

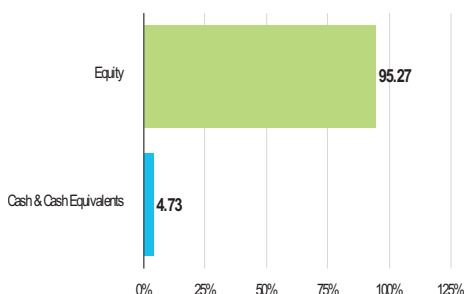
**Product Profile**
**Product Details<sup>1</sup>**

Fund Assets	\$64,198,811.97
Fund Inception Date	10/14/2008
Number of Issuers	59
NASDAQ Symbol	FFRZX
Maximum Sales Charge	0.00
Investment Style	Blend
Benchmark	MSCI Frontier Markets Index
	MSCI Frontier Emerging Markets Select Countries Capped Index
Lipper Classification	Emerging Markets Funds
Morningstar Category™	Diversified Emerging Mkts
Dividend Frequency	Annually

Effective May 31, 2017, Templeton Frontier Markets Fund re-opened to new investors.

**Asset Allocation<sup>2</sup>**

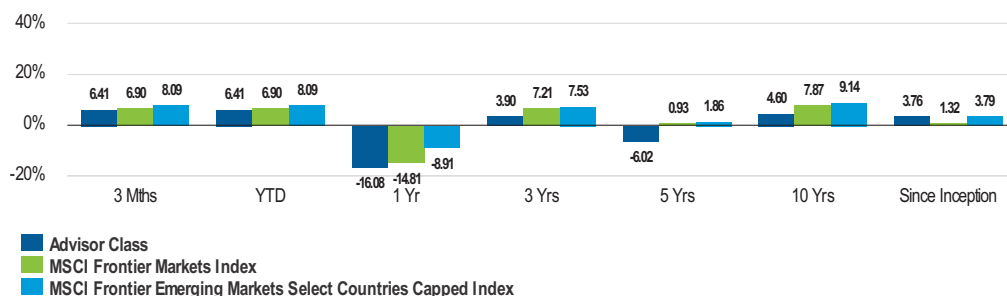
Percent of Total


**Fund Description**

Templeton Frontier Markets Fund seeks long-term capital appreciation by normally investing at least 80% of its net assets in securities of companies located in “frontier market countries”—which, in general, are a sub-set of those currently considered to be developing by the World Bank, the International Finance Corporation, the United Nations, or the countries’ authorities, or countries with a stock market capitalization of less than 3% of the MSCI World Index.

**Performance Data<sup>3</sup>**
**Average Annual Total Returns<sup>4</sup> (%)**

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (10/14/2008)
Advisor Class	6.41	6.41	-16.08	3.90	-6.02	4.60	3.76
MSCI Frontier Markets Index	6.90	6.90	-14.81	7.21	0.93	7.87	1.32
MSCI Frontier Emerging Markets Select Countries Capped Index	8.09	8.09	-8.91	7.53	1.86	9.14	3.79


**Total Annual Operating Expenses—With Waiver: 1.76% Without Waiver: 2.06%**

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/342-5236 or visit [franklintempleton.com](http://franklintempleton.com) for the most recent month-end performance.

Advisor Class shares are offered only to certain eligible investors as stated in the prospectus. They are offered without sales charges or Rule 12b-1 fees. The fund offers other share classes subject to different fees and expenses, which will affect their performance. Please see the prospectus for details.

The fund has an expense reduction and a fee waiver associated with any investments it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 07/31/2019. Fund investment results reflect the expense reduction and fee waiver; without these reductions, the results would have been lower.

1. All holdings are subject to change. Holdings of the same issuers have been combined.
2. Information is historical and may not reflect current or future portfolio characteristics. Percentage may not equal 100% due to rounding. All holdings are subject to change.
3. 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.
4. Periods shorter than one year are shown as cumulative total returns.

## Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Advisor Class	-20.43	23.11	5.22	-21.85	-14.96	17.25	25.38	-18.65	18.97	44.09
MSCI Frontier Markets Index	-16.20	32.32	3.16	-14.07	7.21	26.32	9.25	-18.38	24.24	11.72
MSCI Frontier Emerging Markets Select Countries Capped Index	-12.71	29.11	5.18	-15.51	8.28	14.71	18.32	-17.91	24.73	27.93

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Portfolio Manager Insight<sup>5</sup>

## Performance Review

## QUARTERLY KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
Helped	InRetail Peru Corp.	Communication Services (Stock Selection)	Morocco (Lack of Exposure)
	Global Telecom Holding S.A.E.	Materials (Stock Selection, Underweight)	Colombia (Off-benchmark Exposure)
	DHG Pharmaceutical Joint Stock Company	Utilities (Lack of Exposure)	Peru (Off-benchmark Exposure)
Hurt	Hatton National Bank PLC	Real Estate (Underweight)	Vietnam (Stock Selection)
	Binh Minh Plastics JSC	Financials (Stock Selection)	Kuwait (Stock Selection, Underweight)
	BBVA Banco Frances SA Sponsored ADR	Information Technology (Stock Selection, Underweight)	Bahrain (Lack of Exposure)

- Vietnam-based Binh Minh Plastics was held back by a drop in its quarterly earnings as margins declined. Nonetheless, Binh Minh continues to be one of the largest suppliers of industrial plastic pipes and fittings in its home market, and we view it as a well-run company with healthy long-term prospects in a fast-developing country.
- Argentina-based BBVA Banco Frances fell amid a broad downturn in the country's stock market. Weakness in the peso, as well as domestic political and economic concerns, weighed on market sentiment. Short-term headwinds aside, BBVA remains one of Argentina's leading banks, and we believe it is anchored by a strong retail franchise.
- Conversely, InRetail Peru rallied. The supermarket, pharmacy and shopping mall operator posted a surge in its quarterly earnings following its acquisition of a pharmaceutical distributor. The multi-format retailer has a dominant presence in Peru, and we believe it is well-positioned to benefit from the country's economic growth.

## Outlook &amp; Strategy

- Continued economic growth, increased risk appetite and the availability of compelling investment opportunities in frontier markets have been key drivers of the asset class recently. This trend could continue, supported by indications that the US Federal Reserve might no longer raise interest rates in 2019.
- Our longer-term outlook for frontier markets remains constructive. We expect their economic development to be supported by favorable demographics, ongoing reforms and increasing investments in infrastructure, education, agriculture and manufacturing. Growing urbanization and rising incomes are also tailwinds for consumer spending in these markets.
- A large part of the fund is focused on the banking and consumer-related industries. Banking penetration remains low in many frontier markets and we consider good-quality lenders as potential beneficiaries of economic expansion. Meanwhile, growing domestic demand has created opportunities for food and consumer goods retailers to increase their market penetration.
- In our view, frontier markets are a potential source of diversification for global investors. The asset class is large and diverse, comprising companies that tend to be more influenced by local economic drivers than global developments. As long-term investors, we continue to focus on companies that demonstrate sustainable earnings power and trade at a discount relative to their intrinsic value and other investments available in the market.

5. 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.

**Portfolio Characteristics**<sup>6,7,8</sup>

	Portfolio	MSCI Frontier Markets Index
Price to Earnings (12-Month Trailing)	12.58x	13.30x
Price to Book	1.81x	1.83x
Price to Cash Flow	6.97x	9.59x
Market Capitalization (Millions in USD)	7,097	6,962

**Portfolio Diversification****Top Ten Holdings**<sup>9</sup>

Percent of Total

Top Holdings	Sector	Country	%
NATIONAL BANK OF KUWAIT SAKP	Banks	Kuwait	6.37
YPF SA	Energy	Argentina	3.81
GLOBAL TELECOM HOLDING SAE	Telecommunication Services	Egypt	3.47
BDO UNIBANK INC	Banks	Philippines	3.18
INRETAIL PERU CORP	Food & Staples Retailing	Peru	3.17
HUMAN SOFT HOLDING CO KSC	Consumer Services	Kuwait	2.64
SAMBA FINANCIAL GROUP	Banks	Saudi Arabia	2.62
INTERNATIONAL CONTAINER TERMINAL SERVICES INC	Transportation	Philippines	2.40
AL RAJHI BANK	Banks	Saudi Arabia	2.38
METROPOLITAN BANK & TRUST CO	Banks	Philippines	2.36

6. 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. Source: Factset. Price ratio calculations for weighted average use harmonic means. Any exceptions to this are noted. Information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change.

