FRANKLIN TEMPLETON INVESTMENTS

Templeton Global Total Return Fund—Class A

Product Profile Second Quarter 2016

FUND CHARACTERISTICS (AS OF 6/30/16)

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	5,817 million
Number of Holdings	297
Maximum Initial Sales Charge	4.25%

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 June 30, 2016 (%)

	3 Mths*	YTD*	1 Yr	3 Yrs	5 Yrs	Since Incept (9/30/08)
With Sales Charge	-3.88	-3.80	-8.52	-1.38	1.18	6.97
Without Sales Charge	0.42	0.47	-4.43	0.06	2.06	7.56
Barclays Multiverse Index	3.00	9.06	8.62	2.81	1.89	4.16

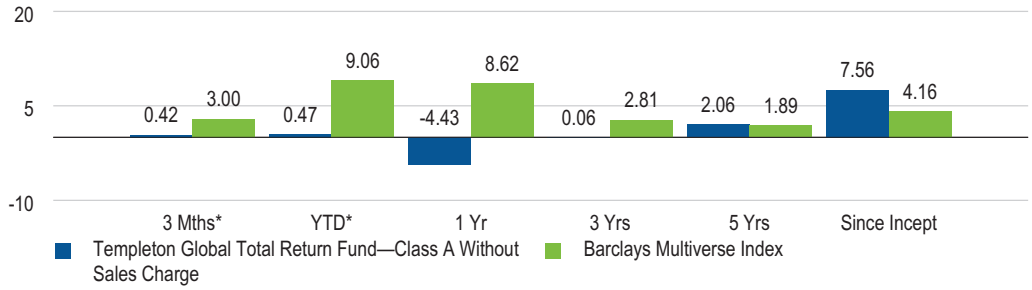
Total Annual Operating Expenses—*With Waiver:* *1.03%* ***Without Waiver:*** *1.04%*

30-Day Standardized Yield (As of 6/30/16)—With Waiver: 5.41% Without Waiver: 5.38%

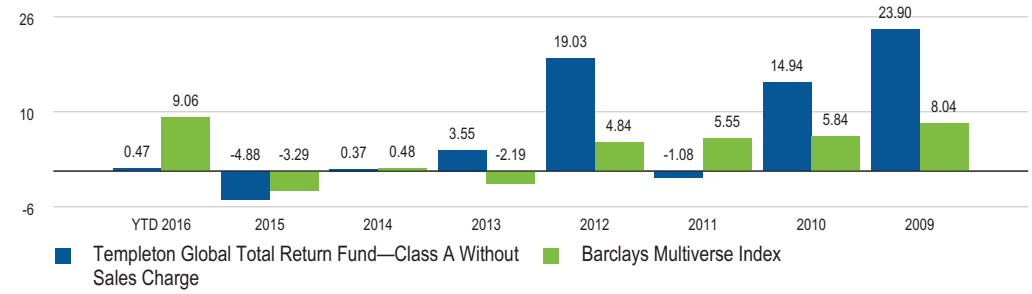
Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund's investment return and principal value will change with market conditions, and you may have a gain or a loss when you sell your shares. Please call Franklin 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 June 30, 2016 (%)



Calendar Year Returns As of June 30, 2016 (%)



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

The fund's 30-day standardized yield is calculated over a trailing 30-day period using the yield to maturity on bonds and/or the dividends accrued on stocks. It may not equal the fund's actual income distribution rate, which reflects the fund's past dividends paid to shareholders.

