

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2019



FRANKLIN
TEMPLETON®

This annual management report of fund performance contains financial highlights but does not contain the complete financial statements of the investment fund. If you have not received a copy of the annual financial statements with this report, you can get a copy of the annual financial statements at your request, and at no cost, by calling 1.800.387.0830, by writing to us at 200 King Street West, Suite 1500, Toronto ON M5H 3T4, or by visiting our website at www.franklintempleton.ca or SEDAR at www.sedar.com. Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Co-Lead Portfolio Manager

Peter Moeschter, CFA, MBA

Templeton Global Advisors Limited (Sub-Advisor)

Location: Nassau, Bahamas

Co-Lead Portfolio Manager

Christopher Peel, CFA

Templeton Global Advisors Limited (Sub-Advisor)

Location: Nassau, Bahamas

INVESTMENT OBJECTIVE AND STRATEGIES

Templeton International Stock Fund (the “Fund”) aims to grow investors’ capital over the long term by investing in equity securities of companies outside of Canada and the United States. The Fund invests primarily in equity securities of mid- to large-capitalization companies in developed countries, but may also invest in small-capitalization companies and companies in emerging markets. The Fund may also invest in Canadian or U.S. money market securities.

The Fund’s portfolio advisor (the “portfolio manager”) builds portfolios by looking for individual companies offering the best value, wherever they may be located in the designated areas of the Fund. The portfolio manager’s investment philosophy involves finding long-term value investments using a “bottom up” approach to stock selection.

Bottom-up investing involves building portfolios by looking for individual companies offering the best value—that is, stocks selling at prices that are low compared to Templeton’s assessment of their true worth. By trading in what it believes are the best companies, the portfolio manager arrives at a mix of holdings across different industries and geographic regions.

In selecting individual stocks, a company’s potential for growth in earnings is examined over a five-year horizon. The portfolio manager is not guided by macroeconomic outlooks for particular industry sectors and countries, or by commodity price trends. At Templeton, investing is a long-term proposition. The average time a stock is held is five years or more.

RISK

The risks of investing in the Fund remain as stated in the prospectus. The Fund is suitable for investors seeking a well-diversified international equity fund with geographic diversification outside of North America. Investors in this Fund should be willing to accept medium investment risk over a medium- to long-term investment time frame.

RESULTS OF OPERATIONS

As at December 31, 2019, total net asset value of the Fund was \$451.8 million, a decrease of 10.4% from December 31, 2018. This was primarily driven by \$90.0 million in net redemptions and partially offset by an increase of \$38.1 million in net assets from operations. The Fund paid or made payable \$405,000 in cash distributions to unitholders.

During the past 12 months, the Fund’s Series A units generated total returns of 7.1%. Over the same period, the Fund’s benchmark, the MSCI EAFE Index (the “Index”), advanced 16.5%. The performance of the Fund’s other series is similar to that of its Series A units, except for differences in the expense structure. For the return of the Fund’s other series (if applicable) please refer to the “Past Performance” section.

Index performance comparison information is provided for reference only. It is important to note that the Fund’s return reflects the effect of fees and expenses for professional management, while an index does not have such costs.

On a sector basis, portfolio holdings in Information Technology and Financials were key contributors to absolute and relative returns over the year. Stocks in technology hardware storage and peripherals, semiconductors and banks supported performance.

Conversely, stocks in the Health Care, Consumer Staples, Communication Services and Energy sectors detracted from relative returns. Holdings in the pharmaceuticals, beverages, food products, media and oil and gas sub-sectors weighed on results for the year. The cash component of the portfolio also detracted from relative returns.

On a regional basis, the two main portfolio segments of Europe and Asia both detracted from relative returns. Stocks in the U.K., Germany, Japan and China were key detractors, while stocks in France, Denmark, Taiwan and South Korea supported performance over the year.

Global stock markets rose almost across the board in the fourth quarter of 2019, with widespread gains particularly evident in December. Equities were supported by signs of easing U.S.-China trade tensions, as well as greater clarity on Brexit in the U.K. and hopes for continued accommodative policies by major central banks.

Average net assets of the series of the Fund that bear expenses have decreased for the year ended December 31, 2019. This has resulted in a corresponding decrease in expenses. Income received from investments held, excluding net realized and/or unrealized gain (loss) on investments and derivatives, as applicable, increased due to the results of the Fund’s investment activities, including, but not limited to, those previously discussed for the period in review.

RECENT DEVELOPMENTS

In the fourth quarter of 2019, European stock markets welcomed more clarity around Brexit after the Conservative Party’s decisive election victory in December appeared to remove much of the uncertainty around a potentially disorderly exit by the U.K. from the European Union in 2020.

Asian equities collectively advanced in the fourth quarter as China and the United States agreed to sign an initial trade deal after months of tensions.

In the portfolio managers’ view, economic growth will likely continue with monetary policy supporting growth, so global equities remain an appealing asset class in 2020. They see upside potential in equities in international developed markets.

The portfolio managers believe today is an opportune time to be a long-term fundamental value investor and seeking out undervalued stocks with clear catalysts will help make long-term returns for clients.

FORWARD-LOOKING STATEMENTS

Investors should take note that certain statements in this report about a fund, including its strategy and expected future performance, are forward-looking. Forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as “may,” “will,” “should,” “could,” “expect,” “anticipate,” “intend,” “plan,” “believe,” or “estimate” or other similar expressions. Any statement that is made concerning future strategies or performance is also a forward-looking statement. Statements that look forward in time or include anything other than historical information are subject to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the forward-looking statements.

