



# Templeton Global Total Return Fund—Class A

Product Profile

Fourth Quarter 2014

## FUND CHARACTERISTICS (AS OF 12/31/14)

NASDAQ Symbol	TGTRX
Fund Inception Date	9/30/08
Dividends	Monthly
Benchmark	Barclays Multiverse Index
Lipper Classification	International Income Funds
Morningstar Category™	World Bond
Total Net Assets—All Share Classes	8,702 million
Number of Holdings	571
Maximum Initial Sales Charge	4.25%

## THIRD-PARTY FUND DATA Overall Morningstar Rating™

Traditional



Load Waived



As of December 31, 2014 the fund's Class A shares received a traditional 4 star overall Morningstar Rating™ and a load waived 5 star Morningstar Rating™, measuring risk-adjusted returns against 290 and 233 U.S.-domiciled World Bond funds over the 3- and 5- year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics.

Load waived Class A share Morningstar Ratings do not include front-end sales charges and are intended for investors who have access to such purchase terms (e.g., fee-based programs and participants of a defined contribution plan). Investors should contact their financial advisor to determine their eligibility to purchase Class A shares without paying the sales charge.

## FUND DESCRIPTION

The fund seeks total investment return consisting of a combination of interest income, capital appreciation and currency gains. It is a multi-sector global bond fund designed to capitalize on fixed income opportunities around the world. The fund primarily invests in fixed and floating-rate debt securities and debt obligations (including convertible bonds) of governments, government-related or corporate issuers worldwide. The fund regularly uses various currency-related and other transactions involving derivative instruments.

## PERFORMANCE DATA

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

	3 Mths*	YTD*	1 Yr	3 Yrs	5 Yrs	Since Incept (9/30/08)
With Sales Charge	-5.78	-3.91	-3.91	5.82	6.13	9.49
Without Sales Charge	-1.63	0.37	0.37	7.35	7.06	10.25
Barclays Multiverse Index	-1.17	0.48	0.48	1.00	2.85	4.29

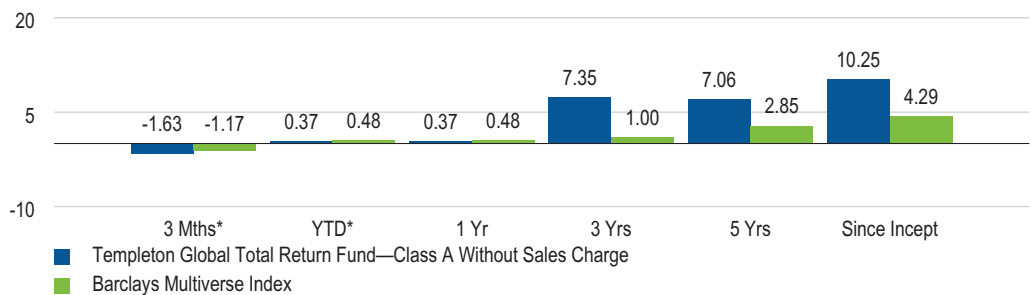
**Total Annual Operating Expenses—With Waiver: 1.03% Without Waiver: 1.04%**

**30-Day Standardized Yield (As of 12/31/14)—With Waiver: 3.74% Without Waiver: 3.73%**

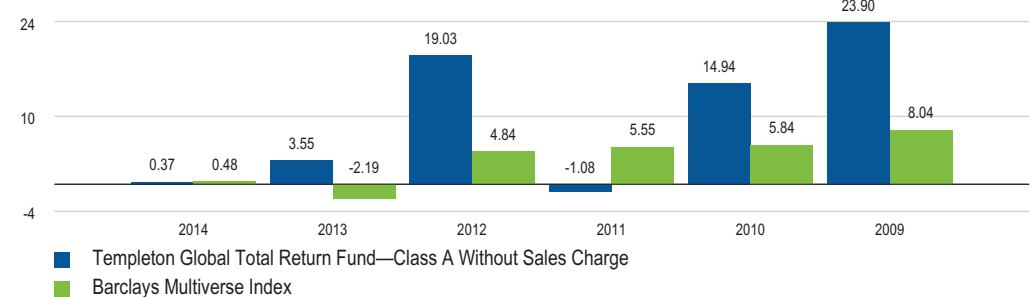
Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund's investment return and principal value will change with market conditions, and you may have a gain or a loss when you sell your shares. Please call Franklin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

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

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



### Calendar Year Returns As of December 31, 2014 (%)



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

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.

