FRANKLIN TEMPLETON INVESTMENTS

Templeton Asian Growth Fund—Class A

PRODUCT PROFILE | FOURTH QUARTER 2013

FUND CHARACTERISTICS (AS OF 12/31/13)

NASDAQ Symbol	FASQX
Fund Inception Date	11/1/10
Dividends	Annually in December
Investment Style	International
Benchmark	MSCI All Country Asia ex-Japan Index
Morningstar Category™	US OE Pacific/Asia ex-Japan Stk
Total Net Assets—All Share Classes	12 million
Number of Issuers	28
Maximum Initial Sales Charge	5.75%

THIRD-PARTY FUND DATA

Overall Morningstar Rating™

Traditional

★

Load Waived

★★

As of December 31, 2013 the fund's Class A shares received a traditional 1 star overall Morningstar Rating™ and a load waived 2 star Morningstar Rating™, measuring risk-adjusted returns against 86 U.S.-domiciled US OE Pacific/Asia ex-Japan Stk funds over the 3- year period. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics.

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

Effective March 18, 2014, Templeton Asian Growth Fund is closed to new investors. Existing shareholders may continue to add money to their accounts until May 13, 2014. The fund will be liquidated on or about May 20, 2014.

FUND DESCRIPTION

The fund seeks long-term capital appreciation, by investing at least 80% of its net assets in securities of companies located in the Asia region (excluding Australia, New Zealand and Japan). For purposes of the fund's investments, Asia region companies are companies that are organized under the laws of, or with principal offices in the Asia region; companies whose principal trading markets are in Asia region countries; or derive at least 50% of their revenues from goods or services sold or produced in Asia region countries; or companies that have at least 50% of their assets in Asia region countries.

PERFORMANCE DATA

Average Annual Total Returns for Periods Ended December 31, 2013 (%)

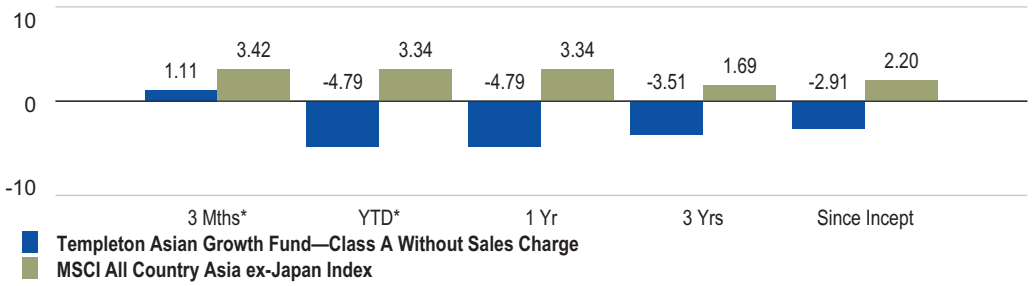
	3 Mths*	YTD*	1 Yr	3 Yrs	Since Incept (11/1/10)
With Sales Charge	-4.68	-10.22	-10.22	-5.40	-4.71
Without Sales Charge	1.11	-4.79	-4.79	-3.51	-2.91
MSCI All Country Asia ex-Japan Index	3.42	3.34	3.34	1.69	2.20

Total Annual Operating Expenses—*With Waiver:*1.67% *Without Waiver:*3.00%

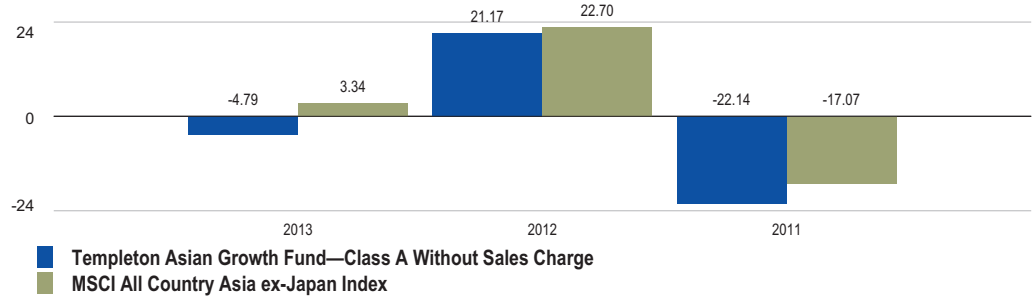
Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund's investment return and principal value will change with market conditions, and you may have a gain or a loss when you sell your shares. Please call Franklin Templeton Investments at (800) DIAL BEN/(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 July 1, 2014. 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 December 31, 2013 (%)



Calendar Year Returns As of December 31, 2013 (%)



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

*Cumulative Total Returns.

