

Product Profile

Product Details¹

Fund Assets	\$273,743,186.61
Fund Inception Date	01/03/1989
Number of Issuers	63
Base Currency	CAD
Morningstar Category™	International Equity
Distribution Frequency	Annually

Risk Classification²

Low	Low to Medium	Medium	Medium to High	High
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Fund Description

This Fund seeks to achieve long-term capital appreciation by investing primarily in equity securities of companies outside Canada and the United States. The Fund may invest in any number of companies from one country or industry.

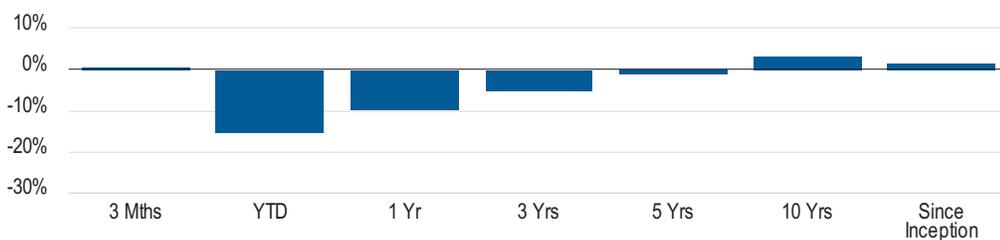
Performance Data³

Average Annual Total Returns⁴ (%)

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (11/24/2000)
Series F	0.87	-15.18	-9.59	-4.95	-0.84	3.54	1.81

Management Expense Ratio (as of 06/30/2020 incl. HST)—1.48%

The indicated rates of return are the historical annual compounded total returns including changes in share or unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Please call Franklin Templeton Client Services at 1.800.387.0830 or visit www.franklintempleton.ca for the most recent month-end performance.



● Series F

Calendar Year Returns (%)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Series F	8.32	-10.16	13.71	-4.46	16.09	1.81	27.01	15.12	-10.77	1.43

1. Series F is available to investors participating in programs that do not require Franklin Templeton to incur distribution costs in the form of trailing commissions to dealers. As a consequence, the management fee on Series F is lower than on Series A.

2. Each fund is assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk. The risk ratings were determined using a methodology that assesses a fund's historical volatility risk as measured by the standard deviation of fund performance. However, just as a fund's historical performance may not be indicative of its future returns, a fund's historical volatility may not be indicative of its future volatility. In addition, other types of risk may exist that can affect a fund's returns. Please read the prospectus for more information on fund risk ratings.

3. The fund offers other series subject to different fees and expenses, which will affect their performance.

4. Periods shorter than one year are shown as cumulative total returns.

Portfolio Manager Insight⁵

Performance Review

QUARTERLY KEY PERFORMANCE DRIVERS

	Stock	Sectors	Countries
HELPED	Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	Information Technology (Stock Selection)	Taiwan (Off-benchmark Exposure)
	Samsung Electronics Co., Ltd. Sponsored GDR	Financials (Stock Selection)	South Korea (Off-benchmark Exposure)
	Alibaba Group Holding Ltd.	Materials (Stock Selection)	Netherlands (Stock Selection)
HURT	Bayer AG	Health Care (Stock Selection)	United Kingdom (Stock Selection)
	CK Asset Holdings Limited	Industrials (Stock Selection)	Germany (Stock Selection)
	Standard Chartered PLC	Real Estate (Stock Selection)	Hong Kong (Stock Selection, Overweight)

- Health care holdings included the fund's biggest single-stock detractor during the quarter: German pharmaceutical and chemical firm Bayer. The market has remained sceptical about the finality of Bayer's complex US\$12 billion settlement to resolve litigation stemming from its acquisition of Monsanto, manufacturer of the controversial weed-killer Round-Up. Adding to the negative sentiment, management issued a profit warning for 2021 on the final day of the quarter. The disappointing guidance challenges our view that the market will soon begin to look beyond the litigation issues and focus on the fundamentals of the underlying business.
- Notable detractors from the real estate sector included CK Asset Holdings, a Hong Kong-based property developer. The company has been divesting its Hong Kong/China property assets and reinvesting cash into infrastructure and utility assets since the group's restructuring in 2015. However, COVID-19 has reduced the likelihood of a dividend increase and share buybacks and the shares traded lower during the reporting period.
- Outperformance in the information technology sector was led by Taiwan Semiconductor Manufacturing. Its shares surged in late July after competitor Intel (not a fund holding) announced significant delays in the production of its new seven-nanometre microchip. Intel indicated that it would hire a manufacturing subcontractor to help with production, with many observers believing that Taiwan Semiconductor may be selected to fill the role.