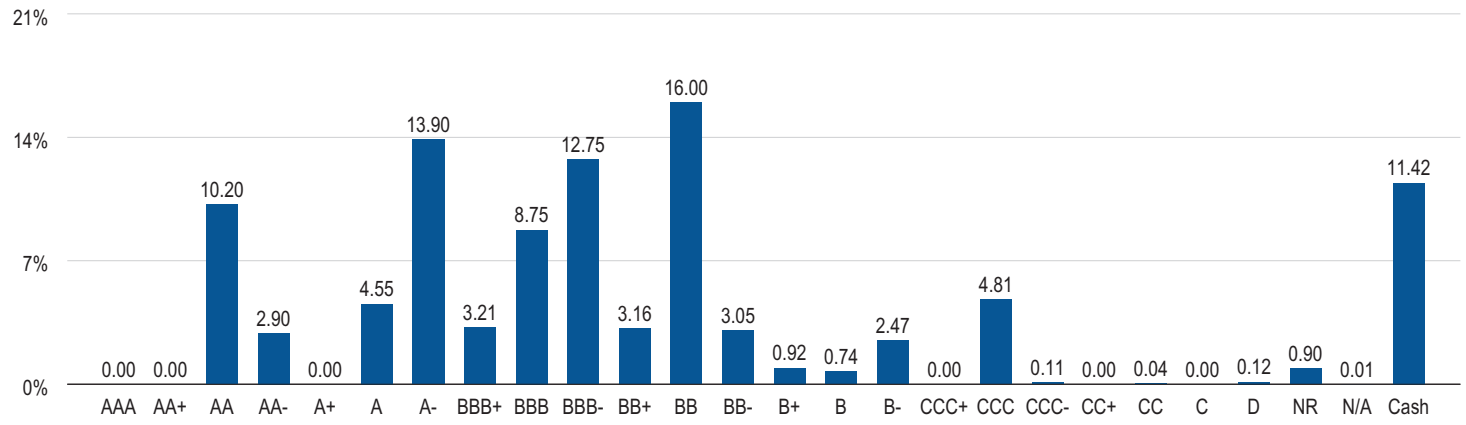
*Cumulative Total Returns.

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

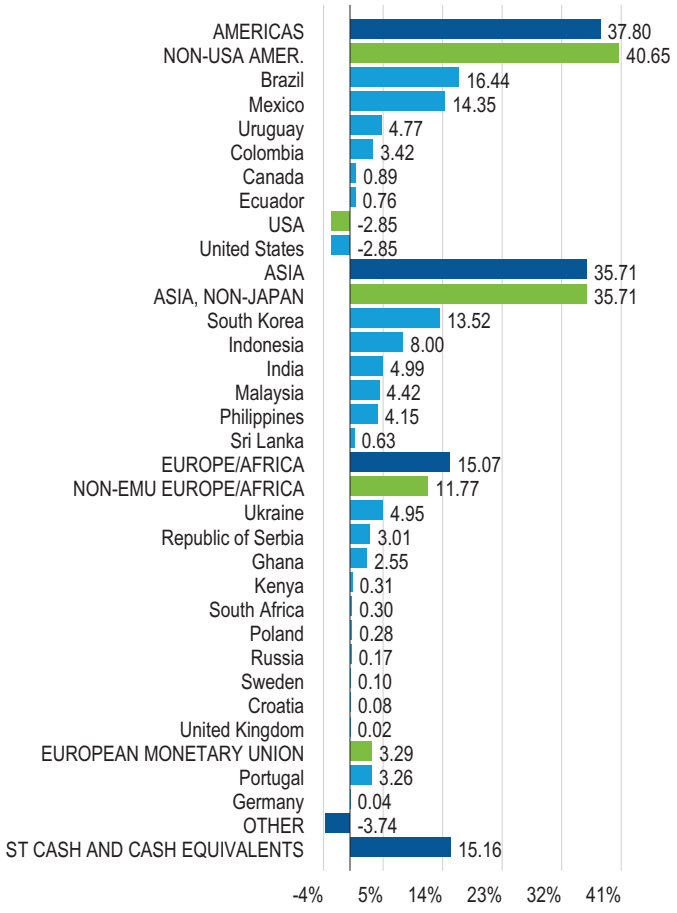
Not FDIC Insured | May Lose Value | No Bank Guarantee

