FRANKLIN TEMPLETON INVESTMENTS

Fixed Income

Straight Talk on Templeton Global Bond Fund

"We view periods of heightened market volatility as opportunities for us to put cash to work in some of our favorite positions at improved valuations."

MICHAEL HASENSTAB, PH.D.,
Chief Investment Officer,
Templeton Global Macro

Templeton Global Macro integrates global macroeconomic analysis with in-depth country research to help identify long-term imbalances that translate into investment opportunities.

Not FDIC Insured | May Lose Value | No Bank Guarantee

Long-Term Opportunities Amid Volatility

We are currently focused on three main areas of investment potential: 1) the profound value in specific emerging markets (EM), 2) short US Treasuries in a rising-rate environment, and 3) the flexibility of management within the currency markets to be long and short. These three broad sources of investment return really excite us about the opportunity set for the next couple of years.

First, we recently have been buying select EM currencies at multi-decade and/or all-time low valuations. For instance, we have been able to buy the Mexican peso at the weakest level it's been in the history of Mexico. Similarly, the Malaysian ringgit and the Indonesian rupiah have been at levels we have not seen since the Asian financial crisis in 1998. On a valuation basis, these are not just once-in-a-decade, but multi-decade opportunities to buy what we believe to be very cheap assets.

Second, we continue to position Templeton Global Bond Fund for rising rates by maintaining low portfolio duration and aiming at a negative correlation to US Treasuries. We view one of the biggest risks over the next five years to be rising US interest rates. In our assessment, the strength of the US economy justifies higher rates, and we think inflation is underpriced in the Treasury yield curve. For the last 30 years, most investors made money from declining rates; we think over the next five years there is an opportunity to make money from rising rates. Thus, our strategy is positioned to be short US Treasury duration.

Third, we believe it's important to have a highly flexible strategy that can directionally position across the currency markets. One of the most attractive aspects of the currency markets is there is generally always something undervalued; things are usually never in perfect alignment.

Currently, we have the flexibility to be long the US dollar against short positioning of the yen, the euro and the Australian dollar. At the same time, we can also short the US dollar against long positions in currencies that we view as undervalued. Those positions may change within the next couple of years if we see valuations adjust, so the flexibility to move to where value resides in the currency markets is an opportunity set that we believe never runs out.

Our approach emphasizes having a long-term view. We recognize that when investing globally, many opportunities take time to materialize, and we are willing to ride through volatility.

Straight Talk on Templeton Global Bond Fund is designed to help strengthen your understanding of the fund and its strategy. On the following pages we'll review:

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This material reflects the analysis and opinions of Templeton Global Macro as of April 15, 2016, and may differ from the opinions of other portfolio managers, investment teams or platforms at Franklin Templeton Investments. The information provided is not a complete analysis of every material fact regarding any country, region, market, investment, or strategy. Because market and economic conditions are subject to change, comments, opinions, and analyses are rendered as of the date noted above and may change without notice. Holdings are subject to change. A portfolio manager's assessment of a particular security, investment, or strategy is not intended as individual investment advice or recommendation or solicitation to buy, sell or hold any security or to adopt an investment strategy; it is intended only to provide insight into the fund's portfolio selection process.

Our Current Outlook

We strive to identify economic imbalances that may lead to opportunities across three sources of potential alpha—curve, currency and credit. The table below outlines our views on each as of April 2016.

CURVE (INTEREST RATES/DURATION)

Depending upon a country's economic conditions, changing interest rate expectations may be on the horizon.

OUTLOOK

We have continued to maintain low portfolio duration while aiming at a negative correlation with US Treasury returns. We also actively seek opportunities that can offer positive real yields without taking undue interest-rate risk. We continue to believe that an unconstrained global strategy is the most effective way to position for a rising-rate environment.

CURRENCY

Identifying economies with positive dynamics in their external balances, relative purchasing power, inflation, fiscal sustainability or growth can offer potential opportunities for currency appreciation.

