insurance Group Co. of China Ltd., H	China	662,500	7,073,164
			16,657,984
Life Sciences Tools & Services 3.0%			
^{a,c,d} Wuxi Biologics Cayman, Inc., 144A, Reg S	China	290,025	7,508,800
Oil & Gas Exploration & Production 1.3%			
CNOOC Ltd.	China	2,997,400	3,396,693
Paper Products 0.6%			
Nine Dragons Paper Holdings Ltd.	Hong Kong	1,261,200	1,397,186
Pharmaceuticals 3.4%			
CSPC Pharmaceutical Group Ltd.	China	2,432,400	5,374,226
Jiangsu Hengrui Medicine Co. Ltd., A	China	233,594	3,231,629
			8,605,855
Real Estate Development 5.3%			
China Resources Land Ltd.	China	1,196,000	5,525,090
^a KWG Group Holdings Ltd.	China	356,500	676,562
Shimao Group Holdings Ltd.	China	1,598,300	7,183,175
			13,384,827
Restaurants 1.3%			
Yum China Holdings, Inc.	China	57,625	3,325,539
Semiconductors 0.8%			
Will Semiconductor Ltd., A	China	86,097	2,113,939
Specialty Stores 1.0%			
China Tourism Group Duty Free Corp. Ltd., A	China	82,603	2,505,687
Wireless Telecommunication Services 0.8%			
China Mobile Ltd.	China	276,770	1,936,826
Total Common Stocks (Cost \$152,847,443)			251,158,538
Short Term Investments 2.3%			
	Country	Shares	Value
Money Market Funds 1.4%			
^{e,f} Institutional Fiduciary Trust - Money Market Portfolio, 0%	United States	3,642,614	3,642,614
Total Money Market Funds (Cost \$3,642,614)			3,642,614

Short Term Investments (continued)

	Country	Shares	Value
^gInvestments from Cash Collateral Received for Loaned Securities 0.9%			
Money Market Funds 0.9%			
^{e,f} Institutional Fiduciary Trust - Money Market Portfolio, 0%	United States	2,257,156	\$2,257,156
Total Investments from Cash Collateral Received for Loaned Securities (Cost \$2,257,156)			2,257,156
Total Short Term Investments (Cost \$5,899,770)			5,899,770
Total Investments (Cost \$158,747,213) 100.9%			\$257,058,308
Other Assets, less Liabilities (0.9)%			(2,359,865)
Net Assets 100.0%			\$254,698,443

See Abbreviations on page 31.

^aNon-income producing.

^bA portion or all of the security is on loan at August 31, 2020.

^cSecurity was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. At August 31, 2020, the aggregate value of these securities was \$19,623,605, representing 7.7% of net assets.

^dSecurity was purchased pursuant to Regulation S under the Securities Act of 1933, which exempts from registration securities offered and sold outside of the United States. Such a security cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At August 31, 2020, the aggregate value of these securities was \$30,333,678, representing 11.9% of net assets.

^eSee Note 3(f) regarding investments in affiliated management investment companies.

^fThe rate shown is the annualized seven-day effective yield at period end.

^gSee Note 1(c) regarding securities on loan.

Statement of Assets and Liabilities

August 31, 2020

	Templeton China World Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	\$152,847,443
Cost - Non-controlled affiliates (Note 3f)	5,899,770
Value - Unaffiliated issuers (Includes securities loaned of \$4,558,489)	\$251,158,538
Value - Non-controlled affiliates (Note 3f)	5,899,770
Receivables:	
Capital shares sold	588,241
Dividends	80,442
Other assets	126
Total assets	<u>257,727,117</u>
Liabilities:	
Payables:	
Capital shares redeemed	204,675
Management fees	251,745
Distribution fees	44,558
Transfer agent fees	130,960
Payable upon return of securities loaned	2,257,156
Accrued expenses and other liabilities	139,580
Total liabilities	<u>3,028,674</u>
Net assets, at value	<u>\$254,698,443</u>
Net assets consist of:	
Paid-in capital	\$107,679,828
Total distributable earnings (losses)	147,018,615
Net assets, at value	<u>\$254,698,443</u>

Statement of Assets and Liabilities (continued)

August 31, 2020

	Templeton China World Fund
Class A:	
Net assets, at value	\$164,144,904
Shares outstanding	7,924,929
Net asset value per share ^a	\$20.71
Maximum offering price per share (net asset value per share + 94.50%)	\$21.92
Class C:	
Net assets, at value	\$12,376,214
Shares outstanding	601,621
Net asset value and maximum offering price per share ^a	\$20.57
Class R6:	
Net assets, at value	\$3,436,593
Shares outstanding	164,590
Net asset value and maximum offering price per share	\$20.88
Advisor Class:	
Net assets, at value	\$74,740,732
Shares outstanding	3,569,236
Net asset value and maximum offering price per share	\$20.94

^aRedemption price is equal to net asset value less contingent deferred sales charges, if applicable.

Statement of Operations

for the year ended August 31, 2020

	Templeton China World Fund
Investment income:	
Dividends: (net of foreign taxes of \$286,836)	
Unaffiliated issuers	\$3,205,488
Non-controlled affiliates (Note 3f)	39,155
Interest:	
Unaffiliated issuers	39,231
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	32,066
Non-controlled affiliates (Note 3f)	3,635
Total investment income	<u>3,319,575</u>
Expenses:	
Management fees (Note 3a)	2,827,437
Distribution fees: (Note 3c)	
Class A	366,306
Class C	133,059
Transfer agent fees: (Note 3e)	
Class A	298,884
Class C	27,001
Class R6	5,149
Advisor Class	134,245
Custodian fees (Note 4)	24,936
Reports to shareholders	59,794
Registration and filing fees	99,756
Professional fees	140,424
Trustees' fees and expenses	31,994
Other	22,645
Total expenses	<u>4,171,630</u>
Expenses waived/paid by affiliates (Note 3f and 3g)	<u>(28,940)</u>
Net expenses	<u>4,142,690</u>
Net investment income (loss)	<u>(823,115)</u>
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	75,433,510
Foreign currency transactions	24,379
Net realized gain (loss)	<u>75,457,889</u>
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(2,203,004)
Translation of other assets and liabilities denominated in foreign currencies	1,031
Net change in unrealized appreciation (depreciation)	<u>(2,201,973)</u>
Net realized and unrealized gain (loss)	<u>73,255,916</u>
Net increase (decrease) in net assets resulting from operations	<u>\$72,432,801</u>

