FRANKLIN TEMPLETON INVESTMENTS

Templeton Global Total Return Fund—Advisor Class

PRODUCT PROFILE FOURTH QUARTER 2013

FUND CHARACTERISTICS (AS OF 12/31/13)

NASDAQ Symbol	TTRZX
Fund Inception Date	9/30/08
Dividends	Monthly
Benchmark	Barclays Multiverse Index
Lipper Classification	Global Income Funds
Morningstar Category™	US OE World Bond
Total Net Assets—All Share Classes	8,275 million
Number of Holdings	593
Maximum Initial Sales Charge	None

THIRD-PARTY FUND DATA

Overall Morningstar Rating™

★★★★★

As of December 31, 2013 the fund's Advisor Class shares received a 5 star overall Morningstar Rating™, measuring risk-adjusted returns against 268 and 217 U.S.-domiciled US OE World Bond funds over the 3- and 5-year periods, respectively. 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.

FUND DESCRIPTION

The fund seeks total investment return consisting of a combination of interest income, capital appreciation and currency gains. The fund is a multi-sector global bond fund designed to capitalize on fixed income opportunities around the world. Although the fund has no restrictions on its holdings of non-investment grade securities, the fund will typically invest between 0% and 50% of the portfolio in non-investment grade debt.

PERFORMANCE DATA

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

	3 Mths*	YTD*	1 Yr	3 Yrs	5 Yrs	Since Incept (9/30/08)
Templeton Global Total Return Fund—Advisor Class	3.27	3.81	3.81	7.06	11.93	12.52
Barclays Multiverse Index	-0.25	-2.19	-2.19	2.67	4.36	5.04

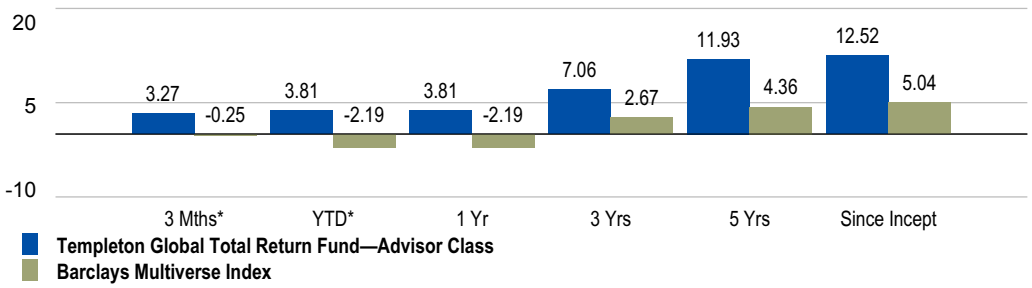
Total Annual Operating Expenses—*With Waiver:* *0.76%* ***Without Waiver:*** *0.78%*

30-Day Standardized Yield (As of 12/31/13)—With Waiver: 3.38% Without Waiver: 3.34%

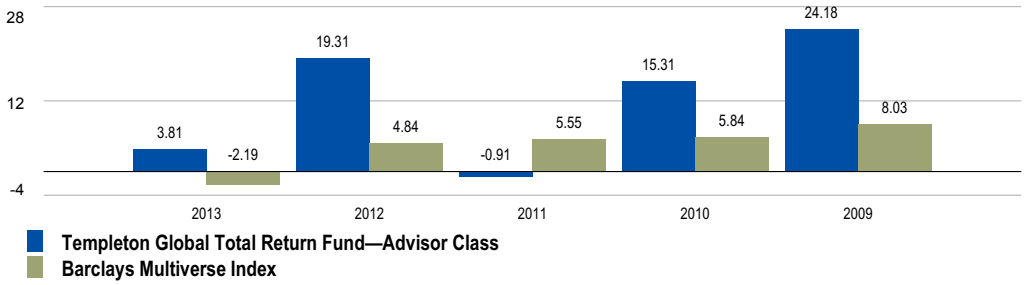
Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund's investment returns and principal values will change with market conditions, and you may have a gain or a loss when you sell your shares. Please call Franklin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

The fund has a fee waiver associated with its investments in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year end. Fund investment results reflect the fee waiver; without this reduction, the results would have been lower.

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



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



Advisor Class shares are only offered to certain eligible investors as stated in the prospectus. They are offered without sales charges or Rule 12b-1 fees.

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.

