FRANKLIN TEMPLETON INVESTMENTS

Annual Report and Shareholder Letter
March 31, 2015

Templeton Emerging Markets Small Cap Fund

A SERIES OF TEMPLETON GLOBAL INVESTMENT TRUST

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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.[1] 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.

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

Not FDIC Insured | May Lose Value | No Bank Guarantee

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Shareholder Letter

Dear Shareholder:

The global economy grew moderately during the 12 months under review. Global financial liquidity remained high as major developed market central banks maintained their accommodative monetary policies and certain emerging market central banks, notably China's, eased monetary policies. Investor concerns persisted about moderating global economic growth and geopolitical tensions in certain regions. Additionally, the devaluation of many foreign currencies against the U.S. dollar contributed to market volatility and hindered returns of many assets in U.S. dollar terms. For the 12 months ended March 31, 2015, emerging market small cap stocks, as measured by the MSCI Emerging Markets Small Cap Index, generated positive returns as gains in Asia helped offset losses in other regions.

Although the recent global environment has been challenging, we remain optimistic about many emerging market economies as they continue to show growth. Keep in mind we have navigated through past periods of economic uncertainty and market volatility by remaining committed to our long-term perspective and disciplined investment approach. First and foremost for us, this means using our on-the-ground research team to conduct rigorous, company-by-company analysis to find what we consider to be bargain opportunities.

Templeton Emerging Markets Small Cap Fund's annual report goes into greater detail about prevailing conditions during the period under review. In addition, you will find Fund performance data, financial information and a discussion about investment decisions. Please remember all securities markets fluctuate, as do mutual fund share prices.

If you would like more frequent updates, **franklintempleton.com** provides daily prices, monthly performance figures, portfolio holdings and other information. You can also access your account, buy and sell shares, and find helpful financial planning tools. We hope you will take advantage of these online services.

Historically, patient investors have achieved rewarding results by evaluating their goals, diversifying their assets globally and maintaining a disciplined investment program, all hallmarks of the Templeton investment philosophy developed more than 60 years ago. We continue to recommend investors consult their financial advisors and review their portfolios to design a long-term strategy and portfolio allocation that meet their individual needs, goals and risk tolerance. We firmly believe most people benefit from professional advice and that advice is invaluable as investors navigate changing market environments.

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

Sincerely,

Mark Mobius
Executive Chairman
Templeton Emerging Markets Group

This letter reflects our analysis and opinions as of March 31, 2015. The information is not a complete analysis of every aspect of any market, country, industry, security or fund. Statements of fact are from sources considered reliable.

Annual Report

Templeton Emerging Markets Small Cap Fund

We are pleased to bring you Templeton Emerging Markets Small Cap Fund's annual report for the fiscal year ended March 31, 2015.

Your Fund's Goal and Main Investments

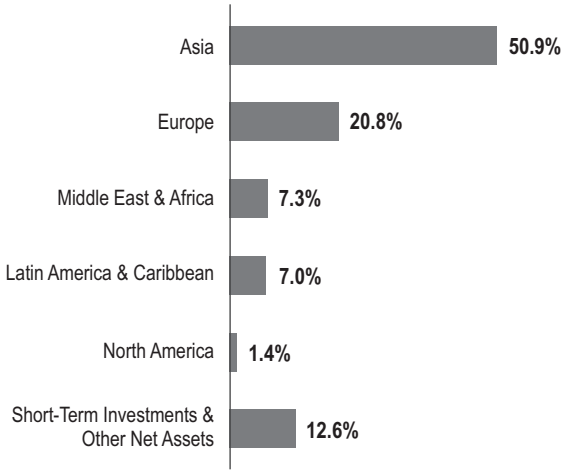
The Fund seeks long-term capital appreciation. Under normal market conditions, the Fund invests at least 80% of its net assets in securities of small cap companies located in emerging market countries, as defined in the Fund's prospectus.

Economic and Market Overview

The global economy expanded moderately during the 12 months under review amid a generally accommodative monetary policy environment. Although several emerging market countries faced headwinds such as soft domestic demand, weak exports and geopolitical crises, emerging market economies overall continued to grow faster than developed market economies. China's economy appeared to stabilize in 2014's second half as fiscal and monetary stimulus measures began to gain some traction. However, it grew at a less robust pace in 2015's first quarter, amid solid consumption but weaker fixed-asset investment and industrial production growth. The services sector accounted for more than half of gross domestic product for the first time, as the government's market-friendly policies supported new economic drivers that could help make economic expansion more sustainable. India's manufacturing and services sectors strengthened as they benefited from the new government's pro-growth reforms. Other emerging market countries showing signs of economic improvement included Mexico, Qatar and Thailand, while several economies, including those of Turkey, Russia and South Africa, showed signs of moderation. Brazil exited recession as government spending drove third-quarter economic growth and consumer spending supported fourth-quarter expansion, but it continued to face headwinds such as high inflation, lower commodity prices and a severe drought.

Central bank actions varied across emerging markets during the 12-month period. Some central banks, including those of Brazil, South Africa and Russia, raised interest rates in response to rising inflation and weakening currencies. In contrast, several central banks, including those of India, Turkey and South Korea, lowered interest rates to promote economic growth. In addition to cutting its benchmark interest rate, the People's Bank of China provided short-term liquidity, extended its medium-term lending facility and lowered the reserve requirement ratio for commercial banks. With inflationary pressures trending downward, policymakers may have the flexibility to implement additional measures to support the economy.

Geographic Breakdown
Based on Total Net Assets as of 3/31/15



Emerging market stocks experienced volatility during the period amid concerns about global economic growth, the future course of U.S. monetary policy, political instability and geopolitical crises in certain regions, the devaluation of many currencies against the U.S. dollar and Greece's debt negotiations. Also weighing on investor sentiment was a sharp decline in crude oil prices, which pressured several oil-producing countries' financial positions and currencies. However, China's fiscal and monetary stimulus measures, the European Central Bank's monetary easing and the U.S. Federal Reserve Board's continued accommodative policy provided investors with some optimism. A temporary solution to Greece's dispute with the country's international creditors and a Russia-Ukraine ceasefire agreement bolstered emerging market stocks in February, but renewed uncertainties tempered stock performance near period-end.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 18.

For the 12 months ended March 31, 2015, emerging market small cap stocks, as measured by the MSCI Emerging Markets (EM) Small Cap Index, rose 8.36% in local currency terms, as many investors seemed to focus on the relatively attractive valuations of many emerging market small cap stocks.[1] However, weak local currencies resulted in a +1.37% total return in U.S. dollar terms.[2] Asia performed well, particularly India, the Philippines and Thailand, which helped offset large declines in European emerging markets and Latin America.

Top 10 Countries
Based on Equity Securities
3/31/15

	% of Total Net Assets
India	12.0%
Turkey	9.1%
China	9.1%
South Korea	8.8%
Poland	4.5%
Taiwan	4.2%
Hong Kong	3.4%
Russia	3.4%
Brazil	3.2%
Malaysia	3.1%

Investment Strategy

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

Performance Overview

For the 12 months under review, the Fund's Class A shares delivered a +5.40% cumulative total return. For comparison, the MSCI EM Small Cap Index generated a +1.37% total return for the same period.[2] Please note index performance information is provided for reference and we do not attempt to track any index but rather undertake investments on the basis of fundamental research. In addition, the Fund's return reflects the effect of fees and expenses for professional management, while an index does not have such costs. You can find the Fund's long-term performance data in the Performance Summary beginning on page 7.

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

Manager's Discussion

During the 12 months under review, key contributors to the Fund's absolute performance included AmorePacific Group, JK Cement and ING Vysya Bank.

AmorePacific Group (Group) is the holding company of AmorePacific Corp., a South Korean cosmetics, personal care, green tea and health products manufacturer. A major contributor to the Group's earnings, AmorePacific Corp. has a leading position in South Korea's cosmetics market, driven by its strong brand recognition and diversified product lineup ranging from premium to mass cosmetics brands. AmorePacific Corp.'s strong sales and earnings aided the Group's share price performance. Further aiding sentiment was the Group's restructuring efforts at various subsidiaries.

JK Cement is one of northern India's leading grey cement manufacturers and one of India's largest white cement manufacturers. Higher cement sales and lower raw material and other costs contributed to JK's fourth-quarter earnings. Additionally, supporting its share price were investor expectations the company could benefit from sector consolidation and from greater cement demand as a result of the new government's pledge to increase infrastructure investment.

Dutch multinational banking and financial services firm ING owned more than 40% of Indian commercial bank ING Vysya Bank. In November, Kotak Mahindra Bank and ING Vysya Bank announced a merger plan. The latter's share price increased during the reporting period, exceeding our sale target, and we closed the Fund's position.

In contrast, key detractors from the Fund's absolute performance included UAC of Nigeria, JSL and Cia Hering.

1. Source: MSCI.
2. Source: Morningstar.
The index is unmanaged and includes reinvested dividends. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

Top 10 Holdings
3/31/15

Company *Sector/Industry, Country*	% of Total Net Assets
Pinar Sut Mamulleri Sanayii AS *Food Products, Turkey*	4.1%
Jiangling Motors Corp. Ltd., B *Automobiles, China*	2.6%
JK Cement Ltd. *Construction Materials, India*	2.2%
Bajaj Holdings and Investment Ltd. *Diversified Financial Services, India*	2.2%
Federal Bank Ltd. *Banks, India*	2.2%
Redington India Ltd. *Electronic Equipment, Instruments & Components, India*	2.1%
EIPICO (Egyptian International Pharmaceutical Industries Co.) *Pharmaceuticals, Egypt*	2.1%
Youngone Corp. *Textiles, Apparel & Luxury Goods, South Korea*	2.0%
AmorePacific Group *Personal Products, South Korea*	1.7%
Grupo Herdez SAB de CV *Food Products, Mexico*	1.6%

UAC of Nigeria is the country's leading food-centered conglomerate, with a range of fast food restaurants and branded food products serving the broad population. The company's diverse business portfolio includes paints, logistics and real estate. Political and economic challenges due to security issues, weak oil prices and currency volatility resulted in a difficult business environment for UAC of Nigeria. Additionally, weak consumer demand and competition hurt operations.

Investor sentiment in Brazil's stock market was negatively affected by sluggish economic growth, interest rate increases, commodity price declines, currency devaluation and a corruption scandal affecting the state oil company. President Dilma Rousseff's reelection also diminished investors' earlier hopes for a more market-friendly political environment.

JSL is Brazil's largest logistics services provider and has key operations in supply chain services, fleet management, passenger transportation, general cargo transportation and vehicle sales. Disappointing first-half 2014 corporate results, partly due to a difficult economic environment, and concerns about the company's high financial leverage amid rising interest rates hindered share price performance. The company's subsequent restructuring and cost-cutting program, however, positively affected earnings in 2014's second half.