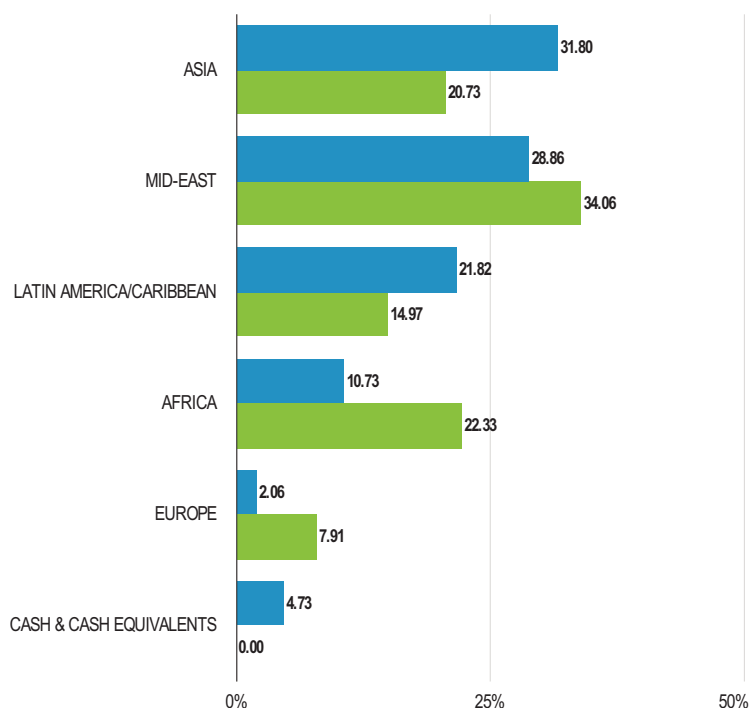
7. Source: FactSet. Price ratio calculations for weighted average use harmonic means. Any exceptions to this are noted.

8. 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.

9. Holdings of the same issuers have been combined. Top ten holdings information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change. The information provided is not a recommendation to purchase, sell, or hold any particular security. The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included.