OUTLOOK

Recently a number of key emerging market currencies have tested all-time lows. Countries such as Mexico, Malaysia and Indonesia have been caught up in recent market turmoil. We believe those currencies represent a tremendous value opportunity. Additionally, we believe the recent strength in the euro and the Japanese yen is temporary and we are positioned for currency depreciation in those markets by being long US dollar against short euro and long US dollar against short yen.

SOVEREIGN CREDIT

Sovereign credit of countries with improving fundamentals and attractive yields can be another source of potential return.

OUTLOOK

We have selectively invested in sovereign credit opportunities in relatively stable economies that have attractive levels of yield as well as strengthening economies that may benefit from spread compression. We look to invest in credit opportunistically.

Regional Themes

April 2016

Below are key regional themes that have been identified through the investment team's analysis of global macro dynamics as well as country-specific research.

EUROPE

We expect continued monetary accommodation from the European Central Bank (ECB), supporting growth and further weakening the euro.

- Europe's expansion has been supported by the ECB's ongoing quantitative easing program, which has brought an easing of financial conditions in the area as well as some improvement in bank lending.
- Inflation remains low in the euro area as well, partly as a reflection of weak commodity prices, especially in energy. The ECB still expects inflation to converge to its 2% target in the medium term, but it has stated clearly that it stands ready to take additional monetary easing action should it become necessary.

US

We remain constructive on US economic growth.

- On the whole, we remain confident in the economic outlook for the US and continue to expect rising interest rates from the US Federal Reserve.
- We expect wage pressures and continued strength in core inflation during the year, with a jump in headline inflation early next year as oil prices stabilize. In our assessment, the Fed needs to continue hiking rates this year.
- Robust household spending on consumer goods and non-energy business investment continue to support underlying activity, in our view.
- We believe there remains a sufficient amount of pent-up demand in residential investment and household durable consumption to support above-trend growth for the next several quarters.

EMERGING MARKETS

We're seeing once-in-a-decade opportunities in select emerging market currencies.

- In light of the concerns over China and the interest rate environment in the United States, investor fears regarding emerging markets have resurfaced, and we believe that currency and security devaluations in certain countries have been excessive.
- A number of key emerging market currencies have tested all-time lows.
- In Asia, many of the currencies are approaching or at levels that we haven't seen since the Asian Financial Crisis. However, fundamentals are very different today than they were back in the late '90s and we're seeing tremendous value in that region.
- In Latin America, the Mexican peso has had a bigger depreciation than we saw during the Tequila Crisis, yet today Mexico has very little debt, strong reserves and good leverage to the US economic recovery.
- Markets may continue to experience volatility in the near-term, however we have recently seen some signs of stabilization in specific countries as foreign direct investment has returned and countries such as Mexico have used central bank policies to bolster their currencies.
- We believe global growth remains broadly on trend while projections in the major economies remain healthy.

CHINA

The rebalancing of the Chinese economy is uneven, causing some ripple effects in certain financial markets.

- On the whole, underlying conditions in the Chinese economy are fundamentally more stable than the markets have recently indicated.
- We still believe that China's policymakers have both the tools and the financial power to counter the recent slowdown and keep growth on track at 6%–7%.
- Contraction in three key areas will likely continue to curb growth: the traditional manufacturing sector, real estate and construction, and local government financing.
- However, slower labor force growth, together with rising wages, could drive the increase in consumption needed to rebalance the economy.
- Sustained wage growth implies that China should gradually export a more inflationary push to the rest of the world, reinforcing our view that starting with the US, the outlook remains for higher inflation rates and higher interest rates.