Cia Hering is one of Brazil's leading casual apparel designers, manufacturers and retailers, with a portfolio of brands targeting middle- to high-income consumers. Fourth-quarter 2014 corporate results missed expectations amid lagging sales, as the country's weak economic growth and rising interest rates dampened consumer sentiment. Overall market weakness and the Brazilian real's devaluation also hampered stock performance in U.S. dollar terms.

It is important to recognize the effect of currency movements on the Fund's performance. In general, if the value of the U.S. dollar goes up compared with a foreign currency, an investment traded in that foreign currency will go down in value because it will be worth fewer U.S. dollars. This can have a negative effect on Fund performance. Conversely, when the U.S. dollar weakens in relation to a foreign currency, an investment traded in that foreign currency will increase in value, which can contribute to Fund performance. For the 12 months ended March 31, 2015, the U.S. dollar rose in value relative to most currencies. As a result, the Fund's performance was negatively affected by the portfolio's investment predominantly in securities with non-U.S. currency exposure.

During the 12-month period, portfolio inflows and our continued search for what we considered to be underpriced investments with attractive valuations led us to make key purchases in Turkey, Russia and China via China H, Red Chip and P Chip shares.[3] Additionally, we initiated exposure in several countries, notably Taiwan, and made some purchases in Indonesia, Poland, Hong Kong and Malaysia. In sector terms, we increased the Fund's investments largely in information technology (IT) and health care and made some purchases in industrials, consumer discretionary and consumer staples.[4] Key purchases included additional shares in Pinar Sut Mamulleri Sanayii, one of Turkey's leading dairy producers, and new positions in Mail.ru Group, a major Russian Internet communications and entertainment company, and Digital China Holdings, one of China's largest IT products distributors.

3. "China H" denotes shares of China-incorporated, Hong Kong Stock Exchange-listed companies with most businesses in China. "Red Chip" denotes shares of Hong Kong Stock Exchange-listed companies substantially owned by Chinese mainland entities, with significant exposure to China. "P Chip" denotes shares of Hong Kong Stock Exchange-listed companies controlled by Chinese mainland individuals and incorporated outside of China, with a majority of their business in China.

4. The IT sector comprises electronic equipment, instruments and components; Internet software and services; and IT services in the SOI. The health care sector comprises biotechnology, health care equipment and supplies, health care providers and services, and pharmaceuticals in the SOI. The industrials sector comprises air freight and logistics, airlines, building products, industrial conglomerates, marine, professional services, road and rail, trading companies and distributors, and transportation infrastructure in the SOI. The consumer discretionary sector comprises auto components; automobiles; diversified consumer services; hotels, restaurants and leisure; household durables; leisure products; specialty retail; and textiles, apparel and luxury goods in the SOI. The consumer staples sector comprises beverages, food and staples retailing, food products, personal products and tobacco in the SOI.

Conversely, we conducted some sales as certain holdings reached our sale targets and as we sought to invest in companies we considered to be more attractively valued within our investment universe. We trimmed the Fund's investments in several countries, particularly Nigeria, and eliminated exposures to Kenya, Latvia and Ukraine. In sector terms, we made some sales in materials and reduced weightings in energy, telecommunication services and financials.[5] Key sales included closing the Fund's positions in Safaricom, a Kenyan mobile services provider, and the previously mentioned ING Vysya Bank, as well as reducing shares in the aforementioned AmorePacific Group.

Thank you for your continued participation in Templeton Emerging Markets Small Cap Fund. We look forward to serving your future investment needs.

Mark Mobius

Dennis Lim
Tom Wu
Allan Lam

Portfolio Management Team

The foregoing information reflects our analysis, opinions and portfolio holdings as of March 31, 2015, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

5. The materials sector comprises chemicals, construction materials, metals and mining, and paper and forest products in the SOI. The energy sector comprises energy equipment and services; and oil, gas and consumable fuels in the SOI. The telecommunication services sector comprises wireless telecommunication services in the SOI. The financials sector comprises banks, capital markets, consumer finance, insurance and real estate investment trusts in the SOI.

Performance Summary as of March 31, 2015

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

Net Asset Value

Share Class (Symbol)	**3/31/15**	**3/31/14**	**Change**
A (TEMMX)	$12.25	$11.64	+$0.61
C (TCEMX)	$11.82	$11.30	+$0.52
R (N/A)	$12.16	$11.56	+$0.60
Advisor (TEMZX)	$12.37	$11.76	+$0.61

Distributions (4/1/14–3/31/15)

Share Class	**Dividend Income**
A	$0.0190
Advisor	$0.0565

Performance as of 3/31/15[1]

Cumulative total return excludes sales charges. Average annual total return and value of $10,000 investment include maximum sales charges. ***Class A:*** *5.75% maximum initial sales charge;* ***Class C:*** *1% contingent deferred sales charge in first year only;* ***Class R/Advisor Class:*** *no sales charges.*

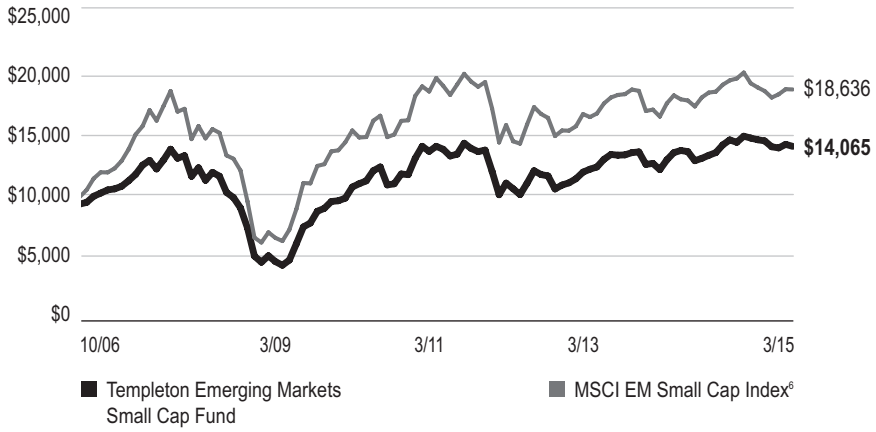
Share Class	Cumulative Total Return[2]	Average Annual Total Return[3]	Value of $10,000 Investment[4]	Total Annual Operating Expenses[5] (with waiver)	Total Annual Operating Expenses[5] (without waiver)
A				2.11%	2.12%
1-Year	+5.40%	-0.66%	$9,934		
5-Year	+16.19%	+1.84%	$10,955		
Since Inception (10/2/06)	+49.23%	+4.10%	$14,065		
C				2.81%	2.82%
1-Year	+4.60%	+3.60%	$10,360		
5-Year	+12.13%	+2.32%	$11,213		
Since Inception (10/2/06)	+40.80%	+4.11%	$14,080		
R				2.31%	2.32%
1-Year	+5.19%	+5.19%	$10,519		
5-Year	+14.95%	+2.83%	$11,495		
Since Inception (10/2/06)	+46.65%	+4.61%	$14,665		
Advisor				1.81%	1.82%
1-Year	+5.66%	+5.66%	$10,566		
5-Year	+17.91%	+3.35%	$11,791		
Since Inception (10/2/06)	+53.05%	+5.14%	$15,305		

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

Total Return Index Comparison for a Hypothetical $10,000 Investment[1]

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

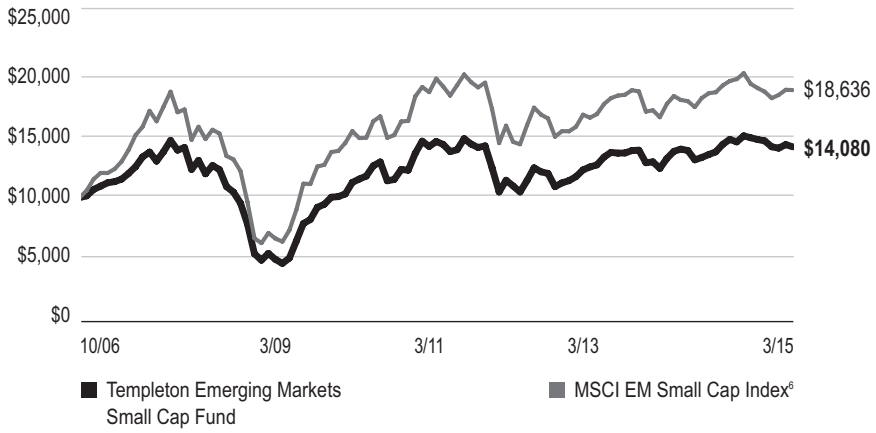
Class A (10/2/06–3/31/15)



Average Annual Total Return

Class A	3/31/15
1-Year	-0.66%
5-Year	+1.84%
Since Inception (10/2/06)	+4.10%

Class C (10/2/06–3/31/15)

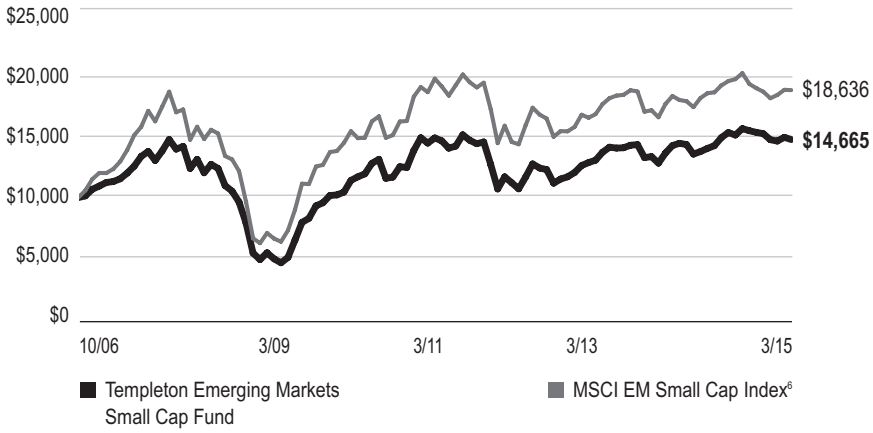


Average Annual Total Return

Class C	3/31/15
1-Year	+3.60%
5-Year	+2.32%
Since Inception (10/2/06)	+4.11%

Total Return Index Comparison for a Hypothetical $10,000 Investment[1] (continued)

