



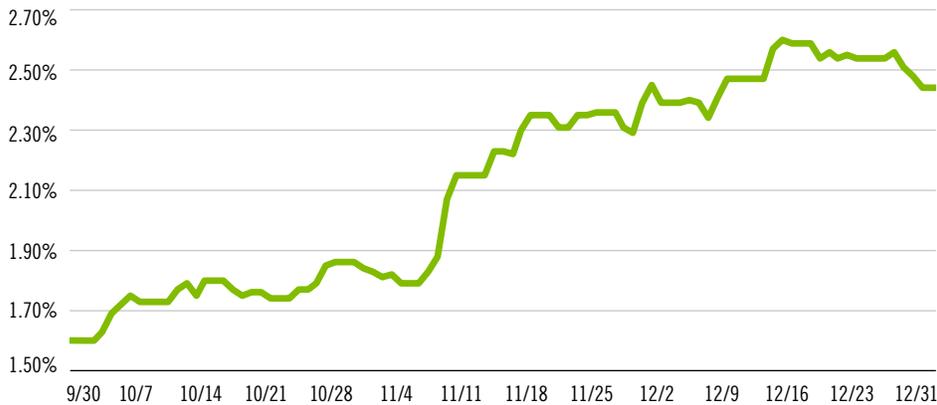
# THE VALUE OF ACTIVE—1,681 BASIS POINTS

Templeton Global Bond Fund vs. Citi World Government Bond Index

In the final quarter of 2016, 10-year Treasury yields rose sharply and the US dollar strengthened. **Templeton Global Bond Fund—Advisor Class** was prepared for the shift and had strong performance over the quarter, while its benchmark, the Citi World Government Bond Index (WGBI) gave up most of its gains for the year. The overall difference in performance was a considerable 1,681 basis points.

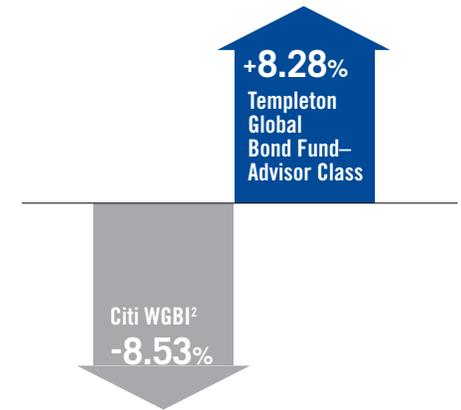
## 10-Year Treasury Yield<sup>1</sup>

9/30/2016–12/31/2016



## Cumulative Total Return

9/30/2016–12/31/2016



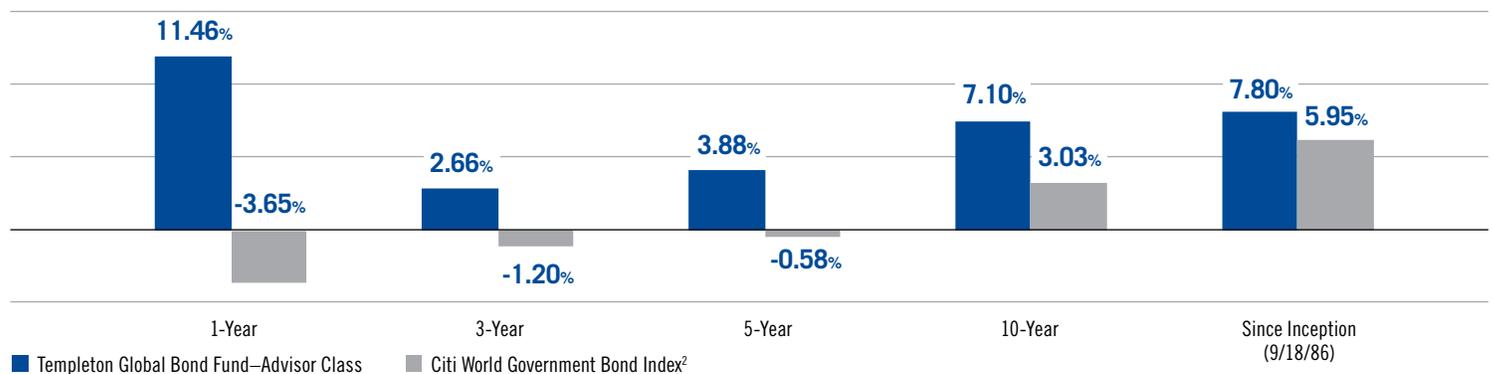
Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund's investment return and principal value will change with market conditions, and you may have a gain or a loss when you sell your shares. Please call Franklin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

Short-term results can vary, but the fund's active management has also resulted in strong, long-term results.

## TEMPLETON GLOBAL BOND FUND ADVISOR CLASS VS. CITI WORLD GOVERNMENT BOND INDEX<sup>2</sup>

### Average Annual Total Returns

As of 3/31/2017



Advisor Class shares are offered without sales charges or Rule 12b-1 fees. The following total annual operating expenses apply: Gross **0.71%**; Net **0.68%**. The Gross Expense Ratio does not include a fee reduction related to the fund's investment in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 12/31/17. Please see the prospectus for additional information.