Outlook & Strategy

- Value has continued to underperform, with the MSCI EAFE Value Index trailing the MSCI EAFE Index by over ten percentage points, year-to-date. As such, much of the recent relative fund underperformance has been attributable to style and the avoidance of expensive growth / momentum stocks. At Templeton, our goal is to buy great companies at the right price because the risk/reward is asymmetric; valuation support creates a margin of safety on the downside, while scope for fundamental improvement and multiple expansion increases upside potential. However, our focus on buying what we assess as future winners at reasonable prices has been out of favour in a market willing to pay ever higher prices for established leaders.
- Our macro view is largely unchanged. Central banks have been working overtime to try to offset the damage done by COVID lockdowns. The global economy will eventually recover, but certain segments of it have been structurally impaired and that does not appear to be adequately discounted in asset prices. We have continued to reposition the portfolio towards what we view as resilient companies with interesting long-term growth opportunities trading at discounted valuations in this environment. Admittedly, it has been challenging to find compelling new investments at reasonable prices recently. Markets have risen strongly from their nadir in March. Stocks that continue to look outright "cheap" on a historical basis tend to have structural headwinds or debt issues, which makes them vulnerable over time.
- Our focus has been on ensuring portfolios are broadly diversified across a range of exposures because a balanced portfolio seems best suited for an expensive and uncertain market. This won't always be the case. There will be times when equity valuations aren't as rich and it makes sense to have a more concentrated directional view. But our analysis suggests that now is not one of those times. Valuation excess and investor euphoria raise the market's risk profile, and for us diversification is as much about managing risks as it is enhancing returns. We will continue to seek sensible diversification amongst uncorrelated value exposures in this environment and are prepared to pounce should further market volatility provide opportunities to invest in what we consider genuine bargains.

Portfolio Characteristics⁶

	Portfolio	MSCI EAFE Index
Price to Earnings (12-Month Trailing)	13.28x	20.16x
Price to Book	0.96x	1.58x
Price to Cash Flow	4.88x	9.76x
Weighted Average Market Capitalization (Millions in CAD)	98,086	72,878

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.

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 capitalisation 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. All holdings are subject to change.

Portfolio Diversification

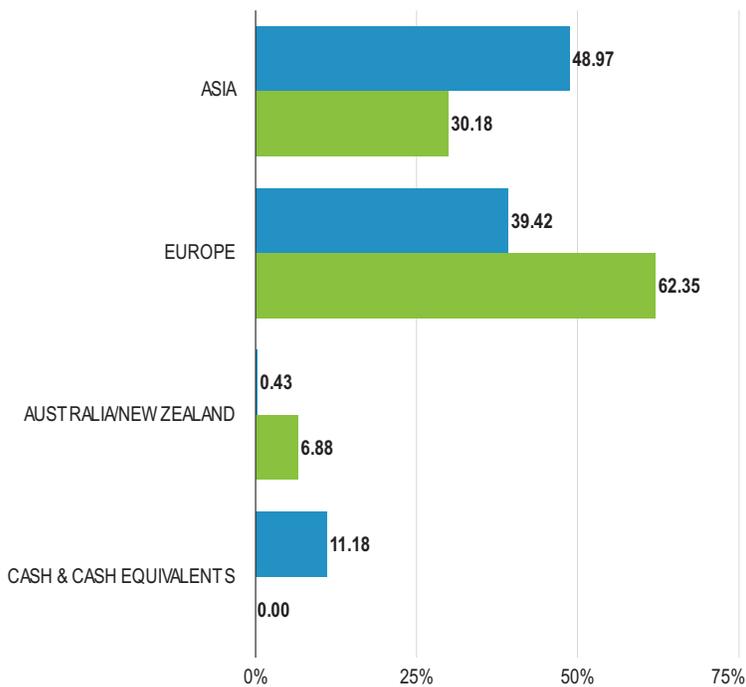
Top Ten Holdings⁷

Percent of Total

Top Holdings	Sector	Country	%
Samsung Electronics Co Ltd	Technology Hardware & Equipment	South Korea	3.77
TAKEDA PHARMACEUTICAL CO LTD	Pharmaceuticals, Biotechnology & Life Sciences	Japan	3.30
BAYER AG	Pharmaceuticals, Biotechnology & Life Sciences	Germany	3.08
E.ON SE	Utilities	Germany	2.91
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	Semiconductors & Semiconductor Equipment	Taiwan	2.83
KB FINANCIAL GROUP INC	Banks	South Korea	2.27
NXP SEMICONDUCTORS NV	Semiconductors & Semiconductor Equipment	Netherlands	2.24
CK HUTCHISON HOLDINGS LTD	Capital Goods	Hong Kong	2.18
SANOFI	Pharmaceuticals, Biotechnology & Life Sciences	France	2.04
AIA GROUP LTD	Insurance	Hong Kong	2.02