Statements of Changes in Net Assets

	Templeton China World Fund	
	Year Ended August 31, 2020	Year Ended August 31, 2019
Increase (decrease) in net assets:		
Operations:		
Net investment income (loss)	\$(823,115)	\$1,970,206
Net realized gain (loss)	75,457,889	26,985,366
Net change in unrealized appreciation (depreciation)	(2,201,973)	(47,947,174)
Net increase (decrease) in net assets resulting from operations	72,432,801	(18,991,602)
Distributions to shareholders:		
Class A	(24,649,838)	(22,209,901)
Class C	(2,304,710)	(2,201,467)
Class R6	(573,952)	(387,499)
Advisor Class	(11,698,806)	(9,496,641)
Total distributions to shareholders	(39,227,306)	(34,295,508)
Capital share transactions: (Note 2)		
Class A	(4,000,337)	926,746
Class C	(4,978,138)	(15,622,877)
Class R6	(446,417)	629,958
Advisor Class	(2,117,940)	2,527,109
Total capital share transactions	(11,542,832)	(11,539,064)
Net increase (decrease) in net assets	21,662,663	(64,826,174)
Net assets:		
Beginning of year	233,035,780	297,861,954
End of year	\$254,698,443	\$233,035,780

Notes to Financial Statements

1. Organization and Significant Accounting Policies

Templeton China World Fund (Fund) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). The Fund offers four classes of shares: Class A, Class C, Class R6 and Advisor Class. Class C shares automatically convert to Class A shares after they have been held for 10 years. Each class of shares may differ by its initial sales load, contingent deferred sales charges, voting rights on matters affecting a single class, its exchange privilege and fees due to differing arrangements for distribution and transfer agent fees.

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

The Fund's investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Fund calculates the net asset value (NAV) per share each business day as of 4 p.m. Eastern time or the regularly scheduled close of the New York Stock Exchange (NYSE), whichever is earlier. Under compliance policies and procedures approved by the Fund's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation Committee (VC). The Fund may utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued

according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Investments in open-end mutual funds are valued at the closing NAV.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the Fund primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's portfolio securities to the latest indications of fair value at 4 p.m. Eastern time. At August 31, 2020, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy. See the Fair Value Measurements note for more information.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar

1. Organization and Significant Accounting Policies

(continued)

a. Financial Instrument Valuation (continued)

day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Fund may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

The Fund does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments in the Statement of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

c. Securities Lending

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Fund, in the Statement of Assets and Liabilities. Additionally, the Fund received \$2,480,239 in U.S. Government and Agency securities as collateral. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statement of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

d. Income and Deferred Taxes

It is the Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. The Fund intends to distribute to shareholders substantially all of its taxable income and net realized gains to relieve it from federal income and excise taxes. As a result, no provision for U.S. federal income taxes is required.

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply, the Fund records an

1. Organization and Significant Accounting Policies

(continued)

d. Income and Deferred Taxes (continued)

estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of August 31, 2020, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

e. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Estimated expenses are accrued daily. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

Realized and unrealized gains and losses and net investment income, excluding class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class. Differences in per share distributions by class are generally due to differences in class specific expenses.

f. Accounting Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

g. Guarantees and Indemnifications

Under the Fund's organizational documents, its officers and trustees are indemnified by the Fund against certain liabilities arising out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. Currently, the Fund expects the risk of loss to be remote.

2. Shares of Beneficial Interest

At August 31, 2020, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended August 31,			
	2020		2019	
	Shares	Amount	Shares	Amount
Class A Shares:				
Shares sold ^a	1,637,185	\$28,718,789	3,910,857	\$77,301,818
Shares issued in reinvestment of distributions	1,424,398	23,858,673	1,267,133	21,477,901
Shares redeemed	(3,284,677)	(56,577,799)	(4,982,242)	(97,852,973)
Net increase (decrease)	(223,094)	\$(4,000,337)	195,748	\$926,746
Class C Shares:				
Shares sold	89,115	1,517,497	186,314	3,558,506
Shares issued in reinvestment of distributions	133,589	2,233,607	123,406	2,090,496
Shares redeemed ^a	(500,380)	(8,729,242)	(1,087,730)	(21,271,879)
Net increase (decrease)	(277,676)	\$(4,978,138)	(778,010)	\$(15,622,877)
Class R6 Shares:				
Shares sold	27,223	484,613	73,938	1,423,983
Shares issued in reinvestment of distributions	34,097	573,857	22,767	387,499
Shares redeemed	(83,905)	(1,504,887)	(60,841)	(1,181,524)
Net increase (decrease)	(22,585)	\$(446,417)	35,864	\$629,958
Advisor Class Shares:				
Shares sold	815,555	14,197,900	975,566	18,691,052
Shares issued in reinvestment of distributions	615,112	10,395,376	487,968	8,334,500
Shares redeemed	(1,557,209)	(26,711,216)	(1,283,085)	(24,498,443)
Net increase (decrease)	(126,542)	\$(2,117,940)	180,449	\$2,527,109

^aMay include a portion of Class C shares that were automatically converted to Class A.

3. Transactions with Affiliates

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton. Certain officers and trustees of the Fund are also officers and/or directors of the following subsidiaries:

Subsidiary	Affiliation
Templeton Asset Management Ltd. (Asset Management)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Templeton Distributors, Inc. (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

3. Transactions with Affiliates (continued)

a. Management Fees

Effective July 1, 2020, The Fund pays an investment management fee to Asset Management based on the average weekly net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
1.200%	Up to and including \$4 billion
1.150%	Over \$4 billion, up to and including \$10 billion
1.100%	Over \$10 billion, up to and including \$15 billion
1.050%	Over \$15 billion, up to and including \$20 billion
1.000%	In excess of \$20 billion

Prior to July 1, 2020, The Fund paid fees to Asset Management based on the average weekly net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
1.250%	Up to and including \$1 billion
1.200%	Over \$1 billion, up to and including \$5 billion
1.150%	Over \$5 billion, up to and including \$10 billion
1.100%	Over \$10 billion, up to and including \$15 billion
1.050%	Over \$15 billion, up to and including \$20 billion
1.000%	In excess of \$20 billion

b. Administrative Fees

Under an agreement with Asset Management, FT Services provides administrative services to the Fund. The fee is paid by Asset Management based on the Fund's average weekly net assets, and is not an additional expense of the Fund.

c. Distribution Fees

The Board has adopted distribution plans for each share class, with the exception of Class R6 and Advisor Class shares, pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's Class A reimbursement distribution plan, the Fund reimburses Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to the maximum annual plan rate. Under the Class A reimbursement distribution plan, costs exceeding the maximum for the current plan year cannot be reimbursed in subsequent periods. In addition, under the Fund's Class C compensation distribution plan, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to the maximum annual plan rate. The plan year, for purposes of monitoring compliance with the maximum annual plan rates, is February 1 through January 31.