The forward-looking statements are by their nature based on numerous assumptions, which include, amongst other things, that (i) the Fund can attract and maintain investors and has sufficient capital under management to effect its investment strategies, (ii) the investment strategies will produce the results intended by the portfolio manager, and (iii) the markets will react and perform in a manner consistent with the investment strategies. Although the forward-looking statements contained herein are based upon what the portfolio manager believes to be reasonable assumptions, the portfolio manager cannot assure that actual results will be consistent with these forward-looking statements.

Forward-looking statements are not guarantees of future performance. Any number of factors could contribute to differing results, including, among other things, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings and catastrophic events. This list of factors is not exhaustive. Investors should not place undue reliance on forward-looking information and should be aware that the Fund may not update any forward-looking statements, whether as a result of new information, future events or otherwise.

RELATED PARTY TRANSACTIONS

The Manager is an indirect wholly-owned subsidiary of Franklin Resources, Inc., a global investment management organization known as Franklin Templeton. The Manager is the manager, registrar and transfer agent and a principal distributor of the Fund. The Manager provides or arranges for the provision of these services for day-to-day Fund operations, including the marketing, promotion and distribution of the Fund and portfolio advisory services. In consideration of these management and portfolio advisory services, the Fund pays the Manager a monthly management fee plus applicable taxes, based on the average net asset value of each series of the Fund (except Series O and OT, as applicable), calculated daily, as set out under Management

Fees below. During the year ended December 31, 2019, the Fund paid management fees of \$6.0 million (2018–\$7.6 million), net of management fee waivers.

Franklin Templeton Services, LLC (FTS) provides the Manager with fund accounting and portfolio valuation services in connection with the Fund, and provides certain back office administration services to the Manager. The Administration Fee, as discussed below, covers the cost of the services provided by FTS.

The Manager pays the operating expenses of the Fund, other than certain fund costs—which include, but are not limited to, the cost of compliance with new governmental and regulatory requirements, fees and expenses of the Fund’s Independent Review Committee (IRC), borrowing and interest costs and investor meeting costs (as permitted by Canadian securities regulation)—in exchange for the payment by the Fund of an annual fixed-rate administration fee of 0.35% plus applicable taxes, applied against the average daily net assets of the Fund (“Administration Fee”), except for Series PA, PF, PFT and PT, which have an annual Administration Fee of 0.15%, and Series O and OT, as applicable, which have no annual Administration Fee. The Manager will pay all operating expenses of Series O and OT, as applicable, as part of its agreement with each investor. The Manager may, at its discretion, waive a portion of a series’ Administration Fee or absorb certain fund costs. During the year ended December 31, 2019, the Fund paid Administration Fees of \$1.0 million (2018–\$1.4 million).

During the year ended December 31, 2019, the Manager waived fund costs of \$— (2018–\$1,000).

As at December 31, 2019, Templeton International Stock Corporate Class held 14% of the Fund.

Portfolio Advisor

The Manager is the portfolio advisor of the Fund. The Manager has engaged Templeton Global Advisors Limited, an affiliate of the Manager, as sub-advisor (the “Sub-Advisor”). The Sub-Advisor provides investment analysis and recommendations and executes or arranges for brokers to execute portfolio transactions. A portion of the management fee payable by the Fund to the Manager is paid to the Sub-Advisor with respect to portfolio sub-advisory services.

Principal Distributor

As a principal distributor of the Fund, the Manager markets the Fund and arranges for the sale of the Fund through dealers across Canada. The Manager may retain companies to assist in the sale of certain series of units of the Fund.

The Manager’s affiliate, FTC Investor Services Inc. (“FTC ISI”), also acts as a principal distributor for Series F, O, OT, FT, PF and PF (Hedged) units of the Fund, as applicable.

For acting as a principal distributor of the applicable series, FTC ISI receives an inter-company service fee of 0.20% of the assets under management of the applicable series from the Manager with respect to those series of units.

Registrar and Transfer Agent

In addition to management and portfolio advisory services, the Manager acts as the registrar and transfer agent of the Fund. These services are in the normal course of operations and are covered by the Administration Fee paid by the Fund to the Manager.

Independent Review Committee

As required by National Instrument 81-107- Independent Review Committee for Investment Funds (“NI 81-107”), the Manager has established the IRC to review all conflict of interest matters identified and referred to the IRC by the Manager and to give its approval or recommendation, depending on the nature of the conflict of interest matter. Additional information about the IRC is available in the prospectus.

MANAGEMENT FEES

A portion of the management fee paid by the Fund to the Manager is for trail fees and sales commissions the Manager pays to dealers (“Dealer Compensation”). The trail fees are a percentage of the daily average net asset value of each series of the Fund, which is held by the dealer’s clients. The remaining portion of the management fee is used to pay for portfolio advisory and administrative services related to the provision of portfolio advisory services. The following table outlines the Fund’s annual management fee, as well as the portion of the management fee used to pay for Dealer Compensation and for portfolio advisory services as an approximate percentage of the management fee for each series:

Series	Management Fee (%)	Dealer Compensation (%)*	Investment management, investment management expenses, and other (%)
A	2.00	39.66	60.34
F	1.00	–	100.00
I**	1.30	55.73	44.27
PA	1.80	55.56	44.44
PF	0.80	–	100.00
PFT	0.80	–	100.00
PT	1.80	55.56	44.44
T	2.00	52.26	47.74

*Dealer compensation may include other fees related to distribution, which are not payable directly to dealers.

** Management Fee waiver is applied to the following series at the specified rates— Series I—0.03%;

The management and administration fees for Series O are paid for by the unitholder directly to the Manager as follows:

- First C\$200,000 to under \$2.5 million—0.95%
- Next C\$2.5 million to under \$5 million—0.80%
- C\$5 million and over—0.75%

Certain institutional investors may negotiate the management and administration fees by written agreement with Franklin Templeton Investments.