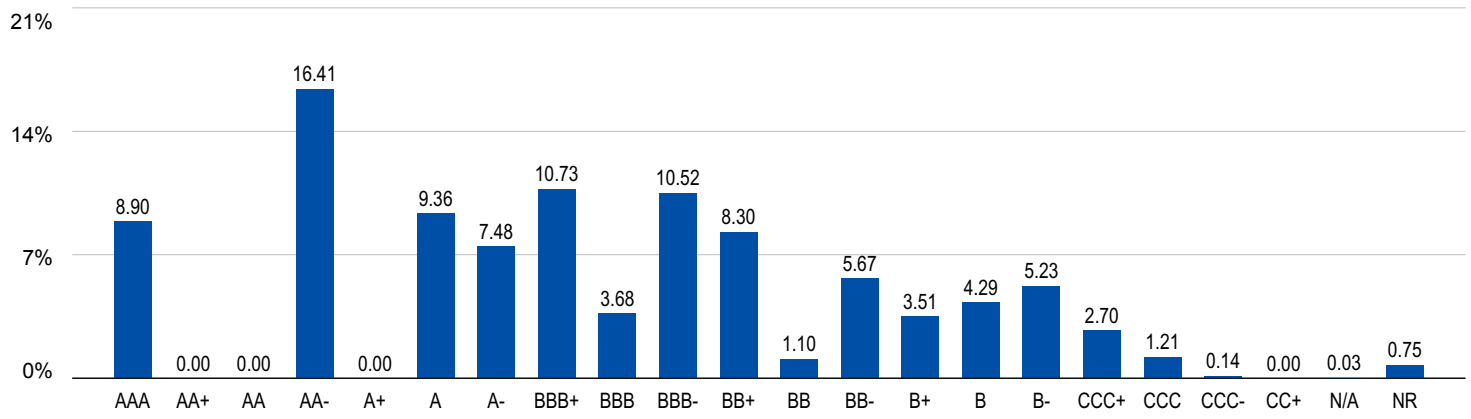
*Cumulative Total Returns.

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

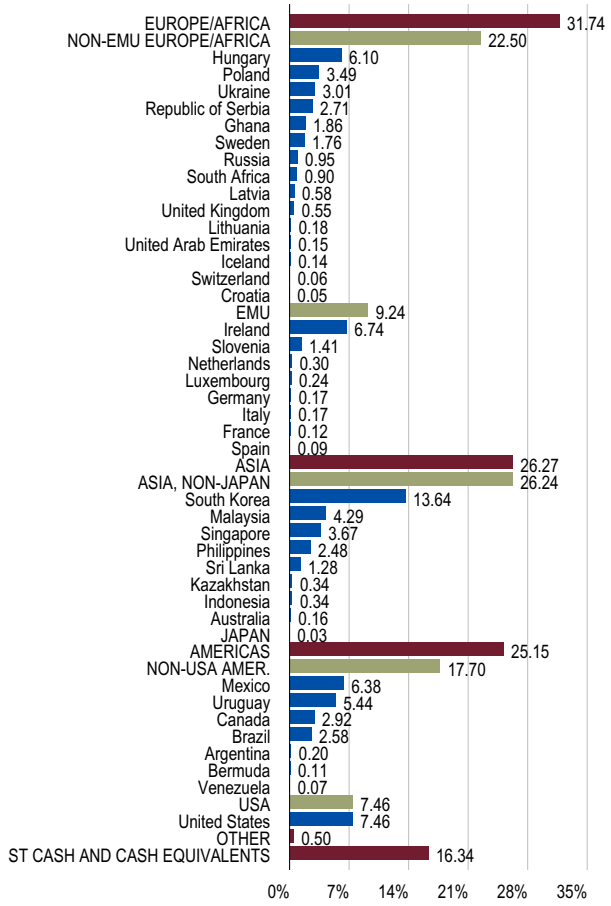
NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