The maximum annual plan rates, based on the average daily net assets, for each class, are as follows:

Class A	0.35%
Class C	1.00%

The Board has set the current rate at 0.25% per year for Class A shares until further notice and approval by the Board.

3. Transactions with Affiliates (continued)

d. Sales Charges/Underwriting Agreements

Front-end sales charges and contingent deferred sales charges (CDSC) do not represent expenses of the Fund. These charges are deducted from the proceeds of sales of Fund shares prior to investment or from redemption proceeds prior to remittance, as applicable. Distributors has advised the Fund of the following commission transactions related to the sales and redemptions of the Fund's shares for the year:

Sales charges retained net of commissions paid to unaffiliated brokers/dealers	\$12,457
CDSC retained	\$645

e. Transfer Agent Fees

Each class of shares pays transfer agent fees to Investor Services for its performance of shareholder servicing obligations. The fees are based on an annualized asset based fee of 0.02% plus a transaction based fee. In addition, each class reimburses Investor Services for out of pocket expenses incurred and, except for Class R6, reimburses shareholder servicing fees paid to third parties. These fees are allocated daily based upon their relative proportion of such classes' aggregate net assets. Class R6 pays Investor Services transfer agent fees specific to that class.

For the year ended August 31, 2020, the Fund paid transfer agent fees of \$465,279, of which \$196,604 was retained by Investor Services.

f. Investments in Affiliated Management Investment Companies

The Fund invests in one or more affiliated management investment companies for purposes other than exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the year ended August 31, 2020, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income
Templeton China World Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 0%	\$549,399	\$130,109,387	\$(127,016,172)	\$—	\$—	\$3,642,614	3,642,614	\$39,155
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 0%	\$—	\$25,699,996	\$(23,442,840)	\$—	\$—	\$2,257,156	2,257,156	\$3,635
Total Affiliated Securities	\$549,399	\$155,809,383	\$(150,459,012)	\$—	\$—	\$5,899,770		\$42,790

g. Waiver and Expense Reimbursements

Asset Management and Investor Services have contractually agreed in advance to waive or limit their respective fees and to assume as their own expense certain expenses otherwise payable by the Fund so that the operating expenses (excluding distribution fees, acquired fund fees and expenses and certain non-routine expenses or costs, including those relating to

3. Transactions with Affiliates (continued)

g. Waiver and Expense Reimbursements (continued)

litigation, indemnification, reorganizations, and liquidations) for Class A, Class C, and Advisor Class of the Fund do not exceed 1.60%, and for Class R6 do not exceed 1.42% based on the average net assets of each class until December 31, 2020. Total expenses waived or paid are not subject to recapture subsequent to the Fund's fiscal year end.

Prior to January 1, 2020, expenses (excluding certain fees and expenses as previously disclosed) for Class R6 were limited to 1.43% based on the average net assets of the class.

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the year ended August 31, 2020, there were no credits earned.

5. Income Taxes

The tax character of distributions paid during the years ended August 31, 2020 and 2019, was as follows:

	2020	2019
Distributions paid from:		
Ordinary income	\$1,678,150	\$4,917,139
Long term capital gain	37,549,156	29,378,369
	<u>\$39,227,306</u>	<u>\$34,295,508</u>

At August 31, 2020, the cost of investments, net unrealized appreciation (depreciation), undistributed ordinary income and undistributed long term capital gains for income tax purposes were as follows:

Cost of investments	<u>\$158,747,213</u>
Unrealized appreciation	\$99,843,131
Unrealized depreciation	(1,532,036)
Net unrealized appreciation (depreciation)	<u>\$98,311,095</u>
Distributable earnings:	
Undistributed ordinary income	\$1,449,159
Undistributed long term capital gains	\$47,258,355
Total distributable earnings	<u>\$48,707,514</u>

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatment of passive foreign investment company shares.

The Fund utilized a tax accounting practice to treat a portion of the proceeds from capital shares redeemed as a distribution from realized capital gains.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the year ended August 31, 2020, aggregated \$134,655,245 and \$189,128,237, respectively.

6. Investment Transactions (continued)

At August 31, 2020, in connection with securities lending transactions, the Fund loaned equity investments and received \$2,257,156 of cash collateral. The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statement of Assets and Liabilities. The agreements can be terminated at any time.

7. Concentration of Risk

Investing in securities of "China companies" may include certain risks and considerations not typically associated with investing in U.S. securities. In general, China companies are those that are organized under the laws of, or with a principal office or principal trading market in, the People's Republic of China, Hong Kong, or Taiwan. Such risks include fluctuating currency values and changing local, regional and global economic, political and social conditions, which may result in greater market volatility. In addition, these securities may not be as liquid as U.S. securities.

8. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

9. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2 billion (Global Credit Facility) which matures on February 5, 2021. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the year ended August 31, 2020, the Fund did not use the Global Credit Facility Credit Facility.

