Templeton International Bond Fund—Class A

Product Profile First Quarter 2016

FRANKLIN TEMPLETON INVESTMENTS

FUND CHARACTERISTICS (AS OF 3/31/16)

NASDAQ Symbol	TBOAX
Fund Inception Date	12/3/07
Dividends	Monthly
Benchmark	Citigroup Non-U.S. World Government Bond Index
Lipper Classification	International Income Funds
Morningstar Category™	World Bond
Total Net Assets—All Share Classes	432 million
Number of Holdings	197
Maximum Initial Sales Charge	4.25%

FUND DESCRIPTION

The fund seeks current income with capital appreciation and growth of income. It invests predominantly in foreign (non-U.S.) bonds issued by governments and government agencies. Although the fund may buy bonds rated in any category, it focuses on investment grade bonds.

PERFORMANCE DATA

Average Annual Total Returns for Periods Ended March 31, 2016 (%)

	3 Mths*	YTD*	1 Yr	3 Yrs	5 Yrs	Since Incept (12/3/07)
With Sales Charge	-2.88	-2.88	-7.79	-4.12	-0.59	3.88
Without Sales Charge	1.39	1.39	-3.65	-2.73	0.28	4.42
Citigroup Non-U.S. World Government Bond Index	9.10	9.10	7.74	-0.16	0.24	2.44

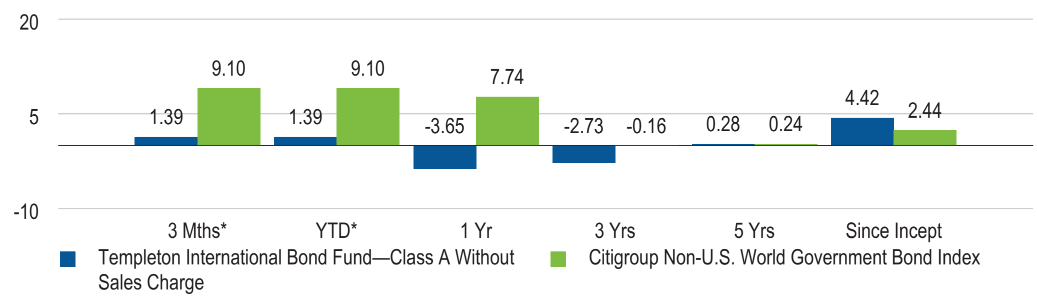
Total Annual Operating Expenses—*With Waiver:* *1.01%* ***Without Waiver:*** *1.15%*

30-Day Standardized Yield (As of 3/31/16)—With Waiver: 2.16% Without Waiver: 2.07%

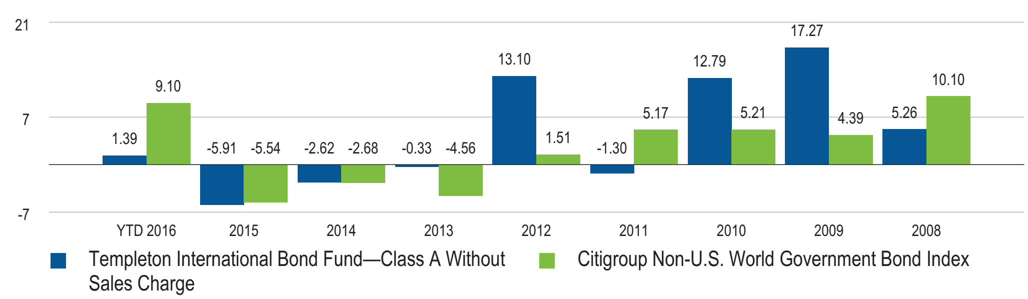
Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund's investment return and principal value will change with market conditions, and you may have a gain or a loss when you sell your shares. Please call Franklin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

The fund has an expense reduction contractually guaranteed through at least December 31, 2016. The fund may also have a fee waiver associated with any investments it makes in a Franklin Templeton money fund, an arrangement that is contractually guaranteed through at least its current fiscal year-end. Fund investment results reflect the expense reduction and fee waiver, as applicable; without these reductions, the results would have been lower.