Fund Positioning

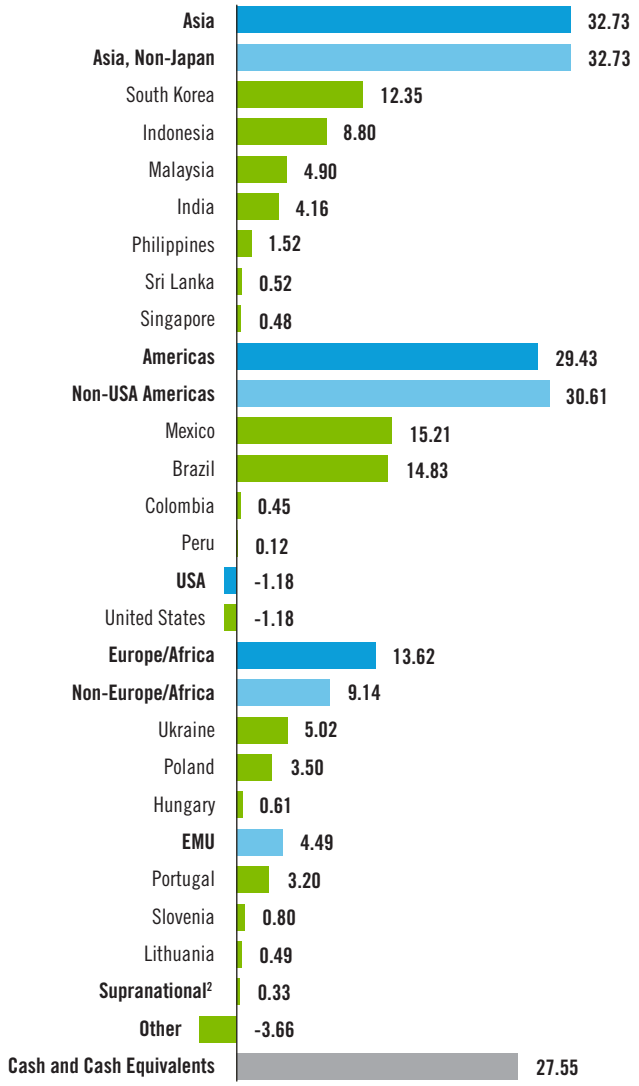
Among our geographic exposures, we hold positions in select emerging markets which appear to us to have strong underlying fundamentals in Asia ex Japan, Latin America, and peripheral Europe. We also hold currency exposure in countries that we believe can best handle a shift to higher US interest rates, specifically countries that have low leverage and that stand to benefit from a strengthening US economy, such as Mexico and South Korea.

Additionally, we have net-negative positions in the euro and Japanese yen, as we expect continued QE measures from the European Central Bank and the Bank of Japan which we believe should depreciate the currencies.