10. Fair Value Measurements

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's financial instruments and are summarized in the following fair value hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of financial instruments)

10. Fair Value Measurements (continued)

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

A summary of inputs used as of August 31, 2020, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Templeton China World Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Application Software	\$—	\$2,017,020	\$—	\$2,017,020
Biotechnology	240,466	9,041,337	—	9,281,803
Brewers	—	2,266,258	—	2,266,258
Construction Machinery & Heavy Trucks	—	4,501,790	—	4,501,790
Construction Materials	—	5,606,758	—	5,606,758
Distillers & Vintners	—	7,107,948	—	7,107,948
Diversified Banks	—	7,440,353	—	7,440,353
Education Services	13,846,877	—	—	13,846,877
Electrical Components & Equipment	—	3,010,636	—	3,010,636
Electronic Components	—	3,649,170	—	3,649,170
Electronic Equipment & Instruments	—	2,496,396	—	2,496,396
Environmental & Facilities Services	—	6,526,273	—	6,526,273
Footwear	—	6,184,931	—	6,184,931
Hypermarkets & Super Centers	—	2,369,575	—	2,369,575
Interactive Home Entertainment	4,624,543	—	—	4,624,543
Interactive Media & Services	4,734,158	34,972,395	—	39,706,553
Internet & Direct Marketing Retail	54,318,853	10,710,073	—	65,028,926
Internet Services & Infrastructure	4,659,392	—	—	4,659,392
Life & Health Insurance	—	16,657,984	—	16,657,984
Life Sciences Tools & Services	—	7,508,800	—	7,508,800
Oil & Gas Exploration & Production	—	3,396,693	—	3,396,693
Paper Products	—	1,397,186	—	1,397,186
Pharmaceuticals	—	8,605,855	—	8,605,855
Real Estate Development	—	13,384,827	—	13,384,827
Restaurants	3,325,539	—	—	3,325,539
Semiconductors	—	2,113,939	—	2,113,939
Specialty Stores	—	2,505,687	—	2,505,687
Wireless Telecommunication Services	—	1,936,826	—	1,936,826
Short Term Investments	5,899,770	—	—	5,899,770
Total Investments in Securities	\$91,649,598	\$165,408,710	\$—	\$257,058,308

11. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendments in the ASU provides optional temporary financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference rates as of the end of 2021. The ASU is effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of this ASU will not have a material impact on the financial statements.

12. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

Abbreviations

Selected Portfolio

ADR American Depositary Receipt

Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of Templeton China World Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the statement of investments, of Templeton China World Fund (the "Fund") as of August 31, 2020, the related statement of operations for the year ended August 31, 2020, the statements of changes in net assets for each of the two years in the period ended August 31, 2020, including the related notes, and the financial highlights for each of the five years in the period ended August 31, 2020 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of August 31, 2020, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended August 31, 2020 and the financial highlights for each of the five years in the period ended August 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of August 31, 2020 by correspondence with the custodian, transfer agent and broker. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
San Francisco, California

October 19, 2020

We have served as the auditor of one or more investment companies in the Franklin Templeton Group of Funds since 1948.

Tax Information (unaudited)

Under Section 852(b)(3)(C) of the Internal Revenue Code, the Fund hereby reports the maximum amount allowable but no less than \$43,949,230 as a long term capital gain dividend for the fiscal year ended August 31, 2020.

Under Section 871(k)(2)(C) of the Internal Revenue Code, the Fund hereby reports the maximum amount allowable but no less than \$204 as a short term capital gain dividend for purposes of the tax imposed under Section 871(a)(1)(A) of the Internal Revenue Code for the fiscal year ended August 31, 2020.

Under Section 854(b)(1)(B) of the Internal Revenue Code, the Fund hereby reports the maximum amount allowable but no less than \$1,678,150 as qualified dividends for purposes of the maximum rate under Section 1(h)(11) of the Internal Revenue Code for the fiscal year ended August 31, 2020. Distributions, including qualified dividend income, paid during calendar year 2020 will be reported to shareholders on Form 1099-DIV by mid-February 2021. Shareholders are advised to check with their tax advisors for information on the treatment of these amounts on their individual income tax returns.

Board Members and Officers

The name, year of birth and address of the officers and board members, as well as their affiliations, positions held with the Fund, principal occupations during at least the past five years and number of U.S. registered portfolios overseen in the Franklin Templeton fund complex are shown below. Generally, each board member serves a three-year term that continues until that person's successor is elected and qualified.

Independent Board Members

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Harris J. Ashton (1932) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 1993	126	Bar-S Foods (meat packing company) (1981-2010).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , Director, RBC Holdings, Inc. (bank holding company) (until 2002); and President, Chief Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers) (until 1998).				
Ann Torre Bates (1958) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2008	30	Ares Capital Corporation (specialty finance company) (2010-present), United Natural Foods, Inc. (distributor of natural, organic and specialty foods) (2013-present), formerly , Allied Capital Corporation (financial services) (2003-2010), SLM Corporation (Sallie Mae) (1997-2014) and Navient Corporation (loan management, servicing and asset recovery) (2014-2016).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , Executive Vice President and Chief Financial Officer, NHP Incorporated (manager of multifamily housing) (1995-1997); and Vice President and Treasurer, US Airways, Inc. (until 1995).				
Mary C. Choksi (1950) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2016	126	Omnicom Group Inc. (advertising and marketing communications services) (2011-present) and White Mountains Insurance Group, Ltd. (holding company) (2017-present); and formerly , Avis Budget Group Inc. (car rental) (2007-May 2020).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , Founder and Senior Advisor, Strategic Investment Group (investment management group) (2015-2017); Founding Partner and Senior Managing Director, Strategic Investment Group (1987-2015); Founding Partner and Managing Director, Emerging Markets Management LLC (investment management firm) (1987-2011); and Loan Officer/Senior Loan Officer/Senior Pension Investment Officer, World Bank Group (international financial institution) (1977-1987).				

Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Edith E. Holiday (1952) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Lead Independent Trustee	Trustee since 1996 and Lead Independent Trustee since 2007	126	Hess Corporation (exploration of oil and gas) (1993-present), Canadian National Railway (railroad) (2001-present), White Mountains Insurance Group, Ltd. (holding company) (2004-present), Santander Consumer USA Holdings, Inc. (consumer finance) (2016-present); Santander Holdings USA. (holding company) (2019-present); and formerly , RTI International Metals, Inc. (manufacture and distribution of titanium) (1999-2015) and H.J. Heinz Company (processed foods and allied products) (1994-2013).
Principal Occupation During at Least the Past 5 Years: Director or Trustee of various companies and trusts; and formerly , Assistant to the President of the United States and Secretary of the Cabinet (1990-1993); General Counsel to the United States Treasury Department (1989-1990); and Counselor to the Secretary and Assistant Secretary for Public Affairs and Public Liaison-United States Treasury Department (1988-1989).				
J. Michael Luttig (1954) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2009	126	Boeing Capital Corporation (aircraft financing) (2006-2010).
Principal Occupation During at Least the Past 5 Years: Private investor; and formerly , Counselor and Senior Advisor to the Chairman, CEO, and Board of Directors, of The Boeing Company (aerospace company), and member of the Executive Council (May 2019-January 1, 2020); Executive Vice President, General Counsel and member of the Executive Council, The Boeing Company (2006-2019); and Federal Appeals Court Judge, United States Court of Appeals for the Fourth Circuit (1991-2006).				
David W. Niemiec (1949) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2005	30	Hess Midstream LP (oil and gas midstream infrastructure) (2017-present).
Principal Occupation During at Least the Past 5 Years: Advisor, Saratoga Partners (private equity fund); and formerly , Managing Director, Saratoga Partners (1998-2001) and SBC Warburg Dillon Read (investment banking) (1997-1998); Vice Chairman, Dillon, Read & Co. Inc. (investment banking) (1991-1997); and Chief Financial Officer, Dillon, Read & Co. Inc. (1982-1997).				
Larry D. Thompson (1945) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2005	126	Graham Holdings Company (education and media organization) (2011-present); and formerly , The Southern Company (energy company) (2014-May 2020; previously 2010-2012), Cbeyond, Inc. (business communications provider) (2010-2012).
Principal Occupation During at Least the Past 5 Years: Director of various companies; Counsel, Finch McCranie, LLP (law firm) (2015-present); John A. Sibley Professor of Corporate and Business Law, University of Georgia School of Law (2015-present; previously 2011-2012); and formerly , Independent Compliance Monitor and Auditor, Volkswagen AG (manufacturer of automobiles and commercial vehicles) (2017-September 2020); Executive Vice President - Government Affairs, General Counsel and Corporate Secretary, PepsiCo, Inc. (consumer products) (2012-2014); Senior Vice President - Government Affairs, General Counsel and Secretary, PepsiCo, Inc. (2004-2011); Senior Fellow of The Brookings Institution (2003-2004); Visiting Professor, University of Georgia School of Law (2004); and Deputy Attorney General, U.S. Department of Justice (2001-2003).				

Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Constantine D. Tseretopoulos (1954) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 1999	19	None
Principal Occupation During at Least the Past 5 Years: Physician, Chief of Staff, owner and operator of the Lyford Cay Hospital (1987-present); director of various nonprofit organizations; and formerly , Cardiology Fellow, University of Maryland (1985-1987); and Internal Medicine Resident, Greater Baltimore Medical Center (1982-1985).				

Robert E. Wade (1946) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2006	30	EI Oro Ltd (investments) (2003-2019).
---	---------	------------	----	---------------------------------------

Principal Occupation During at Least the Past 5 Years:
Attorney at law engaged in private practice as a sole practitioner (1972-2008) and member of various boards.

Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
**Gregory E. Johnson (1961) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	137	None
Principal Occupation During at Least the Past 5 Years: Executive Chairman, Chairman of the Board and Director, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 39 of the investment companies in Franklin Templeton; Vice Chairman, Investment Company Institute; and formerly , Chief Executive Officer (2013-2020) and President (1994-2015), Franklin Resources, Inc.				

**Rupert H. Johnson, Jr. (1940) One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board, Trustee and Vice President	Chairman of the Board and Trustee since 2013 and Vice President since 1996	126	None
--	---	--	-----	------

Principal Occupation During at Least the Past 5 Years:
Director (Vice Chairman), Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 37 of the investment companies in Franklin Templeton.

Alison E. Baur (1964) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
--	----------------	------------	----------------	----------------

Principal Occupation During at Least the Past 5 Years:
Deputy General Counsel, Franklin Templeton; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 41 of the investment companies in Franklin Templeton.

Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Breda M. Beckerle (1958) 280 Park Avenue New York, NY 10017	Interim Chief Compliance Officer	Since January 2020	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Chief Compliance Officer, Fiduciary Investment Management International, Inc., Franklin Advisers, Inc., Franklin Advisory Services, LLC, Franklin Mutual Advisers, LLC, Franklin Templeton Institutional, LLC; and officer of 41 of the investment companies in Franklin Templeton.				
Steven J. Gray (1955) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton; Vice President, Franklin Templeton Distributors, Inc. and FASA, LLC; and officer of 41 of the investment companies in Franklin Templeton.				
Matthew T. Hinkle (1971) One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2017	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Vice President, Franklin Templeton Services, LLC; officer of 41 of the investment companies in Franklin Templeton; and formerly , Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton (2009-2017).				
Robert G. Kubilis (1973) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since 2017	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Treasurer, U.S. Fund Administration & Reporting and officer of 15 of the investment companies in Franklin Templeton.				
Robert Lim (1948) One Franklin Parkway San Mateo, CA 94403-1906	Vice President – AML Compliance	Since 2016	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Vice President, Franklin Templeton Companies, LLC; Chief Compliance Officer, Franklin Templeton Distributors, Inc. and Franklin Templeton Investor Services, LLC; and officer of 41 of the investment companies in Franklin Templeton.				
Robert C. Rosselot (1960) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923x	Chief Compliance Officer	Since 2013	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Director, Global Compliance, Franklin Templeton; Senior Vice President, Franklin Templeton Companies, LLC; officer of 41 of the investment companies in Franklin Templeton; and formerly , Senior Associate General Counsel, Franklin Templeton (2007-2013); and Secretary and Vice President, Templeton Group of Funds (2004-2013).				

Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Manraj S. Sekhon (1969) 7 Temasek Blvd., Suntec Tower 1, #38-03 Singapore 038987	President and Chief Executive Officer – Investment Management	Since 2018	Not Applicable	Not Applicable

Principal Occupation During at Least the Past 5 Years:

Chief Investment Officer, Franklin Templeton Emerging Markets Equity; officer of four of the investment companies in Franklin Templeton; and formerly, Chief Executive and Chief Investment Officer, Fullerton Fund Management Company Ltd. (2011-2016).