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

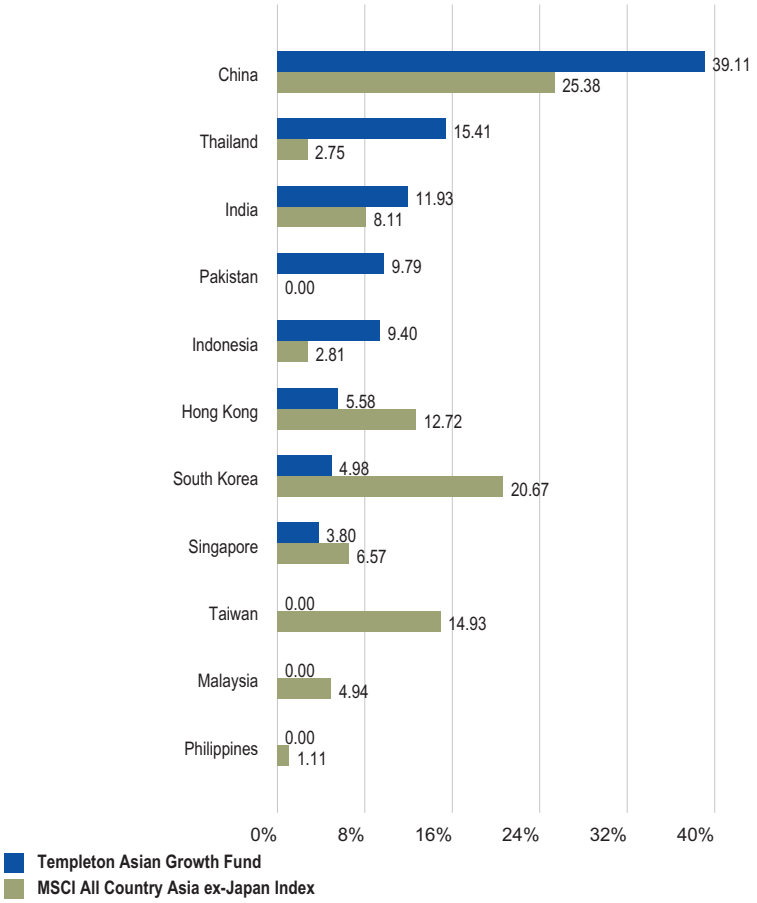
NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

PORTFOLIO DIVERSIFICATION (AS OF 12/31/13)