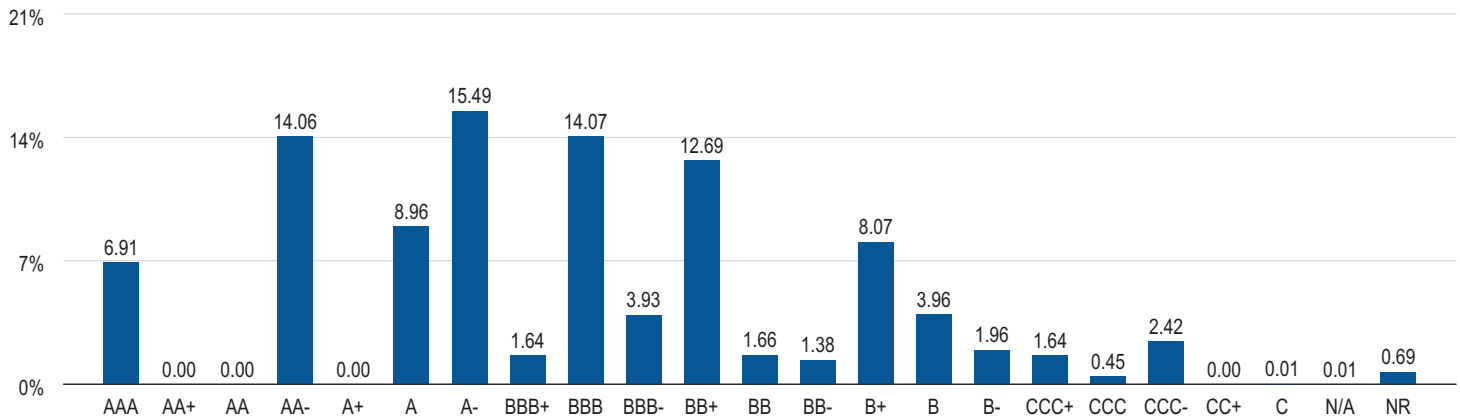
\*Cumulative Total Returns.

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

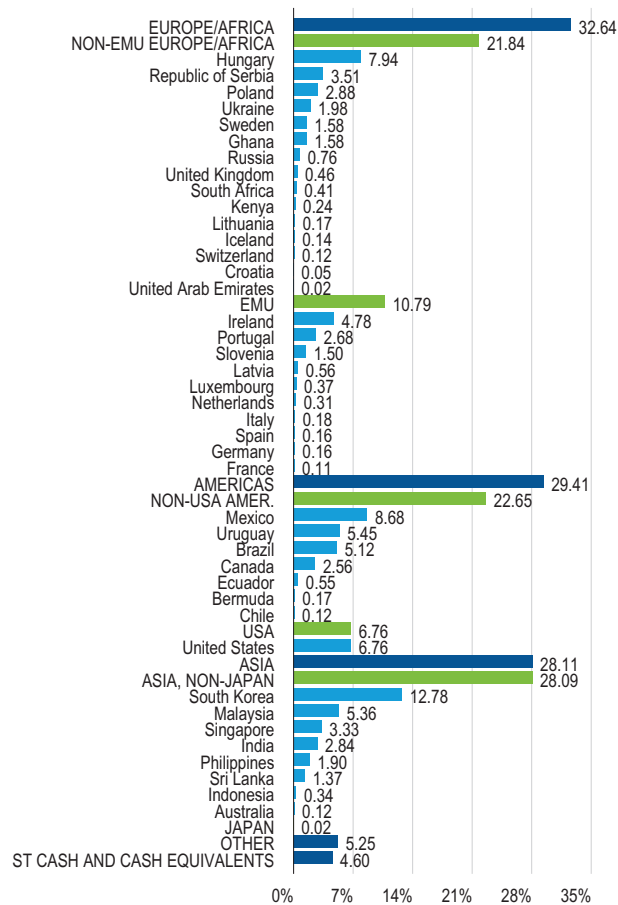
**Not FDIC Insured | May Lose Value | No Bank Guarantee**