**Geographic Weightings vs. MSCI Frontier Markets Index<sup>10,11</sup>**

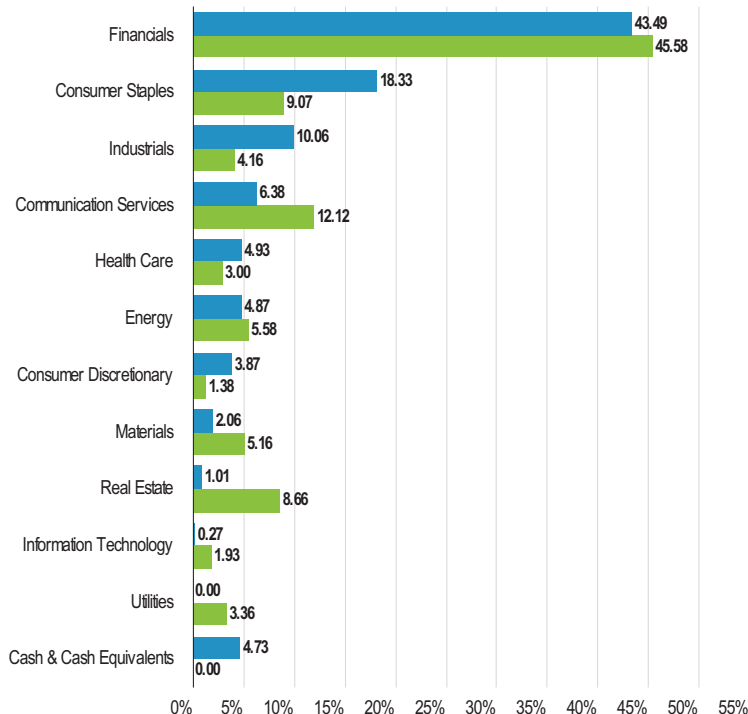
Percent of Total



■ Templeton Frontier Markets Fund  
■ MSCI Frontier Markets Index

**Sector Weightings vs. MSCI Frontier Markets Index<sup>12,13</sup>**

Percent of Total



■ Templeton Frontier Markets Fund  
■ MSCI Frontier Markets Index

**Supplemental Performance Statistics**

**Supplemental Risk Statistics<sup>14,15</sup>**

	3 Yrs	5 Yrs	10 Yrs
Standard Deviation (%)	12.76	14.21	14.60
Tracking Error (%)	9.51	8.72	8.63
Information Ratio	-0.35	-0.80	-0.38
Beta	0.80	0.94	0.85
Sharpe Ratio	0.21	-0.48	0.29

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**Investment Philosophy**

- We believe that stock prices are primarily driven by the ability of companies to sustain profitability and earnings power in the long run.
- Companies' economic value creation can be temporarily mispriced due to factors such as market noise, short-term focused behavior and/or information gaps.
- Alpha can be generated over time by having the insights, skill and a repeatable process to identify and invest in securities which have sustainable earning power at a discount to their intrinsic worth.

**Investment Process**

FTEME seeks to deliver EM investment excellence through a bottom-up, research focused, long-term oriented approach to EM investing:

- Bottom up/Research focused: we conduct independent and rigorous research customized to the dynamics of the individual markets we invest in.

10,12. Information is historical and may not reflect current or future portfolio characteristics. Percentage may not equal 100% due to rounding. All holdings are subject to change.

11,13. 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.

14. Beta, Information Ratio and Tracking Error information are measured against the MSCI Frontier Markets Index.

15. Information Ratio is a way to evaluate a manager's ability to outperform a benchmark in relation to the risk that manager is assuming, with risk defined as deviation from the benchmark. This measure is calculated by dividing the portfolio's excess return (portfolio return less the benchmark return) by the tracking error (derived by taking the standard deviation of the monthly differences between the portfolio return and the benchmark return over time).

- Long-term oriented: we focus on a horizon of 3-5 years when evaluating businesses and managements.

## Investment Team

Portfolio Manager	Years with Firm	Years Experience
Ahmed Awny, CFA, Senior Vice President	12	21
David Haglund, Senior Vice President	11	14
Bassel Khatoun, Managing Director, Director of Portfolio Management, Frontier and MENA	12	16
Additional Resources		
Global Trading Platform	Investment Risk Management Group	

**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. Market capitalization is expressed in millions of USD.

**Price to Book Value:** The price per share of a stock divided by its book value (i.e., net worth) per share. For a portfolio, the value represents a weighted average of the stocks it holds.

**Price to Cash Flow:** Supplements price/earnings ratio as a measure of relative value for a stock. For a portfolio, the value represents a weighted average of the stocks it holds.

**Price to Earnings (12-mo Trailing):** The share price of a stock, divided by its per-share earnings over the past year. For a portfolio, the value represents a weighted average of the stocks it holds.

**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 returns vary from the average of its previous returns. The larger the standard deviation, the greater the likelihood (and risk) that performance will fluctuate from the average return.

**Tracking Error:** Measure of the deviation of the return of a product compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment is managed, the smaller the tracking error.

**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 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. To the extent the fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, it may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. The fund's ability to invest in smaller company securities that may have limited liquidity involves additional risks, such as relatively small revenues, limited product lines and small market share. 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.

**Important Legal Information**

*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/342-5236 or visit [franklintempleton.com](http://franklintempleton.com). Please carefully read a prospectus before you invest or send money.*

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One Franklin Parkway  
San Mateo, CA 94403-1906  
(800) DIAL BEN/342-5236  
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