TEMPLETON INTERNATIONAL STOCK FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

Summary of Investment Portfolio (AS AT DECEMBER 31, 2019)

REGIONAL WEIGHTINGS (%)*

Europe	55.61
Asia	37.05

INDUSTRY WEIGHTINGS (%)*

Banks	17.53
Oil, Gas & Consumable Fuels	11.58
Pharmaceuticals	9.66
Multi-Utilities	5.15
Semiconductors & Semiconductor Equipment	4.54
Real Estate Management & Development	4.23
Industrial Conglomerates	4.20
Chemicals	4.15
Technology Hardware, Storage & Peripherals	3.58
Food & Staples Retailing	3.17
Wireless Telecommunication Services	2.29
Beverages	2.12
Energy Equipment & Services	2.08
Diversified Telecommunication Services	1.88
Auto Components	1.48
Household Durables	1.44
Interactive Media & Services	1.44
Capital Markets	1.43
Metals & Mining	1.41
Internet & Direct Marketing Retail	1.36
Media	1.32
Building Products	1.09
Aerospace & Defense	1.08
Marine	1.05
Automobiles	1.00
Specialty Retail	0.88
Personal Products	0.85
Construction & Engineering	0.35
Multiline Retail	0.29
Household Products	0.03

ASSET CLASS WEIGHTINGS (%)

Common Stocks	92.66
Short-term securities and all other assets, net	7.34

TOP 25 HOLDINGS (%)

Cash and cash equivalents**	6.42
Samsung Electronics Co. Ltd., Global Depositary Receipt	3.58
BNP Paribas SA	3.01
KB Financial Group Inc.	3.00
ING Groep NV	2.93
CK Hutchison Holdings Ltd.	2.73
Standard Chartered PLC	2.70
E.ON SE	2.58
BP PLC	2.58
Bayer AG	2.57
Veolia Environnement SA	2.57
Takeda Pharmaceutical Co. Ltd.	2.44
Taiwan Semiconductor Manufacturing Co. Ltd., American Depositary Receipt	2.44
Royal Dutch Shell PLC, B	2.36
Vodafone Group PLC	2.29
NXP Semiconductors NV	2.10
Sumitomo Mitsui Financial Group Inc.	2.07
Eni SpA	2.06
CK Asset Holdings Ltd.	1.88
Total SA	1.80
Mitsui Fudosan Co. Ltd.	1.78
Roche Holding AG	1.78
Johnson Matthey PLC	1.70
Equinor ASA	1.61
Sanofi	1.56

TOTAL NET ASSET VALUE: \$451,766,000

* Excluding short-term securities and all other assets, net.

** Cash and cash equivalents may include bonds that have a remaining term to maturity of 365 days or less that are issued by certain governments, supranational agencies or financial institutions and have a "designated rating" (as defined in Canadian securities law).

Above is an outline of the investments held in the Fund as a percentage of the Fund's net assets. Due to ongoing portfolio transactions, the investments and percentages may have changed by the time you purchase units of the Fund. The top 25 holdings are made available quarterly, 60 days after the quarter-end. To obtain a copy, please contact a member of our client services team at 1.800.387.0830 or visit www.franklintempleton.ca.

TEMPLETON INTERNATIONAL STOCK FUND
MANAGEMENT REPORT OF FUND PERFORMANCE
Series A (AS AT DECEMBER 31, 2019)

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the fiscal periods ended December 31.

Net assets per unit (1)	2019	2018	2017	2016	2015
Net assets – beginning of period	\$17.49	\$19.88	\$17.91	\$19.17	\$16.82
Increase (decrease) from operations:					
Total revenue	0.68	0.49	0.61	0.51	0.44
Total expenses	(0.47)	(0.50)	(0.50)	(0.45)	(0.50)
Realized gains (losses) for the period	0.08	1.16	3.31	0.79	–
Unrealized gains (losses) for the period	0.97	(3.25)	(1.16)	(2.12)	2.69
Total increase (decrease) from operations (2)	1.26	(2.10)	2.26	(1.27)	2.63
Distributions:					
From income (excluding dividends)	–	–	–	–	–
From dividends	(0.43)	(0.17)	(0.26)	(0.21)	(0.13)
From capital gains	–	–	–	–	–
Returns of capital	–	–	–	–	–
Total annual distributions (3)	(0.43)	(0.17)	(0.26)	(0.21)	(0.13)
Net assets – end of period	\$18.30	\$17.49	\$19.88	\$17.91	\$19.17
Ratios and supplemental data:	2019	2018	2017	2016	2015
Total net asset value (\$ millions) (1)	\$215.50	\$271.41	\$356.00	\$375.74	\$479.41
Number of units outstanding	11,773,865	15,521,196	17,910,342	20,980,590	25,005,786
Management expense ratio (2)	2.59%	2.59%	2.59%	2.59%	2.59%
Management expense ratio before waivers or absorptions	2.59%	2.59%	2.59%	2.59%	2.59%
Trading expense ratio (3)	0.13%	0.12%	0.19%	0.07%	0.08%
Portfolio turnover rate (4)	37.10%	33.90%	55.59%	13.95%	12.01%
Net asset value per unit	\$18.30	\$17.49	\$19.88	\$17.91	\$19.17

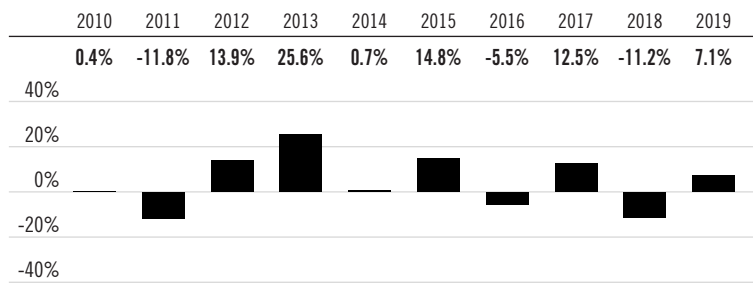
For explanatory notes, please refer to “Explanatory Notes to Financial Highlights” at the end of the section.