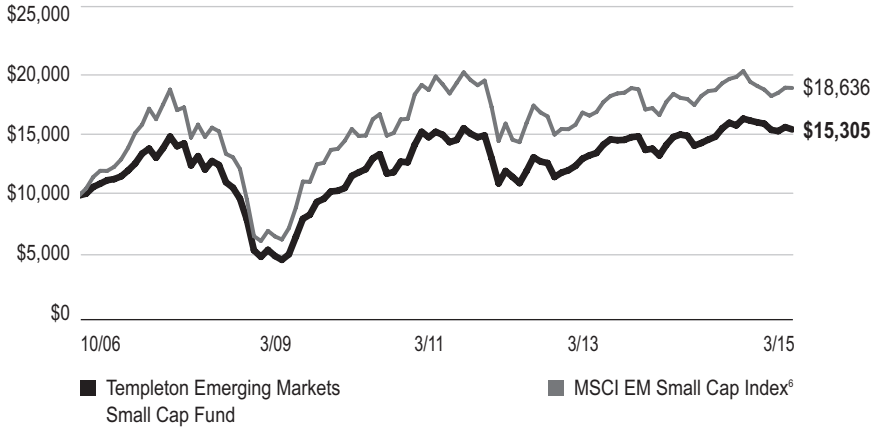
Class R (10/2/06–3/31/15)



Average Annual Total Return

Class R	3/31/15
1-Year	+5.19%
5-Year	+2.83%
Since Inception (10/2/06)	+4.61%

Advisor Class (10/2/06–3/31/15)



Average Annual Total Return

Advisor Class	3/31/15
1-Year	+5.66%
5-Year	+3.35%
Since Inception (10/2/06)	+5.14%

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, of which frontier markets are a subset, involve heightened risks related to the same factors, in addition to those associated with these markets' smaller size, lesser liquidity and lack of established legal, political, business and social frameworks to support securities markets. Because these frameworks are typically even less developed in frontier markets, as well as various factors including the increased potential for extreme price volatility, illiquidity, trade barriers and exchange controls, the risks associated with emerging markets are magnified in frontier markets. Smaller company stocks have historically had more price volatility than large-company stocks, particularly over the short term. All investments in the Fund should be thought of as long-term investments that could experience significant price volatility in any given year. The Fund is designed for the aggressive portion of a well-diversified portfolio. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Class C: These shares have higher annual fees and expenses than Class A shares.

Class R: Shares are available to certain eligible investors as described in the prospectus. These shares have higher annual fees and expenses than Class A shares.

Advisor Class: Shares are available to certain eligible investors as described in the prospectus.

1. 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, to the extent applicable; without this reduction, the results would have been lower.
2. Cumulative total return represents the change in value of an investment over the periods indicated.
3. Average annual total return represents the average annual change in value of an investment over the periods indicated.
4. These figures represent the value of a hypothetical $10,000 investment in the Fund over the periods indicated.
5. Figures are as stated in the Fund's current prospectus. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.
6. Source: Morningstar. The MSCI EM Small Cap Index is a free float-adjusted, market capitalization-weighted index designed to measure performance of small-cap equities in emerging markets.

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

Your Fund's Expenses

As a Fund shareholder, you can incur two types of costs:

- Transaction costs, including sales charges (loads) on Fund purchases; and
- Ongoing Fund costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses.

The following table shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a $1,000 investment held for the six months indicated.

Actual Fund Expenses

The first line (Actual) for each share class listed in the table provides actual account values and expenses. The "Ending Account Value" is derived from the Fund's actual return, which includes the effect of Fund expenses.

You can estimate the expenses you paid during the period by following these steps. *Of course, your account value and expenses will differ from those in this illustration:*

1. Divide your account value by $1,000.
   If an account had an $8,600 value,
   then $8,600 ÷ $1,000 = 8.6.
2. Multiply the result by the number under the heading "Expenses Paid During Period."
   If Expenses Paid During Period were $7.50,
   then 8.6 x $7.50 = $64.50.

In this illustration, the estimated expenses paid this period are $64.50.

Hypothetical Example for Comparison with Other Funds

Information in the second line (Hypothetical) for each class in the table can help you compare ongoing costs of investing in the Fund with those of other mutual funds. This information may not be used to estimate the actual ending account balance or expenses you paid during the period. The hypothetical "Ending Account Value" is based on the actual expense ratio for each class and an assumed 5% annual rate of return before expenses, which does not represent the Fund's actual return. The figure under the heading "Expenses Paid During Period" shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds.

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transaction costs, such as sales charges. Therefore, the second line for each class is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transaction costs were included, your total costs would have been higher. Please refer to the Fund prospectus for additional information on operating expenses.

Share Class	Beginning Account Value 10/1/14	Ending Account Value 3/31/15	Expenses Paid During Period* 10/1/14–3/31/15
A			
Actual	$1,000	$ 954.80	$ 9.89
Hypothetical (5% return before expenses)	$1,000	$1,014.81	$10.20
C			
Actual	$1,000	$ 950.90	$13.28
Hypothetical (5% return before expenses)	$1,000	$1,011.32	$13.69
R			
Actual	$1,000	$ 953.70	$10.86
Hypothetical (5% return before expenses)	$1,000	$1,013.81	$11.20
Advisor			
Actual	$1,000	$ 955.80	$ 8.44
Hypothetical (5% return before expenses)	$1,000	$1,016.31	$ 8.70

*Expenses are calculated using the most recent six-month expense ratio, net of expense waivers, annualized for each class (A: 2.03%; C: 2.73%; R: 2.23%; and Advisor: 1.73%), multiplied by the average account value over the period, multiplied by 182/365 to reflect the one-half year period.

Financial Highlights

Templeton Emerging Markets Small Cap Fund

	Year Ended March 31,				
	2015	2014	2013	2012	2011
Class A					
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	$11.64	$11.75	$10.47	$11.90	$10.74
Income from investment operations[a]:					
Net investment income (loss)[b]	—[c]	0.06	0.03	0.03	(0.06)
Net realized and unrealized gains (losses)	0.63	(0.09)	1.35	(1.46)	1.22
Total from investment operations	0.63	(0.03)	1.38	(1.43)	1.16
Less distributions from:					
Net investment income	(0.02)	(0.08)	(0.04)	—	—
Net realized gains	—	—	(0.06)	—	—
Total distributions	(0.02)	(0.08)	(0.10)	—	—
Net asset value, end of year	$12.25	$11.64	$11.75	$10.47	$11.90
Total return[d]	5.40%	(0.26)%	13.37%	(12.02)%	10.80%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	2.04%	2.11%	2.16%	2.19%	2.14%
Expenses net of waiver and payments by affiliates	2.02%	2.10%	2.10%	2.10%	2.10%
Net investment income (loss)	(0.05)%	0.39%	0.25%	0.29%	(0.57)%
Supplemental data					
Net assets, end of year (000's)	$277,148	$235,046	$229,475	$199,865	$288,237
Portfolio turnover rate	19.21%	22.47%	15.16%	6.52%	18.27%

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

[b]Based on average daily shares outstanding.

[c]Amount rounds to less than $0.01 per share.

[d]Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

Templeton Emerging Markets Small Cap (continued)

	Year Ended March 31,				
	2015	2014	2013	2012	2011
Class C					
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	$11.30	$11.42	$10.21	$11.69	$10.62
Income from investment operations[a]:					
Net investment income (loss)[b]	(0.08)	(0.02)	(0.04)	(0.04)	(0.14)
Net realized and unrealized gains (losses)	0.60	(0.09)	1.31	(1.44)	1.21
Total from investment operations	0.52	(0.11)	1.27	(1.48)	1.07
Less distributions from:					
Net investment income	—	(0.01)	—	—	—
Net realized gains	—	—	(0.06)	—	—
Total distributions	—	(0.01)	(0.06)	—	—
Net asset value, end of year	$11.82	$11.30	$11.42	$10.21	$11.69
Total return[c]	4.60%	(0.91)%	12.53%	(12.66)%	10.08%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	2.74%	2.81%	2.86%	2.89%	2.84%
Expenses net of waiver and payments by affiliates	2.72%	2.80%	2.80%	2.80%	2.80%
Net investment income (loss)	(0.75)%	(0.31)%	(0.45)%	(0.41)%	(1.27)%
Supplemental data					
Net assets, end of year (000's)	$73,687	$62,917	$64,459	$59,104	$83,439
Portfolio turnover rate	19.21%	22.47%	15.16%	6.52%	18.27%

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

[b]Based on average daily shares outstanding.

[c]Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

Templeton Emerging Markets Small Cap (continued)

	Year Ended March 31,				
	2015	2014	2013	2012	2011
Class R					
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	$11.56	$11.67	$10.40	$11.85	$10.71
Income from investment operations[a]:					
Net investment income (loss)[b]	—[c]	0.06	0.01	(—)[c]	(0.12)
Net realized and unrealized gains (losses)	0.60	(0.12)	1.34	(1.45)	1.26
Total from investment operations	0.60	(0.06)	1.35	(1.45)	1.14
Less distributions from:					
Net investment income	—	(0.05)	(0.02)	—	—
Net realized gains	—	—	(0.06)	—	—
Total distributions	—	(0.05)	(0.08)	—	—
Net asset value, end of year	$12.16	$11.56	$11.67	$10.40	$11.85
Total return	5.19%	(0.37)%	13.17%	(12.24)%	10.64%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	2.24%	2.31%	2.36%	2.39%	2.34%
Expenses net of waiver and payments by affiliates	2.22%	2.30%	2.30%	2.30%	2.30%
Net investment income (loss)	(0.25)%	0.19%	0.05%	0.09%	(0.77)%
Supplemental data					
Net assets, end of year (000's)	$579	$659	$737	$684	$778
Portfolio turnover rate	19.21%	22.47%	15.16%	6.52%	18.27%

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

[b]Based on average daily shares outstanding.

[c]Amount rounds to less than $0.01 per share.

Templeton Emerging Markets Small Cap (continued)

	Year Ended March 31,				
	2015	2014	2013	2012	2011
Advisor Class					
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	$11.76	$11.87	$10.58	$11.99	$10.78
Income from investment operations[a]:					
Net investment income (loss)[b]	0.02	0.05	0.05	0.06	(0.05)
Net realized and unrealized gains (losses)	0.65	(0.04)	1.37	(1.47)	1.26
Total from investment operations	0.67	0.01	1.42	(1.41)	1.21
Less distributions from:					
Net investment income	(0.06)	(0.12)	(0.07)	—	—
Net realized gains	—	—	(0.06)	—	—
Total distributions	(0.06)	(0.12)	(0.13)	—	—
Net asset value, end of year	$12.37	$11.76	$11.87	$10.58	$11.99
Total return	5.66%	0.13%	13.66%	(11.76)%	11.22%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.74%	1.81%	1.86%	1.89%	1.84%
Expenses net of waiver and payments by affiliates	1.72%	1.80%	1.80%	1.80%	1.80%
Net investment income (loss)	0.25%	0.69%	0.55%	0.59%	(0.27)%
Supplemental data					
Net assets, end of year (000's)	$363,848	$241,453	$102,842	$66,488	$78,944
Portfolio turnover rate	19.21%	22.47%	15.16%	6.52%	18.27%

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

[b]Based on average daily shares outstanding.

