FRANKLIN TEMPLETON INVESTMENTS

Hybrid

# Templeton Global Balanced Fund

INCOME AND GROWTH WITHOUT BOUNDARIES

# Franklin Templeton Investments

Gain From Our Perspective®

At Franklin Templeton Investments, we're dedicated to one goal: delivering exceptional asset management for our clients. By bringing together multiple, world-class investment teams in a single firm, we're able to offer specialized expertise across styles and asset classes, all supported by the strength and resources of one of the world's largest asset managers. This has helped us to become a trusted partner to individual and institutional investors across the globe.

## Focus on Investment Excellence

At the core of our firm, you'll find multiple independent investment teams—each with a focused area of expertise—from traditional to alternative strategies and multi-asset solutions. And because our portfolio groups operate autonomously, their strategies can be combined to deliver true style and asset class diversification.

All of our investment teams share a common commitment to excellence grounded in rigorous, fundamental research and robust, disciplined risk management. Decade after decade, our consistent, research-driven processes have helped Franklin Templeton earn an impressive record of strong, long-term results.

## Global Perspective Shaped by Local Expertise

In today's complex and interconnected world, smart investing demands a global perspective. Franklin Templeton pioneered international investing over 60 years ago, and our expertise in emerging markets spans more than a quarter of a century. Today, our investment professionals are on the ground across the globe, spotting investment ideas and potential risks firsthand. These locally based teams bring in-depth understanding of local companies, economies and cultural nuances, and share their best thinking across our global research network.

## Strength and Experience

Franklin Templeton is a global leader in asset management serving clients in over 150 countries.* We run our business with the same prudence we apply to asset management, staying focused on delivering relevant investment solutions, strong long-term results and reliable, personal service. This approach, focused on putting clients first, has helped us to become one of the most trusted names in financial services.

* As of 12/31/14. Clients are represented by the total number of shareholder accounts.

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

# The Strategy

**Templeton Global Balanced Fund** utilizes a wide opportunity set in seeking to meet its two primary objectives—income and capital appreciation. By taking into account relative valuations across asset classes, market volatility and comparable income opportunities we combine together what the investment team believes are the best risk-adjusted investment ideas from two experienced investment teams. The fund typically invests at least 25% of its assets in fixed income senior securities and at least 25% of its assets in equity securities.

## 1 | Value-Oriented Stock Selection

We invest in stocks selling at prices we believe are low relative to their intrinsic value. And because of the fund's additional focus on income, dividend yield is also an important criterion. Stocks selected for the portfolio are generally a subset of Templeton's approved list, and are subject to a rigorous selection process before being placed on this list.

## 2 | Global Bond Selection

On the fixed income side we identify specific investment opportunities in a wide variety of countries based on our analysis of interest rates, exchange rates and yield spreads. Fundamental analysis drives investment decisions with the flexibility to find value in supranational, developed and emerging market government bonds, as well as high yield and investment grade corporate bonds, and currencies.

## 3 | Dynamic Portfolio Allocation

The fund's bottom-up, dynamic asset allocation process is a team effort. We determine the asset mix by comparing absolute and relative valuations across asset classes relative to underlying fundamentals and levels of market volatility. The resultant allocation reflects the relative number of opportunities found by the respective portfolio teams. This process allows the team with the largest number of high conviction ideas to constitute the largest part of the fund. While we don't anticipate major allocation shifts from month to month, we do have the flexibility to adjust the allocation between stocks and bonds as we deem necessary, looking for opportunities to capitalize on market inefficiencies.