PAST PERFORMANCE

The following information assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund and does not take into account sales, redemption, distribution or other optional charges that would have reduced returns. Past performance does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns

The bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the investment Fund's performance has changed from year to year. In percentage terms, the bar chart indicates how much an investment made on January 1 would have grown or decreased by the December 31 of each year shown.



Annual Compound Returns

The table shows the annual compound total returns for each of the periods shown ended December 31, 2019. The returns are compared against the benchmark(s) over the same period.‡

	1 Year	3 Years	5 Years	10 Years	Since Inception
Series A Units	7.1%	2.3%	3.0%	4.0%	5.7%
MSCI EAFE Index	16.5%	8.9%	8.6%	8.3%	5.4%

‡ For a definition of the benchmark(s), please refer to “Benchmark(s) Information” at the end of the section.

TEMPLETON INTERNATIONAL STOCK FUND
MANAGEMENT REPORT OF FUND PERFORMANCE
Series F (AS AT DECEMBER 31, 2019)

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the fiscal periods ended December 31.

Net assets per unit (1)	2019	2018	2017	2016	2015
Net assets – beginning of period	\$21.61	\$24.30	\$21.65	\$22.93	\$19.89
Increase (decrease) from operations:					
Total revenue	0.86	0.59	0.74	0.61	0.52
Total expenses	(0.33)	(0.36)	(0.35)	(0.31)	(0.34)
Realized gains (losses) for the period	0.12	1.37	4.05	0.83	(0.03)
Unrealized gains (losses) for the period	1.16	(4.18)	(1.38)	(2.39)	2.74
Total increase (decrease) from operations (2)	1.81	(2.58)	3.06	(1.26)	2.89
Distributions:					
From income (excluding dividends)	–	–	–	–	–
From dividends	(0.53)	(0.21)	(0.32)	(0.26)	(0.16)
From capital gains	–	–	–	–	–
Returns of capital	–	–	–	–	–
Total annual distributions (3)	(0.53)	(0.21)	(0.32)	(0.26)	(0.16)
Net assets – end of period	\$22.88	\$21.61	\$24.30	\$21.65	\$22.93
Ratios and supplemental data:	2019	2018	2017	2016	2015
Total net asset value (\$ millions) (1)	\$10.97	\$13.13	\$13.28	\$12.32	\$26.98
Number of units outstanding	479,502	607,369	546,343	568,790	1,176,826
Management expense ratio (2)	1.48%	1.49%	1.49%	1.49%	1.49%
Management expense ratio before waivers or absorptions	1.48%	1.49%	1.49%	1.49%	1.49%
Trading expense ratio (3)	0.13%	0.12%	0.19%	0.07%	0.08%
Portfolio turnover rate (4)	37.10%	33.90%	55.59%	13.95%	12.01%
Net asset value per unit	\$22.88	\$21.61	\$24.30	\$21.65	\$22.93

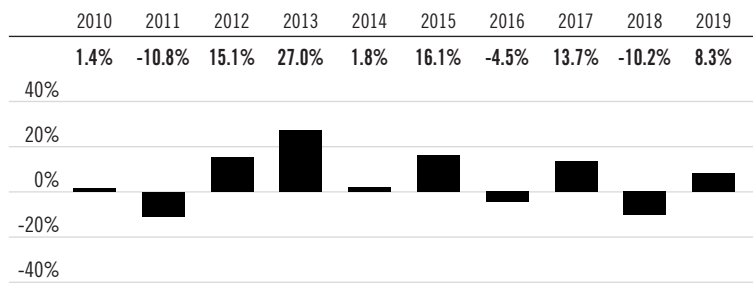
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PAST PERFORMANCE

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Year-by-Year Returns

The bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the investment Fund's performance has changed from year to year. In percentage terms, the bar chart indicates how much an investment made on January 1 would have grown or decreased by the December 31 of each year shown.



Annual Compound Returns

The table shows the annual compound total returns for each of the periods shown ended December 31, 2019. The returns are compared against the benchmark(s) over the same period.‡

	1 Year	3 Years	5 Years	10 Years	Since Inception
Series F Units	8.3%	3.4%	4.2%	5.2%	2.8%
MSCI EAFE Index	16.5%	8.9%	8.6%	8.3%	4.0%

‡ For a definition of the benchmark(s), please refer to “Benchmark(s) Information” at the end of the section.

TEMPLETON INTERNATIONAL STOCK FUND
MANAGEMENT REPORT OF FUND PERFORMANCE
Series I (AS AT DECEMBER 31, 2019)

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the fiscal periods ended December 31.

Net assets per unit (1)	2019	2018	2017	2016	2015
Net assets – beginning of period	\$20.44	\$23.05	\$20.61	\$21.88	\$19.05
Increase (decrease) from operations:					
Total revenue	0.82	0.57	0.70	0.57	0.49
Total expenses	(0.38)	(0.41)	(0.40)	(0.36)	(0.40)
Realized gains (losses) for the period	0.12	1.34	3.85	1.00	(0.06)
Unrealized gains (losses) for the period	0.98	(3.84)	(1.33)	(1.75)	2.01
Total increase (decrease) from operations (2)	1.54	(2.34)	2.82	(0.54)	2.04
Distributions:					
From income (excluding dividends)	–	–	–	–	–
From dividends	(0.50)	(0.20)	(0.30)	(0.24)	(0.15)
From capital gains	–	–	–	–	–
Returns of capital	–	–	–	–	–
Total annual distributions (3)	(0.50)	(0.20)	(0.30)	(0.24)	(0.15)
Net assets – end of period	\$21.56	\$20.44	\$23.05	\$20.61	\$21.88
Ratios and supplemental data:	2019	2018	2017	2016	2015
Total net asset value (\$ millions) (1)	\$3.29	\$3.80	\$4.64	\$4.88	\$3.72
Number of units outstanding	152,707	185,980	201,180	236,640	169,803
Management expense ratio (2)	1.80%	1.80%	1.79%	1.80%	1.81%
Management expense ratio before waivers or absorptions	1.80%	1.80%	1.79%	1.80%	1.81%
Trading expense ratio (3)	0.13%	0.12%	0.19%	0.07%	0.08%
Portfolio turnover rate (4)	37.10%	33.90%	55.59%	13.95%	12.01%
Net asset value per unit	\$21.56	\$20.44	\$23.05	\$20.61	\$21.88