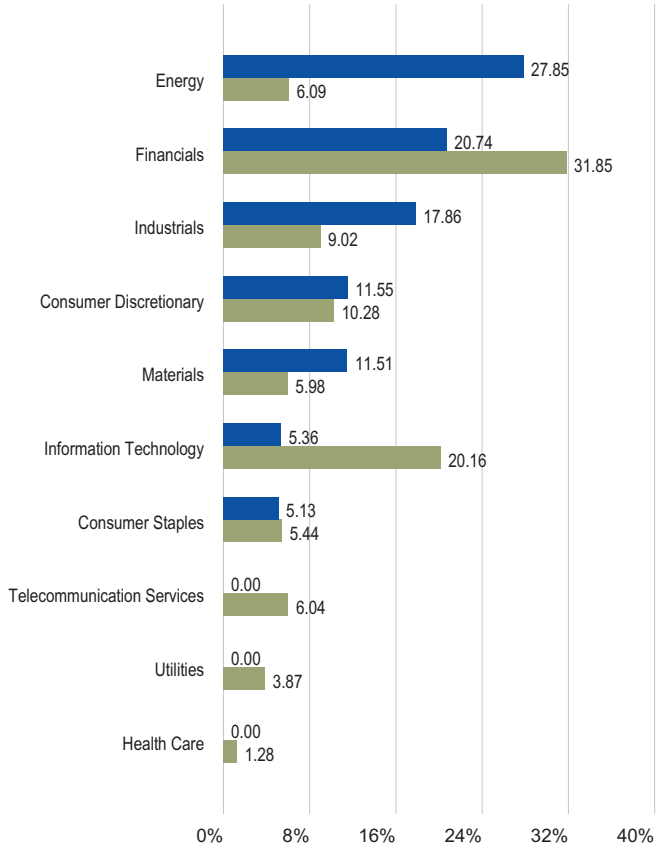
Top Ten Holdings

Issuer Name	Country	Industry	% of Total
1. MCB BANK LTD	Pakistan	Banks	5.90
2. SHENZHEN CHIWAN WHARF HOLDINGS LTD	China	Transportation	5.47
3. BRILLIANCE CHINA AUTOMOTIVE HOLDINGS LTD	China	Automobiles & Components	5.11
4. HYUNDAI DEVELOPMENT CO	South Korea	Capital Goods	4.94
5. CHINA MERCHANTS BANK CO LTD	China	Banks	4.71
6. RELIANCE INDUSTRIES LTD	India	Energy	4.59
7. TATA STEEL LTD	India	Materials	4.52
8. PETROCHINA CO LTD	China	Energy	3.89
9. OIL & GAS DEVELOPMENT CO LTD	Pakistan	Energy	3.80
10. SEMBCORP MARINE LTD	Singapore	Capital Goods	3.77
Total			**46.70**

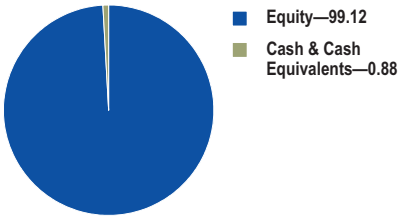
Geographic Weightings vs. Benchmark (% of Equity)



Sector Weightings vs. Benchmark (% of Equity)



Portfolio Allocation (%)



Largest Sector Contributors vs. MSCI All Country Asia ex-Japan Index

Sector	Total Effect (%)
Materials	0.70
Telecommunication Services	0.51
Consumer Discretionary	0.00
Health Care	-0.02
Utilities	-0.04

Smallest Sector Contributors vs. MSCI All Country Asia ex-Japan Index

Sector	Total Effect (%)
Energy	-1.48
Information Technology	-0.45
Financials	-0.44
Industrials	-0.32
Consumer Staples	-0.21

Contributor data shown is for the period 10/1/13 to 12/31/13

PORTFOLIO CHARACTERISTICS (AS OF 12/31/13)—Fund vs. MSCI All Country Asia ex-Japan Index

	Fund	Benchmark
Weighted Average Market Capitalization (Millions USD)	21,910	40,531
Median Market Capitalization (Millions USD)	6,701	4,798

Price to Earnings

	Fund	Benchmark
Weighted Average	11.55x	12.72x
Median	12.67x	15.37x

Price to Book Value

	Fund	Benchmark
Weighted Average	1.40x	1.54x
Median	1.70x	1.66x

Price to Cash Flow

	Fund	Benchmark
Weighted Average	6.99x	8.20x
Median	6.84x	10.40x

PERFORMANCE RISK STATISTICS - Class A

Modern Portfolio Theory (MPT) Statistics (As of 12/31/13)

Performance Risk Statistics	3 Years
Standard Deviation	18.84
Alpha	-4.89
Beta	0.96
Sharpe Ratio	-0.19
Information Ratio	-0.76
Tracking Error	6.85
R-Squared	86.92