Average Annual Total Returns for Periods Ended March 31, 2016 (%)



Calendar Year Returns As of March 31, 2016 (%)



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

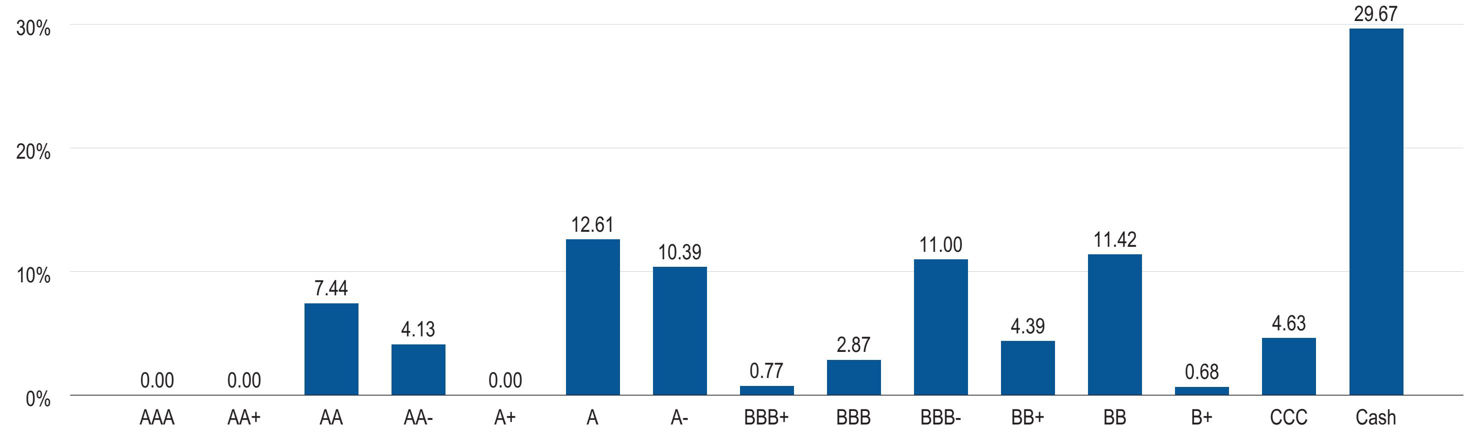
The 30-Day Standardized Yield reflects an estimated yield to maturity. It should be regarded as an estimate of the fund's rate of investment income, and it may not equal the fund's actual income distribution rate, which reflects the fund's past dividends paid to shareholders.

*Cumulative Total Returns.

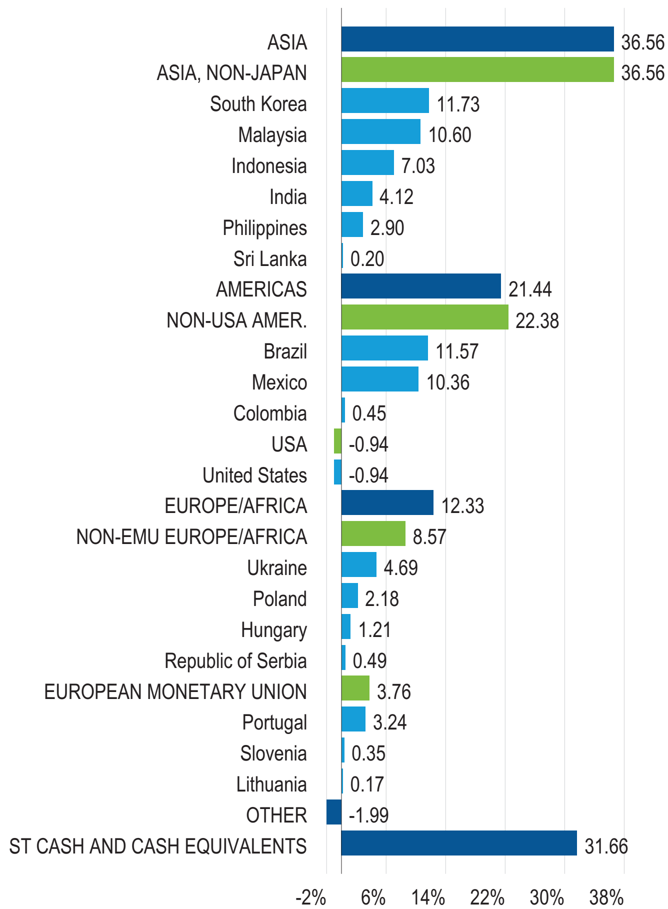
For information related to the "Fund Characteristics" and "Performance Data" sections, please see Explanatory Notes.