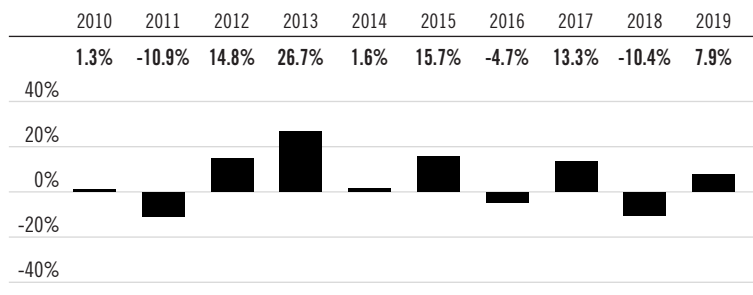
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PAST PERFORMANCE

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Year-by-Year Returns

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Annual Compound Returns

The table shows the annual compound total returns for each of the periods shown ended December 31, 2019. The returns are compared against the benchmark(s) over the same period.‡

	1 Year	3 Years	5 Years	10 Years	Since Inception
Series I Units	7.9%	3.1%	3.8%	4.9%	2.4%
MSCI EAFE Index	16.5%	8.9%	8.6%	8.3%	4.0%

‡ For a definition of the benchmark(s), please refer to “Benchmark(s) Information” at the end of the section.

TEMPLETON INTERNATIONAL STOCK FUND
MANAGEMENT REPORT OF FUND PERFORMANCE
Series 0 (AS AT DECEMBER 31, 2019)

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the fiscal periods ended December 31.

Net assets per unit (1)	2019	2018	2017	2016	2015
Net assets – beginning of period	\$28.53	\$31.61	\$27.75	\$28.95	\$24.75
Increase (decrease) from operations:					
Total revenue	1.14	0.78	0.94	0.79	0.66
Total expenses	–	–	–	–	–
Realized gains (losses) for the period	0.17	1.82	5.20	1.18	(0.01)
Unrealized gains (losses) for the period	1.50	(5.38)	(1.82)	(3.12)	3.60
Total increase (decrease) from operations (2)	2.81	(2.78)	4.32	(1.15)	4.25
Distributions:					
From income (excluding dividends)	–	–	–	–	–
From dividends	(0.71)	(0.28)	(0.42)	(0.33)	(0.20)
From capital gains	–	–	–	–	–
Returns of capital	–	–	–	–	–
Total annual distributions (3)	(0.71)	(0.28)	(0.42)	(0.33)	(0.20)
Net assets – end of period	\$30.65	\$28.53	\$31.61	\$27.75	\$28.95
Ratios and supplemental data:	2019	2018	2017	2016	2015
Total net asset value (\$ millions) (1)	\$170.04	\$191.15	\$213.42	\$166.01	\$212.12
Number of units outstanding	5,548,196	6,699,542	6,752,424	5,982,416	7,328,154
Management expense ratio (2)	–	–	–	–	–
Management expense ratio before waivers or absorptions	–	–	–	–	–
Trading expense ratio (3)	0.13%	0.12%	0.19%	0.07%	0.08%
Portfolio turnover rate (4)	37.10%	33.90%	55.59%	13.95%	12.01%
Net asset value per unit	\$30.65	\$28.53	\$31.61	\$27.75	\$28.95

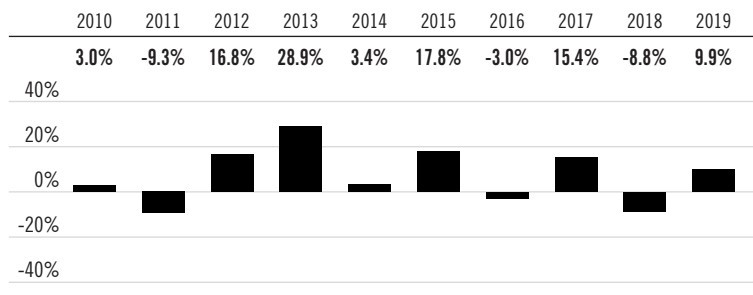
For explanatory notes, please refer to “Explanatory Notes to Financial Highlights” at the end of the section.

PAST PERFORMANCE

The following information assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund and does not take into account sales, redemption, distribution or other optional charges that would have reduced returns. Past performance does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns

The bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the investment Fund's performance has changed from year to year. In percentage terms, the bar chart indicates how much an investment made on January 1 would have grown or decreased by the December 31 of each year shown.



Annual Compound Returns

The table shows the annual compound total returns for each of the periods shown ended December 31, 2019. The returns are compared against the benchmark(s) over the same period.‡

	1 Year	3 Years	5 Years	10 Years	Since Inception
Series 0 Units	9.9%	5.0%	5.7%	6.8%	4.3%
MSCI EAFE Index	16.5%	8.9%	8.6%	8.3%	4.0%

‡ For a definition of the benchmark(s), please refer to “Benchmark(s) Information” at the end of the section.