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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.
Benchmark: An unmanaged group of securities whose overall performance is used as a standard to measure investment performance.
Beta: A measure of the magnitude of a portfolio's past share-price fluctuations in relation to the ups and downs of the overall market (or appropriate market index). The market (or index) is assigned a beta of 1.00, so a portfolio with a beta of 1.20 would have seen its share price rise or fall by 12% when the overall market rose or fell by 10%.
Information Ratio: In investing terminology, the ratio of expected return to risk. Usually, this statistical technique is used to measure a manager's performance against a benchmark. This measure explicitly relates the degree by which an investment has beaten the benchmark to the consistency by which the investment has beaten the benchmark.
Market Capitalization: A determination of a company's value, calculated by multiplying the total number of company stock shares outstanding by the price per share.
Price to Book Value (P/BV): The price per share of a stock divided by its book value (i.e., net worth) per share. For a portfolio, the ratio is the weighted average price/book ratio of the stocks it holds.
Price to Cash Flow (P/CF): Supplements price/earnings ratio as a measure of relative value; represents a weighted average of the price/cash flow ratios for the underlying fund holdings.
Price to Earnings (P/E): The share price of a stock, divided by its per-share earnings over the past year. For a portfolio, the weighted average P/E ratio of the stocks in the portfolio. P/E is a good indicator of market expectations about a company's prospects; the higher the P/E, the greater the expectations for a company's future growth in earnings.
R-Squared: A measure of how much of a portfolio's performance can be explained by the returns from the overall market (or a benchmark index). If a portfolio's total return precisely matched that of the overall market or benchmark, its R-squared would be 100. If a portfolio's return bore no relationship to the market's returns, its R-squared would be 0.
Sharpe Ratio: To calculate a Sharpe ratio, an asset's excess returns (its return in excess of the return generated by risk-free assets such as Treasury bills) are divided by the asset's standard deviation.
Standard Deviation: A measure of the degree to which a fund's return varies from its previous returns or from the average of all similar funds. The larger the standard deviation, the greater the likelihood (and risk) that a security's performance will fluctuate from the average return.
Tracking Error: Measure of the deviation of the return of a fund compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment fund is managed, the smaller the tracking error.

MARKET REVIEW

Global equity markets enjoyed a solid final quarter to 2013 as data in a number of developed economies--notably the US, the UK and the eurozone--showed a significant revival. Emerging markets also made progress, but concerns about the potential impact of a reduction in the US Federal Reserve's (Fed's) quantitative easing program pressured some markets, reducing the extent of the gains.

Within Asia, India was a strong performer. The appointment of a new governor of the Reserve Bank of India, Raghuram Rajan, was received warmly by investors, and his early actions proved effective in stabilizing sentiment on the rupee, such that the currency was able broadly to sustain its value in spite of interest rate cuts and renewed concerns about Fed "tapering." Sentiment on India also gained from strong corporate results and local elections that suggested a likely change of government at general elections scheduled for May 2014. China made progress as a positive reception for major reform proposals following the government's November plenary session offset worries about volatility in interbank lending markets and signs that economic growth momentum was easing somewhat. Malaysia, Taiwan, South Korea and Pakistan also made solid gains.

In contrast, Thailand lost ground as political unrest prompted precautionary selling of the market by foreign investors. In addition, Indonesia, the Philippines and Thailand experienced pressure from concerns about a reduction in capital flows due to Fed tapering, which sent their currencies lower.

Most sectors gained ground. Information technology (IT) was strong, particularly buoyed by gains for IT outsourcing and Internet services businesses. Very strong gains from gambling and leisure stocks boosted consumer discretionary. However, telecommunication services lost ground while energy, financials and consumer staples lagged.

PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE

Performance Review

Indian holdings were the main contributors to a modest gain for the fund in absolute terms. An Indian-based global steel business was a particularly strong performer as restructuring measures in Europe and India as well as benefits to competitiveness from rupee devaluation fed into much improved quarterly results. An IT services company moved sharply higher as the benefits of rupee weakness flowed into sales and earnings, while the IT outsourcing market appeared to gain buoyancy as the period progressed. An energy business also performed well after receiving permission to take advantage of recently announced higher domestic gas prices prices for the output of its existing wells as well as for new production.

Pakistan also contributed solidly as renewed IMF funding increased investor confidence in the market. An oil and gas business made strong progress on quarterly earnings gains, new finds and increased levels of assessed reserves while a banking operation also moved ahead.