PORTFOLIO DIVERSIFICATION (AS OF 12/31/14)—Fund

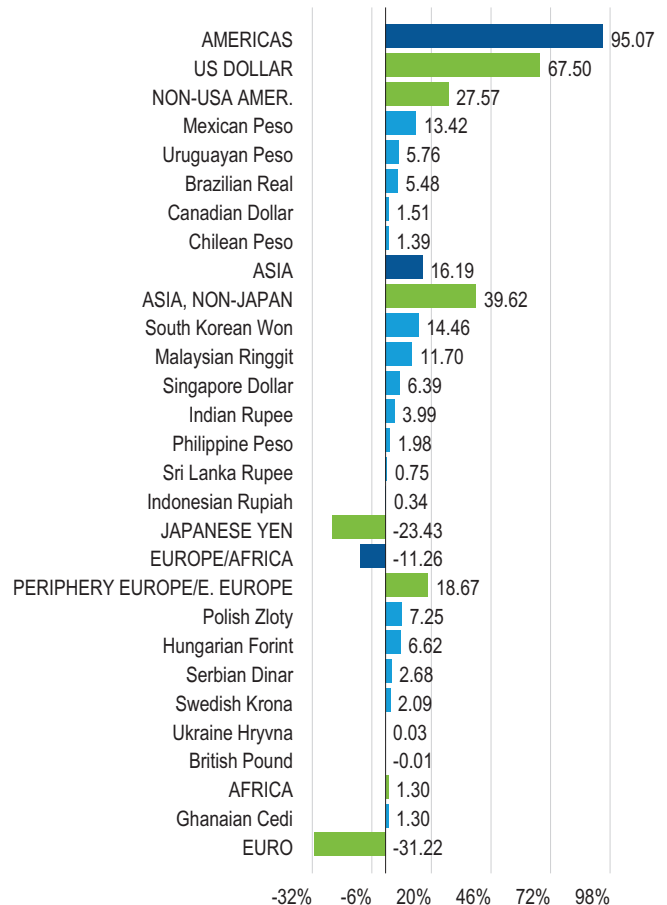
Quality Weightings



Geographic Allocation



Currency Allocation



**Quality Weightings:** Ratings shown are assigned by one or more Nationally Recognized Statistical 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. The N/A category consists of nonrateable securities (e.g., equities). 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 from this breakdown. As a result, the chart does not reflect the fund’s total net assets.

**Geographic and Currency Allocation:** Portfolio weights 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 information related to the “Portfolio Diversification” section, please see Explanatory Notes.

**PORTFOLIO CHARACTERISTICS (AS OF 12/31/14)—Fund vs. Barclays Multiverse Index**

	Fund	Benchmark
Average Duration	1.85 Yrs	6.37 Yrs
Average Weighted Maturity	3.64 Yrs	8.15 Yrs
Annual Turnover Ratio (As of 8/31/14)	28.85%	N/A

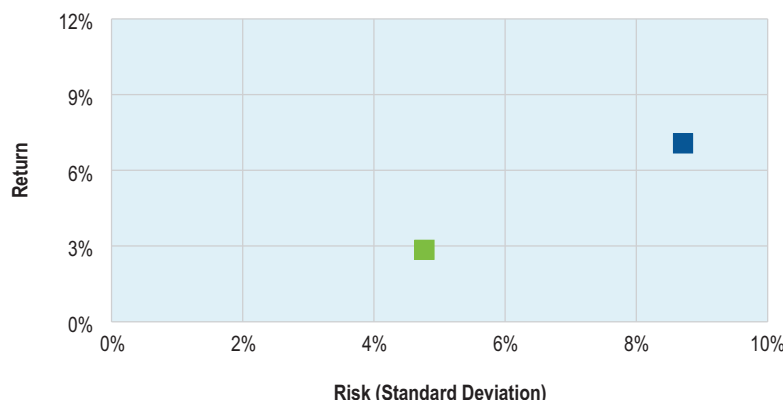
**PERFORMANCE RISK STATISTICS - Class A**

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

Performance Risk Statistics	3 Years	5 Years
Standard Deviation	7.61	8.71
Alpha	6.38	3.91
Beta	1.13	1.16
Sharpe Ratio	0.96	0.80
Information Ratio	1.03	0.62
Tracking Error	6.18	6.78
R-Squared	34.52	40.22

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

**Risk vs. Return  
5-Year Period Ended 12/31/14**



■ Templeton Global Total Return Fund—Class A Without Sales Charge  
■ Barclays Multiverse Index

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

**GLOSSARY**

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

**Annual Turnover Ratio:** Percentage of a fund's holdings replaced with other holdings during a fund's most recent full fiscal year. A fund's fiscal year end can be found in a fund's current summary prospectus and/or prospectus.

