FRANKLIN TEMPLETON

Templeton Global Bond Fund

Advisor Class: TGBAX Class A: TPINX | **Commentary | as of June 30, 2026**

Key Takeaways

- **Markets:** Global growth data released during the second quarter of 2026 painted a generally resilient picture despite the ongoing war in the Middle East, although the euro area remained a pocket of weakness. Inflation rates were mostly higher, partly as the effects of higher energy prices related to the war fed into the data. The US dollar (USD) rose modestly over the quarter, supported by a more hawkish view of US policy rates. The US Federal Reserve kept the fed funds rate unchanged over the quarter, although its tone turned more hawkish at its June meeting, while a number of other developed market central banks raised policy rates, including the European Central Bank and the Bank of Japan. In bond markets, sovereign bond yields showed mixed performance during the quarter. Yields in the United States and Japan rose, while most other developed market sovereign bond yields were lower. The US 10-year Treasury note's yield rose by 15 basis points to 4.47% over the period. Emerging market (EM) sovereign bond yields also fell across most regions during the period.
- **Overall Contributors:** Interest-rate strategies contributed to absolute fund performance, as did sovereign credit exposures.
- **Overall Detractors:** The fund's position in the Japanese yen detracted from absolute fund results.
- **Outlook:** We maintain our thesis that global rewiring is underway and expect global relations to continue shifting and realigning for some time yet.

Fund Characteristics	Fund
Distribution Frequency	Monthly

Performance Review

- **Interest-Rate Strategies:** Developed markets sovereign bond yields showed mixed results during the quarter, while EM bond yields largely fell. Duration exposures in South Africa, Australia and Colombia contributed to absolute fund performance. We aim at a relatively high overall portfolio yield by holding higher-yielding local-currency positions in specific EMs.
- **Credit:** EM debt indexes rose overall during the period. USD-denominated sovereign credits contributed to absolute fund return.
- **Currencies:** The USD saw modest gains over the quarter. The fund's position in the Japanese yen detracted from absolute results, while its position in the Mexican peso contributed. We believe the USD remains overvalued against a number of currencies.
- **Positioning:** In local-currency positions, we hold select countries in both developed markets and EMs. Our currency positions focus on potential upside based on our assessment of long-term undervaluation against the USD. These countries historically have had robust balances of payments and growth fundamentals. In bonds, we hold positions in countries where we identify supportive fundamentals. These might cover a range of factors, such as inflation and interest-rate outlooks, fiscal progress and other economic reforms, and/or anticipated economic benefits from reshoring or other deeper integration into the global economy. Our main local currency exposures at present include Japan, Australia, Mexico, Malaysia, India, Brazil and South Africa. We hold net-negative positions against the Chinese yuan, which has been providing positive carry and which we view as a macro hedge, and against the Thai baht, which we see as particularly vulnerable to current conditions.

Outlook

- Uncertainty about growth and inflation stemming from the US-Iran conflict has dominated the conversation about the global economic outlook and we are closely monitoring the latest developments. The International Monetary Fund's (IMF) April World Economic Outlook notched a modest downgrade to global growth on the assumption that the conflict remains limited in duration and scope and once again predicts that EMs will outperform advanced economies. (There is no assurance that any projection, estimate or forecast will be realized.)
- As energy effects from the Middle East conflict spill over into inflation and growth, we see central banks responding, but different countries emphasize different parts of the growth/inflation trade-off on policy. Some countries may yet ease further due to idiosyncratic factors, but it appears most are set to pause or tighten. A number of countries have already raised rates this year.
- The global fiscal outlook remains a structural concern, particularly among core developed markets, though some EMs' debt metrics have worsened as well. Consequently, we remain wary of longer-term bonds, which we would expect to bear the brunt of the implications of fiscal loosening.
- We maintain the view that the USD is broadly overvalued. We expect further depreciation over the medium term, though we concede that there may still be some shorter-term USD strength around the current Middle East conflict.
- At present, our core regional views remain unchanged, though we are monitoring the effects of the war and individual country sensitivities. We see value in specific countries within the Asia-Pacific region and Latin America. In Asia, we generally focus on countries with positive fundamentals and undervalued currencies, as well as those we expect to be more insulated from tariff effects. We are cognizant of potential energy shock effects and are monitoring these. In Latin America, we favor countries with prudent macroeconomic policies, including those where central banks have proved to be independent and proactive, relatively high yields and undervalued currencies.