PORTFOLIO DIVERSIFICATION (AS OF 12/31/13)—Fund

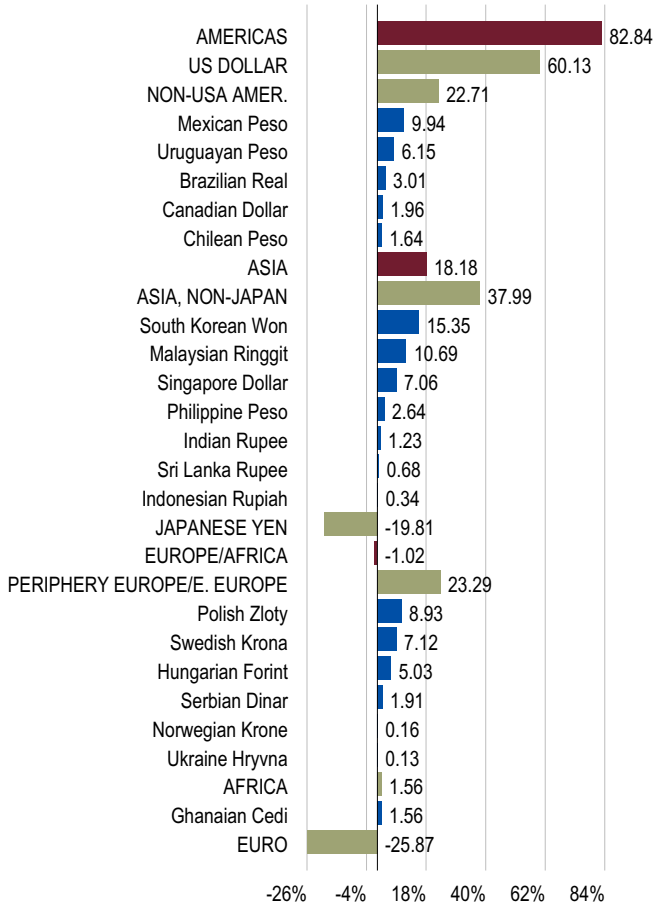
Quality Weightings



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. The NR category consists of rateable securities that have not been rated by an NRSRO. The N/A category consists of nonrateable securities (e.g., equities). Cash and equivalents (defined as bonds with stated maturities, or that can be redeemed at intervals, of seven days or less) as well as derivatives are excluded from this breakdown. As a result, the chart does not reflect the fund's total net assets.

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

PORTFOLIO CHARACTERISTICS (AS OF 12/31/13)—Fund vs. Barclays Multiverse Index

	Fund	Benchmark
Average Duration	1.85 Yrs	6.09 Yrs
Average Weighted Maturity	3.16 Yrs	7.79 Yrs
Annual Turnover Ratio (As of 8/31/13)	25.45%	N/A

PERFORMANCE RISK STATISTICS - Advisor Class

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

Performance Risk Statistics	3 Years	5 Years
Standard Deviation	9.54	10.17
Alpha	3.12	7.22
Beta	1.56	1.10
Sharpe Ratio	0.73	1.16
Information Ratio	0.62	0.94
Tracking Error	7.12	8.04
R-Squared	50.90	37.80

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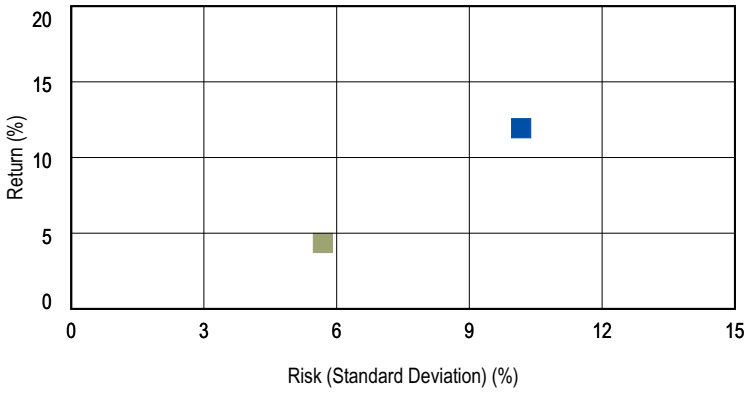
Risk vs. Return 5-Year Period Ended 12/31/13



Templeton Global Total Return Fund—Advisor Class
Barclays Multiverse Index

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.
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.
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 financial market volatility increased toward the beginning of the fourth quarter as the US federal government partially shut down and the US Treasury approached its debt ceiling. As the government shutdown ended and the debt ceiling was raised, market volatility quickly subsided and remained subdued as third-quarter US gross domestic product (GDP) growth exceeded consensus expectations.

Toward the end of the quarter, the US Federal Reserve (Fed) announced that it would reduce the size of its monthly bond-buying program from $85 billion to $75 billion. Fears that Fed tapering of its bond purchases could create a shortage of global liquidity continued to affect some emerging-market countries.

However, in our view, global liquidity conditions remained very loose as there were no signs pointing to tighter monetary policy from the Bank of Japan (BoJ) or the European Central Bank (ECB). During the quarter, the ECB cut rates a further 25 basis points (bps) to 0.25%. While the Fed did announce that it would reduce the size of its quantitative easing program, we would continue to characterize US monetary policy as very loose. Traditional fixed income investors continued to be challenged by a rising interest-rate environment as 10-year US Treasury yields increased 42 bps during the quarter.