**Average Duration:** Also known as 'effective' or 'Macaulay' duration it is a measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. It's an indication of an issue's coupon relative to its maturity. Rising interest rates mean falling bond prices; declining interest rates mean rising bond prices. The bigger the duration number, the greater the interest-rate risk; (or reward for bond prices). The weighted average duration of a fund reflects the effective duration of the underlying issues, based on the size of each holding. This value differs with 'Modified Duration' which is modified for the market (dirty) price of an issue.

**Average Weighted Maturity:** An estimate of the number of terms to maturity, taking the possibility of early payments into account, for the underlying holdings. The calculation uses the weighted average time to the receipt of all future cash flows for all holdings. Also known as 'average life' for fixed-term products. The weighted average maturity of a fund reflects the maturity of the underlying issues, based on the size of each holding.

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

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

**Information Ratio:** In investing terminology, the ratio of expected return to risk. Usually, this statistical technique is used to measure a manager's performance against a benchmark. This measure explicitly relates the degree by which an investment has beaten the benchmark to the consistency by which the investment has beaten the benchmark.

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

**Sharpe Ratio:** To calculate a Sharpe ratio, an asset's excess returns (its return in excess of the return generated by risk-free assets such as Treasury bills) are divided by the asset's standard deviation.

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

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

**MARKET REVIEW**

In December, the decline in oil prices accelerated sharply, while the US dollar continued to strengthen against the euro, Japanese yen and a vast number of developed- and emerging-market currencies. Risk aversion increased sharply across emerging markets over the waning months of 2014. Over the course of the fourth quarter, yields generally declined in several bond markets in Europe, the Americas and Asia ex-Japan, while credit spreads widened.

Both the Bank of Japan (BOJ) and the European Central Bank (ECB) continued with highly accommodative monetary policies in December. Global liquidity from the BOJ and the ECB continued to support emerging-market bonds, in our assessment. Yields offered by emerging-market bonds continued to appear relatively attractive to us compared with low yields in the largest developed economies.

**PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE****Performance Review**

In the fourth quarter of 2014, the fund's negative absolute performance was primarily due to overall credit exposures, followed by currency positions. Interest-rate strategies contributed to absolute return. The fund's relative underperformance was primarily due to interest-rate strategies, followed by overall credit exposures. Currency positions contributed to relative results.

**Currency Analysis**

Among currencies, the fund's positions in Latin America and Asia ex-Japan detracted from absolute return, as did positions in peripheral European currencies against the euro. However, the fund's net-negative positions in the Japanese yen and the euro contributed to absolute performance. On a relative basis, the fund's underweighted positions in the Japanese yen and the euro contributed to performance. Overweighted currency positions in Asia ex-Japan and Latin America detracted from relative results, as did overweighted positions in peripheral European currencies against the euro.

**Duration Analysis**

The fund maintained a defensive approach regarding interest rates in developed and emerging markets. Select duration exposures in Europe contributed to absolute results. On a relative basis, underweighted duration exposure in the United States and select underweighted duration exposures in Europe and Asia detracted from performance.

**Credit Analysis**

Within the credit sector, the fund's positions in subinvestment-grade sovereign credits and high-yield corporate bonds detracted from absolute performance. Its overweighted exposures to subinvestment-grade sovereign credits and high-yield corporate bonds also detracted from relative results.

**Portfolio Positioning**

The core of our strategy remains positioning ourselves to navigate what we think is a rising-rate environment. Thus, we have continued to maintain short 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 favor countries that have solid underlying fundamentals and policymakers who have stayed ahead of the curve regarding fiscal, monetary and financial policy. We augment this positioning with select opportunities in emerging markets and with a number of currency strategies.

We maintain that it is essential for investors to understand and differentiate between declines related to broad volatility from those caused by fundamental developments. Our approach also emphasizes having the right time frame. We recognize that when investing globally, many opportunities take time to materialize, and we are willing to ride through short-term volatility.

**Outlook & Strategy**

We believe global financial markets should continue to benefit from growth in the United States, economic stabilization in China, and the abundance of global liquidity from the BOJ and ECB. We continue to expect differentiation among specific emerging-market economies; some have healthy current account and fiscal balances with strong export-driven economies, while others struggle with deficits and economic imbalances. In our assessment, economies that have healthier balances and stronger growth prospects should experience currency appreciation over the long term, while those with imbalances are more likely to face currency weakness and economic strains.