Navid J. Tofigh (1972) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2015	Not Applicable	Not Applicable
---	----------------	------------	----------------	----------------

Principal Occupation During at Least the Past 5 Years:

Associate General Counsel and officer of 41 of the investment companies in Franklin Templeton.

Craig S. Tyle (1960) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2005	Not Applicable	Not Applicable
---	----------------	------------	----------------	----------------

Principal Occupation During at Least the Past 5 Years:

General Counsel and Executive Vice President, Franklin Resources, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 41 of the investment companies in Franklin Templeton.

Lori A. Weber (1964) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President and Secretary	Vice President since 2011 and Secretary since 2013	Not Applicable	Not Applicable
--	------------------------------	--	----------------	----------------

Principal Occupation During at Least the Past 5 Years:

Senior Associate General Counsel, Franklin Templeton; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; and officer of 41 of the investment companies in Franklin Templeton.

*We base the number of portfolios on each separate series of the U.S. registered investment companies within the Franklin Templeton fund complex. These portfolios have a common investment manager or affiliated investment managers.

**Gregory E. Johnson is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director of Franklin Resources, Inc. (Resources), which is the parent company of the Fund's investment manager and distributor. Rupert H. Johnson, Jr. is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director and major shareholder of Resources.

Note 1: Rupert H. Johnson, Jr. is the uncle of Gregory E. Johnson.

Note 2: Officer information is current as of the date of this report. It is possible that after this date, information about officers may change.

The Sarbanes-Oxley Act of 2002 and Rules adopted by the U.S. Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated each of Ann Torre Bates and David W. Niemiec as an audit committee financial expert. The Board believes that Ms. Bates and Mr. Niemiec qualify as such an expert in view of their extensive business background and experience. Ms. Bates has served as a member of the Fund Audit Committee since 2008. She currently serves as a director of Ares Capital Corporation (2010-present) and United Natural Foods, Inc. (2013-present) and was formerly a director of Navient Corporation from 2014 to 2016, SLM Corporation from 1997 to 2014 and Allied Capital Corporation from 2003 to 2010, Executive Vice President and Chief Financial Officer of NHP Incorporated from 1995 to 1997 and Vice President and Treasurer of US Airways, Inc. until 1995. Mr. Niemiec has served as a member of the Fund Audit Committee since 2005, currently serves as an Advisor to Saratoga Partners and was formerly its Managing Director from 1998 to 2001 and serves as a director of Hess Midstream Partners LP (2017-present). Mr. Niemiec was formerly a director of Emeritus Corporation from 1999 to 2010 and OSI Pharmaceuticals, Inc. from 2006 to 2010, Managing Director of SBC Warburg Dillon Read from 1997 to 1998, and was Vice Chairman from 1991 to 1997 and Chief Financial Officer from 1982 to 1997 of Dillon, Read & Co. Inc. As a result of such background and experience, the Board believes that Ms. Bates and Mr. Niemiec have each acquired an understanding of generally accepted accounting principles and financial statements, the general application of such principles in connection with the accounting estimates, accruals and reserves, and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Ms. Bates and Mr. Niemiec are independent Board members as that term is defined under the applicable U.S. Securities and Exchange Commission Rules and Releases.

The Statement of Additional Information (SAI) includes additional information about the board members and is available, without charge, upon request. Shareholders may call (800) DIAL BEN/342-5236 to request the SAI.

Shareholder Information

Board Approval of Investment Management Agreements

TEMPLETON CHINA WORLD FUND (Fund)

At a meeting held on May 13, 2020 (Meeting), the Board of Trustees (Board) of the Fund, including a majority of the trustees who are not “interested persons” as defined in the Investment Company Act of 1940 (Independent Trustees), reviewed and approved the continuance of the investment management agreement between Templeton Asset Management Ltd. (Manager) and the Fund (Management Agreement) for an additional one-year period. The Independent Trustees received advice from and met separately with Independent Trustee counsel in considering whether to approve the continuation of the Management Agreement.

In considering the continuation of the Management Agreement, the Board reviewed and considered information provided by the Manager at the Meeting and throughout the year at meetings of the Board and its committees. The Board also reviewed and considered information provided in response to a detailed set of requests for information submitted to the Manager by Independent Trustee counsel on behalf of the Independent Trustees in connection with the annual contract renewal process. In addition, prior to the Meeting, the Independent Trustees held a telephonic contract renewal meeting at which the Independent Trustees conferred amongst themselves and Independent Trustee counsel about contract renewal matters and, in some cases, requested additional information from the Manager relating to the contract. The Board reviewed and considered all of the factors it deemed relevant in approving the continuance of the Management Agreement, including, but not limited to: (i) the nature, extent and quality of the services provided by the Manager; (ii) the investment performance of the Fund; (iii) the costs of the services provided and profits realized by the Manager and its affiliates from the relationship with the Fund; (iv) the extent to which economies of scale are realized as the Fund grows; and (v) whether fee levels reflect these economies of scale for the benefit of Fund investors.

In approving the continuance of the Management Agreement, the Board, including a majority of the Independent Trustees, determined that the terms of the Management Agreement are fair and reasonable and that the continuance of such Management Agreement is

in the interests of the Fund and its shareholders. While attention was given to all information furnished, the following discusses some primary factors relevant to the Board’s determination.

Nature, Extent and Quality of Services

The Board reviewed and considered information regarding the nature, extent and quality of investment management services provided by the Manager and its affiliates to the Fund and its shareholders. This information included, among other things, the qualifications, background and experience of the senior management and investment personnel of the Manager, as well as information on succession planning where appropriate; the structure of investment personnel compensation; oversight of third-party service providers; investment performance reports and related financial information for the Fund; reports on expenses and shareholder services; legal and compliance matters; risk controls; pricing and other services provided by the Manager and its affiliates; and management fees charged by the Manager and its affiliates to US funds and other accounts, including management’s explanation of differences among accounts where relevant. The Board also reviewed and considered an annual report on payments made by Franklin Templeton (FT) or the Fund to financial intermediaries, as well as a memorandum relating to third-party servicing arrangements, which included discussion of the changing distribution landscape for the Fund. The Board noted management’s continuing efforts and expenditures in establishing effective business continuity plans and developing strategies to address areas of heightened concern in the mutual fund industry, such as cybersecurity and liquidity risk management.