Statement of Investments, March 31, 2015

Templeton Emerging Markets Small Cap Fund

	Industry	Shares/ Warrants	Value
Common Stocks and Other Equity Interests 85.2%			
Argentina 0.7%			
MercadoLibre Inc.	Internet Software & Services	42,000	$ 5,145,840
Austria 1.5%			
DO & CO Restaurants & Catering AG	Hotels, Restaurants & Leisure	146,774	10,875,705
Botswana 0.3%			
Letshego Holdings Ltd.	Consumer Finance	9,617,099	2,330,468
Brazil 3.2%			
Arezzo Industria e Comercio SA	Textiles, Apparel & Luxury Goods	236,100	1,815,301
Cia Hering	Specialty Retail	466,500	2,396,054
Duratex SA	Paper & Forest Products	1,275,500	3,475,368
Gaec Educacao SA	Diversified Consumer Services	633,400	3,019,213
Grendene SA	Textiles, Apparel & Luxury Goods	1,012,512	5,184,645
JSL SA	Road & Rail	1,248,503	4,262,036
Ser Educacional SA	Diversified Consumer Services	671,300	2,644,834
			22,797,451
China 9.1%			
Anhui Tianda Oil Pipe Co. Ltd., H	Energy Equipment & Services	20,271,841	3,948,389
China Vanadium Titano-Magnetite Mining Co. Ltd.	Metals & Mining	11,609,000	1,018,248
COSCO Pacific Ltd.	Transportation Infrastructure	5,257,736	6,890,366
Digital China Holdings Ltd.	Electronic Equipment, Instruments & Components	9,163,000	10,010,849
Jiangling Motors Corp. Ltd., B	Automobiles	3,948,718	18,769,100
Ju Teng International Holdings Ltd.	Electronic Equipment, Instruments & Components	16,040,000	9,351,744
Mindray Medical International Ltd., ADR	Health Care Equipment & Supplies	124,800	3,413,280
[a] Sohu.com Inc.	Internet Software & Services	36,722	1,958,384
Travelsky Technology Ltd., H	IT Services	5,473,500	6,311,789
Win Hanverky Holdings Ltd.	Textiles, Apparel & Luxury Goods	27,792,000	3,405,597
			65,077,746
Czech Republic 1.2%			
Fortuna Entertainment Group NV	Hotels, Restaurants & Leisure	899,465	3,596,456
Pegas Nonwovens SA	Textiles, Apparel & Luxury Goods	197,073	5,381,358
			8,977,814
Egypt 2.5%			
Eastern Tobacco	Tobacco	116,291	3,200,649
Egyptian International Pharmaceutical Industries Co.	Pharmaceuticals	1,373,432	14,760,247
			17,960,896
Estonia 0.5%			
Olympic Entertainment Group A.S.	Hotels, Restaurants & Leisure	1,557,217	3,231,888
Silvano Fashion Group AS, A	Specialty Retail	494,206	728,079
			3,959,967
Hong Kong 3.4%			
Bonjour Holdings Ltd.	Specialty Retail	10,798,150	877,485
Giordano International Ltd.	Specialty Retail	3,938,000	1,904,832
I.T Ltd.	Specialty Retail	20,830,395	6,985,873
Luk Fook Holdings (International) Ltd.	Specialty Retail	2,086,000	5,811,897

Templeton Emerging Markets Small Cap Fund (continued)

	Industry	Shares/ Warrants	Value
Common Stocks and Other Equity Interests (continued)			
Hong Kong (continued)			
[b] Sa Sa International Holdings Ltd.	Specialty Retail	5,006,000	$ 2,453,716
Sitoy Group Holdings Ltd.	Textiles, Apparel & Luxury Goods	3,783,500	2,415,732
Victory City International Holdings Ltd.	Textiles, Apparel & Luxury Goods	25,164,857	3,603,025
			24,052,560
India 12.0%			
Apollo Tyres Ltd.	Auto Components	1,197,512	3,235,178
Bajaj Holdings and Investment Ltd.	Diversified Financial Services	763,270	15,886,573
Balkrishna Industries Ltd.	Auto Components	717,833	7,481,089
Biocon Ltd.	Biotechnology	1,020,399	7,689,247
Federal Bank Ltd.	Banks	7,457,672	15,812,660
Great Eastern Shipping Co. Ltd.	Oil, Gas & Consumable Fuels	717,900	4,216,683
JK Cement Ltd.	Construction Materials	1,502,198	16,066,818
[a] Nirvikara Paper Mills Ltd.	Auto Components	79,759	123,330
Redington India Ltd.	Electronic Equipment, Instruments & Components	7,244,881	15,268,410
			85,779,988
Indonesia 2.4%			
Bank Permata Tbk PT	Banks	7,881,600	967,493
Express Transindo Utama Tbk PT	Road & Rail	45,462,400	2,990,261
Hexindo Adiperkasa Tbk PT	Trading Companies & Distributors	13,609,000	3,590,903
Mandom Indonesia Tbk PT	Personal Products	2,341,500	3,492,103
[a] Panin Financial Tbk PT	Insurance	246,820,200	6,380,514
			17,421,274
Kazakhstan 1.1%			
[c] Kcell JSC, GDR, 144A	Wireless Telecommunication Services	92,768	867,381
[d] Kcell JSC, GDR, Reg S	Wireless Telecommunication Services	40,701	380,554
[a] Nostrum Oil & Gas LP	Oil, Gas & Consumable Fuels	785,830	6,492,075
			7,740,010
Kuwait 1.0%			
Kuwait Foods Americana	Hotels, Restaurants & Leisure	768,500	6,900,170
Malaysia 3.1%			
7-Eleven Malaysia Holdings Bhd.	Food & Staples Retailing	9,666,800	4,176,231
Hartalega Holdings Bhd.	Health Care Equipment & Supplies	4,424,000	10,356,571
[a] Hartalega Holdings Bhd., wts., 5/29/15	Health Care Equipment & Supplies	442,400	522,009
Oldtown Bhd.	Food Products	15,124,025	7,023,889
			22,078,700
Mexico 1.6%			
[a] Grupo Herdez SAB de CV	Food Products	4,374,024	11,265,034
Nigeria 0.9%			
Access Bank Nigeria PLC	Banks	42,999,778	1,317,753
UAC of Nigeria PLC	Industrial Conglomerates	30,288,005	4,930,074
			6,247,827
Peru 0.9%			
[d] Intercorp Financial Services Inc., Reg S	Banks	215,740	6,254,303
Philippines 0.4%			
[a] Pepsi-Cola Products Philippines Inc.	Beverages	32,940,200	3,006,959

Templeton Emerging Markets Small Cap Fund (continued)

	Industry	Shares/ Warrants	Value
Common Stocks and Other Equity Interests (continued)			
Poland 4.5%			
[a] Alumetal SA	Metals & Mining	39,899	$ 567,377
Amica Wronki SA	Household Durables	112,408	4,411,384
[a] AmRest Holdings NV	Hotels, Restaurants & Leisure	96,273	3,163,508
CCC SA	Textiles, Apparel & Luxury Goods	133,936	6,462,964
Fabryki Mebli Forte SA	Household Durables	251,046	3,895,159
[a] SMT SA	IT Services	353,556	1,427,152
Wawel SA	Food Products	21,797	7,102,635
[a] Work Service SA	Professional Services	1,056,525	5,566,453
			32,596,632
Romania 0.4%			
SC Bursa de Valori Bucuresti SA	Diversified Financial Services	150,090	1,338,019
[c] Societatea Nationala de Gaze Naturale ROMGAZ SA, 144A	Oil, Gas & Consumable Fuels	159,600	1,363,288
			2,701,307
Russia 3.4%			
[d] Cherkizovo Group OJSC, GDR, Reg S	Food Products	224,987	2,031,633
[a] DIXY Group OJSC	Food & Staples Retailing	561,958	4,678,091
[d] Globaltrans Investment PLC, GDR, Reg S	Road & Rail	117,550	531,326
[a,d] Mail.ru Group Ltd., GDR, Reg S	Internet Software & Services	464,316	9,225,959
[d] O'Key Group SA, GDR, Reg S	Food & Staples Retailing	519,393	1,893,187
[a,d] X5 Retail Group NV, GDR, Reg S	Food & Staples Retailing	370,649	5,689,462
			24,049,658
Singapore 1.1%			
[b] OSIM International Ltd.	Specialty Retail	4,869,000	6,954,954
Parkson Retail Asia Ltd.	Multiline Retail	1,588,000	694,385
			7,649,339
South Korea 8.8%			
AmorePacific Group	Personal Products	8,967	12,129,916
Bukwang Pharmaceutical Co. Ltd.	Pharmaceuticals	85,962	2,046,585
Fila Korea Ltd.	Textiles, Apparel & Luxury Goods	115,023	11,202,832
[a] I-Sens Inc.	Health Care Equipment & Supplies	113,635	5,021,432
Interojo Co. Ltd.	Health Care Equipment & Supplies	320,883	6,149,290
LF Corp.	Textiles, Apparel & Luxury Goods	118,955	3,400,645
Medy-tox Inc.	Biotechnology	11,482	3,403,585
Vieworks Co. Ltd.	Health Care Equipment & Supplies	221,640	5,766,514
Youngone Corp.	Textiles, Apparel & Luxury Goods	289,884	14,247,548
			63,368,347
Sri Lanka 0.2%			
Hemas Holdings PLC	Industrial Conglomerates	2,379,832	1,331,312
Switzerland 0.2%			
[a,c] Wizz Air Holdings PLC, 144A	Airlines	60,600	1,248,460
Taiwan 4.2%			
Flytech Technology Co. Ltd.	Electronic Equipment, Instruments & Components	2,165,500	8,799,747
Green Seal Holding Ltd.	Chemicals	866,000	3,948,581

Templeton Emerging Markets Small Cap Fund (continued)