Although the US dollar broadly strengthened against emerging-market currencies in December, some specific currencies from healthier economies fared better on a relative basis than those of other economies. We believe this is the type of differentiation among emerging-market countries that we are likely to see re-emerge over the medium-to-long term. A strengthening economy in the United States, along with the likelihood for higher US interest rates, may increasingly magnify the fundamental differences between healthy and vulnerable economies, potentially leading to a protraction of their respective currencies' appreciating or depreciating trends.

Global liquidity from the BOJ and ECB helped dampen volatility in emerging markets over recent months, and it helped offset the withdrawal of liquidity from the ending of the Federal Reserve's bond-buying program in October. Several emerging markets, particularly those in Asia, have felt the effects of Japanese quantitative easing (QE). Though we believe Japan's QE is positive for global risk assets, it will likely contribute to further yen depreciation.

The Chinese economy has continued to have profound implications for the global economy. We have been of the opinion that China would not face a "hard landing" scenario in the moderation of its economic growth. Those stabilizing trends appeared to hold form, and consensus expectations are for China to have concluded 2014 with reasonable growth around 7.2%, down modestly from the 7.5% target earlier in the

The above commentary does not provide a complete analysis of every material fact regarding any market, region, industry, security, portfolio or pooled investment vehicle. Portfolio holdings information, opinions and other market or economic information and data provided are as of the date of the commentary, unless another date is expressly indicated, and may change without notice. Statements of fact cited by the manager have been obtained from sources considered reliable but no representation is made as to their completeness or accuracy. The manager's assessment of a particular industry, region, security, sector or investment is intended solely to provide insight into the manager's investment process and is not a recommendation to buy or sell any security, nor investment advice. References to particular securities or sectors are only for the limited purpose of illustrating general market or economic conditions and are not recommendations to buy or sell a security. Although historical data is no guarantee of future results, these insights may help you understand our investment management philosophy.

**PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE (CONTINUED)**

year. Even a 7.0% growth rate creates a much larger global aggregate demand effect compared with China's higher growth rates from 10 years ago when it was growing at 10%-12%. Although China's pace of growth has diminished, we believe it is actually trending toward improvement in the level of quality. We have seen an ongoing rise in domestic consumption, driven by higher wages from a shortage in working-age labor and changing demographics. We estimate that consumption is close to 60% of gross domestic product and rising; consumption has been the real anchor of growth, in our view. We also believe China's rapid urbanization process will necessitate investment and development.

In Europe, low inflation persisted while economic data continued to disappoint. We believe it is important to remember that Europe has never been a strong driver of global growth. We anticipate that low growth and low inflation will likely continue in the eurozone for quite a while; thus, we continue to expect further monetary-easing measures from the ECB. The ECB's renewed commitment to increase the size of its balance sheet will likely maintain weakening pressure on the euro, in our view.

**FIXED INCOME INVESTMENT PHILOSOPHY AND PROCESS**

**Investment Philosophy**

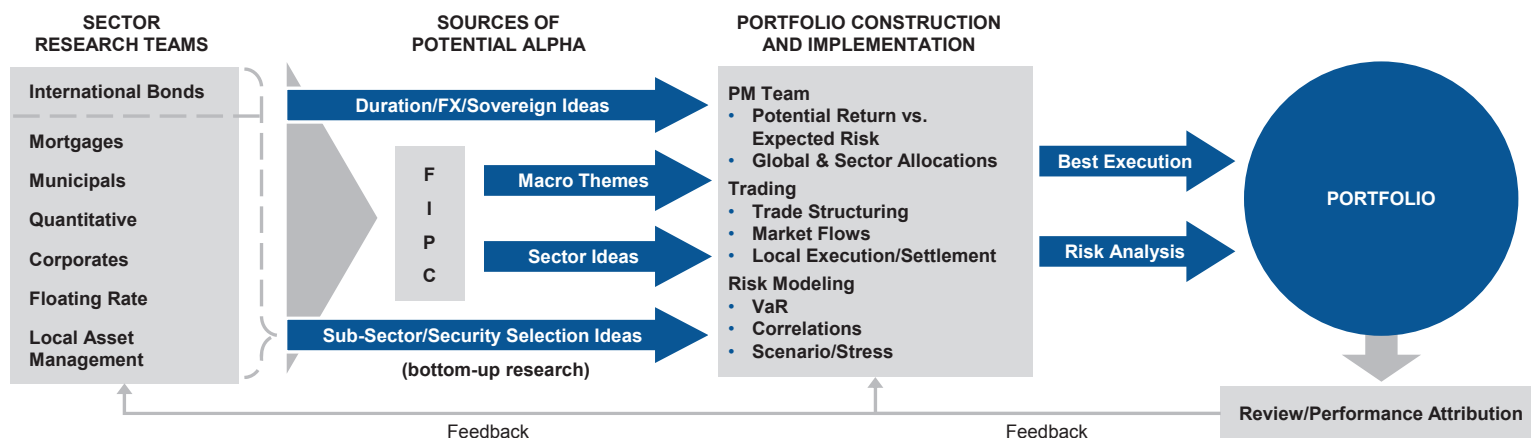
We believe that applying a fundamental, research-driven approach focused on identifying potential sources of total return (current income and capital appreciation) worldwide and seeking to capitalize on ideas across the entire fixed income opportunity set provide the best potential for solid risk-adjusted returns. The portfolio is run independently of its benchmark, allowing the manager to hold only the positions it believes have the best potential to maximize risk-adjusted returns. This is a high alpha seeking strategy that invests globally and may include allocations to both developed and emerging markets.