During the fourth quarter, Chinese government leaders met to discuss the country's policy direction and provided strong indications that reforms would progress in several areas. Key tasks included moving toward a national pension system and easing the country's one-child policy. Also, governmental power could become more centralized, with the judiciary more vertically integrated. The move toward a more market-driven economy could be upheld as well.

PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE

Performance Review

In the fourth quarter of 2013, the fund's positive absolute performance was led by currency positions, followed by overall credit exposures and interest-rate strategies. For the same three-month period, the fund's relative outperformance was primarily attributable to currency positions, followed by interest-rate strategies and overall credit exposures.

Currency Analysis

The fund's net-negative position in the Japanese yen contributed to absolute performance, and its large underweighted position in the yen also significantly contributed to relative results. The fund's positions in peripheral European currencies against the euro, along with its currency positions in Asia ex-Japan and Latin America, were largely neutral in regard to absolute performance. The fund's underweighted position in the euro detracted from relative results, but this effect was partially offset by its overweighted exposure to peripheral European currencies.

Duration Analysis

The fund maintained a defensive approach with regard to interest rates in developed and emerging markets. Nevertheless, select duration exposures in Europe contributed to absolute performance. In relative terms, the fund's underweighted duration exposure in the United States added to results.

Credit Analysis

Within the credit sector, the fund's exposure to high-yield corporate bonds and subinvestment-grade sovereign credits contributed to absolute performance, and its overweighted exposures to these same asset classes helped relative results.

Portfolio Positioning

We have continued to anchor our long-term views on fundamental analysis, and we continue to seek to take advantage of opportunities as they arise. We see the unorthodox policies being followed in some major advanced countries as having potentially serious long-term consequences, including asset price bubbles and upward surges in commodity prices.

We have continued to position ourselves to seek to manage the interest-rate risks that we expect from the combination of historically low interest rates and easy monetary policy in the G3 (i.e., the United States, the eurozone and Japan), rising price pressures emanating from China and global demand that we believe is far from collapsing. Thus, we generally maintained an extremely short duration as of quarter-end, while seeking to take advantage of what we deem as the relative attractiveness of currencies of countries with fundamentals likely to support medium-term growth.

Outlook & Strategy

Global liquidity should continue to increase, in our view, as a number of central banks in developed markets have maintained very loose monetary policies. We believe the BoJ is likely to accelerate the pace of monetary easing with further measures to amplify accommodative monetary policy in the coming months.

In Japan, there are two main reasons for the country's loose monetary policy, in our view. The first reason is the country's need to end more than two decades of deflation. To help achieve their goals, policymakers would need to increase inflation to lower real interest rates given their inability to reduce nominal rates. The second reason is that the Japanese government has one of the highest debt-to-GDP ratios among major economies. Considering what we regard as the country's currently unattractive yields and weak fundamentals, we believe Japan cannot rely on foreign investors to buy yen-denominated government debt to fund its budget. Thus, we expect the BoJ to embark on a bond-buying program that would further weaken the yen in coming years.

In the United States, the decision by the Fed to begin reducing its bond-purchasing program in January 2014 was inevitable, in our view, as it is not a realistic expectation for the Fed to print money indefinitely. While the Fed will eventually discontinue new purchases, and eventually even gradually raise interest rates, we believe that would still equate to fairly loose monetary policy in the United States and at the global level, given the size of the Fed's outstanding balance sheet, as well as the actions of the BoJ and the ECB.

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.

PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE (*CONTINUED)*

We believe the fear of liquidity being pulled out of emerging markets due to the Fed eventually ending its bond-purchasing program is overstated, as we do not believe there would be a massive contraction of liquidity out of emerging markets. Instead, we think the situation will likely result in less new money pouring into these markets. Furthermore, many of these emerging-market countries no longer rely on foreign capital inflows as they did in previous decades due to improved fiscal accounts and a large amount of foreign reserves, which can provide a cushion against capital outflows.

Despite the relatively strong fundamental outlook in many emerging-market countries, we believe the emerging-market asset class is likely to see broad-based bouts of elevated volatility surrounding the issue of Fed tapering. We believe that selecting countries with relatively good fundamentals, avoiding countries with poor fundamentals, and actively managing risk within emerging markets may prove more successful than a passive allocation to emerging markets as an asset class.

We expect many emerging markets to benefit from solid fundamentals, as well as from ongoing capital inflows from worldwide quantitative easing. Asia ex-Japan looks reasonably strong to us, as do select economies in Latin America and Europe. We believe credit conditions have remained favorable in these regions given their low levels of debt and relatively stronger growth rates. Many countries in these regions also have offered higher short-term interest rates and had undervalued currencies, in our opinion. We favor countries with policymakers who have stayed ahead of the curve regarding fiscal, monetary and financial policy.