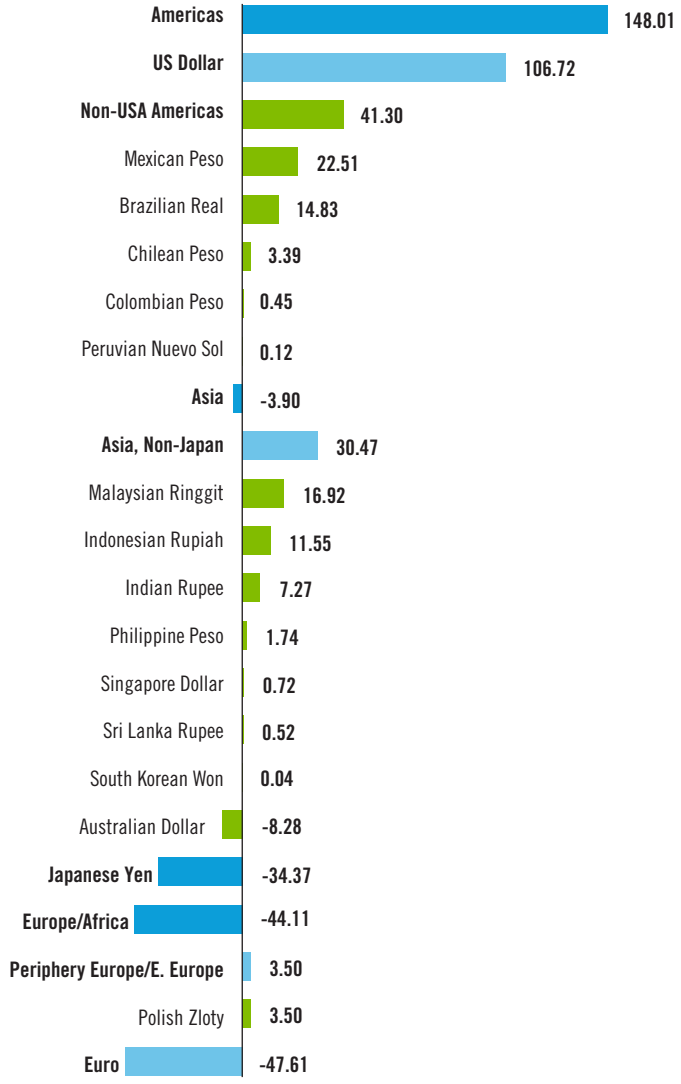
TEMPLETON GLOBAL BOND FUND

Region | Sub-region | Country | Cash and Cash Equivalents

Geographic Allocation[1] % (As of March 31, 2016)



Currency Allocation[1] % (As of March 31, 2016)



1. As of 3/31/16. Portfolio holdings are subject to change. 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 any derivatives, unsettled trades or other factors. For the fund's most recent portfolio information, please call Franklin Templeton Investments at (800) DIAL BEN/342-5236 or visit franklintempleton.com.

2. A supranational is an entity formed by two or more central governments through international treaties to promote economic development for the member countries.

Yield Curve Positioning

The core of our strategy remains positioning ourselves to navigate a rising-rate environment. We have continued to maintain low portfolio duration while aiming at a negative correlation with US Treasury returns. We also actively seek duration opportunities that may offer positive real yields without undue interest-rate risk, such as yield curve exposures in countries with compelling levels of yield, healthy underlying fundamentals and prudent monetary policies.

THE FUND'S AVERAGE DURATION WAS SIGNIFICANTLY LOWER THAN THE BENCHMARK, WHILE THE YIELD TO MATURITY WAS SIGNIFICANTLY HIGHER

Templeton Global Bond Fund Average Duration and Yield to Maturity vs. Citigroup World Government Bond Index
As of March 31, 2016

	Average Duration	Yield to Maturity
Templeton Global Bond Fund[3]	0.18 years[4]	5.85%[5]
Citigroup World Government Bond Index[6]	7.71 years	0.79%

"Taking an unconstrained approach to global fixed income investing provides us with the ability to position defensively with regard to interest-rate risk while capitalizing on opportunities around the globe."

SONAL DESAI, PH.D., Portfolio Manager

3. As of 3/31/16. Portfolio holdings are subject to change. For the fund's most recent portfolio information, please call Franklin Templeton Investments at (800) DIAL BEN/342-5236 or visit franklintempleton.com.

4. 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. Figure reflects certain derivatives held in the portfolio (or their underlying reference assets).

5. Not representative of the amount of income shareholders can expect to receive from the fund. Yield to maturity (YTM) is the rate of return anticipated on a bond if it is held until the maturity date. The calculation of YTM takes into account the current market price, par value, coupon interest rate and time to maturity. For a fund, this represents the weighted average yield to maturity of the portfolio's holdings.

6. Source: Morningstar. See www.franklintempletondatasources.com for additional data provider information. Past performance is no guarantee of future results. Indexes are unmanaged and one cannot invest directly in an index. Index returns do not reflect any fees, expenses or sales charges. The Citigroup World Government Bond Index (WGBI) is a market capitalization weighted index consisting of investment-grade world government bonds.