*"For investors seeking growth and income, we believe there are attractive opportunities beyond U.S. borders. Many foreign stock and bond markets offer attractive yields, and Templeton Global Balanced Fund presents investors a convenient way to access these foreign markets."*

**HEATHER ARNOLD, CFA,**[1] PORTFOLIO MANAGER
**MICHAEL HASENSTAB, PH.D.,** PORTFOLIO MANAGER

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# The Benefits

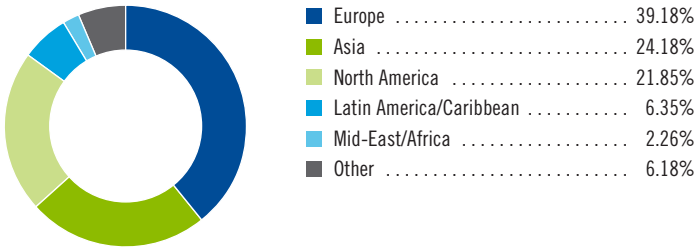
## Global Expertise

The fund combines the global expertise and research resources of the Templeton Global Equity Group and Templeton Macro Group.

## Global Diversification

As of March 31, 2015, the fund included investments in 47 countries and 23 currencies.[2] Global portfolio diversification may help provide a hedge against U.S. interest rate cycles, economic conditions and other domestic risks.

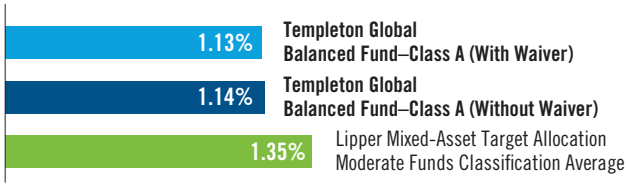
**Geographic Breakdown[4]**
As of March 31, 2015




## Lower Than Average Fund Expenses

Fund managers keep an eye on the bottom line. The fund's Class A expense ratio was 17% lower than its Lipper peer group average (Class A) as of March 31, 2015.[3]

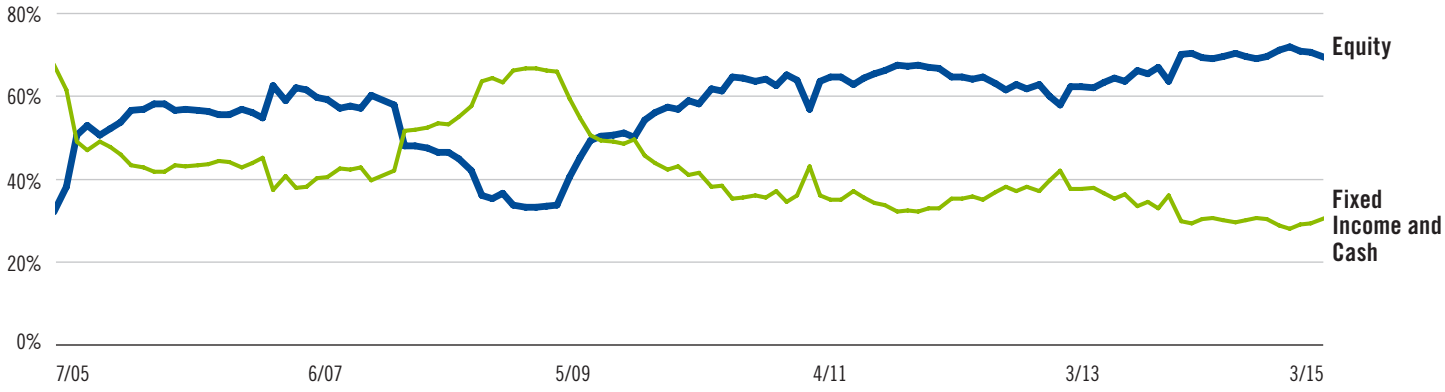
**Expense Ratio[3]**
As of March 31, 2015