PORTFOLIO DIVERSIFICATION (AS OF 3/31/16)—Fund

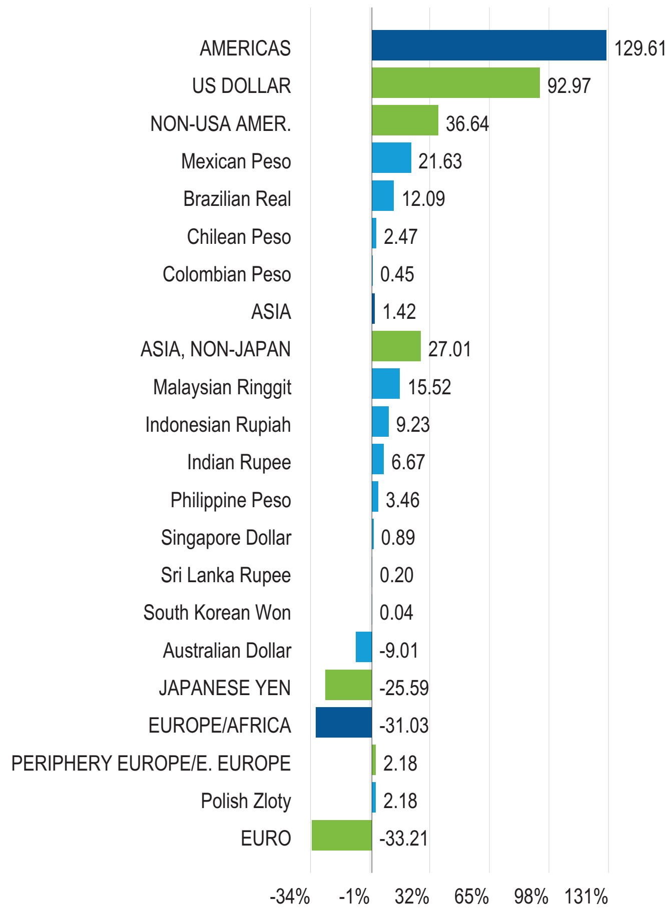
Quality Weightings



Geographic Allocation



Currency Allocation



Quality Weightings: Ratings shown are assigned by one or more Nationally Recognized Statistical Rating Organizations ("NRSRO"), such as Standard & Poor's, Moody's and Fitch. The ratings are an indication of an issuer's creditworthiness and typically range from AAA or Aaa (highest) to D (lowest). When ratings from all three agencies are available, the middle rating is used; when two are available, the lowest rating is used; and when only one is available, that rating is used. Foreign government bonds without a specific rating are assigned the country rating provided by an NRSRO, if available. Cash includes equivalents, which may be rated. Derivatives are excluded from this breakdown.

Geographic and Currency Allocation: Portfolio weights reflect certain derivatives held in the portfolio (or their underlying reference assets) and may not total 100% or may be negative due to rounding, use of any derivatives, unsettled trades or other factors.

For information related to the "Portfolio Diversification" section, please see Explanatory Notes.