	Industry	Shares/ Warrants	Value
Common Stocks and Other Equity Interests (continued)			
Taiwan (continued)			
Merida Industry Co. Ltd.	Leisure Products	837,000	$ 6,588,231
St. Shine Optical Co. Ltd.	Health Care Equipment & Supplies	329,000	5,316,130
TTY Biopharm Co. Ltd.	Pharmaceuticals	2,493,200	5,113,561
			29,766,250
Thailand 2.4%			
Beauty Community PCL, fgn.	Specialty Retail	8,561,800	11,244,761
DSG International Thailand PCL, fgn.	Household Products	27,442,800	6,196,761
			17,441,522
Turkey 9.1%			
Bizim Toptan Satis Magazalari AS	Food & Staples Retailing	284,304	1,674,372
[a] Celebi Hava Servisi AS	Transportation Infrastructure	359,261	4,065,697
Coca-Cola Icetek AS	Beverages	372,780	6,306,510
IS Yatirim Menkul Degerler AS	Capital Markets	4,693,922	2,041,700
Pinar Entegre Et ve Un Sanayi AS	Food Products	1,562,941	5,655,201
[e] Pinar Sut Mamulleri Sanayii AS	Food Products	3,133,237	29,066,173
[a,e] Reysas Gayrimenkul Yatirim Ortakligi AS	Real Estate Investment Trusts	23,975,998	6,460,294
Trakya Cam Sanayii AS	Building Products	984,408	1,117,827
Ulker Biskuvi Sanayi AS	Food Products	331,080	2,485,107
[c] Ulker Biskuvi Sanayi AS, 144A	Food Products	157,817	1,184,584
Yazicilar Holding AS	Industrial Conglomerates	657,452	5,466,324
			65,523,789
Turkmenistan 1.1%			
Dragon Oil PLC	Oil, Gas & Consumable Fuels	863,054	7,635,687
United Arab Emirates 1.0%			
Aramex Co.	Air Freight & Logistics	7,312,967	6,889,070
United States 1.4%			
[a] Luxoft Holding Inc.	IT Services	198,473	10,268,993
Vietnam 1.6%			
DHG Pharmaceutical JSC	Pharmaceuticals	1,118,432	4,643,918
Imexpharm Pharmaceutical JSC	Pharmaceuticals	545,094	1,170,858
Vietnam Container Shipping JSC	Marine	1,510,564	3,539,016
Vietnam Dairy Products JSC	Food Products	424,680	2,088,429
			11,442,221
Total Common Stocks and Other Equity Interests (Cost $530,755,732)			609,785,299
[f] **Participatory Notes 1.6%**			
Saudi Arabia 1.6%			
[c] Deutsche Bank AG/London, Saudi Dairy & Foodstuff Co., 144A, 4/12/18	Food Products	40,309	1,297,569
[c] HSBC Bank PLC, Al Mouwasat Medical Services, 144A, 4/13/15	Health Care Providers & Services	279,525	9,910,913
Total Participatory Notes (Cost $5,940,352)			11,208,482

Templeton Emerging Markets Small Cap Fund (continued)

	Industry	Shares/ Warrants	Value
Preferred Stocks (Cost $7,185,059) 0.6%			
Chile 0.6%			
Embotelladora Andina SA, pfd., A	Beverages	1,979,200	$ 4,278,495
Total Investments before Short Term Investments (Cost $543,881,143)			625,272,276
Short Term Investments 13.3%			
Money Market Funds (Cost $90,331,858) 12.7%			
United States 12.7%			
[a,g]Institutional Fiduciary Trust Money Market Portfolio		90,331,858	90,331,858
[h]**Investments from Cash Collateral Received for Loaned Securities (Cost $4,367,000) 0.6%**			
Money Market Funds 0.6%			
United States 0.6%			
[a,g]Institutional Fiduciary Trust Money Market Portfolio		4,367,000	4,367,000
Total Investments (Cost $638,580,001) 100.7%			719,971,134
Other Assets, less Liabilities (0.7)%			(4,707,851)
Net Assets 100.0%			$ 715,263,283

See Abbreviations on page 34.

[a]Non-income producing.

[b]A portion or all of the security is on loan at March 31, 2015. See Note 1(d).

[c]Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. These securities have been deemed liquid under guidelines approved by the Trust's Board of Trustees. At March 31, 2015, the aggregate value of these securities was $15,872,195, representing 2.22% of net assets.

[d]Security was purchased pursuant to Regulation S under the Securities Act of 1933, which exempts from registration securities offered and sold outside of the United States. Such a security cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. These securities have been deemed liquid under guidelines approved by the Trust's Board of Trustees. At March 31, 2015, the aggregate value of these securities was $26,006,424, representing 3.64% of net assets.

[e]See Note 8 regarding holdings of 5% voting securities.

[f]See Note 1(c) regarding Participatory Notes.

[g]See Note 3(f) regarding investments in Institutional Fiduciary Trust Money Market Portfolio.

[h]See Note 1(d) regarding securities on loan.

Financial Statements

Statement of Assets and Liabilities
March 31, 2015

Templeton Emerging Markets Small Cap Fund

Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$513,692,925
Cost - Non-controlled affiliated issuers (Note 8)	30,188,218
Cost - Sweep Money Fund (Note 3f)	94,698,858
Total cost of investments	$638,580,001
Value - Unaffiliated issuers	$589,745,809
Value - Non-controlled affiliated issuers (Note 8)	35,526,467
Value - Sweep Money Fund (Note 3f)	94,698,858
Total value of investments (includes securities loaned in the amount of $3,943,607)	719,971,134
Cash	44,928
Foreign currency, at value (cost $277,263)	277,406
Receivables:	
Investment securities sold	400,025
Capital shares sold	1,762,605
Dividends	696,068
Other assets	413
Total assets	723,152,579
Liabilities:	
Payables:	
Investment securities purchased	394,682
Capital shares redeemed	1,167,135
Management fees	866,720
Distribution fees	252,941
Transfer agent fees	215,524
Payable upon return of securities loaned	4,367,000
Deferred tax	419,701
Accrued expenses and other liabilities	205,593
Total liabilities	7,889,296
Net assets, at value	$715,263,283
Net assets consist of:	
Paid-in capital	$663,005,230
Distributions in excess of net investment income	(4,247,114)
Net unrealized appreciation (depreciation)	80,958,900
Accumulated net realized gain (loss)	(24,453,733)
Net assets, at value	$715,263,283

Statement of Assets and Liabilities (continued)
March 31, 2015

Templeton Emerging Markets Small Cap Fund

Class A:	
Net assets, at value	$277,148,406
Shares outstanding	22,629,958
Net asset value per share[a]	$12.25
Maximum offering price per share (net asset value per share ÷ 94.25%)	$13.00
Class C:	
Net assets, at value	$ 73,687,419
Shares outstanding	6,232,290
Net asset value and maximum offering price per share[a]	$11.82
Class R:	
Net assets, at value	$ 579,217
Shares outstanding	47,623
Net asset value and maximum offering price per share	$12.16
Advisor Class:	
Net assets, at value	$363,848,241
Shares outstanding	29,409,411
Net asset value and maximum offering price per share	$12.37

[a]Redemption price is equal to net asset value less contingent deferred sales charges, if applicable.

Statement of Operations
for the year ended March 31, 2015

Templeton Emerging Markets Small Cap Fund

Investment income:	
Dividends: (net of foreign taxes of $967,061)	
Unaffiliated issuers	$12,151,065
Non-controlled affiliated issuers (Note 8)	850,792
Interest	2,758
Income from securities loaned	213,540
Total investment income	13,218,155
Expenses:	
Management fees (Note 3a)	9,706,777
Distribution fees: (Note 3c)	
Class A	800,517
Class C	721,319
Class R	3,473
Transfer agent fees: (Note 3e)	
Class A	453,436
Class C	122,576
Class R	1,180
Advisor Class	561,230
Custodian fees (Note 4)	450,720
Reports to shareholders	100,834
Registration and filing fees	130,482
Professional fees	47,193
Trustees' fees and expenses	22,811
Other	32,861
Total expenses	13,155,409
Expenses waived/paid by affiliates (Note 3f)	(78,234)
Net expenses	13,077,175
Net investment income	140,980
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments (net of foreign taxes of $576,744)	15,036,704
Foreign currency transactions	(151,940)
Net realized gain (loss)	14,884,764
Net change in unrealized appreciation (depreciation) on:	
Investments	13,174,778
Translation of other assets and liabilities denominated in foreign currencies	(21,539)
Change in deferred taxes on unrealized appreciation	(178,890)
Net change in unrealized appreciation (depreciation)	12,974,349
Net realized and unrealized gain (loss)	27,859,113
Net increase (decrease) in net assets resulting from operations	$28,000,093

Statements of Changes in Net Assets

Templeton Emerging Markets Small Cap Fund

	Year Ended March 31,	
	2015	2014
Increase (decrease) in net assets:		
Operations:		
Net investment income	$ 140,980	$ 1,748,120
Net realized gain (loss) from investments and foreign currency transactions	14,884,764	(34,143,795)
Net change in unrealized appreciation (depreciation) on investments, translation of other assets and liabilities denominated in foreign currencies and deferred taxes	12,974,349	33,310,146
Net increase (decrease) in net assets resulting from operations	28,000,093	914,471
Distributions to shareholders from:		
Net investment income:		
Class A	(419,135)	(1,616,024)
Class C	—	(36,394)
Class R	—	(2,544)
Advisor Class	(1,580,636)	(1,690,170)
Total distributions to shareholders	(1,999,771)	(3,345,132)
Capital share transactions: (Note 2)		
Class A	30,114,143	8,202,282
Class C	8,031,554	(790,765)
Class R	(119,546)	(70,423)
Advisor Class	111,161,689	137,651,276
Total capital share transactions	149,187,840	144,992,370
Net increase (decrease) in net assets	175,188,162	142,561,709
Net assets:		
Beginning of year	540,075,121	397,513,412
End of year	$715,263,283	$540,075,121
Distributions in excess of net investment income included in net assets:		
End of year	$ (4,247,114)	$ (1,708,120)

Notes to Financial Statements

Templeton Emerging Markets Small Cap Fund

1. Organization and Significant Accounting Policies

Templeton Global Investment Trust (Trust) is registered under the Investment Company Act of 1940, as amended, (1940 Act) as an open-end management investment company, consisting of five separate funds and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). Templeton Emerging Markets Small Cap Fund (Fund) is included in this report. The financial statements of the remaining funds in the Trust are presented separately. The Fund offers four classes of shares: Class A, Class C, Class R, and Advisor Class. Each class of shares differs by its initial sales load, contingent deferred sales charges, voting rights on matters affecting a single class, its exchange privilege and fees primarily due to differing arrangements for distribution and transfer agent fees.