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.

FIXED INCOME INVESTMENT PHILOSOPHY AND PROCESS

Investment Philosophy

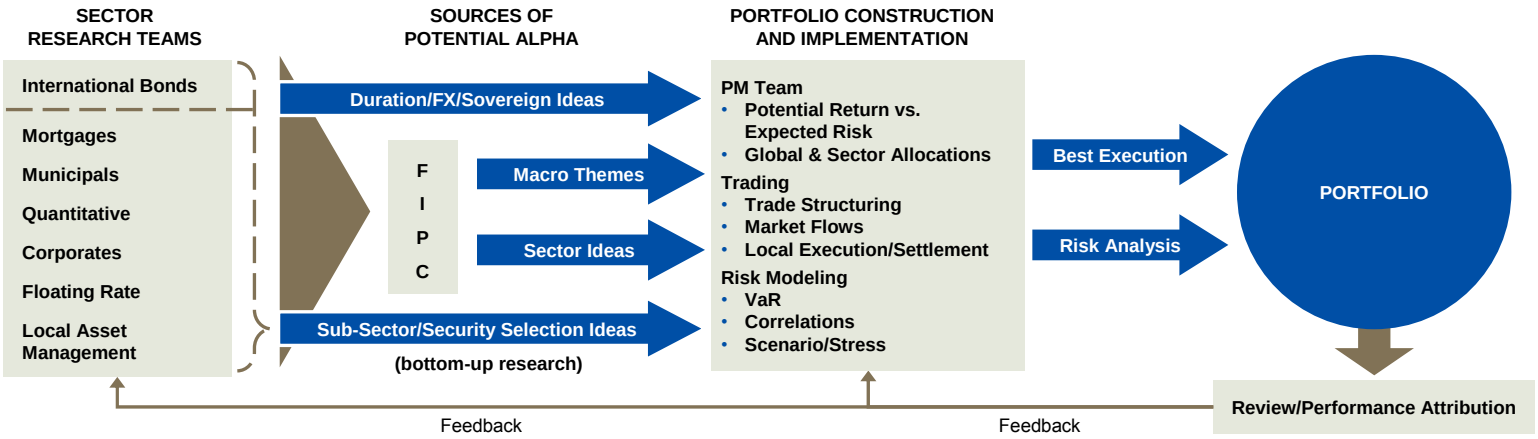
We believe that applying a fundamental, research-driven approach focused on identifying potential sources of total return (current income and capital appreciation) worldwide and seeking to capitalize on ideas across the entire fixed income opportunity set provide the best potential for solid risk-adjusted returns. The portfolio 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 globally 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
  - Corporate/spread sectors
  - Bottom-up security selection/sub-sector allocation
- 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 12/31/13)

Templeton Global Total Return Fund Management Team	Years with Firm	Years Experience
Michael Hasenstab, Ph.D.	15	19
Sonal Desai, Ph.D.	4	20
Franklin Templeton Fixed Income Management Team	**Years with Firm**	**Years Experience**
Christopher Molumphy, CFA - Chief Investment Officer	25	27
Michael Hasenstab, Ph.D. - Chief Investment Officer, Global Bonds	15	19
Sonal Desai, Ph.D. - Director of Research, Global Bonds	4	20
Franklin Templeton Fixed Income Group	**Number of Members**	**Average Years Experience**
Portfolio Managers	52	20
Portfolio Managers/Analysts	24	16
Research Analysts	63	12
Traders	13	16
Additional Resources		
Local Asset Management	Quantitative	Global Sovereign/EMD Team

WHAT ARE THE RISKS

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. 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 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.

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EXPLANATORY NOTES

FUND CHARACTERISTICS

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

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. Advisor Class shares of Templeton Global Total Return Fund received a traditional Morningstar Rating of 5 and 5 star(s) for the 3- and 5-year periods, respectively. 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.

PORTFOLIO DIVERSIFICATION

Quality Weightings/Geographic Allocation/Currency Allocation: Percentage may not equal 100% due to rounding. 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.

PERFORMANCE RISK STATISTICS

Risk vs. Return: Risk is measured by the annualized standard deviation of monthly total returns. Performance of the fund does not include sales charges (if applicable), but it does include dividends and capital gains reinvested at net asset value.
Source for Index: FactSet. Indexes are unmanaged and one cannot invest directly in an index.
The fund offers other share classes subject to different fees and expenses, which will affect their performance.

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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