## Professional, Dynamic Asset Allocation

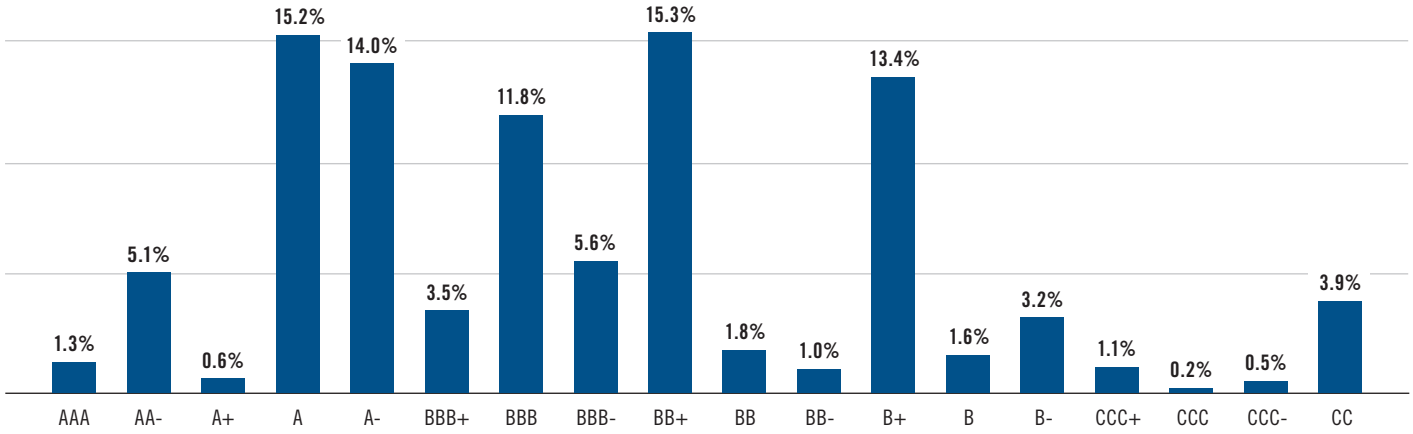
As of March 31, 2015, the fund's allocation between stocks, bonds and cash was 70.93%, 24.47% and 4.60%, respectively.[2] The fund's asset allocation is determined by comparing valuations across asset classes relative to underlying fundamentals and levels of market volatility. Depending on valuations and other factors, the investment team has the flexibility to adjust the allocation as necessary.

**Asset Allocation over Time[4]**
July 31, 2005–March 31, 2015




2. As of 3/31/15. Diversification does not guarantee a profit or protect against loss.
3. Source: Lipper, Inc. There were 101 funds (Class A) in the Lipper Mixed-Asset Target Allocation Moderate Funds classification as of 3/31/15.
4. Geographic Breakdown and Asset Allocation information is historical and may not reflect current or future portfolio characteristics. Figures reflect certain derivatives held in the portfolio (or their underlying reference assets) and may not total 100% or may be negative due to rounding, use of derivatives, unsettled trades or other factors. All portfolio holdings are subject to change.

**Credit Quality Breakdown** (As a % of Fixed Income)[5]
As of March 31, 2015




**Equity Data (Weighted Average)**[6,7]
As of March 31, 2015

| | Fund | Equity Benchmark (MSCI All Country World Index) |
|---|---|---|
| **Price to Earnings** | 17.32x | 18.50x |
| **Price to Book Value** | 1.68x | 2.18x |
| **Price to Cash Flow** | 7.99x | 10.92x |

**Fixed Income Data**
As of March 31, 2015

| | |
|---|---|
| **Dividend** | Quarterly |
| **Average Weighted Maturity**[8] | 4.31 years |
| **Average Duration**[8,9] | 2.81 years |

5. Ratings shown are assigned by one or more Nationally Recognized Statistical Credit Rating Organizations ("NRSRO"), such as Standard & Poor's, Moody's and Fitch. The ratings are an indication of an issuer's creditworthiness and typically range from AAA or Aaa (highest) to D (lowest). When ratings from all three agencies are available, the middle rating is used; when two are available, the lowest rating is used; and when only one is available, that rating is used. Foreign government bonds without a specific rating are assigned the country rating provided by an NRSRO, if available. The NR category consists of rateable securities that have not been rated by an NRSRO. This breakdown only pertains to the fixed income component of the portfolio; cash and equivalents (defined as bonds with stated maturities, or that can be redeemed at intervals, of seven days or less) as well as derivatives are excluded. As a result, the chart does not reflect the fund's total net assets.