The Board also reviewed and considered the benefits provided to Fund shareholders of investing in a fund that is part of the FT family of funds. The Board noted the financial position of Franklin Resources, Inc. (FRI), the Manager’s parent, and its commitment to the mutual fund business as evidenced by its continued introduction of new funds, reassessment of the fund offerings in response to the market environment and project initiatives and capital investments relating to the services provided to the Fund by the FT organization. The Board specifically noted FT’s commitment to enhancing services and controlling costs, as reflected in its plan to outsource certain administrative functions, and growth opportunities, as evidenced by its upcoming acquisition of the Legg Mason companies. The

Board acknowledged the change in leadership at FRI and the opportunity to hear from Jennifer Johnson, President and Chief Executive Officer of FRI, about goals she has for the company that will benefit the Fund.

Following consideration of such information, the Board was satisfied with the nature, extent and quality of services provided by the Manager and its affiliates to the Fund and its shareholders.

Fund Performance

The Board reviewed and considered the performance results of the Fund over various time periods ended February 29, 2020. The Board considered the performance returns for the Fund in comparison to the performance returns of mutual funds deemed comparable to the Fund included in a universe (Performance Universe) selected by Broadridge Financial Solutions, Inc. (Broadridge), an independent provider of investment company data. The Board received a description of the methodology used by Broadridge to select the mutual funds included in a Performance Universe. The Board also reviewed and considered Fund performance reports provided and discussions that occurred with portfolio managers at Board meetings throughout the year. A summary of the Fund's performance results is below.

The Performance Universe for the Fund included the Fund and all retail and institutional China region funds. The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed this performance with management and management explained that, over the past few years, market performance was largely driven by the internet and technology sectors. Management further explained that, while the Fund's benchmark was tilted toward these two sectors, the Fund followed its long-term value strategy and held positions in cyclical sectors, such as energy and materials, which did not perform as well and resulted in the Fund's relative underperformance to its peers and benchmark. Management reminded the Board of the Fund's changes in the portfolio management team and the Fund's portfolio rebalancing over the past year, which reduced the Fund's exposure to positions in the cyclical sectors. Management further reminded the Board that, effective January 1, 2020, the Fund's primary benchmark was changed from the MSCI Golden Dragon Index to the MSCI China Index. Management explained that the change in index resulted in the Fund reducing its exposure in Taiwan and Hong Kong over the past several months, positions which had been driven by the former benchmark and affected Fund performance relative to peers over the long term. Management then discussed with the Board the actions

that are being taken/recently have been taken in an effort to improve Fund performance. The Board concluded that the Fund's Management Agreement should be continued for an additional one-year period, and management's efforts should continue to be monitored.

Comparative Fees and Expenses

The Board reviewed and considered information regarding the Fund's actual total expense ratio and its various components, including, as applicable, management fees; transfer agent expenses; underlying fund expenses; Rule 12b-1 and non-Rule 12b-1 service fees; and other non-management fees. The Board also noted the quarterly and annual reports it receives on all marketing support payments made by FT to financial intermediaries. The Board considered the actual total expense ratio and, separately, the contractual management fee rate, without the effect of fee waivers, if any (Management Rate) of the Fund in comparison to the median expense ratio and median Management Rate, respectively, of other mutual funds deemed comparable to and with a similar expense structure to the Fund selected by Broadridge (Expense Group). Broadridge fee and expense data is based upon information taken from each fund's most recent annual report, which reflects historical asset levels that may be quite different from those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios and Management Rates generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by Broadridge to be an appropriate measure of comparative fees and expenses. The Broadridge Management Rate includes administrative charges, and the actual total expense ratio, for comparative consistency, was shown for Class A shares for the Fund and for other funds in the Expense Group. The Board received a description of the methodology used by Broadridge to select the mutual funds included in an Expense Group.

The Expense Group for the Fund included the Fund and eight other China region funds. The Board noted that the Management Rate was above the median of its Expense Group and the actual total expense ratio for the Fund was approximately 7.6 basis points above the median of its Expense Group. The Board discussed the expenses of the Fund with management and noted cost factors relating to the Fund's operations, such as the quality and experience of its portfolio manager and research staff, and the depth of the Manager's physical presence and coverage in the geographical area in which the Fund invests. The Board recalled that, at its request last year, management had reduced the Fund's Management Rate effective July 1, 2019

and was implementing a further reduction on July 1, 2020. The Board then noted that the Fund's actual total expense ratio reflected a fee waiver from management. In light of the above, the Board concluded that the Management Rate charged to the Fund is reasonable.

Profitability

The Board reviewed and considered information regarding the profits realized by the Manager and its affiliates in connection with the operation of the Fund. In this respect, the Board considered the Fund profitability analysis provided by the Manager that addresses the overall profitability of FT's US fund business, as well as its profits in providing investment management and other services to each of the individual funds during the 12-month period ended September 30, 2019, being the most recent fiscal year-end for FRI. The Board noted that although management continually makes refinements to its methodologies used in calculating profitability in response to organizational and product-related changes, the overall methodology has remained consistent with that used in the Fund's profitability report presentations from prior years. Additionally, PricewaterhouseCoopers LLP, auditor to FRI and certain FT funds, was engaged by the Manager to review and assess the allocation methodologies to be used solely by the Fund's Board with respect to the profitability analysis.

The Board noted management's belief that costs incurred in establishing the infrastructure necessary for the type of mutual fund operations conducted by the Manager and its affiliates may not be fully reflected in the expenses allocated to the Fund in determining its profitability, as well as the fact that the level of profits, to a certain extent, reflected operational cost savings and efficiencies initiated by management. As part of this evaluation, the Board considered the initiative currently underway to outsource certain operations, which effort would require considerable up-front expenditures by the Manager but, over the long run is expected to result in greater efficiencies. The Board also noted management's expenditures in improving shareholder services provided to the Fund, as well as the need to implement systems and meet additional regulatory and compliance requirements resulting from recent US Securities and Exchange Commission and other regulatory requirements, notably in the area of cybersecurity protections.

The Board also considered the extent to which the Manager and its affiliates might derive ancillary benefits from fund operations, including revenues generated from transfer agent services, potential benefits resulting from personnel and systems enhancements necessitated by fund growth, as well as increased leverage with service providers and

counterparties. Based upon its consideration of all these factors, the Board concluded that the level of profits realized by the Manager and its affiliates from providing services to the Fund was not excessive in view of the nature, extent and quality of services provided to the Fund.