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

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

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded or as of the NYSE close, whichever is earlier. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at the NYSE close on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities. Investments in open-end mutual funds are valued at the closing NAV.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the VLOC convenes on a regular basis to review such financial instruments and considers a number of factors, including significant unobservable valuation inputs, when arriving at fair value. The VLOC primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The VLOC employs various methods for calibrating these valuation approaches including a regular review of key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before the daily NYSE close. In addition, trading in certain foreign markets may not take place on every NYSE business day. Occasionally, events occur between the time at which trading in a foreign security is completed and the close of the NYSE that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at the close of the NYSE. In order to minimize the potential for these differences, the VLOC monitors price movements following the close of trading in foreign stock markets through a series of country specific market proxies (such as baskets of American Depositary Receipts, futures contracts and exchange traded

Templeton Emerging Markets Small Cap Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation *(continued)*

funds). These price movements are measured against established trigger thresholds for each specific market proxy to assist in determining if an event has occurred that may call into question the reliability of the values of the foreign securities held by the Fund. If such an event occurs, the securities may be valued using fair value procedures, which may include the use of independent pricing services.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the NYSE is closed, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any significant security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

b. Foreign Currency Translation

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

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

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

c. Participatory Notes

The Fund invests in Participatory Notes (P-Notes). P-notes are promissory notes that are designed to offer a return linked to the performance of a particular underlying equity security or market. P-Notes are issued by banks or broker-dealers and allow the fund to gain exposure to common stocks in markets where direct investment is not allowed. Income received from P-Notes is recorded as dividend income in the Statement of Operations. P-Notes may contain various risks including the potential inability of the counterparty to fulfill their obligations under the terms of the contract. These securities may be more volatile and less liquid than other investments held by the Fund.

d. Securities Lending

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives cash collateral against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. The collateral is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Fund. The total cash collateral received at year end was $4,367,000. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned is reported separately in the Statement of Operations. The Fund bears the market risk with respect to the collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

Templeton Emerging Markets Small Cap Fund (continued)

e. Income and Deferred Taxes

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

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

The Fund recognizes the tax benefits of uncertain tax positions only when the position is "more likely than not" to be sustained upon examination by the tax authorities based on the technical merits of the tax position. As of March 31, 2015, and for all open tax years, the Fund has determined that no liability for unrecognized tax benefits is required in the Fund's financial statements related to uncertain tax positions taken on a tax return (or expected to be taken on future tax returns). Open tax years are those that remain subject to examination and are based on each tax jurisdiction's statute of limitation.

f. Security Transactions, Investment Income, Expenses and Distributions

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

Common expenses incurred by the Trust are allocated among the funds based on the ratio of net assets of each fund to the combined net assets of the Trust. Fund specific expenses are charged directly to the fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, not including class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class. Differences in per share distributions, by class, are generally due to differences in class specific expenses.

g. Accounting Estimates

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

h. Guarantees and Indemnifications

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

Templeton Emerging Markets Small Cap Fund (continued)

2. Shares of Beneficial Interest

At March 31, 2015, there were an unlimited number of shares authorized ($0.01 par value). Transactions in the Fund's shares were as follows:

	Year Ended March 31,			
	2015		2014	
	Shares	Amount	Shares	Amount
Class A Shares:				
Shares sold	8,707,935	$107,927,116	7,810,952	$ 90,306,642
Shares issued in reinvestment of distributions	30,574	379,121	120,366	1,449,226
Shares redeemed	(6,306,208)	(78,192,094)	(7,255,385)	(83,553,586)
Net increase (decrease)	2,432,301	$ 30,114,143	675,933	$ 8,202,282
Class C Shares:				
Shares sold	1,968,030	$ 23,629,390	2,223,859	$ 24,880,385
Shares issued in reinvestment of distributions	—	—	2,812	32,922
Shares redeemed	(1,305,344)	(15,597,836)	(2,301,982)	(25,704,072)
Net increase (decrease)	662,686	$ 8,031,554	(75,311)	$ (790,765)
Class R Shares:				
Shares sold	18,630	$ 230,287	11,803	$ 134,592
Shares issued in reinvestment of distributions	—	—	213	2,544
Shares redeemed	(28,015)	(349,833)	(18,155)	(207,559)
Net increase (decrease)	(9,385)	$ (119,546)	(6,139)	$ (70,423)
Advisor Class Shares:				
Shares sold	16,241,452	$203,021,946	16,445,330	$190,891,917
Shares issued in reinvestment of distributions	55,109	689,414	59,736	725,795
Shares redeemed	(7,427,051)	(92,549,671)	(4,626,252)	(53,966,436)
Net increase (decrease)	8,869,510	$ 111,161,689	11,878,814	$137,651,276

3. Transactions with Affiliates

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

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

a. Management Fees

The Fund pays an investment management fee to TAML based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
1.450%	Up to and including $1 billion
1.400%	Over $1 billion, up to and including $5 billion
1.350%	Over $5 billion, up to and including $10 billion
1.300%	Over $10 billion, up to and including $15 billion
1.250%	Over $15 billion, up to and including $20 billion
1.200%	In excess of $20 billion

Templeton Emerging Markets Small Cap Fund (continued)

b. Administrative Fees

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

c. Distribution Fees

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

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

Class A	0.35%
Class C	1.00%
Class R	0.50%

The Board has set the current rate at 0.30% per year for Class A shares until further notice and approval by the Board.

d. Sales Charges/Underwriting Agreements

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

Sales charges retained net of commissions paid to unaffiliated broker/dealers	$182,932
CDSC retained	$ 21,034

e. Transfer Agent Fees

Each class of shares pays transfer agent fees to Investor Services for its performance of shareholder servicing obligations and reimburses Investor Services for out of pocket expenses incurred, including shareholding servicing fees paid to third parties. These fees are allocated daily based upon their relative proportion of such classes' aggregate net assets.

For the year ended March 31, 2015, the Fund paid transfer agent fees of $1,138,422, of which $513,832, was retained by Investor Services.

f. Investments in Institutional Fiduciary Trust Money Market Portfolio

The Fund invests in Institutional Fiduciary Trust Money Market Portfolio (Sweep Money Fund), an affiliated open-end management investment company. Management fees paid by the Fund are waived on assets invested in the Sweep Money Fund, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by the Sweep Money Fund. Prior to April 1, 2013, the waiver was accounted for as a reduction to management fees.

Templeton Emerging Markets Small Cap Fund (continued)

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the year ended March 31, 2015, there were no credits earned.

5. Income Taxes

For tax purposes, capital losses may be carried over to offset future capital gains, if any. At March 31, 2015, the Fund had long-term capital loss carryforwards of $23,551,608.

During the year ended March 31, 2015, the Fund utilized $16,407,389 of capital loss carryforwards.

For tax purposes, the Fund may elect to defer any portion of a late-year ordinary loss to the first day of the following fiscal year. At March 31, 2015, the Fund deferred late-year ordinary losses of $2,390,570.

The tax character of distributions paid during the years ended March 31, 2015 and 2014, was as follows:

	2015	2014
Distributions paid from ordinary income	$1,999,771	$3,345,132

At March 31, 2015, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$641,338,671
Unrealized appreciation	$148,288,257
Unrealized depreciation	(69,655,794)
Net unrealized appreciation (depreciation)	$ 78,632,463

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of passive foreign investment company shares, foreign capital gains tax, corporate actions and wash sales.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the year ended March 31, 2015, aggregated $244,178,710 and $110,554,538, respectively.

7. Concentration of Risk

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local and regional economic, political and social conditions, which may result in greater market volatility. In addition, certain foreign securities may not be as liquid as U.S. securities.

Templeton Emerging Markets Small Cap Fund (continued)

8. Holdings of 5% Voting Securities of Portfolio Companies

The 1940 Act defines "affiliated companies" to include investments in portfolio companies in which a fund owns 5% or more of the outstanding voting securities. Investments in "affiliated companies" for the Fund for the year ended March 31, 2015, were as shown below.

Name of Issuer	Number of Shares Held at Beginning of Year	Gross Additions	Gross Reductions	Number of Shares Held at End of Year	Value at End of Year	Investment Income	Realized Gain (Loss)
Non-Controlled Affiliates							
Pinar Sut Mamulleri Sanayii AS	1,949,228	1,184,009	—	3,133,237	$29,066,173	$850,792	$ —
Reysas Gayrimenkul Yatirim Ortakligi AS	21,678,300	2,297,698	—	23,975,998	6,460,294	—	—
Total Affiliated Securities (Value is 4.97% of Net Assets)					$35,526,467	$850,792	$ —

9. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton Investments, are borrowers in a joint syndicated senior unsecured credit facility totaling $2 billion (Global Credit Facility) which matures on February 12, 2016. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.07% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the year ended March 31, 2015, the Fund did not use the Global Credit Facility.

10. Fair Value Measurements

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

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

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

For movements between the levels within the fair value hierarchy, the Fund has adopted a policy of recognizing the transfers as of the date of the underlying event which caused the movement.

Templeton Emerging Markets Small Cap Fund (continued)

10. Fair Value Measurements (continued)

A summary of inputs used as of March 31, 2015, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments in Securities:				
Equity Investments[a]				
India	$ 85,656,658	$ 123,330	$ —	$ 85,779,988
All Other Equity Investments[b]	528,283,806	—	—	528,283,806
Participatory Notes	—	11,208,482	—	11,208,482
Short Term Investments	94,698,858	—	—	94,698,858
Total Investments in Securities	$ 708,639,322	$ 11,331,812	$ —	$ 719,971,134

[a]Includes common and preferred stocks as well as other equity investments.
[b]For detailed categories, see the accompanying Statement of Investments.

11. New Accounting Pronouncements

In June 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-11, Transfers and Servicing (Topic 860), Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures. The ASU changes the accounting for certain repurchase agreements and expands disclosure requirements related to repurchase agreements, securities lending, repurchase-to-maturity and similar transactions. The ASU is effective for interim and annual reporting periods beginning after December 15, 2014. Management has reviewed the requirements and believes the adoption of this ASU will not have a material impact on the financial statements.

12. Subsequent Events

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

Abbreviations

Selected Portfolio

ADR American Depositary Receipt
GDR Global Depositary Receipt

Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of Templeton Emerging Markets Small Cap Fund

In our opinion, the accompanying statement of assets and liabilities, including the statement of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Templeton Emerging Markets Small Cap Fund (the "Fund") at March 31, 2015, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at March 31, 2015 by correspondence with the custodian, transfer agent and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

San Francisco, California
May 15, 2015

Tax Information (unaudited)

Templeton Emerging Markets Small Cap

Under Section 854(b)(1)(B) of the Internal Revenue Code (Code), the Fund hereby reports the maximum amount allowable but no less than $5,379,263 as qualified dividends for purposes of the maximum rate under Section 1(h)(11) of the Code for the fiscal year ended March 31, 2015. Distributions, including qualified dividend income, paid during calendar year 2015 will be reported to shareholders on Form 1099-DIV by mid-February 2016. Shareholders are advised to check with their tax advisors for information on the treatment of these amounts on their individual income tax returns.

At March 31, 2014, more than 50% of the Fund's total assets were invested in securities of foreign issuers. In most instances, foreign taxes were withheld from income paid to the Fund on these investments. As shown in the table below, the Fund hereby reports to shareholders the foreign source income and foreign taxes paid, pursuant to Section 853 of the Code. This written statement will allow shareholders of record on December 9, 2014, to treat their proportionate share of foreign taxes paid by the Fund as having been paid directly by them. The shareholder shall consider these amounts as foreign taxes paid in the tax year in which they receive the Fund distribution.