6. Source: MSCI, FactSet, Templeton Performance Department. For P/E, P/BV and P/CF the weighted average or weighted harmonic average was used.

7. All MSCI data is provided "as is." MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI.

8. Average Weighted Maturity and Average Duration figures reflect certain derivatives held in the portfolio (or their underlying reference assets).

9. Duration shown is the option-adjusted duration. Duration is an indication of a fund's sensitivity to changes in interest rates. The option-adjusted duration formula takes into account embedded call options and redemption features that impact a bond's expected cash flow, and thus its interest rate sensitivity. Indexes are unmanaged and one cannot invest directly in an index.

# The Results

## Calendar Year Returns

Without Sales Charges[10]

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|---|
| **Advisor Class** | 21.96% | 10.64% | -24.40% | 27.86% | 12.82% | -5.69% | 18.67% | 17.53% | -0.43% |
| **Class A** | 21.30% | 10.42% | -24.71% | 28.18% | 12.15% | -5.56% | 18.01% | 17.37% | -0.67% |
| **Class C** | 18.80% | 7.58% | -26.73% | 25.09% | 9.79% | -7.18% | 16.27% | 15.03% | -2.01% |

*If the sales charge had been included, the returns would have been lower.*

## Average Annual Total Returns (As of March 31, 2015)

| | With Sales Charges[10] | | | | Without Sales Charge | | | |
|---|---|---|---|---|---|---|---|---|
| | 1-Year | 3-Year | 5-Year | Since Inception (7/1/05) | 1-Year | 3-Year | 5-Year | Since Inception (7/1/05) |
| **Advisor Class** | 0.61% | 9.07% | 8.06% | 7.65% | 0.61% | 9.07% | 8.06% | 7.65% |
| **Class A** | -5.36% | 6.62% | 6.59% | 6.75% | 0.38% | 8.73% | 7.84% | 7.39% |
| **Class C** | -0.99% | 8.07% | 6.94% | 6.15% | -0.04% | 8.07% | 6.94% | 6.15% |

***Sales Charges:*** *Class A: Maximum 5.75% initial sales charge; Class C: 1.00% contingent deferred sales charge (CDSC) in the first year only. Advisor Class: None.*

***Total Annual Operating Expenses[11]:***

***Without waiver:*** *Advisor Class: 0.89%; Class A: 1.14%; Class C: 1.89%;* ***With waiver:*** *Advisor Class: 0.89%; Class A: 1.13%; Class C: 1.88%*

## Yields

As of March 31, 2015

| | 30-DAY STANDARDIZED YIELD[12] | |
|---|---|---|
| | Without Waiver | With Waiver |
| **Advisor Class** | 2.43% | 2.43% |
| **Class A** | 2.04% | 2.04% |
| **Class C** | 1.40% | 1.40% |

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

*Advisor Class shares are only offered to certain eligible investors stated in the prospectus. They are offered without sales charges or Rule 12b-1 fees.*

10. On 7/1/11 the fund changed its name, its goal and pricing structure. Class A: Total returns have been restated to reflect the current maximum initial sales charge of 5.75% (Class A shares were previously offered at a lower initial sales charge). Class C: Effective 7/1/11, Class C shares closed to new investors, were renamed Class C1 shares, and a new Class C share with a different expense structure became available. Class C performance shown has been calculated as follows: (a) for periods prior to 7/1/11, a restated figure is used based on Class C1 performance and including the Rule 12b-1 rate differential between Class C and C1, and (b) for periods after 7/1/11, actual Class C performance is used, reflecting all charges and fees applicable to that class. The fund offers other share classes subject to different fees and expenses, which will affect their performance. Please see the prospectus for details.

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

12. The 30-Day Standardized Yield reflects an estimated yield to maturity. It should not be regarded as an estimate of the fund's rate of investment income, and it may not equal the fund's actual income distribution rate, which reflects the fund's past dividends paid to shareholders.