How We Identify Drivers of Return

The fund seeks current income, with capital appreciation and growth of income. The fund invests predominantly in bonds issued by governments and government agencies in both developed and emerging markets around the world. Below investment grade bond exposure is limited to no more than 25% of total assets.

Long-Term, Fundamentally Driven Investment Focus

The focus of our investment process is on fundamental research to identify long-term opportunities and to use short-term market inefficiencies to build positions in such investments.

Unconstrained Approach

The portfolio is run independently of its benchmark, allowing the managers to hold only the positions they believe have the best potential to maximize risk-adjusted returns.

Identification of Economic Imbalances That May Lead to Value Opportunities in Three Distinct Areas

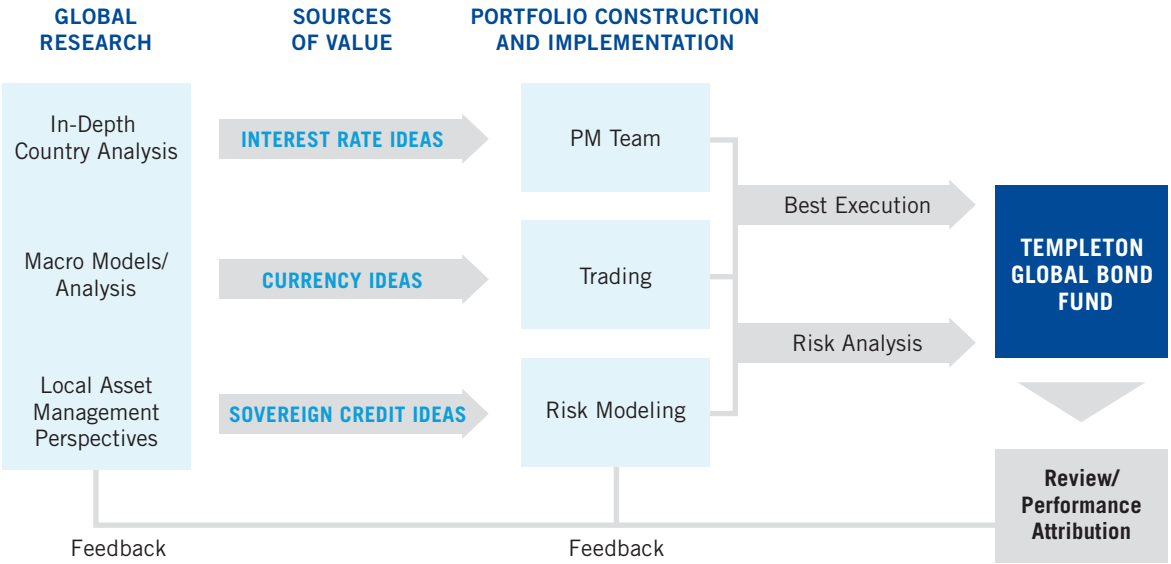
Sources of Potential Alpha[7]

- Interest Rates/Duration (or Curve)
- Currency
- Sovereign Credit

These sources of potential alpha are also referred to as the Three Cs: CURVE, CURRENCY AND CREDIT.

The team seeks to precisely identify curve, currency and sovereign credit exposures that reflect the most attractive use of the strategy's risk budget, regardless of the benchmark allocations. These exposures are then isolated and analyzed to ensure that only the most attractive opportunities are held.

