FRANKLIN TEMPLETON

Templeton Global Bond Fund

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

Key Takeaways

- **Markets:** Global growth data released during the third quarter of 2026 continued to paint a generally resilient picture despite the ongoing war in the Middle East and lingering trade-related uncertainty. Inflation outcomes were mixed in direction, but inflation remains above target in many developed markets, and some emerging markets' (EM) inflation rates are showing the effects of higher energy prices. The renewed surge in oil prices over the quarter has kept energy risks to inflation at the forefront. The US dollar (USD) rose modestly over the quarter, partly supported by a more hawkish US Federal Reserve (Fed). Currency performance against the USD was mixed across both developed and emerging markets. The Fed, the European Central Bank and the Bank of Japan all raised policy rates over the quarter, as did some other developed markets. A handful of EM central banks also raised interest rates, although many kept policy unchanged during the period. In bond markets, sovereign bond yields rose in most countries during the period, reaching multi-year highs in the United States, Japan and the euro area. The US 10-year Treasury note yield rose 82 basis points to 5.29%, its highest level since mid-2007. EM sovereign credit came under pressure from both higher bond yields and widening spreads over the quarter.
- **Contributors:** Currency positions contributed to absolute fund performance.
- **Detractors:** Interest-rate strategies detracted from absolute fund results.
- **Outlook:** Despite the current geopolitical backdrop, our thesis of "global rewiring" remains intact, and we expect global relations to continue shifting and realigning for some time yet. We expect select EMs to benefit from these realignments.

Fund Characteristics	Fund
Distribution Frequency	Monthly

Performance Review

- **Currencies:** The USD saw modest gains over the third quarter. Positions in the South Korean won and Japanese yen contributed to absolute fund performance. We believe the USD remains overvalued against a number of currencies.
- **Interest-Rate Strategies:** Sovereign bond yields rose across most markets during the period. Duration exposures in the United States and Australia detracted from absolute fund results, while duration exposure in Brazil contributed. We hold bond positions in countries where we identify supportive fundamentals.
- **Credit:** EM sovereign credit came under pressure from both higher bond yields and widening spreads over the quarter. The fund's sovereign credit exposures had a largely neutral effect on returns.
- **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. A number of 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. We aim for a relatively high overall portfolio yield by holding higher-yielding, local-currency positions in specific EMs that we view as having attractive risk-adjusted yields. Taking all these factors into account, our main local currency exposures at present include Japan, Australia, Brazil, Malaysia, India, South Africa and South Korea. In hard-currency-denominated sovereign credit positions, we favor EMs with improving fundamentals and policy responses. We always closely monitor idiosyncratic factors in different countries to identify relative valuation opportunities. We remain highly selective at the sovereign level, given significant variations in economic fundamentals and policy responses, particularly under current circumstances.

Outlook

- We continue to closely monitor developments in the ongoing Middle East conflict, and the risks posed to the global growth and inflation outlook. The International Monetary Fund (IMF), in its latest growth outlook, noted a likely uneven set of growth outcomes, with the conflict weighing on oil importers and vulnerable economies but artificial intelligence-driven demand supporting countries that are well-integrated into the global technology value chain. We highlight that the latter grouping includes a number of EMs. In general, the IMF continues to project EMs growing faster than developed markets.
- The global fiscal outlook remains one of our key structural concerns, 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. In our view, the recent US debt buyback announcement is not sufficient to offset these concerns without an underlying significant fiscal adjustment.
- The global monetary policy cycle has shifted into a tighter cycle, even if not all countries have started raising rates yet. A handful of countries may yet ease further due to idiosyncratic factors, but it appears most are set to pause or tighten. Significant uncertainty remains around the extent to which hiking cycles may go, given the current global and geopolitical situation.
- We continue to regard the USD as broadly overvalued, despite some current support from the geopolitical backdrop and tighter Fed policy. We expect further depreciation over the medium term. We believe the shift into EM assets is a recognition both of their structural improvements and greater role in the world economy, rather than just a cyclical opportunity. Cyclically, we note that with a number of other countries already raising or set to raise rates, relative interest rate differentials may be less favorable for the USD going forward.
- At present, our core regional views remain largely unchanged, though we continue to monitor the effects of the Middle East conflict 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, those we expect to be more insulated from tariff effects and countries that have exposure to the global tech supply chain. We are cognizant of

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potential energy shock effects and are monitoring these. In Latin America, we favor countries with prudent macroeconomic policies, relatively high yields and undervalued currencies.

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Average annual total returns and fund expenses (%) - as of September 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	0.48	2.64	3.17	5.14	0.40	0.62	5.73	0.48	2.64	3.17	5.14	0.40	0.62	5.73	0.80	0.77	—	—	9/18/1986
Class A	880208103	TPINX	0.41	2.43	2.88	4.84	0.14	0.35	5.52	-3.39	-1.43	-0.96	3.51	-0.62	-0.03	5.42	1.05	1.02	3.75	—	9/18/1986
Benchmark	—	—	-2.43	-2.80	-2.70	3.15	-2.90	-0.80	—	-2.43	-2.80	-2.70	3.15	-2.90	-0.80	—	—	—	—	—	—

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%).

A **buyback** is the repurchase of outstanding shares (repurchase) by a company in order to reduce the number of shares on the market.

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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