PORTFOLIO DIVERSIFICATION (AS OF 6/30/16)—Fund

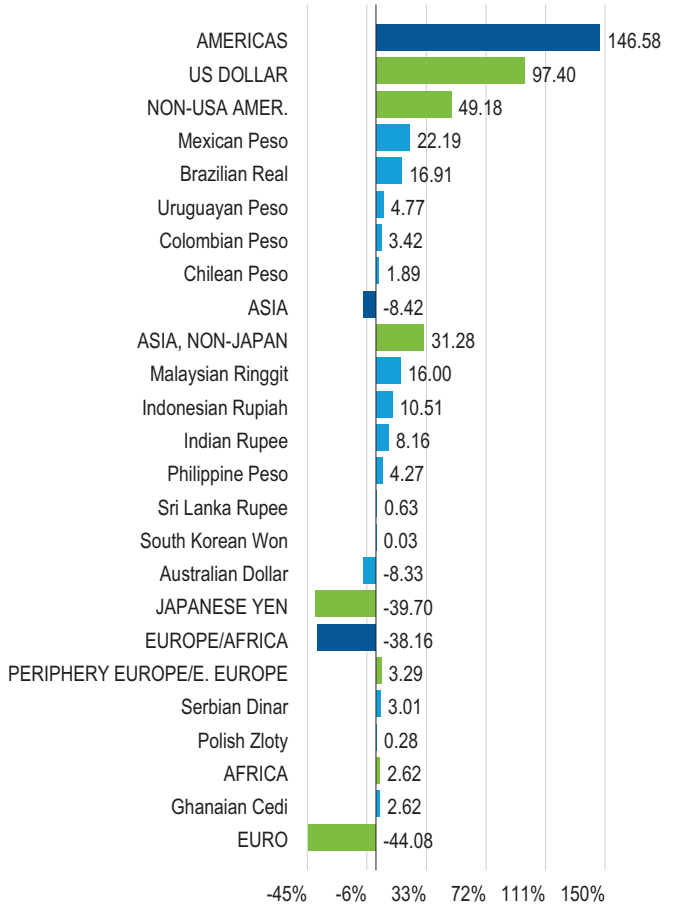
Quality Weightings



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 ratable securities that have not been rated by an NRSRO. The N/A category consists of nonratable securities (e.g., equities). Cash includes equivalents, which may be rated. Derivatives are excluded from this breakdown.

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 6/30/16)—Fund vs. Barclays Multiverse Index

	Fund	Benchmark
Average Duration	0.58 Yrs	6.75 Yrs
Average Weighted Maturity	3.56 Yrs	8.54 Yrs
Annual Turnover Ratio (As of 8/31/15)	32.07%	N/A

PERFORMANCE RISK STATISTICS - Class A

Modern Portfolio Theory (MPT) Statistics (As of 6/30/16)

Performance Risk Statistics	3 Years	5 Years
Standard Deviation	6.43	8.67
Alpha	-0.93	0.49
Beta	0.40	0.98
Sharpe Ratio	0.00	0.23
Information Ratio	-0.41	0.02
Tracking Error	6.71	7.52
R-Squared	7.44	24.68

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GLOSSARY

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

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

MARKET REVIEW

Risk aversion escalated sharply across global financial markets after the United Kingdom's (UK's) referendum vote (June 23) to leave the European Union (EU). Consequently, yields broadly declined and finished lower for the quarter across much of Europe, Asia ex Japan and the Americas. The yield on the 10-year US Treasury note declined 30 basis points (bps) to 1.47%.

Despite significant market volatility in the days directly following the Brexit vote, several markets rallied during the following week. A number of currencies appreciated against the US dollar for the quarter, notably the Brazilian real. However, the Japanese yen also rallied on a flight to quality, while the euro depreciated and the British pound significantly declined. Several emerging-market currencies remained undervalued, in our assessment, and we continue to expect global market fundamentals to re-emerge over the medium term.