**Investment Strategy**

**Long-Term, Opportunistic Value Approach**

- Long-term, fundamentally driven investment focus
- Total return approach that is not benchmark driven
- Identify economic imbalances that may lead to value opportunities in:
  - Interest rates (duration)
  - Currencies
  - Sovereign credit
  - Corporate/spread sectors
  - Bottom-up security selection/sub-sector allocation
- Active positioning across these areas
  - Precisely isolate desired exposures
  - Risk budget composition will shift based on relative attractiveness during global economic and credit cycles

**Investment Process**



**INVESTMENT AND MANAGEMENT TEAM (AS OF 12/31/14)**

Templeton Global Total Return Fund Management Team	Years with Firm	Years Experience
Michael Hasenstab, Ph.D.	16	20
Sonal Desai, Ph.D.	5	21
Franklin Templeton Fixed Income Management Team	Years with Firm	Years Experience
Christopher Molumphy, CFA - Chief Investment Officer	26	28
Michael Hasenstab, Ph.D. - Chief Investment Officer, Global Bonds	16	20
Sonal Desai, Ph.D. - Director of Research, International Bond Department	5	21
Franklin Templeton Fixed Income Group	Number of Members	Average Years Experience
Portfolio Managers	56	20
Portfolio Managers/Analysts	24	17
Research Analysts	70	12
Traders	15	15
Additional Resources		
Local Asset Management	Quantitative	Global Sovereign/EMD Team

**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. 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 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.

**EXPLANATORY NOTES****FUND CHARACTERISTICS**

Number of Holdings: All portfolio holdings are subject to change.

**THIRD-PARTY FUND DATA**

Morningstar Rating™: Source: Morningstar® 12/31/14. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance after adjusting for sales loads (except for load-waived A shares), redemption fees, and the risk free rate, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. Class A shares of Templeton Global Total Return Fund received a traditional Morningstar™ Rating of 4 and 4 star(s) for the 3- and 5-year periods, respectively. Load-waived Class A shares of Templeton Global Total Return Fund received Morningstar Ratings™ of 5 and 5 star(s) for the 3- and 5-year periods, respectively. The Morningstar Rating™ may differ among share classes of a mutual fund as a result of different sales loads and/or expense structure. **Past performance does not guarantee future results.** ©2015 Morningstar, Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

**PERFORMANCE DATA**

The fund offers other share classes subject to different fees and expenses, which will affect their performance.

Source for Index: FactSet. Indexes are unmanaged and one cannot invest directly in an index.

BofA Merrill Lynch, used with permission.

**PORTFOLIO DIVERSIFICATION**

Quality Weightings/Geographic Allocation/Currency Allocation: Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

**PORTFOLIO CHARACTERISTICS**

The portfolio characteristics listed are based on the fund's underlying holdings, and do not necessarily reflect the fund's characteristics. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

**PERFORMANCE RISK STATISTICS**

Risk vs. Return: Risk is measured by the annualized standard deviation of monthly total returns. Performance of the fund does not include sales charges (if applicable), but it does include dividends and capital gains reinvested at net asset value.

Source for Index: FactSet. Indexes are unmanaged and one cannot invest directly in an index.

The fund offers other share classes subject to different fees and expenses, which will affect their performance.

*Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. To obtain a summary prospectus and/or prospectus, which contains this and other information, talk to your financial advisor, call us at (800) DIAL BEN/(800) 342-5236 or visit franklintempleton.com. Please carefully read a prospectus before you invest or send money.*



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INVESTMENTS**

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