The following table provides a detailed analysis of foreign tax paid, foreign source income, and foreign source qualified dividends as reported by the Fund, to Class A, Class C, Class R, and Advisor Class shareholders of record.

Class	Foreign Tax Paid Per Share	Foreign Source Income Per Share	Foreign Source Qualified Dividends Per Share
Class A	$0.0147	$0.0462	$0.0162
Class C	$0.0147	$0.0000	$0.0000
Class R	$0.0147	$0.0000	$0.0000
Advisor Class	$0.0147	$0.0855	$0.0298

Foreign Tax Paid Per Share (Column 1) is the amount per share available to you, as a tax credit (assuming you held your shares in the Fund for a minimum of 16 days during the 31-day period beginning 15 days before the ex-dividend date of the Fund's distribution to which the foreign taxes relate), or, as a tax deduction.

Foreign Source Income Per Share (Column 2) is the amount per share of income dividends attributable to foreign securities held by the Fund, plus any foreign taxes withheld on these dividends. The amounts reported include foreign source qualified dividends that have not been adjusted for the rate differential applicable to such dividend income.[1]

Foreign Source Qualified Dividends Per Share (Column 3) is the amount per share of foreign source qualified dividends, plus any foreign taxes withheld on these dividends. These amounts represent the portion of the Foreign Source Income reported to you in column 2 that were derived from qualified foreign securities held by the Fund.[1]

By mid-February 2015, shareholders received Form 1099-DIV which included their share of taxes paid and foreign source income distributed during the calendar year 2014. The Foreign Source Income reported on Form 1099-DIV has not been adjusted for the rate differential on foreign source qualified dividend income. Shareholders are advised to check with their tax advisors for information on the treatment of these amounts on their 2014 individual income tax returns.

[1]Qualified dividends are taxed at reduced long term capital gains tax rates. In determining the amount of foreign tax credit that may be applied against the U.S. tax liability of individuals receiving foreign source qualified dividends, adjustments may be required to the foreign tax credit limitation calculation to reflect the rate differential applicable to such dividend income. The rules however permit certain individuals to elect not to apply the rate differential adjustments for capital gains and/or dividends for any taxable year. Please consult your tax advisor and the instructions to Form 1116 for more information.

Board Members and Officers

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

Independent Board Members

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Harris J. Ashton (1932) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 1994	138	Bar-S Foods (meat packing company) (1981-2010).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and **formerly,** Director, RBC Holdings, Inc. (bank holding company) (until 2002); and President, Chief Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers) (until 1998).				
Ann Torre Bates (1958) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2008	43	Navient Corporation (loan management, servicing and asset recovery) (2014-present), Ares Capital Corporation (specialty finance company) (2010-present), United Natural Foods, Inc. (distributor of natural, organic and specialty foods) (2013-present), Allied Capital Corporation (financial services) (2003-2010) and SLM Corporation (Sallie Mae) (1997-2014).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and **formerly,** Executive Vice President and Chief Financial Officer, NHP Incorporated (manager of multifamily housing) (1995-1997); and Vice President and Treasurer, US Airways, Inc. (until 1995).				
Frank J. Crothers (1944) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2001	26	Fortis, Inc. (utility holding company) (2007-present) and AML Foods Limited (retail distributors) (1989-present).
Principal Occupation During at Least the Past 5 Years: Director and Vice Chairman, Caribbean Utilities Company, Ltd.; director of various other private business and nonprofit organizations; and **formerly,** Chairman, Atlantic Equipment and Power Ltd. (1977-2003).				
Edith E. Holiday (1952) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Lead Independent Trustee	Trustee since 1996 and Lead Independent Trustee since 2007	138	Hess Corporation (exploration and refining of oil and gas) (1993-present), RTI International Metals, Inc. (manufacture and distribution of titanium) (1999-present), Canadian National Railway (railroad) (2001-present), White Mountains Insurance Group, Ltd. (holding company) (2004-present) and H.J. Heinz Company (processed foods and allied products) (1994-2013).
Principal Occupation During at Least the Past 5 Years: Director or Trustee of various companies and trusts; and **formerly,** Assistant to the President of the United States and Secretary of the Cabinet (1990-1993); General Counsel to the United States Treasury Department (1989-1990); and Counselor to the Secretary and Assistant Secretary for Public Affairs and Public Liaison – United States Treasury Department (1988-1989).				

Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
J. Michael Luttig (1954) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2009	138	Boeing Capital Corporation (aircraft financing) (2006-2013).
Principal Occupation During at Least the Past 5 Years: Executive Vice President, General Counsel and member of the Executive Council, The Boeing Company (aerospace company); and **formerly,** Federal Appeals Court Judge, U.S. Court of Appeals for the Fourth Circuit (1991-2006).				
David W. Niemiec (1949) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2006	42	Emeritus Corporation (assisted living) (1999-2010) and OSI Pharmaceuticals, Inc. (pharmaceutical products) (2006-2010).
Principal Occupation During at Least the Past 5 Years: Advisor, Saratoga Partners (private equity fund); and **formerly,** Managing Director, Saratoga Partners (1998-2001) and SBC Warburg Dillon Read (investment banking) (1997-1998); Vice Chairman, Dillon, Read & Co. Inc. (investment banking) (1991-1997); and Chief Financial Officer, Dillon, Read & Co. Inc. (1982-1997).				
Frank A. Olson (1932) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2003	138	Hess Corporation (exploration and refining of oil and gas) (1998-2013).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and **formerly,** Chairman of the Board, The Hertz Corporation (car rental) (1980-2000) and Chief Executive Officer (1977-1999); and Chairman of the Board, President and Chief Executive Officer, UAL Corporation (airlines) (June-December 1987).				
Larry D. Thompson (1945) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2006	138	Cbeyond, Inc. (business communications provider) (2010-2012), The Southern Company (energy company) (December 2014; previously 2010-2012) and Graham Holdings Company (education and media organization) (2011-present).
Principal Occupation During at Least the Past 5 Years: Director of various companies; John A. Sibley Professor of Corporate and Business Law, University of Georgia School of Law (January 2015; previously 2011-2012); and **formerly,** Executive Vice President – Government Affairs, General Counsel and Corporate Secretary, PepsiCo, Inc. (consumer products) (2012-2014); Senior Vice President – Government Affairs, General Counsel and Secretary, PepsiCo, Inc. (2004-2011); Senior Fellow of The Brookings Institution (2003-2004); Visiting Professor, University of Georgia School of Law (2004); and Deputy Attorney General, U.S. Department of Justice (2001-2003).				
Constantine D. Tseretopoulos (1954) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2001	26	None
Principal Occupation During at Least the Past 5 Years: Physician, Chief of Staff, owner and operator of the Lyford Cay Hospital (1987-present); director of various nonprofit organizations; and **formerly,** Cardiology Fellow, University of Maryland (1985-1987); and Internal Medicine Resident, Greater Baltimore Medical Center (1982-1985).				
Robert E. Wade (1946) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2006	43	El Oro Ltd (investments) (2003-present).
Principal Occupation During at Least the Past 5 Years: Attorney at law engaged in private practice (1972-2008) and member of various boards.				

Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
****Gregory E. Johnson (1961)** One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2006	155	None
Principal Occupation During at Least the Past 5 Years: Chairman of the Board, Member – Office of the Chairman, Director, President and Chief Executive Officer, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 46 of the investment companies in Franklin Templeton Investments; and Vice Chairman, Investment Company Institute.				
****Rupert H. Johnson, Jr. (1940)** One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board, Trustee and Vice President	Chairman of the Board, Trustee since 2013, and Vice President since 1996	138	None
Principal Occupation During at Least the Past 5 Years: Vice Chairman, Member – Office of the Chairman and Director, Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; Senior Vice President, Franklin Advisory Services, LLC; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 43 of the investment companies in Franklin Templeton Investments.				
Alison E. Baur (1964) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Deputy General Counsel, Franklin Templeton Investments; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 46 of the investment companies in Franklin Templeton Investments.				
Norman J. Boersma (1957) Lyford Cay Nassau, Bahamas	President and Chief Executive Officer – Investment Management	Since 2012	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Director, President and Chief Executive Officer, Templeton Global Advisors Ltd.; Chief Investment Officer of Templeton Global Equity Group; officer of six of the investment companies in Franklin Templeton Investments; and f**ormerly,** Executive Vice President, Franklin Templeton Investments Corp. (1993-2014).				
Laura F. Fergerson (1962) One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Vice President, Franklin Templeton Services, LLC; and officer of 46 of the investment companies in Franklin Templeton Investments.				
Aliya S. Gordon (1973) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton Investments; officer of 46 of the investment companies in Franklin Templeton Investments; and **formerly,** Litigation Associate, Steefel, Levitt & Weiss, LLP (2000-2004).				

Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Steven J. Gray (1955) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton Investments; Vice President, Franklin Templeton Distributors, Inc. and Franklin Alternative Strategies Advisers, LLC; and officer of 46 of the investment companies in Franklin Templeton Investments.				
Selena L. Holmes (1965) 100 Fountain Parkway St. Petersburg, FL 33716-1205	Vice President – AML Compliance	Since 2012	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Director, Global Compliance Monitoring; Chief Compliance Officer, Franklin Alternative Strategies Advisers, LLC; Vice President, Franklin Templeton Companies, LLC; and officer of 46 of the investment companies in Franklin Templeton Investments.				
Kimberly H. Novotny (1972) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President	Since 2013	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Associate General Counsel, Franklin Templeton Investments; Vice President and Secretary, Fiduciary Trust International of the South; Vice President, Templeton Investment Counsel, LLC; Assistant Secretary, Franklin Resources, Inc.; and officer of 46 of the investment companies in Franklin Templeton Investments.				
Mark H. Otani (1968) One Franklin Parkway San Mateo, CA 94403-1906	Treasurer, Chief Financial Officer and Chief Accounting Officer	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Treasurer, U.S. Products and Client Services, Franklin Templeton Investments; and officer of 14 of the investment companies in Franklin Templeton Investments.				
Robert C. Rosselot (1960) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Chief Compliance Officer	Since 2013	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Director, Global Compliance, Franklin Templeton Investments; Vice President, Franklin Templeton Companies, LLC; officer of 46 of the investment companies in Franklin Templeton Investments; and **formerly,** Senior Associate General Counsel, Franklin Templeton Investments (2007-2013); and Secretary and Vice President, Templeton Group of Funds (2004-2013).				
Karen L. Skidmore (1952) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton Investments; and officer of 46 of the investment companies in Franklin Templeton Investments.				

Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Craig S. Tyle (1960) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2005	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: General Counsel and Executive Vice President, Franklin Resources, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 46 of the investment companies in Franklin Templeton Investments.				
Lori A. Weber (1964) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Secretary and Vice President	Secretary since 2013 and Vice President since 2011	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton Investments; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; Vice President, Fiduciary Trust International of the South; and officer of 46 of the investment companies in Franklin Templeton Investments.				

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

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

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

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

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

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

Shareholder Information

Board Review of Investment Management Agreement

At a meeting held February 24, 2015, the Board of Trustees (Board), including a majority of non-interested or independent Trustees, approved renewal of the investment management agreements for each of the separate funds in Templeton Global Investment Trust, including Templeton Emerging Markets Small Cap Fund (Fund(s)). In reaching this decision, the Board took into account information furnished throughout the year at regular Board meetings, as well as information prepared specifically in connection with the annual renewal review process. Information furnished and discussed throughout the year included investment performance reports and related financial information for each Fund, along with periodic reports on expenses, shareholder services, legal and compliance matters, pricing, brokerage commissions and execution and other services provided by the Investment Manager (Manager) and its affiliates, as well as marketing support payments made to financial intermediaries. Information furnished specifically in connection with the renewal process included a report for each Fund prepared by Lipper, Inc. (Lipper), an independent organization, as well as additional material, including a Fund profitability analysis prepared by management. The Lipper reports compared each Fund's investment performance and expenses with those of other mutual funds deemed comparable to the Fund as selected by Lipper. The Fund profitability analysis discussed the profitability to Franklin Templeton Investments (FTI) from its overall U.S. fund operations, as well as on an individual fund-by-fund basis. Additional material accompanying such profitability analysis included information on a fund-by-fund basis listing portfolio managers and other accounts they manage, as well as information on management fees charged by the Manager and its affiliates to U.S. mutual funds and other accounts, including management's explanation of differences where relevant. Such material also included a memorandum prepared by management describing project initiatives and capital investments relating to the services provided to the Funds by the FTI organization, as well as a memorandum relating to economies of scale and an analysis concerning transfer agent fees charged by an affiliate of the Manager. The Board also noted that at the February meetings each year, they receive an annual report on all marketing support payments made by FTI to financial intermediaries.

In considering such materials, the independent Trustees received assistance and advice from and met separately with independent counsel. While the investment management agreements for all Funds were considered at the same Board meeting, the Board dealt with each Fund separately. In approving continuance of the investment management agreement for each Fund, the Board, including a majority of independent Trustees, determined that the management fee structure was fair and reasonable and that continuance of the investment management agreement was in the best interests of each Fund and its shareholders. While attention was given to all information furnished, the following discusses some primary factors relevant to the Board's decision.

NATURE, EXTENT AND QUALITY OF SERVICES. The Board was satisfied with the nature and quality of the overall services provided by the Manager and its affiliates to the Fund and its shareholders with respect to investment performance and expenses. The Board's opinion was based, in part, upon periodic reports furnished it showing that the investment policies and restrictions for the Fund were consistently complied with as well as other reports periodically furnished the Board covering matters such as the compliance of portfolio managers and other management personnel with the code of ethics adopted throughout the Franklin Templeton fund complex, the adherence to fair value pricing procedures established by the Board, and the accuracy of net asset value calculations. The Board also noted the extent of benefits provided Fund shareholders from being part of the Franklin Templeton family of funds, including the right to exchange investments between the same class of shares of different funds without a sales charge, the ability to reinvest Fund dividends into other funds and the right to combine holdings in other funds to obtain a reduced sales charge. Favorable consideration was given to management's continual efforts and expenditures in establishing effective business continuity plans and developing strategies to address cybersecurity threats. Among other factors taken into account by the Board were the Manager's best execution trading policies, including a favorable report by an independent portfolio trading analytical firm that also covered FOREX transactions. Consideration was also given to the experience of the Fund's portfolio management team, the number of accounts managed and general method of compensation. In this latter respect, the Board noted that a primary factor in management's determination of a portfolio manager's bonus compensation was the relative investment performance of the funds he or she managed and that a portion of such bonus was required to be invested in a predesignated list of funds within such person's fund management area so as to be aligned with the interests of shareholders. The Board also took into account the quality of transfer agent and shareholder services provided Fund shareholders by an affiliate of the Manager, noting the changes taking place in the

nature of transfer agency services throughout the industry and regulatory initiatives in this area, and the continual enhancements to the Franklin Templeton website. Particular attention was given to management's conservative approach and diligent risk management procedures, including continual monitoring of counterparty credit risk and attention given to derivatives and other complex instruments including expanded collateralization requirements. The Board also took into account, among other things, management's efforts in establishing a global credit facility for the benefit of the Fund and other accounts managed by FTI to provide a source of cash for temporary and emergency purposes or to meet unusual redemption requests as well as the strong financial position of the Manager's parent company and its commitment to the mutual fund business as evidenced by its continued subsidization of money market funds.

INVESTMENT PERFORMANCE. While consideration was given to performance reports and discussions with portfolio managers at Board meetings during the year, particular attention in assessing performance was given to the Lipper reports furnished for the agreement renewal. The Lipper reports prepared for the Fund showed the investment performance of its Class A shares during 2014 and previous years of operations. The Lipper performance universe for the Fund consisted of all retail and institutional emerging markets funds as designated by Lipper. The Lipper report showed the Fund's total return in 2014 to be in the highest or best performing quintile of such universe and on an annualized basis to be in the highest performing quintile of such universe for the previous three- and five-year periods, respectively. The Board observed that the performance universe was broad and not limited to funds investing in small cap stocks, but noted that the Fund's total return was above the median of the performance universe and also compared favorably with most of the other U.S. small cap funds included within such performance universe for 2014 and the annualized previous three- and five-year periods. The Board found the Fund's performance as set forth in the Lipper report to be satisfactory.

COMPARATIVE EXPENSES. Consideration was given to a comparative analysis of the management fees and total expense ratio of the Fund compared with those of a group of other funds selected by Lipper as its appropriate Lipper expense group. Lipper expense data is based upon historical information taken from each fund's most recent annual report, which reflects historical asset levels that may be quite different from those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by Lipper to be an appropriate measure of comparative expenses. In reviewing comparative costs, Lipper provides information on the Fund's contractual investment management fee in comparison with the effective management fee that would have been charged by other funds within its Lipper expense group assuming they were similar in size to the Fund, as well as the actual total expense ratio of the Fund in comparison with those of its Lipper expense group. The Lipper contractual investment management fee analysis includes administrative charges as being part of a management fee, and actual total expenses, for comparative consistency, are shown by Lipper for Fund Class A shares. The Lipper report for the Fund showed its contractual management fee to be the highest within its Lipper expense group. The Board found the expenses of this Fund to be acceptable, noting its specialized nature.

MANAGEMENT PROFITABILITY. The Board also considered the level of profits realized by the Manager and its affiliates in connection with the operation of the Fund. In this respect, the Board reviewed the Fund profitability analysis that addresses the overall profitability of Franklin Templeton's U.S. fund business, as well as its profits in providing management and other services to each of the individual funds during the 12-month period ended September 30, 2014, being the most recent fiscal year-end for Franklin Resources, Inc., the Manager's parent. In reviewing the analysis, the Board recognized that allocation methodologies are inherently subjective and various allocation methodologies may be reasonable while producing different results. In this respect, the Board noted that while management continually makes refinements to its methodologies in response to organizational and product related changes, the overall approach as defined by the primary drivers and activity measurements has remained consistent with that used in the Fund's profitability report presentations from prior years. Additionally, the Fund's independent registered public accounting firm had been engaged by the Manager to periodically review the reasonableness of the allocation methodologies to be used solely by the Funds' Board in reference to the profitability analysis. In reviewing and discussing such analysis, management discussed with the Board its belief that costs incurred in establishing the infrastructure necessary for the type of mutual fund operations conducted by the Manager and its affiliates may not be fully reflected in the expenses allocated to the Fund in determining its profitability, as well as the fact that the level of profits, to a certain extent, reflected operational cost savings and efficiencies initiated by management. The

Board Review of Investment Management Agreement (continued)

Board also took into account management's expenditures in improving shareholder services provided the Fund, as well as the need to implement systems to meet additional regulatory and compliance requirements resulting from statutes such as the Sarbanes-Oxley and Dodd-Frank Acts and recent SEC and other regulatory requirements. In addition, the Board considered a third-party study comparing the profitability of the Manager's parent on an overall basis to other publicly held managers broken down to show profitability from management operations exclusive of distribution expenses, as well as profitability including distribution expenses. The Board also considered the extent to which the Manager and its affiliates might derive ancillary benefits from fund operations, including revenues generated from transfer agent services and potential benefits resulting from personnel and systems enhancements necessitated by fund growth, as well as increased leverage with the service providers and counterparties. Based upon its consideration of all these factors, the Board determined that the level of profits realized by the Manager and its affiliates from providing services to the Fund was not excessive in view of the nature, quality and extent of services provided.

ECONOMIES OF SCALE. The Board also considered whether economies of scale are realized by the Manager as the Fund grows larger and the extent to which this is reflected in the level of management fees charged. While recognizing that any precise determination is inherently subjective, the Board noted that based upon the Fund profitability analysis, it appears that as some funds get larger, at some point economies of scale do result in the Manager realizing a larger profit margin on management services provided such a fund. The Board also noted that economies of scale are shared with the Fund and its shareholders through management fee breakpoints so that as a Fund grows in size, its effective management fee rate declines. The investment management advisory agreement for the Fund provides for breakpoints that are above the Fund's existing asset size, and to the extent economies of scale may be realized by the Manager and its affiliates, the Board believes the schedule of fees for the Fund provides a sharing of benefits with the Fund and its shareholders.

Proxy Voting Policies and Procedures

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

Quarterly Statement of Investments

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

Householding of Reports and Prospectuses

You will receive the Fund's financial reports every six months as well as an annual updated summary prospectus (prospectus available upon request). To reduce Fund expenses, we try to identify related shareholders in a household and send only one copy of the financial reports and summary prospectus. This process, called "householding," will continue indefinitely unless you instruct us otherwise. If you prefer not to have these documents householded, please call us at (800) 632-2301. At any time you may view current prospectuses/summary prospectuses and financial reports on our website. If you choose, you may receive these documents through electronic delivery.

FRANKLIN TEMPLETON
INVESTMENTS

Annual Report and Shareholder Letter
Templeton Emerging Markets Small Cap Fund

Investment Manager
Templeton Asset Management Ltd.

Distributor
Franklin Templeton Distributors, Inc.
(800) DIAL BEN® / 342-5236
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Shareholder Services
(800) 632-2301

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

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

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