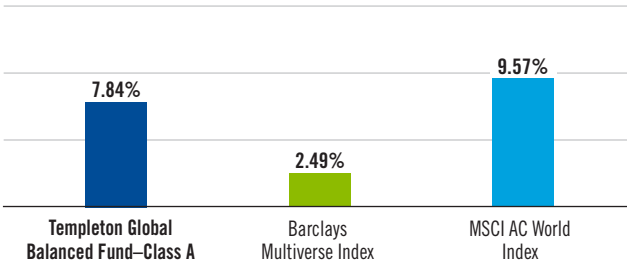
**Growth of a $10,000 Investment** (Class A–Without Sales Charge)
July 1, 2005–March 31, 2015

*The hypothetical scenario does not include the 5.75% sales charge applicable to the initial fund investment and does not take into account federal, state or municipal taxes. If the sales charge and taxes were taken into account, the hypothetical values shown would have been lower.*

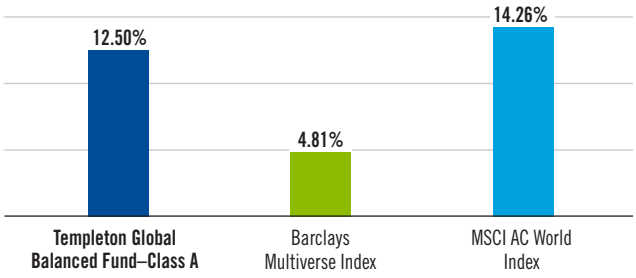
## Performance and Volatility vs. Benchmarks

Solid, long-term performance is important, but prudent investors are also concerned about volatility. That's why Templeton Global Balanced Fund invests in both stocks and bonds from around the world. This flexibility and variety of opportunities allow for performance potential in a wide variety of market environments, which may help reduce overall portfolio volatility and improve your chances of earning more consistent returns over the long term versus a purely stock portfolio, as illustrated in the chart below. Please note that past performance does not guarantee future results.

**Performance vs. Benchmarks**[13] (Without Sales Charge)
5-Year Period Ended March 31, 2015




**Volatility vs. Benchmarks**[13] (Without Sales Charge)
5-Year Period Ended March 31, 2015




*If the sales charge had been included, returns would have been lower.*

13. Source: © 2015 Morningstar, as of 3/31/15. Global bonds are represented by the Barclays Multiverse Index; Global stocks are represented by the MSCI AC World Index. MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI. Indexes are unmanaged, and one cannot invest directly in an index. Volatility as measured by annualized standard deviation.

**WHAT ARE THE RISKS?**

All investments involve risks, including possible loss of principal. Special risks are associated with foreign investing including currency fluctuations, economic instability and political developments; investments in emerging markets involve heightened risks related to the same factors. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as the prices of bonds in the fund adjust to a rise in interest rates, the fund's share price may decline. The risks associated with higher yielding, lower-rated debt securities include higher risk of default and loss of principal. To the extent the fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, it may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. The fund's investment in derivative securities, such as swaps, financial futures and option contracts, and use of foreign currency techniques involve special risks as such may not achieve the anticipated benefits and/or may result in losses to the fund. The markets for particular securities or types of securities are or may become relatively illiquid. Reduced liquidity will have an adverse impact on the security's value and on the fund's ability to sell such securities when necessary to meet the fund's liquidity needs or in response to a specific market event. The fund's risk considerations are discussed in the prospectus.

FRANKLIN TEMPLETON INVESTMENTS

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**Franklin Templeton Investments**
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**Templeton Global Balanced Fund Symbols:**

Class A: TAGBX
Class C: FCGBX
Class R: 880 19R 773
Class R6: 880 19R 518
Advisor: TZINX

*This brochure must be preceded or accompanied by a Templeton Global Balanced Fund summary prospectus and/or prospectus. Please carefully read a prospectus before you invest or send money. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. The fund's performance will be updated each quarter with standardized figures and ranking information if quoted.*

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