PORTFOLIO CHARACTERISTICS (AS OF 3/31/16)—Fund vs. Citigroup Non-US World Government Bond Index

	Fund	Benchmark
Average Duration	0.69 Yrs	8.54 Yrs
Average Weighted Maturity	3.11 Yrs	10.35 Yrs
Annual Turnover Ratio (As of 8/31/15)	43.49%	N/A

PERFORMANCE RISK STATISTICS - Class A

Modern Portfolio Theory (MPT) Statistics (As of 3/31/16)

Performance Risk Statistics	3 Years	5 Years
Standard Deviation	5.95	7.37
Alpha	-2.61	0.28
Beta	0.34	0.56
Sharpe Ratio	-0.47	0.03
Information Ratio	-0.37	0.01
Tracking Error	7.03	7.06
R-Squared	14.34	22.71

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GLOSSARY

Alpha: Alpha measures the difference between a fund's actual returns and its expected returns given its risk level as measured by its beta. A positive alpha figure indicates the fund has performed better than its beta would predict. In contrast, a negative alpha indicates a fund has underperformed, given the expectations established by the fund's beta. Some investors see alpha as a measurement of the value added or subtracted by a fund's manager.
Annual Turnover Ratio: Percentage of a fund's holdings replaced with other holdings during a fund's most recent full fiscal year. A fund's fiscal year end can be found in a fund's current summary prospectus and/or prospectus.
Average Duration: Also known as 'effective' or 'Macaulay' duration it is a measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. It's an indication of an issue's coupon relative to its maturity. Rising interest rates mean falling bond prices; declining interest rates mean rising bond prices. The bigger the duration number, the greater the interest-rate risk; (or reward for bond prices). The weighted average duration of a fund reflects the effective duration of the underlying issues, based on the size of each holding. This value differs with 'Modified Duration' which is modified for the market (dirty) price of an issue.
Average Weighted Maturity: An estimate of the number of terms to maturity, taking the possibility of early payments into account, for the underlying holdings. The calculation uses the weighted average time to the receipt of all future cash flows for all holdings. Also known as 'average life' for fixed-term products. The weighted average maturity of a fund reflects the maturity of the underlying issues, based on the size of each holding.
Beta: A measure of the magnitude of a portfolio's past share-price fluctuations in relation to the ups and downs of the overall market (or appropriate market index). The market (or index) is assigned a beta of 1.00, so a portfolio with a beta of 1.20 would have seen its share price rise or fall by 12% when the overall market rose or fell by 10%.
Information Ratio: In investing terminology, the ratio of expected return to risk. Usually, this statistical technique is used to measure a manager's performance against a benchmark. This measure explicitly relates the degree by which an investment has beaten the benchmark to the consistency by which the investment has beaten the benchmark.
R-Squared: A measure of how much of a portfolio's performance can be explained by the returns from the overall market (or a benchmark index). If a portfolio's total return precisely matched that of the overall market or benchmark, its R-squared would be 100. If a portfolio's return bore no relationship to the market's returns, its R-squared would be 0.
Sharpe Ratio: To calculate a Sharpe ratio, an asset's excess returns (its return in excess of the return generated by risk-free assets such as Treasury bills) are divided by the asset's standard deviation.
Standard Deviation: A measure of the degree to which a fund's return varies from its previous returns or from the average of all similar funds. The larger the standard deviation, the greater the likelihood (and risk) that a security's performance will fluctuate from the average return.
Tracking Error: Measure of the deviation of the return of a fund compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment fund is managed, the smaller the tracking error.

Alpha, Beta, Information Ratio, R-Squared, and Tracking Error are measured against the Citigroup Non-U.S. World Government Bond Index.
For information related to the “Portfolio Characteristics” section, please see Explanatory Notes.

MARKET REVIEW

During the first quarter, yields broadly shifted lower across much of Europe, Asia ex Japan and the Americas. The yield on the 10-year US Treasury note decreased 50 basis points to 1.77%. Credit spreads generally narrowed across much of the world, with a few notable exceptions such as the eurozone.

A majority of currencies appreciated against the US dollar during the first quarter, despite enduring episodes of depreciation during the periods of market volatility in January and February. We continued to see a subset of emerging markets that we think has excellent value and better underlying fundamentals than markets have recently indicated, even with the recoveries in valuations during March. We selectively add to our strongest convictions in periods of volatility and believe that global market fundamentals will eventually re-emerge.