Prior to the Brexit vote, the US Federal Reserve (Fed) kept the federal funds target rate unchanged at 0.25% at its mid-June meeting. Market expectations for rate hikes in the second half of the year appeared to further diminish, particularly after the Brexit results.

The Bank of Japan (BOJ) and the European Central Bank (ECB) continued with their quantitative easing (QE) programs in the quarter, as short-term yields in Japan and the eurozone remained in negative territory. The yield on the 10-year German Bund breached the negative rate threshold, declining 28 bps to -0.13%, while the yield on 10-year Japanese government bonds moved further negative, decreasing 19 bps to -0.22%.

Sovereign credit spreads moderately widened across much of Europe but generally tightened in Asia ex Japan, while movement in Latin America was mixed. A majority of emerging-market sovereign credits provided positive returns for the quarter. Investment-grade and high-yield corporate credit spreads widened in the US and Europe as investment-grade credits largely outperformed high-yield credits. Positive returns were largely seen across the spectrum of US corporate credit tiers, but returns were largely negative across much of the European corporate credit tiers, with the exception of AAA rated and AA rated credits.

PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE

Performance Review

For the quarter, the fund's positive absolute performance was primarily attributable to interest-rate strategies, followed by overall credit exposures. Currency positions detracted from absolute results. On a relative basis, the fund's underperformance of its benchmark index was primarily due to interest-rate strategies, followed by currency positions. Overall credit exposures had a largely neutral effect on relative results.

Currency Analysis

Among currencies, the fund's net-negative position in the Japanese yen detracted from absolute performance, as did currency positions in Asia ex Japan (the Malaysian ringgit). However, currency positions in Latin America (the Brazilian real) contributed to absolute results, as did the fund's net-negative position in the euro. On a relative basis, the fund's underweighted position in the Japanese yen detracted from relative performance, as did overweighted currency positions in Asia ex Japan (the Malaysian ringgit). However, the fund's underweighted position in the euro and its lack of exposure to the British pound contributed to relative results, as did overweighted currency positions in Latin America (the Brazilian real).

Duration Analysis

The fund maintained a defensive approach regarding interest rates in developed and emerging markets. Select duration exposures in Latin America (Brazil) contributed to absolute performance, while negative duration exposure to US Treasuries detracted. Underweighted duration exposures in the United States and Japan detracted from relative performance, as did select underweighted duration exposures in Europe. However, select overweighted duration exposures in Latin America (Brazil) contributed to relative results.

Credit Analysis

Among credit exposures, high-yield corporate bonds contributed to absolute results. Overall credit exposures had a largely neutral effect on relative results.

Portfolio Positioning

On the whole, we have continued to actively seek select duration exposures that can offer positive real yields without taking undue interest-rate risk, favoring countries that have solid underlying fundamentals and prudent fiscal, monetary and financial policies. We have also maintained our exposures in several of our strongest investment convictions and added to these positions when prices became cheaper during recent periods of heightened volatility, including during the market reactions to the Brexit results. Our unconstrained approach can adjust duration to any suitable level for prevailing interest-rate risks, which includes driving overall portfolio duration down to near zero while taking negative duration exposure to US Treasuries. We are also able to selectively add suitable duration exposures from specific emerging markets with relatively higher yields, such as those currently available in select local-currency emerging markets. The unconstrained nature of our strategies also provides flexibility to directionally position (long positions and short positions) across currency markets, which present a wide range of valuation opportunities during each phase of the investment cycle. We have used shorts of the euro and yen to guard against broad-based strengthening of the US dollar, while taking long positions in select emerging-market currencies that we view as having attractive longer-term valuations.