China and Indonesia made small contributions on mixed stock performances. In China, a bank holding advanced following the Third Plenum's economic and social reform proposals, the financial aspects of which appeared to favor banking businesses with robust finances as well as substantial consumer and small and medium enterprise (SME) franchises. A luxury car maker made solid progress on strong sales data before seeing a degree of profit-taking in December. In contrast, some energy and commodity holdings drifted, affected by signs of easing economic momentum. Coal and iron ore miners and an oil and gas business that revealed some project delays were among larger detractors. In Indonesia, a mining equipment business gained ground on anticipation of improving customer demand moving into 2014, but a banking stock sank, affected by liquidity concerns and interest rate rises.

Thailand was the major detractor from absolute fund performance among countries. Nervousness about the developing political crisis prompted selling of the market, with domestic stocks and those with high foreign ownership hit particularly hard. Among fund holdings, a real estate business, an energy company and banking stocks were among the principal detractors from Thai performance. Elsewhere, Hong Kong, South Korea and Singapore each detracted to a small extent.

Among sectors, gains from Indian steel companies outweighed weaker returns for Chinese metal and mining businesses within materials. Chinese automobile stocks helped move consumer discretionary ahead. Indian IT services holdings boosted IT, while an Indonesian machinery business was the main contributor within industrials. In contrast, the financials sector detracted from absolute performance with weakness among Thai and Indonesian banks and real estate companies offsetting better returns from Chinese and Pakistani financials. Modest weakness for food retail and food products businesses depressed the consumer staples return, and mixed performances among energy stocks left the sector as a small detractor overall.

Portfolio Positioning

The fund's largest sector position in absolute terms during the fourth quarter was energy, followed by financials, industrials and consumer discretionary. The biggest country weighting was China, followed by Thailand and India. These positions resulted from our fundamentals-based, stock-by-stock investment research metrics and showed our major investment themes of rising consumer demand and long-term strength in commodities.

Outlook & Strategy

In our opinion, the outlook for Asian markets is favorable moving into 2014. We view the first moves toward normalization of US monetary policy as positive and reflecting a strengthening economic environment. Furthermore, with the Fed's tapering process intended to be very gradual and with Japan's quantitative easing measures still building, we think global liquidity is set to remain abundant. In Asia, we believe China's reform program and the move to a more market-based and entrepreneurial economy should be positive for equities over time. In India, a decisive result in May's general election could bring measures to free the economy from the bureaucratic constraints that have hampered growth in recent quarters. Political issues notwithstanding, Southeast Asian markets could begin to see the fruits of major investment in transport infrastructure across the region, drawing previously underdeveloped regions into the global economy. South Korea and Taiwan could both benefit from the increasingly robust demand trends across developed markets as well as their growing trade links with emerging Asia. In general, we believe that Asia's high growth, generally modest levels of government and private debt and ample foreign currency reserves could feed into long-term corporate earnings growth.

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

INVESTMENT PHILOSOPHY AND PROCESS

Templeton's approach is based on presence on the ground—a network of local offices, onsite company research visits, and more than a decade of pioneering new emerging markets and investment opportunities. The advantage in our process comes from our in-house investment research capabilities, the length of our track record, and the independence of the emerging markets team and process. Templeton's approach to the market is founded on three tenets: Value, Patience, and Bottom-Up stock selection.

Value

We seek companies trading at a substantial discount to what our research indicates the company may be worth.

Patience

Security prices can fluctuate more widely than underlying security values. In our opinion, market efficiencies should recognize and correct these security prices over time.

Bottom-Up

We identify value through rigorous fundamental analysis of a company's business to determine what we consider its economic worth to be based on future earnings potential, cash flow or asset value potential. Templeton's investment process involves five steps and is designed to add value for investors over the long term.