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns and fund expenses (%) - as of June 30, 2026

			Without Sales Charge							With Maximum Sales Charge							Expenses		Sales Charges		Inception
Class	CUSIP	Ticker	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	Gross	Net	Initial Charge	CDSC	Date
Advisor Class	880208400	TGBAX	2.83	2.15	4.80	3.11	-0.08	0.44	5.75	2.83	2.15	4.80	3.11	-0.08	0.44	5.75	0.80	0.77	—	—	9/18/1986
Class A	880208103	TPINX	2.60	2.01	4.51	2.83	-0.34	0.17	5.54	-1.20	-1.84	0.58	1.52	-1.09	-0.21	5.44	1.05	1.02	3.75	—	9/18/1986
Benchmark	—	—	0.68	-0.38	-0.11	2.50	-2.66	-0.52	—	0.68	-0.38	-0.11	2.50	-2.66	-0.52	—	—	—	—	—	—

Benchmark(s)

Benchmark =FTSE World Government Bond Index

Performance data quoted represents past performance, which does not guarantee future results. *Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Returns with sales charge reflect a deduction of the stated maximum sales charge. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. Returns for periods of less than one year are not annualized. All classes of shares may not be available to all investors or through all distribution channels. For current month-end performance, please visit franklintempleton.com.*

The fund began offering Advisor Class shares on 1/2/1997. Performance quotations have been calculated as follows: (a) for Advisor Class periods prior to 1/2/1997, a restated figure is used based on the fund's Class A performance. The performance was adjusted to take into account differences in class-specific operating expenses and maximum sales charges. (b) For periods after share class offering, performance for the specific share class is used, reflecting the expenses and maximum sales charges applicable to that class.

Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 04/30/2027 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice.

What are the Risks?

All investments involve risks, including possible loss of principal. Derivative instruments can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance. **Liquidity risk** exists when securities or other investments become more difficult to sell, or are unable to be sold, at the price at which they have been valued. **International investments** are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets. Fixed income securities** involve interest rate, credit, inflation and reinvestment risks, and possible loss of principal. As interest rates rise, the value of fixed income securities falls. **Low-rated, high-yield bonds** are subject to greater price volatility, illiquidity and possibility of default. The portfolio is, or could become, **non-diversified** and may invest in a relatively small number of issuers, which may negatively impact the performance and result in greater fluctuation in value. Changes in the **credit rating** of a bond, or in the credit rating or financial strength of a bond's issuer, insurer or guarantor, may affect the bond's value. **Active and frequent trading** may increase a shareholder's tax liability and transaction costs. The manager may consider **environmental, social and governance (ESG) criteria** in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. These and other risks are discussed in the fund's prospectus.

Glossary

A **basis point (bp, or bps)** is one one-hundredth of one percent (1/100% or 0.01%).

Duration is a measure of the sensitivity of a bond's price to changes in interest rates.

Important Information

The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or fund. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of the date of this material and may change without notice. A portfolio manager's assessment of a particular security, investment or strategy is not intended as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy; it is intended only to provide insight into the fund's portfolio selection process. Holdings are subject to change.

The **FTSE World Government Bond Index** ("WGBI") measures the performance of fixed-rate, local-currency, investment-grade sovereign bonds. The WGBI currently comprises sovereign debt from multiple countries, denominated in a variety of currencies. The WGBI provides a broad benchmark for the global sovereign fixed income market.

Source: FTSE.

Important data provider notices and terms available at www.franklintempletondatasources.com. All data is subject to change.

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Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, or summary prospectus, if available, at www.franklintempleton.com. Please read it carefully.

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