1. Source: FactSet Research. December 31, 2016.

2. Source: Morningstar. Important data provider notices and terms available at [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com). Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

**Not FDIC Insured | May Lose Value | No Bank Guarantee**

## Active Management Often Means Going Against the Grain

Templeton Global Bond Fund seeks current income with capital appreciation and growth of income by investing predominantly in bonds of governments, government-related entities and government agencies located anywhere in the world. Portfolio manager Michael Hasenstab and team seek the best potential opportunities across the global bond landscape, unfettered by the geographic allocation or average duration of the benchmark. As a result, Templeton Global Bond Fund often looks very different than the typical bond fund or passive bond index.

### PORTFOLIO POSITIONING

As of March 31, 2017

#### 1 | Low Duration

The portfolio managers have positioned the fund for rising interest rates—driven by increasing inflation due to resilient US economic growth and a strong labor market—by maintaining a low portfolio duration.

	Duration
<b>Templeton Global Bond Fund</b>	<b>0.28 years<sup>3</sup></b>
Citi World Government Bond Index	7.72 years <sup>4</sup>
Morningstar World Bond Funds Average	5.36 years <sup>5</sup>

#### 2 | Select Emerging Markets Exposure

Unlike its peers and the benchmark index, which have generally invested predominantly in low- or negative-yielding developed market debt, the fund has recently been invested in many higher-yielding, local currency-denominated emerging market (Mexico, Brazil, and Colombia, among others) securities, which the managers have positive outlooks on and believe are fundamentally undervalued. This helps explain the recent substantial yield differential between the fund and its competitors, as shown at right.

	Standardized Yield (3/31/17) <sup>6</sup>
<b>Templeton Global Bond Fund—Advisor Class</b>	
With Waiver	<b>4.82%<sup>7</sup></b>
Without Waiver	<b>4.76%</b>
Morningstar World Bond Funds Average	2.04% <sup>5</sup>

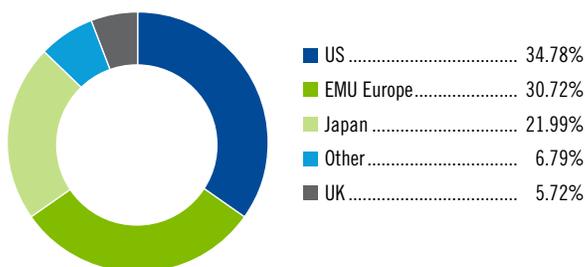
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#### 3 | Macro Currency Hedges

Templeton Global Bond Fund currently maintains **short yen and euro positions**, as the portfolio managers expect continued strengthening of the US dollar against those currencies due to divergent monetary policies of the US relative to Japan and the European Economic and Monetary Union (EMU). The Citi WGBI has more than half of its exposure to Japan and the Eurozone and it does not hedge currency.

#### Citi WGBI Geographic Exposure

As of 3/31/17<sup>8</sup>



3. Reflects the option-adjusted duration.

4. Source: FactSet Research. Reflects the option-adjusted duration.

5. Source: Morningstar, March 31, 2017. Important data provider notices and terms available at [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com).

6. A fund's 30-day standardized yield is calculated over a trailing 30-day period using the yield to maturity on bonds and/or the dividends accrued on stocks. It may not equal the fund's actual income distribution rate, which reflects the fund's past dividends paid to shareholders.

7. Includes the effect of a fee reduction related to the fund's investment in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 12/31/17. Please see the prospectus for additional information.

8. Source: FactSet Research.

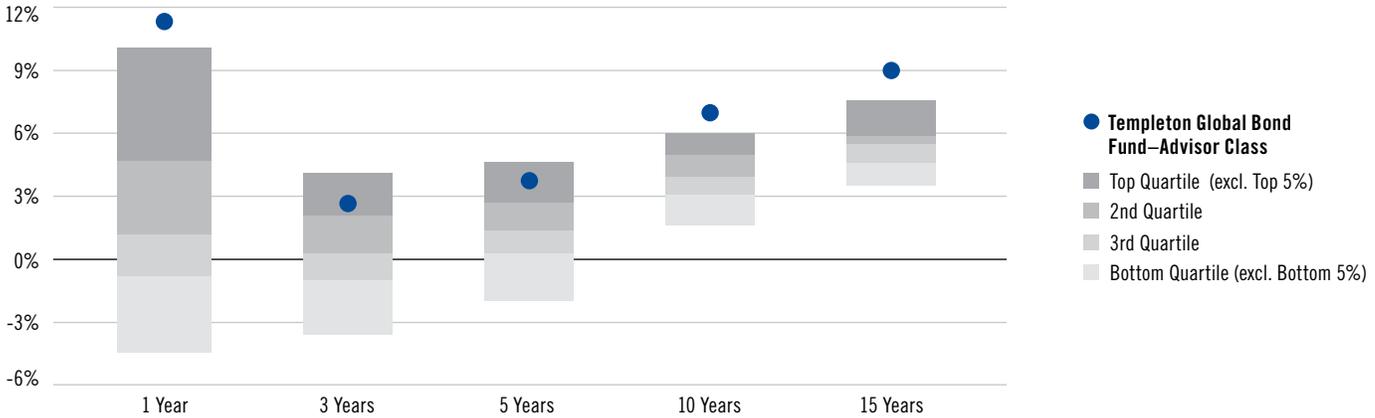
## A Distinct Path Has Led to Distinguished Comparisons