We have remained encouraged by the vast set of fundamentally attractive valuations across the global bond and currency markets even as markets have distorted valuations in the near term. Currently, we favor currencies in countries where inflation is picking up and growth remains healthy, yet the local currency remains fundamentally undervalued. We believe rate hikes from the Fed are needed given prevailing

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)*

conditions and that a return to appropriate monetary policy in the US can catalyze markets toward a broad fundamental recovery. Thus we have continued to position our strategies for rising rates by maintaining low portfolio duration and aiming at a negative correlation with US Treasury returns.

Outlook and Strategy

Despite a reprise of global growth concerns by many market participants after the Brexit referendum, we see the impact to global growth from the UK's likely EU departure as actually quite limited. We anticipate some economic contraction in the EU but far less than the impact on the UK's economy, and little to no effect on the majority of economies around the world. The trade linkages between the UK and emerging markets, particularly those in Latin America and Asia ex Japan, are quite minimal. Additionally, we see little impact to growth in China and the US; exports to the UK from the US represent only about 0.25% of US gross domestic product (GDP), according to the International Monetary Fund.

In recent months, we have seen some stabilizations in emerging markets after significant volatility earlier in the year and despite some setbacks during the market reactions to the Brexit referendum. However, we see further room for improvement; the recent recovery does not appear to be anywhere close to the full cycle of valuation strengthening, given how far valuations dropped during the volatility. We have continued to see a subset of emerging markets that we think have excellent value and better underlying fundamentals than markets have indicated, even with the recent improvements in valuations. Concerns for a systemic crisis across emerging markets at times during the first half of 2016 appeared exaggerated, in our opinion. Most commodity exporters and emerging markets with poor macroeconomic fundamentals remain vulnerable; however, several other countries have much stronger policy management and better underlying fundamentals.

Prior to the Brexit vote, the Fed kept the federal funds target rate unchanged at 0.25% at its mid-June meeting. Market expectations for rate hikes for the second half of the year appeared to diminish, reversing the increase in rate hike expectations that occurred over the final weeks of May. However, we continue to believe the Fed needs to raise rates and will be compelled to tighten sooner than markets have been projecting given the strength in the US economy, underlying inflation levels and the need to bolster financial market stability. In the US, we continue to anticipate growth of around 2.0% for 2016 and inflation to exceed 3.0% by early next year. A strengthening US economy along with rising US Treasury yields would increasingly magnify the fundamental differences between healthy and vulnerable economies. Countries that are economically expanding and that have healthier balances (such as Mexico) should be in a stronger position to potentially raise rates in conjunction with increasing yields in the US.

We continue to expect fundamental weakening of the euro and Japanese yen on continued monetary accommodation in the eurozone and Japan. Both economic regions need inflation, particularly Japan. QE measures from the ECB and BOJ have been supporting those efforts; however, the euro and yen have recently seen periods of appreciation against the US dollar with the persistent softness in US monetary policy, along with rallies to the major currencies. Both the eurozone and Japan need currency weakness to support their export sectors and drive growth, and each rely far more on the weakness in their currencies than the US does, in our view. However, the Fed's reductions in the pace of its rate hikes earlier in the year reversed US yield expectations that markets had already priced in for 2016, which effectively created greater monetary easing than the BOJ's and ECB's easing measures, resulting in periods of temporary strength in the euro and yen against the US dollar. Markets have not appropriately priced in US inflation and growth or the extraordinary levels of continued QE from the ECB and BOJ, in our view. We believe the recent periods of yen and euro strength will prove temporary as fundamentals re-emerge in the currency valuations.

Despite contraction in China's manufacturing sector and episodes of volatility in the country's equity markets, we believe actual growth in China is likely to remain within range of its current expansionary pace. Underlying conditions in the Chinese economy are fundamentally more stable than markets have indicated, in our assessment. China's economy is in a crucial stage of rebalancing, but we believe it is not at risk of collapsing. Some of the traditional engines of growth (e.g., manufacturing, real estate and local government spending) have stalled or contracted, but new engines of growth (e.g., the service sector and a new generation of private sector companies) are taking over. Overall, we believe China will remain on course, with GDP growth decelerating moderately toward the 6% mark over the next few years while the economy shifts toward consumption, services and higher value-added manufacturing. The lower rate of growth still

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PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE (*CONTINUED)*

represents a massive level of global aggregate demand.