Economies of Scale

The Board reviewed and considered the extent to which the Manager may realize economies of scale, if any, as the Fund grows larger and whether the Fund's management fee structure reflects any economies of scale for the benefit of shareholders. With respect to possible economies of scale, the Board noted the existence of management fee breakpoints, which operate generally to share any economies of scale with the Fund's shareholders by reducing the Fund's effective management fees as the Fund grows in size. The Board considered the Manager's view that any analyses of potential economies of scale in managing a particular fund are inherently limited in light of the joint and common costs and investments the Manager incurs across the FT family of funds as a whole. The Board concluded that to the extent economies of scale may be realized by the Manager and its affiliates, the Fund's management fee structure provided a sharing of benefits with the Fund and its shareholders as the Fund grows.

Conclusion

Based on its review, consideration and evaluation of all factors it believed relevant, including the above-described factors and conclusions, the Board unanimously approved the continuation of the Management Agreement for an additional one-year period.

Liquidity Risk Management Program

Each of the Funds has adopted and implemented a written Liquidity Risk Management Program (the "LRMP") as required by Rule 22e-4 under the Investment Company Act of 1940 (the "Liquidity Rule"). The LRMP is designed to assess and manage each Fund's liquidity risk, which is defined as the risk that the Fund could not meet requests to redeem shares issued by the Fund without significant dilution of remaining investors' interests in the Fund. In accordance with the Liquidity Rule, the LRMP includes policies and procedures that provide for: (1) assessment, management, and review (no less frequently than annually) of each Fund's liquidity risk; (2) classification of each Fund's portfolio holdings into one of four liquidity categories (Highly Liquid, Moderately Liquid, Less Liquid, and Illiquid); (3) for Funds that do not primarily hold assets that are Highly Liquid, establishing and maintaining a minimum percentage of the Fund's net assets in Highly Liquid investments (called a "Highly Liquid Investment Minimum" or "HLIM"); and (4)

prohibiting the Fund's acquisition of Illiquid investments that would result in the Fund holding more than 15% of its net assets in Illiquid assets. The LRMP also requires reporting to the SEC (on a non-public basis) and to the Board if the Fund's holdings of Illiquid assets exceed 15% of the Fund's net assets. Funds with HLIMs must have procedures for addressing HLIM shortfalls, including reporting to the Board and, with respect to HLIM shortfalls lasting more than seven consecutive calendar days, reporting to the Securities and Exchange Commission ("SEC") (on a non-public basis).

The Funds' Board of Trustees approved the appointment of the Director of Liquidity Risk within the Investment Risk Management Group (the "IRMG") as the Administrator of the LRMP. The IRMG maintains the Investment Liquidity Committee (the "ILC") to provide oversight and administration of policies and procedures governing liquidity risk management for FT products and portfolios. The ILC includes representatives from Franklin Templeton's Risk, Trading, Global Compliance, Investment Compliance, Investment Operations, Valuation Committee and Product Management groups.

In assessing and managing each Fund's liquidity risk, the ILC considers, as relevant, a variety of factors, including the Fund's investment strategy and the liquidity of its portfolio investments during both normal and reasonably foreseeable stressed conditions; its short and long-term cash flow projections; and its cash holdings and access to other funding sources including the Funds' interfund lending facility and line of credit. Classification of the Fund's portfolio holdings in the four liquidity categories is based on the number of days it is reasonably expected to take to convert the investment to cash (for Highly Liquid and Moderately Liquid holdings) or sell or dispose of the investment (for Less Liquid and Illiquid investments), in current market conditions without significantly changing the investment's market value.

The Fund primarily holds liquid assets that are defined under the Liquidity Rule as "Highly Liquid Investments," and therefore is not required to establish an HLIM. Highly Liquid Investments are defined as cash and any investment reasonably expected to be convertible to cash in current market conditions in three business days or less without the conversion to cash significantly changing the market value of the investment.

At meetings of the Funds' Board of Trustees held in May 2020, the Program Administrator provided a written report to the Board addressing the adequacy and effectiveness of the program during the period December 1, 2018 to December 31, 2019. The Program Administrator report concluded that (i.) the LRMP, as adopted and implemented,

remains reasonably designed to assess and manage each Fund's liquidity risk; (ii.) the LRMP, including the Highly Liquid Investment Minimum ("HLIM") where applicable, was implemented and operated effectively to achieve the goal of assessing and managing each Fund's liquidity risk; and (iii.) each Fund was able to meet requests for redemption without significant dilution of remaining investors' interests in the Fund. At the same time, the Program Administrator also presented the Fund Board of Trustees an update on liquidity during the first quarter of 2020 in relation to the COVID-19 pandemic.

Proxy Voting Policies and Procedures

The Fund's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Fund uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Fund's complete Policies online at franklintempleton.com. Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Fund's proxy voting records are also made available online at franklintempleton.com and posted on the U.S. Securities and Exchange Commission's website at sec.gov and reflect the most recent 12-month period ended June 30.

Quarterly Statement of Investments

The Fund files a complete statement of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year as an exhibit to its report on Form N-PORT. Shareholders may view the filed Form N-PORT by visiting the Commission's website at sec.gov. The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

Householding of Reports and Prospectuses

You will receive each Fund's financial reports every six months as well as an annual updated summary prospectus (prospectus available upon request). To reduce Fund expenses, we try to identify related shareholders in a household and send only one copy of the financial reports and summary prospectus. This process, called "householding," will continue indefinitely unless you instruct us otherwise. If you prefer not to have these documents

This page is intentionally left blank

This page is intentionally left blank

This page is intentionally left blank

Authorized for distribution only when accompanied or preceded by a summary prospectus and/or prospectus. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. A prospectus contains this and other information; please read it carefully before investing.

To help ensure we provide you with quality service, all calls to and from our service areas are monitored and/or recorded.



Annual Report and Shareholder Letter
Templeton China World Fund

Investment Manager
Templeton Asset
Management Ltd.

Distributor
Franklin Templeton Distributors, Inc.
(800) DIAL BEN® / 342-5236
franklintempleton.com

Shareholder Services
(800) 632-2301