STEP 1
Identify stocks for potential purchase

STEP 2
Analyze securities

STEP 3
Evaluate securities with research team

STEP 4
Construct portfolio

STEP 5
Manage and maintain portfolio

INVESTMENT AND MANAGEMENT TEAM (AS OF 12/31/13)

Templeton Asian Growth Fund Management Team	Years with Firm	Years Experience
Mark Mobius, Ph.D.- Executive Chairman	26	46
Allan Lam	26	26
Dennis Lim	23	29
Tom Wu	26	28
Templeton Emerging Markets Management Team	**Years with Firm**	**Years Experience**
Mark Mobius, Ph.D.- Executive Chairman	26	46
Templeton Emerging Markets Team	**Number of Members**	**Average Years Experience**
Portfolio Managers/Analysts	8	27
Research Analysts	44	11

WHAT ARE THE RISKS

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 market countries 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. The fund may also experience greater volatility than a fund that is more broadly diversified geographically. Smaller company stocks have historically had more price volatility than large-company stocks, particularly over the short term. The fund is designed for the aggressive portion of a well-diversified portfolio. These and other risk considerations are discussed in the fund's prospectus.

EXPLANATORY NOTES

FUND CHARACTERISTICS

Number of Issuers: All portfolio holdings are subject to change. Holdings of the same issuer have been combined.

THIRD-PARTY FUND DATA

Morningstar Rating™: Source: Morningstar® 12/31/13. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance after adjusting for sales loads (except for load-waived A shares), redemption fees, and the risk free rate, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. Class A shares of Templeton Asian Growth Fund received a traditional Morningstar Rating of 1 star(s) for the 3-year period. Load-waived Class A shares of Templeton Asian Growth Fund received a Morningstar Rating of 2 star(s) for the 3-year period. The Morningstar Rating™ may differ among share classes of a mutual fund as a result of different sales loads and/or expense structure. **Past performance does not guarantee future results.** ©2014 Morningstar, Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

PERFORMANCE DATA

The fund offers other share classes subject to different fees and expenses, which will affect their performance.
Source for Index: FactSet. Indexes are unmanaged and one cannot invest directly in an index.
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All MSCI data is provided "as is." The Fund described herein is not sponsored or endorsed by MSCI. In no event shall MSCI, its affiliates or any MSCI data provider have any liability of any kind in connection with the MSCI data or the Fund described herein. Copying or redistributing the MSCI data is strictly prohibited.

PORTFOLIO DIVERSIFICATION

Top Ten Holdings: Holdings of the same issuer have been combined. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change. The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included. For updated information, call Franklin Templeton Investments at (800) DIAL BEN/(800) 342-5236 or visit franklintempleton.com.
Geographic/Sector Weightings: Weightings as percent of equity (unless otherwise noted). Percentage may not equal 100% due to rounding. Information is historical and may not reflect current or future portfolio characteristics.
Sector Weightings: Weightings as percent of equity (unless otherwise noted). Percentage may not equal 100% due to rounding. Information is historical and may not reflect current or future portfolio characteristics.
Largest/Smallest Sector Contributors: Total effect represents the opportunity cost of investment decisions in a group relative to overall benchmark.
Source for Index: FactSet. Indexes are unmanaged and one cannot invest directly in an index.

PORTFOLIO CHARACTERISTICS

The portfolio characteristics listed are based on the fund's underlying holdings, and do not necessarily reflect the fund's characteristics. Due to data limitations all equity holdings are assumed to be the primary equity issue (usually the ordinary or common shares) of each security's issuing company. This methodology may cause small differences between the portfolio's reported characteristics and the portfolio's actual characteristics. In practice, Franklin Templeton's portfolio managers invest in the class or type of security which they believe is most appropriate at the time of purchase. The market capitalization figures for both the portfolio and the benchmark are at the security level, not aggregated up to the main issuer. All portfolio holdings are subject to change.
Source: FactSet. For the portfolio, the Price to Earnings, Price to Cash Flow, and Price to Book Value calculations for the weighted average use harmonic means. Values less than 0.01 (i.e., negative values) are excluded and values in excess of 200x are capped at 200x. For the benchmark, no limits are applied to these ratios in keeping with the benchmark's calculation methodology. Market capitalization statistics are indicated in the base currency for the portfolio presented.

FRANKLIN TEMPLETON INVESTMENTS

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

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