TEMPLETON INTERNATIONAL STOCK FUND
MANAGEMENT REPORT OF FUND PERFORMANCE
Series PA (AS AT DECEMBER 31, 2019)

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the fiscal period ended December 31.

Net assets per unit (1)	2019
Net assets - initial offering price*	\$10.00
Increase (decrease) from operations:	
Total revenue	0.39
Total expenses	(0.20)
Realized gains (losses) for the period	0.05
Unrealized gains (losses) for the period	0.20
Total increase (decrease) from operations (2)	0.44
Distributions:	
From income (excluding dividends)	-
From dividends	(0.24)
From capital gains	-
Returns of capital	-
Total annual distributions (3)	(0.24)
Net assets – end of period	\$10.23
Ratios and supplemental data:	2019
Total net asset value (\$ millions) (1)	\$26.98
Number of units outstanding	2,636,511
Management expense ratio (2)	2.15%
Management expense ratio before waivers or absorptions	2.15%
Trading expense ratio (3)	0.13%
Portfolio turnover rate (4)	37.10%
Net asset value per unit	\$10.23

For explanatory notes, please refer to "Explanatory Notes to Financial Highlights" at the end of the section.

*The Series was launched on January 25, 2019 (Available for sale on January 25, 2019).

PAST PERFORMANCE

The following information assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund and does not take into account sales, redemption, distribution or other optional charges that would have reduced returns. Past performance does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns

The bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the investment Fund's performance has changed from year to year. In percentage terms, the bar chart indicates how much an investment made on January 1 would have grown or decreased by the December 31 of each year shown.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019*
										4.7%
40%										
20%										
0%										
-20%										
-40%										

*2019 Series PA return: January 25 to December 31.

Annual Compound Returns

The table shows the annual compound total returns for each of the periods shown ended December 31, 2019. The returns are compared against the benchmark(s) over the same period.‡

	1 Year	3 Years	5 Years	10 Years	Since Inception
Series PA Units	N/A	N/A	N/A	N/A	4.7%
MSCI EAFE Index	N/A	N/A	N/A	N/A	13.7%

‡ For a definition of the benchmark(s), please refer to "Benchmark(s) Information" at the end of the section.

TEMPLETON INTERNATIONAL STOCK FUND
MANAGEMENT REPORT OF FUND PERFORMANCE
Series PF (AS AT DECEMBER 31, 2019)

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the fiscal periods ended December 31.

Net assets per unit (1)	2019	2018	2017	2016
Net assets – beginning of period	\$10.36	\$11.60	\$10.29	\$10.00
Increase (decrease) from operations:				
Total revenue	0.41	0.28	0.36	0.07
Total expenses	(0.11)	(0.12)	(0.12)	(0.03)
Realized gains (losses) for the period	0.04	0.64	1.91	0.57
Unrealized gains (losses) for the period	0.54	(2.08)	(0.74)	(0.03)
Total increase (decrease) from operations (2)	0.88	(1.28)	1.41	0.58
Distributions:				
From income (excluding dividends)	–	–	–	–
From dividends	(0.26)	(0.10)	(0.15)	(0.12)
From capital gains	–	–	–	–
Returns of capital	–	–	–	–
Total annual distributions (3)	(0.26)	(0.10)	(0.15)	(0.12)
Net assets – end of period	\$11.01	\$10.36	\$11.60	\$10.29
Ratios and supplemental data:	2019	2018	2017	2016
Total net asset value (\$ millions) (1)	\$23.43	\$23.20	\$19.19	\$13.91
Number of units outstanding	2,127,192	2,238,427	1,654,507	1,351,696
Management expense ratio (2)	1.04%	1.04%	1.05%	1.08%
Management expense ratio before waivers or absorptions	1.04%	1.04%	1.05%	1.08%
Trading expense ratio (3)	0.13%	0.12%	0.19%	0.07%
Portfolio turnover rate (4)	37.10%	33.90%	55.59%	13.95%
Net asset value per unit	\$11.01	\$10.36	\$11.60	\$10.29

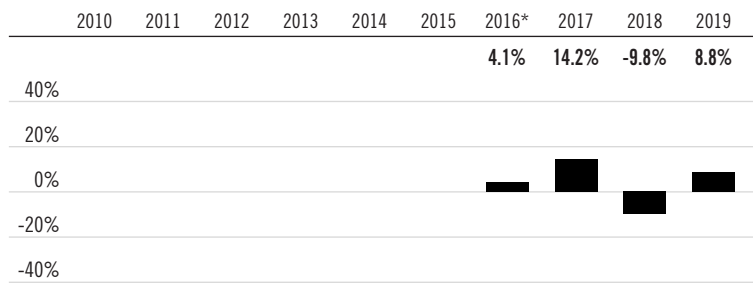
For explanatory notes, please refer to “Explanatory Notes to Financial Highlights” at the end of the section.

PAST PERFORMANCE

The following information assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund and does not take into account sales, redemption, distribution or other optional charges that would have reduced returns. Past performance does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns

The bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the investment Fund's performance has changed from year to year. In percentage terms, the bar chart indicates how much an investment made on January 1 would have grown or decreased by the December 31 of each year shown.



*2016 Series PF return: October 3 to December 31

Annual Compound Returns

The table shows the annual compound total returns for each of the periods shown ended December 31, 2019. The returns are compared against the benchmark(s) over the same period.‡

	1 Year	3 Years	5 Years	10 Years	Since Inception
Series PF Units	8.8%	3.9%	N/A	N/A	4.9%
MSCI EAFE Index	16.5%	8.9%	N/A	N/A	8.6%

‡ For a definition of the benchmark(s), please refer to “Benchmark(s) Information” at the end of the section.