Geographic Weightings vs. MSCI EAFE Index⁸

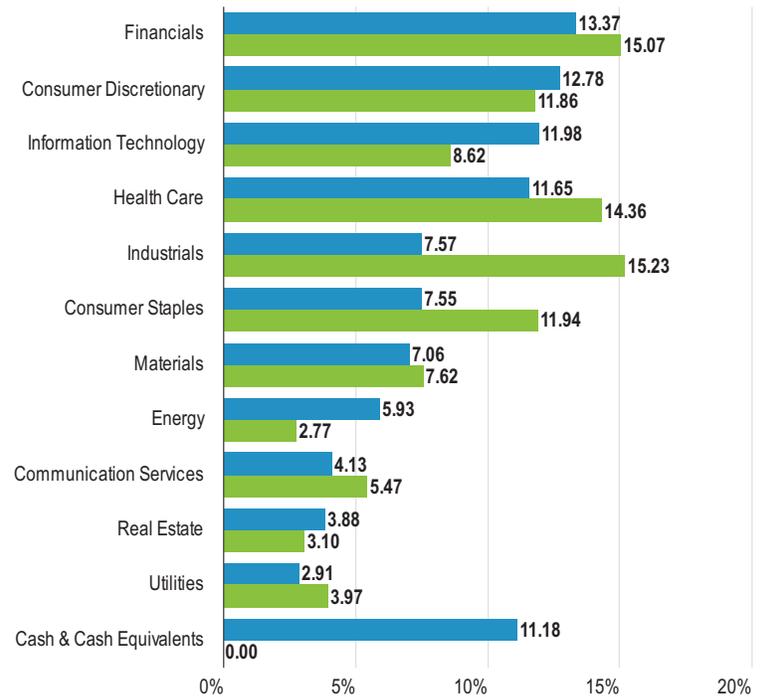
Percent of Total



● Templeton International Stock Fund
● MSCI EAFE Index

Sector Weightings vs. MSCI EAFE Index⁹

Percent of Total



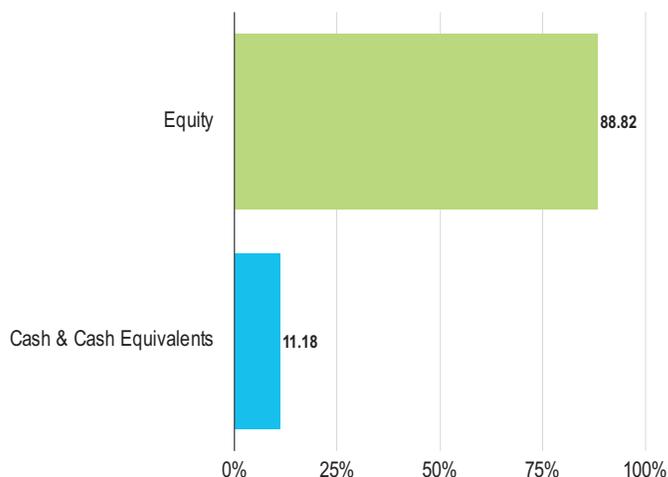
● Templeton International Stock Fund
● MSCI EAFE Index

7. 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 securities identified do not represent the fund's entire holdings and in the aggregate may represent only a small percentage of such holdings. There is no assurance that securities purchased will remain in the fund, or that securities sold will not be repurchased. The portfolio manager reserves the right to withhold release of information with respect to holdings that would otherwise be included.

8,9. Percentage may not equal 100% due to rounding. All holdings are subject to change.

Asset Allocation¹⁰

Percent of Total



Supplemental Performance Statistics

Supplemental Risk Statistics^{11,12}

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)	12.83	12.55	12.59	14.44
Tracking Error (%)	4.40	4.19	4.23	4.42
Information Ratio	-1.88	-1.57	-1.02	-0.42
Beta	1.12	1.07	1.04	1.06
Sharpe Ratio	-0.49	-0.15	0.20	-0.01

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Investment Philosophy

Templeton utilises a disciplined, consistent approach based on three timeless principles of investing:

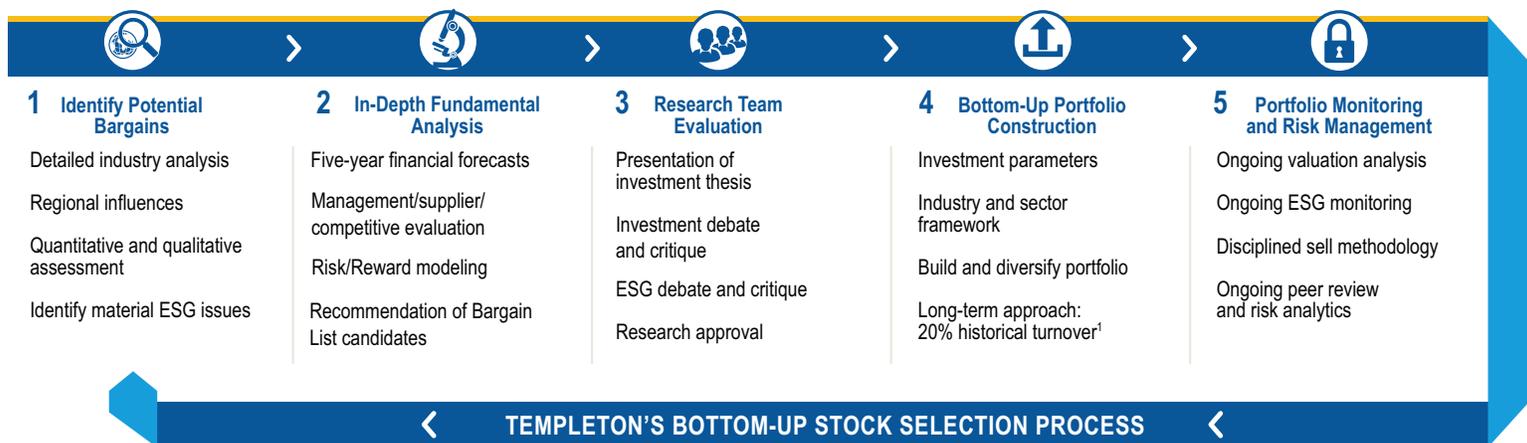
Value	Patience	Bottom-up stock picking
Our flexible approach is applied within a disciplined framework and seeks to identify companies trading at large discounts to their business value.	Our long-term focus gives us a framework to take advantage of price volatility to reveal potential long-term investment opportunities. Patience allows for potential long-term value recognition.	Our portfolio management process seeks to buy pessimism and sell optimism. We build portfolios spanning regions and sectors made up of securities identified through this process.

10. Percentage may not equal 100% due to rounding. All holdings are subject to change.

11. Beta, Information Ratio and Tracking Error information are measured against the MSCI EAFE Index.

12. 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).

Investment Process¹³



13. Historical turnover is based on Templeton Global Equity Group's overall experience, over a five-year period as of most recent quarter end. The turnover is a byproduct of Templeton's long-term approach to managing portfolios, but various factors, such as a portfolio's specific investment guidelines and market or economic conditions may cause actual portfolio turnover to vary.

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Peter Moeschter, CFA	23	28
Christopher James Peel, CFA	12	12
Herbert J Arnett Jr.	24	26
Warren Pustam, CFA	7	14
	Number Of Members	Average Years Experience
Portfolio Managers/Analysts	21	24
Research Analysts	11	13
Additional Resources	Global Research Library	Global Trading Platform
Global Portfolio Compliance	Research Technology Group	Investment Risk Management Group
Junior Research Analysts		
Product Managers	Years with Firm	Years Experience
Ann Reitman, CFA	20	27

Glossary

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 CAD.

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.

Fund Codes¹⁴

	Series		Corporate Class	
	CAD	USD	CAD	USD
Series A Front	TML735	TML804	TML360	TML362
Series A DSC	TML705	TML904	TML361	TML363
Series A Low Load	TML742	TML744	TML616	TML617
Series F	TML745	TML753	TML364	TML365
Series F ADM	TML5024	TML5046	TML5152	TML5175
Series I	TML785	TML797	TML366	TML367
Series O	TML167	TML177	TML368	TML369
Series PA Front	TML5653	TML5656	TML5644	TML5647
Series PA DSC	TML5655	TML5658	TML5646	TML5649
Series PA Low Load	TML5654	TML5657	TML5645	TML5648
Series PF	TML3920	TML3921	TML3813	TML3814
Series PF ADM	TML5095	TML5117	TML5192	TML5207
Series PFT	TML3922	—	—	—
Series PFT ADM	TML5130	—	—	—
Series PT Front	TML5659	—	TML5650	—
Series PT DSC	TML5661	—	TML5652	—
Series PT Low Load	TML5660	—	TML5651	—
Series T Front	TML770	—	TML3164	—
Series T DSC	TML771	—	TML3166	—
Series T Low Load	TML748	—	TML3165	—

Series I closed to new investors as of November 22, 2016.

Beginning in January 2017, investors switching between Corporate Class funds will trigger a capital gain or loss at the time of the switch due to certain changes in the income tax laws made by the federal government in 2016.

14. "ADM" refers to the Investment Advisory Services Fee purchase option for series F, FT, PF, PF(Hedged), and PFT. Please see the simplified prospectus for further details.

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Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus or fund facts document before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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