An unconstrained and often contrarian approach has worked to the fund's advantage in distinguishing its results over the longer term.

### TEMPLETON GLOBAL BOND FUND-ADVISOR CLASS

#### Average Annual Total Returns vs. Morningstar Peer Group<sup>9</sup>

As of 3/31/2017



#### Morningstar Percentile Rank

	1-Year	3-Year	5-Year	10-Year	15-Year
Peer Group: World Bond Funds	3	21	11	1	1

Templeton Global Bond Fund's Advisor Class shares were ranked **9 out of 334**, **64 out of 312**, **27 out of 247**, **1 out of 128**, and **1 out of 81 funds** in Morningstar's World Bond Funds classification based on average annual total return for the 1-, 3-, 5-, 10- and 15-year periods ended March 31, 2017.<sup>9</sup>



As of 3/31/17



**OVERALL MORNINGSTAR RATING™<sup>10</sup>**

As of March 31, 2017, Templeton Global Bond Fund's Advisor Class shares received a 5-star overall Morningstar Rating™, measuring risk-adjusted returns against 312, 247 and 128 U.S.-domiciled World Bond funds over the 3-, 5- and 10-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.<sup>9,10</sup> The Advisor shares received 4, 4 and 5 stars for the 3-, 5- and 10-year periods, respectively.

9. © 2017 Morningstar, Inc. All rights reserved. Rankings do not include sales charges and are for the fund's Advisor Class shares only. Other share classes may differ. Past performance is not an indicator or a guarantee of future performance. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) 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.

10. Source: Morningstar®. For each mutual fund and exchange-traded fund with at least a 3-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, and does not take into account the effects of sales charges, 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. The weights are: 100% 3-year rating for 36–59 months of total returns, 60% 5-year rating/40% 3-year rating for 60–119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods. Morningstar Rating™ is for the named share class only; other classes may have different performance characteristics. **Past performance does not guarantee future results.**

## TEMPLETON GLOBAL BOND FUND

Average Annual Total Returns (For Periods Ended March 31, 2017)

	1-Year	3-Year	5-Year	10-Year	Since Inception (9/18/86)
Advisor Class (TGBAX)	11.46%	2.66%	3.88%	7.10%	7.80% <sup>12</sup>
Class A (TPINX) with Sales Charge	6.32%	0.93%	2.73%	6.36%	7.45%
Class A (TPINX) at NAV	11.04%	2.39%	3.62%	6.82%	7.60%
Citi WGBI <sup>11</sup>	-3.65%	-1.20%	-0.58%	3.03%	5.95%

Class A has a maximum 4.25% initial sales charge and the following total annual operating expenses: Gross 0.96%; Net 0.93%. Advisor Class has no sales charge and the following total annual operating expenses: Gross 0.71%; Net 0.68%. The Gross Expense Ratio does not include a fee reduction related to the fund's investment in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 12/31/17. Please see the prospectus for additional information.

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### WHAT ARE THE RISKS?

All investments involve risks, including possible loss of principal. 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 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. The markets for particular securities or types of securities are or may become relatively illiquid. Reduced liquidity will have an adverse impact on the security's value and on the fund's ability to sell such securities when necessary to meet the fund's liquidity needs or in response to a specific market event. Foreign securities involve special risks, including currency fluctuations (which may be significant over the short term) and economic and political uncertainties; investments in emerging markets involve heightened risks related to the same factors. Sovereign debt securities are subject to various risks in addition to those relating to debt securities and foreign securities generally, including, but not limited to, the risk that a government entity may be unwilling or unable to pay interest and repay principal on its sovereign debt, or otherwise meet its obligations when due. Investments in lower-rated bonds include higher risk of default and loss of principal. 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. Changes in the financial strength of a bond issuer or in a bond's credit rating may affect its value. These and other risks are discussed in the fund's prospectus.

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.

11. Source: Morningstar. Important data provider notices and terms available at [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com). Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

12. Effective 1/2/97, the fund began offering Advisor Class shares. For periods prior to the fund's Advisor Class inception date, a restated figure is used based on the fund's oldest share class, Class A performance, excluding the effect of Class A's maximum initial sales charge but reflecting the effect of the Class A Rule 12b-1 fees; and for periods after the fund's Advisor Class inception date, actual Advisor Class performance is used, reflecting all charges and fees applicable to that class.



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