TEMPLETON INTERNATIONAL STOCK FUND
MANAGEMENT REPORT OF FUND PERFORMANCE
 Series PFT (AS AT DECEMBER 31, 2019)

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the fiscal periods ended December 31.

Net assets per unit (1)	2019	2018	2017	2016
Net assets – beginning of period	\$12.99	\$15.84	\$15.24	\$15.00
Increase (decrease) from operations:				
Total revenue	0.45	0.37	0.47	0.14
Total expenses	(0.14)	(0.16)	(0.17)	(0.04)
Realized gains (losses) for the period	(0.12)	0.85	2.53	1.03
Unrealized gains (losses) for the period	0.91	(3.10)	(2.51)	(0.18)
Total increase (decrease) from operations (2)	1.10	(2.04)	0.32	0.95
Distributions:				
From income (excluding dividends)	–	–	–	–
From dividends	(0.30)	(0.13)	(0.21)	–
From capital gains	–	–	–	–
Returns of capital	(1.04)	(1.27)	(1.22)	(0.20)
Total annual distributions (3)	(1.34)	(1.40)	(1.43)	(0.20)
Net assets – end of period	\$12.73	\$12.99	\$15.84	\$15.24
Ratios and supplemental data:	2019	2018	2017	2016
Total net asset value (\$ millions) (1)	\$0.55	\$0.29	\$0.32	\$0.07
Number of units outstanding	42,805	22,349	20,437	4,678
Management expense ratio (2)	1.09%	1.09%	1.09%	1.07%
Management expense ratio before waivers or absorptions	1.09%	1.09%	1.09%	1.07%
Trading expense ratio (3)	0.13%	0.12%	0.19%	0.07%
Portfolio turnover rate (4)	37.10%	33.90%	55.59%	13.95%
Net asset value per unit	\$12.73	\$12.99	\$15.84	\$15.24

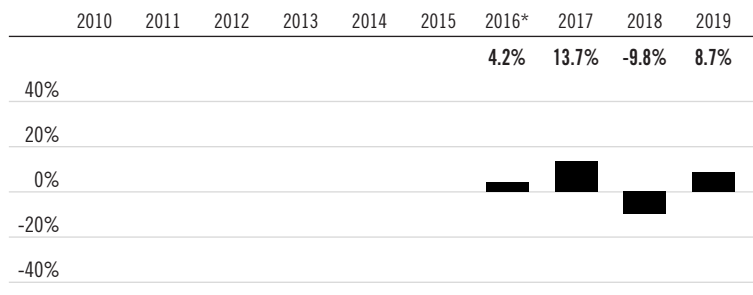
For explanatory notes, please refer to “Explanatory Notes to Financial Highlights” at the end of the section.

PAST PERFORMANCE

The following information assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund and does not take into account sales, redemption, distribution or other optional charges that would have reduced returns. Past performance does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns

The bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the investment Fund's performance has changed from year to year. In percentage terms, the bar chart indicates how much an investment made on January 1 would have grown or decreased by the December 31 of each year shown.



*2016 Series PFT return: October 3 to December 31

Annual Compound Returns

The table shows the annual compound total returns for each of the periods shown ended December 31, 2019. The returns are compared against the benchmark(s) over the same period.‡

	1 Year	3 Years	5 Years	10 Years	Since Inception
Series PFT Units	8.7%	3.7%	N/A	N/A	4.7%
MSCI EAFE Index	16.5%	8.9%	N/A	N/A	8.6%

‡ For a definition of the benchmark(s), please refer to “Benchmark(s) Information” at the end of the section.

TEMPLETON INTERNATIONAL STOCK FUND
MANAGEMENT REPORT OF FUND PERFORMANCE
Series PT (AS AT DECEMBER 31, 2019)

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the fiscal period ended December 31.

Net assets per unit (1)	2019
Net assets - initial offering price*	\$10.00
Increase (decrease) from operations:	
Total revenue	0.55
Total expenses	(0.29)
Realized gains (losses) for the period	0.06
Unrealized gains (losses) for the period	0.32
Total increase (decrease) from operations (2)	0.64
Distributions:	
From income (excluding dividends)	-
From dividends	(0.33)
From capital gains	-
Returns of capital	(1.20)
Total annual distributions (3)	(1.53)
Net assets – end of period	\$14.12
Ratios and supplemental data:	2019
Total net asset value (\$ millions) (1)	\$0.01
Number of units outstanding	348
Management expense ratio (2)	2.19%
Management expense ratio before waivers or absorptions	2.19%
Trading expense ratio (3)	0.13%
Portfolio turnover rate (4)	37.10%
Net asset value per unit	\$14.12

For explanatory notes, please refer to "Explanatory Notes to Financial Highlights" at the end of the section.

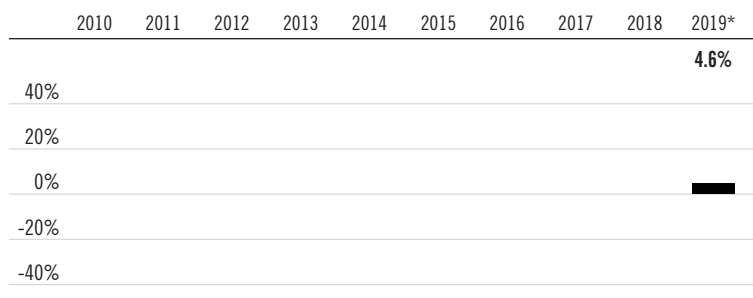
*The Series was launched on January 25, 2019 (Available for sale on January 25, 2019).

PAST PERFORMANCE

The following information assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund and does not take into account sales, redemption, distribution or other optional charges that would have reduced returns. Past performance does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns

The bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the investment Fund's performance has changed from year to year. In percentage terms, the bar chart indicates how much an investment made on January 1 would have grown or decreased by the December 31 of each year shown.