The Bank of Japan (BOJ) and the European Central Bank (ECB) continued with their quantitative easing (QE) programs during the quarter, and both central banks have indicated that they intend to expand their QE programs into 2017.

PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE

Performance Review

For the quarter, the fund's positive absolute performance was primarily attributable to currency positions, followed by interest-rate strategies. Sovereign credit exposures detracted from absolute results. On a relative basis, the fund's underperformance of its benchmark index was primarily due to currency positions, followed by interest-rate strategies and sovereign credit exposures.

Currency Analysis

Among currencies, positions in Asia ex Japan and Latin America contributed to absolute performance. However, the fund's net-negative positions in the euro and the Australian dollar detracted from absolute results, while its net-negative position in the Japanese yen had a largely neutral effect. On a relative basis, the fund's underweighted positions in the euro, the Japanese yen and the Australian dollar detracted from performance. However, overweighted currency positions in Asia ex Japan and Latin America contributed to relative results.

Duration Analysis

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

Sovereign Credit Analysis

As stated earlier, sovereign credit exposures detracted from absolute and relative performance during the quarter.

Portfolio Positioning

On the whole, we have continued to position our strategies for rising rates by maintaining low portfolio duration and aiming at a negative correlation with US Treasury returns. We have also continued to actively seek select duration exposures that can offer positive real yields without taking undue interest-rate risk, favoring countries that have solid underlying fundamentals and prudent fiscal, monetary and financial policies. When investing globally, investment opportunities may take time to materialize, which may require weathering short-term volatility as the longer-term investing theses develop. We have remained encouraged by what we regard as the vast set of fundamentally attractive valuations across the global bond and currency markets even as markets have distorted valuations in the near term. Currently, we favor currencies in countries where inflation is picking up and growth remains healthy, yet the local currency remains fundamentally undervalued.

Outlook & Strategy

The US Federal Reserve (Fed) passed on raising rates at its March meeting and indicated that rate hikes would likely be more gradual than previously envisioned, reducing the number of projected rate hikes for 2016 from four to two. Although market expectations for hikes have diminished, we continue to expect that the Fed will be forced to tighten sooner than market projections, given the strength of US labor markets and growing wage pressures.

Concerns for a systemic crisis across emerging markets in recent months appeared exaggerated, in our opinion; there are significant differences in individual countries across the asset class. Most commodity exporters and emerging markets with poor macroeconomic fundamentals remain vulnerable; however, several other countries have much stronger policy management and better underlying fundamentals.

A strengthening US economy, along with the likelihood for higher US interest rates, may increasingly magnify the fundamental differences between healthy and vulnerable economies. We anticipate that countries with relatively stronger fundamentals, such as Mexico, will likely be in a better position to potentially raise interest rates in conjunction with US interest-rate hikes. However, countries with relatively weaker fundamentals, such as Turkey and South Africa, are likely to be negatively impacted by interest-rate hikes.

Despite recent strength in the Japanese yen and the euro against the US dollar, we continue to expect these currencies to fundamentally depreciate against the dollar over the medium term as the Fed trends toward tightening policy while the BOJ and ECB continue to aggressively ease. The recent strength in the euro and yen against the US dollar appeared driven by rallies to perceived safe-haven currencies, as well as the uncertainties in US monetary policy, in our opinion.

Despite the recent volatility in China's equity markets, we believe growth in China is likely to remain within range of its current expansionary pace. Underlying conditions in the Chinese economy are fundamentally more stable than markets have recently indicated, in our assessment. Overall, China's economy is in a crucial stage of rebalancing, but we believe it is not at risk of collapsing. Some of the traditional engines of growth (e.g., manufacturing, real estate and local government spending) have stalled or contracted, but new engines of growth (e.g., the service sector and a new generation of private sector companies) are taking over. Although we may continue to experience volatility in the near term, we remain optimistic about China's outlook. Overall, we believe China will remain on course, with gross domestic product growth decelerating moderately toward the 6% mark over the next few years while the economy shifts toward consumption,

PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE (*CONTINUED)*

services and higher value-added manufacturing. The lower rate of growth still represents a massive level of global aggregate demand.