Investment Process—Global Interest Rate, Currency and Sovereign Credit Positioning



7. Alpha is a measure of a portfolio's return in excess of the market return, after both have been adjusted for risk.

Results—A Record of Strong Performance

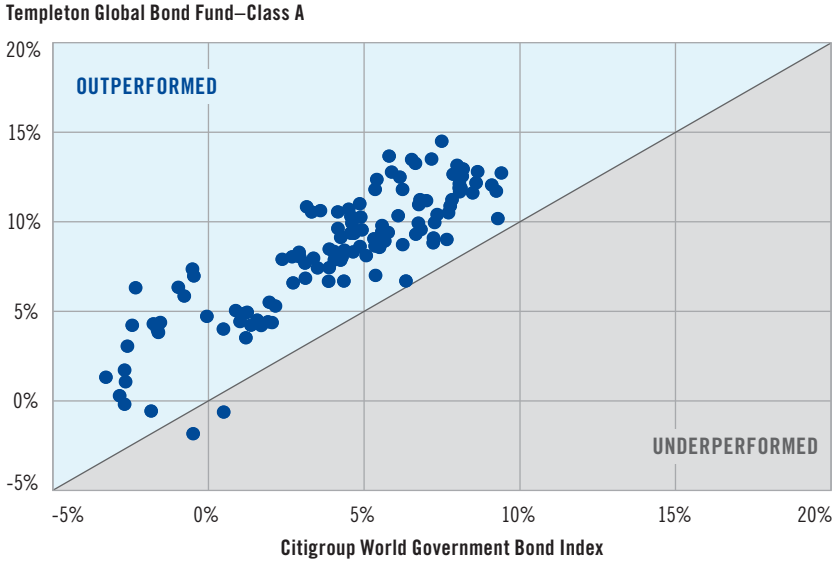
The Fund (Class A) Has Outperformed Its Benchmark 98% of the Time, over Longer Time Periods

Having the flexibility to invest globally in any country or currency allows the Templeton Global Bond Fund investment team to take advantage of opportunities in interest rates, currencies and sovereign credits worldwide, and the results speak for themselves.

Over the past 10 years, Templeton Global Bond Fund–Class A outperformed its benchmark, the Citigroup World Government Bond Index, 118 out of 120 monthly rolling three-year periods, as illustrated in the chart below.

TEMPLETON GLOBAL BOND FUND–CLASS A RETURNS VS. CITIGROUP WORLD GOVERNMENT BOND INDEX[8]

Monthly Rolling Three-Year Returns (Without Sales Charge)[9]
10-Year Period Ended March 31, 2016



Templeton Global Bond Fund–Class A outperformed the Citigroup World Government Bond Index 118 out of 120 monthly rolling three-year periods.

If the 4.25% sales charge had been included, fund returns would have been lower.

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

8. Source: © 2016 Morningstar, Inc. See www.franklintempletondatasources.com for additional data provider information. Indexes are unmanaged and one cannot invest directly in them. Index returns do not reflect any fees, expenses or sales charges. The Citigroup World Government Bond Index (WGBI) is a market capitalization weighted index consisting of investment-grade world government bonds.

9. Annualized rolling periods are plotted on a monthly basis. The leading diagonal line links points of return for the index (lower axis). For every point of return along this line there is a corresponding return for the fund represented by the blue square (left axis). Any point above the line represents fund outperformance relative to the index for that period. Any point below the line represents fund underperformance relative to the index for that period.

Advisor Class ★★★★

Class A ★★★★

MORNINGSTAR RATING™

As of March 31, 2016, the fund's Advisor Class and Class A shares received 4-star overall Morningstar Ratings™, measuring risk adjusted returns against 320, 242, and 147 US-domiciled World Bond funds for the 3-, 5-, and 10-year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year (if applicable) rating metrics.[10]

TEMPLETON GLOBAL BOND FUND[11]

Average Annual Total Returns

As of March 31, 2016

	1-Year	5-Year	10-Year	Since Inception (9/18/1986)
Advisor Class[12] (TGBAX)	-4.16%	2.18%	7.15%	7.68%
Class A (TPINX) With Maximum 4.25% Sales Charge[13]	-8.38%	1.05%	6.43%	7.33%
Class A (TPINX) Without Sales Charge[13]	-4.31%	1.93%	6.89%	7.49%
Citigroup World Government Bond Index[14]	5.92%	1.16%	4.19%	6.29%

Total Annual Operating Expenses[11]

	With Waiver	Without Waiver
Advisor Class	0.64%	0.66%
Class A	0.89%	0.91%

As of March 31, 2016

30-Day Standardized Yield[15]

	With Waiver	Without Waiver
Advisor Class	4.33%	4.28%
Class A	3.90%	3.84%

Distribution Rate[16]

Advisor Class	3.40%
Class A	3.00%

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

Advisor Class shares do not have sales charges or Rule 12b-1 fees and are offered only to certain eligible investors as stated in the prospectus.