*2019 Series PT return: January 25 to December 31.

Annual Compound Returns

The table shows the annual compound total returns for each of the periods shown ended December 31, 2019. The returns are compared against the benchmark(s) over the same period.‡

	1 Year	3 Years	5 Years	10 Years	Since Inception
Series PT Units	N/A	N/A	N/A	N/A	4.6%
MSCI EAFE Index	N/A	N/A	N/A	N/A	13.7%

‡ For a definition of the benchmark(s), please refer to "Benchmark(s) Information" at the end of the section.

TEMPLETON INTERNATIONAL STOCK FUND
MANAGEMENT REPORT OF FUND PERFORMANCE
Series T (AS AT DECEMBER 31, 2019)

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the fiscal periods ended December 31.

Net assets per unit (1)	2019	2018	2017	2016	2015
Net assets – beginning of period	\$4.48	\$5.55	\$5.41	\$6.36	\$6.00
Increase (decrease) from operations:					
Total revenue	0.17	0.14	0.18	0.16	0.15
Total expenses	(0.12)	(0.14)	(0.15)	(0.15)	(0.17)
Realized gains (losses) for the period	0.02	0.32	0.96	0.25	–
Unrealized gains (losses) for the period	0.22	(0.83)	(0.33)	(0.67)	0.87
Total increase (decrease) from operations (2)	0.29	(0.51)	0.66	(0.41)	0.85
Distributions:					
From income (excluding dividends)	–	–	–	–	–
From dividends	(0.10)	(0.04)	(0.07)	(0.06)	(0.04)
From capital gains	–	–	–	–	–
Returns of capital	(0.36)	(0.44)	(0.43)	(0.51)	(0.48)
Total annual distributions (3)	(0.46)	(0.48)	(0.50)	(0.57)	(0.52)
Net assets – end of period	\$4.32	\$4.48	\$5.55	\$5.41	\$6.36
Ratios and supplemental data:	2019	2018	2017	2016	2015
Total net asset value (\$ millions) (1)	\$1.00	\$1.17	\$1.73	\$1.84	\$2.40
Number of units outstanding	231,964	260,798	311,668	340,760	376,833
Management expense ratio (2)	2.63%	2.65%	2.65%	2.64%	2.64%
Management expense ratio before waivers or absorptions	2.63%	2.65%	2.65%	2.64%	2.64%
Trading expense ratio (3)	0.13%	0.12%	0.19%	0.07%	0.08%
Portfolio turnover rate (4)	37.10%	33.90%	55.59%	13.95%	12.01%
Net asset value per unit	\$4.32	\$4.48	\$5.55	\$5.41	\$6.36

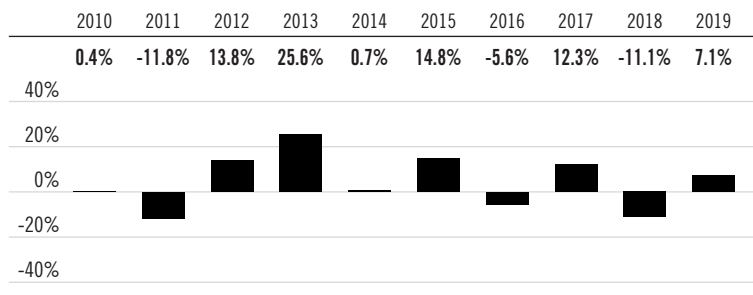
For explanatory notes, please refer to “Explanatory Notes to Financial Highlights” at the end of the section.

PAST PERFORMANCE

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Year-by-Year Returns

The bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the investment Fund's performance has changed from year to year. In percentage terms, the bar chart indicates how much an investment made on January 1 would have grown or decreased by the December 31 of each year shown.



Annual Compound Returns

The table shows the annual compound total returns for each of the periods shown ended December 31, 2019. The returns are compared against the benchmark(s) over the same period.‡

	1 Year	3 Years	5 Years	10 Years	Since Inception
Series T Units	7.1%	2.2%	3.0%	4.0%	2.7%
MSCI EAFE Index	16.5%	8.9%	8.6%	8.3%	5.8%

‡ For a definition of the benchmark(s), please refer to “Benchmark(s) Information” at the end of the section.

NOTES TO FINANCIAL HIGHLIGHTS

Net Assets per Unit:

- (1) This information is derived from the Fund's audited annual financial statements. In the period a fund or series is established, the financial information is provided from the date of inception to the end of the period. In cases where the net assets per unit presented in the financial statements differ from the net asset value calculated for Fund pricing purposes, an explanation of these differences can be found in the notes to the financial statements.
- (2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/(decrease) in net assets from operations is based on the weighted average number of units outstanding over the fiscal period. This table is not intended to be a reconciliation of opening and closing net assets per unit.
- (3) Distributions were paid in cash or reinvested in additional units of the Fund or both, and exclude distributions of management fee reductions to unitholders.

Ratios and Supplemental Data:

- (1) This information is provided as at the period-end of the year shown.
- (2) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.
- (3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of net asset value during the period.
- (4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling each security in its portfolio once in the course of the relevant period. The higher the portfolio turnover rate in the period, the greater the trading costs payable by the Fund and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

OTHER FUND INFORMATION

Reported year-by-year returns for past years may be revised, based on the results of recalculations, audits and/or other historical review processes. Such revisions are considered immaterial to performance disclosure unless otherwise stated.

Series I and V, as applicable, are presently capped (closed to new investors). Investors who currently own units of Series I and Series V may continue to purchase additional units in those series. These series may become available for purchase by new investors at the discretion of the Manager.

BENCHMARK(S) INFORMATION

MSCI EAFE Index measures the total return (dividends are reinvested) of equity securities in Europe, Australasia and the Far East. Index returns are shown in Canadian dollars.