Our philosophy is grounded in a focus on long-term fundamentals and patience. We believe that while markets can deviate from fundamentals in the shorter term, they tend to reflect them over the medium to long term. Thus we seek to identify and exploit the imbalances we see in the market and position for the directional trends we see going forward, ahead of inflection points. Our oftentimes contrarian viewpoint also allows us to find potential investment opportunities particularly during periods of volatility and panic, where we can exploit market mispricing.

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FIXED INCOME INVESTMENT PHILOSOPHY AND PROCESS

Investment Philosophy

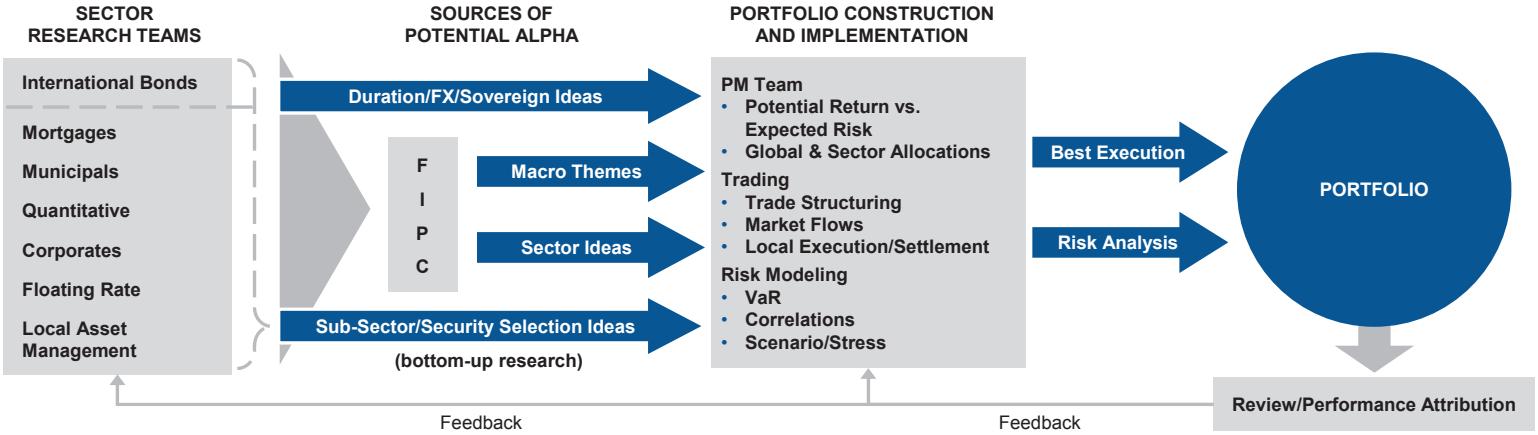
We believe that applying a fundamental, research-driven approach focused on identifying potential sources of total return (current income and capital appreciation) worldwide and seeking to capitalize on ideas across the entire fixed income opportunity set provide the best potential for solid risk-adjusted 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 6/30/16)

Templeton Global Total Return Fund Management Team	Years with Firm	Years Experience
Michael Hasenstab, Ph.D., Chief Investment Officer	17	21
Sonal Desai, Ph.D., Director of Research	6	22
Franklin Templeton Fixed Income	**Number of Members**	**Average Years Experience**
Portfolio Managers	54	21
Portfolio Managers/Analysts	20	18
Research Analysts	64	13
Traders	11	18
Additional Resources		
Local Asset Management	Quantitative	Global Fixed Income

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 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.

PERFORMANCE DATA

The fund offers other share classes subject to different fees and expenses, which will affect their performance.
Source for Index: FactSet. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

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.

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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