We continue to believe that an unconstrained global strategy is the most effective way to position for a rising-rate environment because it provides access to the full global opportunity set. Unconstrained strategies can adjust duration to any suitable level for prevailing interest-rate risks, which includes driving overall portfolio duration down to near zero while taking negative duration exposure to US Treasuries. We are also able to selectively add suitable duration exposures from specific emerging markets with relatively higher yields. The unconstrained nature of our strategies also provides flexibility to directionally position (long positions and short positions) across currency markets, which present a wide range of valuation opportunities during each phase of the investment cycle. We have used shorts of the euro and yen to guard against broad-based strengthening of the US dollar, while taking long positions in select emerging-market currencies that we view as having attractive longer-term valuations.

INVESTMENT PHILOSOPHY AND PROCESS

Investment Philosophy

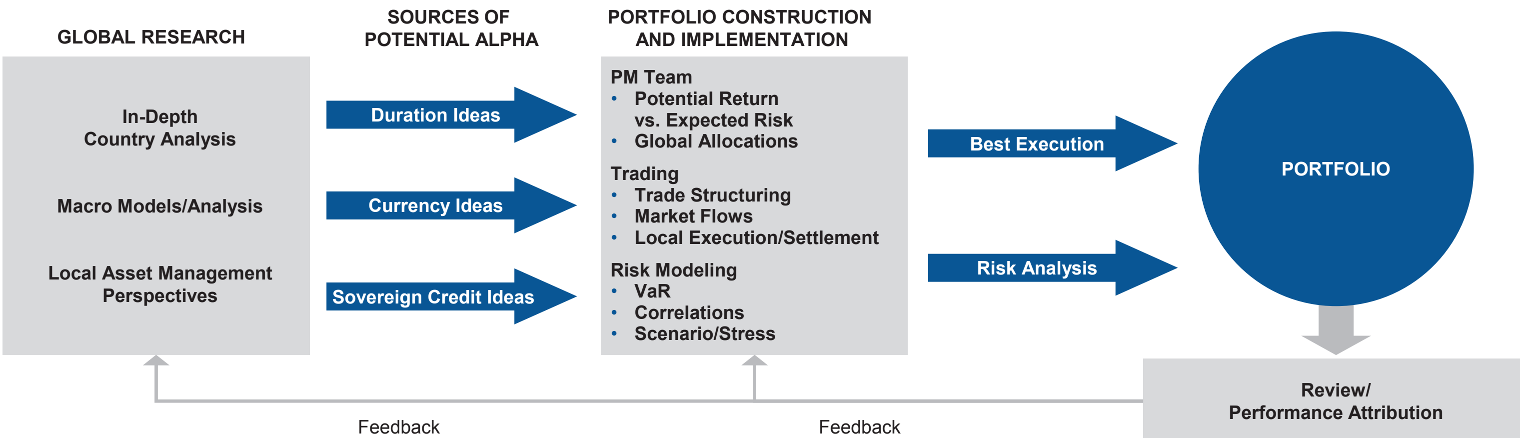
We believe that applying a fundamental, research-driven approach focused on identifying potential sources of total return (current income and capital appreciation) worldwide and seeking to capitalize on global interest rates and currency trends provides the best potential for solid risk-adjusted returns.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

Investment Strategy

Long-Term, Opportunistic Value Approach

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

Investment Process



INVESTMENT AND MANAGEMENT TEAM (AS OF 3/31/16)

Templeton International Bond Fund Management Team	Years with Firm	Years Experience
Michael Hasenstab, Ph.D., Chief Investment Officer	17	21
Sonal Desai, Ph.D., Director of Research	6	22
Franklin Templeton Fixed Income	**Number of Members**	**Average Years Experience**
Portfolio Managers	55	21
Portfolio Managers/Analysts	21	18
Research Analysts	62	13
Traders	13	19
Additional Resources		
Local Asset Management	Quantitative	Global Fixed Income

WHAT ARE THE RISKS

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

EXPLANATORY NOTES

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

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

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

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

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

FRANKLIN TEMPLETON INVESTMENTS

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