For more information on Templeton Global Bond Fund, please contact your financial advisor.

10. Morningstar® 3/31/16. For each fund with at least a 3-year history, Morningstar calculates a risk-adjusted return measure that accounts for variation in a fund's monthly performance (including the effects of all sales charges), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive a Morningstar Rating™ of 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% received 2 stars, and the bottom 10% of funds in each category receive 1 star. Each share class is counted as a fraction of one fund and rated separately. The fund received Morningstar Ratings of 3, 3 and 5 stars for the Advisor Class and 2, 2 and 5 stars for Class A shares for the 3-, 5- and 10-year periods, respectively. **Past performance does not guarantee future results.** The information contained herein; (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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. Performance quotations for this class reflect the following methods of calculation: a) For periods prior to the fund's Advisor Class inception date of 1/2/97, a restated figure is used based on the fund's oldest share class, Class A performance, excluding the effect of Class A's maximum initial sales charge but reflecting the effect of the Class A Rule 12b-1 fees; and b) for periods after the fund's Advisor Class inception date, actual Advisor Class performance is used, reflecting all charges and fees applicable to that class.

13. Class A: on 1/1/93, the fund implemented a Rule 12b-1 plan, which affects subsequent performance. The fund offers other share classes, subject to different fees and expenses that will affect their performance.

14. Source: © 2016 Morningstar, Inc. All rights reserved. Indexes are unmanaged and one cannot invest directly in them. Index returns do not reflect any fees, expenses or sales charges. The Citigroup World Government Bond Index (WGBI) is a market capitalization weighted index consisting of investment-grade world government bonds.

15. The 30-Day Standardized Yield reflects an estimated yield to maturity. It should 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.

16. Based on the annualization of the fund's March 2016 dividend and maximum offering price per share on 3/31/16.

WHAT ARE THE RISKS?

All investments involve risks, including possible loss of principal. Currency rates may fluctuate significantly over short periods of time and can reduce returns. Derivatives, including currency management strategies, involve costs and can create economic leverage in the portfolio which may result in significant volatility and cause the fund to participate in losses (as well as enable gains) on an amount that exceeds the fund's initial investment. The fund may not achieve the anticipated benefits and may realize losses when a counterparty fails to perform as promised. 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. Foreign securities involve special risks, including currency fluctuations and economic and political uncertainties. Investments in emerging markets involve heightened risks related to the same factors, in addition to those associated with these markets' smaller size and lesser liquidity. Investments in lower-rated bonds include higher risk of default and loss of principal. Changes in interest rates will affect the value of the fund's portfolio and its share price and yield. Bond prices generally move in the opposite direction of interest rates. As the prices of bonds in the fund adjust to a rise in interest rates, the fund's share price may decline. The fund is also non-diversified, which involves the risk of greater price fluctuation than a more diversified portfolio. Changes in the financial strength of a bond issuer or in a bond's credit rating may affect its value. These and other risk considerations are discussed in the fund's prospectus.

FRANKLIN TEMPLETON INVESTMENTS

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Franklin Templeton Investments
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Templeton Global Bond Fund Symbols:

Class A: TPINX
Class C: TEGBX
Class R: FGBRX
Class R6: FBNRX
Advisor: TGBAX

This brochure must be preceded or accompanied by a Templeton Global Bond Fund summary prospectus and/or prospectus. Please read a prospectus carefully 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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