Templeton Global Bond Fund

September 30, 2020

FRANKLIN TEMPLETON

Product Profile

Product Details[1,2]

Fund Assets	$736,252,242.82
Fund Inception Date	07/15/1988
Number of Securities Including Cash	72
Base Currency	CAD
Morningstar Category ™	Global Fixed Income
Distribution Frequency	Monthly

Risk Classification[3]

Low	**Low to Medium**	Medium	Medium to High	High

	Inception Date
Series F	06/18/2001

Fund Description

The Fund seeks to achieve high current income with capital appreciation by investing primarily in fixed income securities and preferred shares issued around the world. The Fund may not invest more than 25% of the total value of the invested assets (excluding cash) in a particular industry.

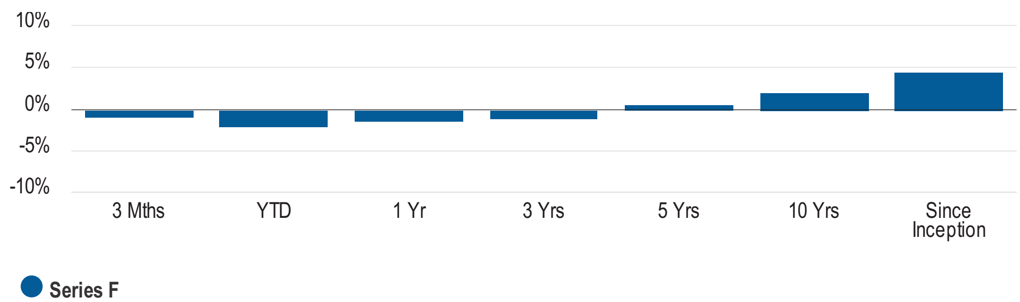
Performance Data[4]

Average Annual Total Returns[5] (%)

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (06/18/2001)
Series F	-0.95	-2.14	-1.34	-1.10	0.52	2.03	4.51

Management Expense Ratio (as of 06/30/2020 incl. HST)—1.09%

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.



Calendar Year Returns (%)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Series F	-5.12	5.16	1.27	-1.03	7.29	4.30	3.20	8.28	1.18	8.82

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. All holdings are subject to change.
3. 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.
4. The fund offers other share classes subject to different fees and expenses, which will affect their performance. Please see the prospectus for details.
5. Periods shorter than one year are shown as cumulative total returns.

Portfolio Manager Insight[6]

Performance Review

QUARTERLY KEY PERFORMANCE DRIVERS

	Currencies	Duration	Credit
HELPED	Japanese Yen (Net-Positive Position)	Argentina	—
	Norwegian Krone	Indonesia	—
	—	—	—
HURT	Argentine Peso	—	—
	Indonesian Rupiah	—	—
	—	—	—

- The US dollar broadly weakened against most developed market currencies during the quarter, but finished on a strengthening trend in September, reversing the weakening pattern that had lasted from mid-May through the end of August. Currency positions in Latin America (the Argentine peso) and Asia ex Japan (the Indonesian rupiah) detracted from absolute fund performance. However, the fund's net-positive position in the Japanese yen contributed to absolute results, as did positions in northern European currencies (the Norwegian krone).
- Developed market sovereign bond yields fluctuated during the quarter, rising in August on reflation expectations but dropping in September as broad risk aversion returned to global financial markets. Yields finished higher in a number of local-currency emerging markets, notably in Latin America. We held select duration exposures in countries with relatively higher yields that we believe have compelling valuations and varying degrees of economic resilience to external shocks. Select duration exposures in Latin America (Argentina) and Asia ex Japan (Indonesia) contributed to absolute fund performance.
- From a positioning standpoint, we continue to maintain low portfolio duration. We are significantly underweight developed market duration, while holding no exposure to the long end of the curve. We hold no duration exposure in the eurozone. Instead, we continue to emphasise select local-currency positions outside of the major developed markets, in countries that we view as having resilient fundamentals and attractive risk-adjusted yields. We are counter-balancing those various risk exposures with perceived safe-haven investments, such as the Japanese yen and Swiss franc, and we are hedging some local-currency risk through direct hedges (Indian rupee, South Korean won, Mexican peso and Brazilian real). We are avoiding credit markets, which we view as significantly overstretched and vulnerable to insolvencies. Overall, we are aiming the strategies to be a portfolio diversifier against overvalued asset classes that remain vulnerable to ongoing economic shocks.

Outlook & Strategy

- We remain cautious on the risk profiles across global fixed income markets as the COVID-19 pandemic continues to impact economic activity around the world. The broad-based selloffs across asset classes in September demonstrate the highly correlated and currently vulnerable state of global financial markets, in our assessment. Several asset classes remain broadly overvalued, in our view, reflecting an underappreciation for the likelihood for successive waves of infections, growing insolvencies and deepening economic hardship. We see elevated risks for a significant correction in financial markets given the extreme dislocations between asset prices and macroeconomic fundamentals.
- We continue to aim at positioning our strategies to be uncorrelated to vulnerable asset classes while delivering high income and defending capital. We're currently focusing on specific perceived safe-haven investments, while emphasising a select set of higher-yielding emerging markets that have relatively resilient domestic economies. We're aiming to derive alpha from different sources than the low-to-negative yielding developed fixed income markets, which have limited upside potential left and asymmetric interest-rate risks as yields grind to historic lows.
- We continue to see conditions for a gradual recovery in the global economy, with the potential for setbacks and multiple stages of relief rallies and corrections in financial markets before a more sustainable growth recovery takes hold. There are still unknowns over how long the pandemic will last and what the impacts will be as governments struggle to effectively maintain reopened economies.
- Additionally, economic recoveries in many regions have shown signs of levelling off in recent months, demonstrating that the improvements in the late spring and summer months were rebounds from the extreme low points in March and April, not trends that could be extrapolated through upcoming quarters. We remain concerned that as the pandemic persists through the fall and winter months that cost-cutting by businesses and rising insolvencies will worsen with each month of stifled activity. Geopolitical risks also remain elevated as the United States heads towards elections in November and the United Kingdom struggles to agree to terms before its year-end deadline for withdrawal from the European Union. Elevated political and economic uncertainty, as well as significant overvaluations in several asset classes, pose risks for global financial markets in the quarter ahead.
- Our outlook for emerging markets as a whole remains cautious; however, we see risk-adjusted value in specific countries. It remains crucial to be selective. Tragically we have seen the consequences of weak environmental, social and governance (ESG) factors in specific emerging markets during the pandemic. Countries that were less prepared for a health crisis due to weaker health care systems and less developed infrastructure, and/or less prepared for an economic crisis due to fiscal imbalances, high levels of debt and external dependencies, have suffered greater damage to lives and livelihoods. By contrast, countries that were in stronger fundamental shape before the crisis, with stronger institutions, lower levels of debt and more diversified economies, have generally fared better. Several domestically oriented economies continue to have comparatively better prospects than externally dependent economies, given the collapse in global aggregate demand and diminished levels of trade. We continue to monitor broader conditions and expect that the impacts of the COVID-19 pandemic could persist for multiple quarters, potentially pushing out the timeline for when certain investment opportunities may become suitable.

6. The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or fund. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of the date of this material and may change without notice. A portfolio manager's assessment of a particular security, investment or strategy is not intended as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy; it is intended only to provide insight into the fund's portfolio selection process. Holdings are subject to change.

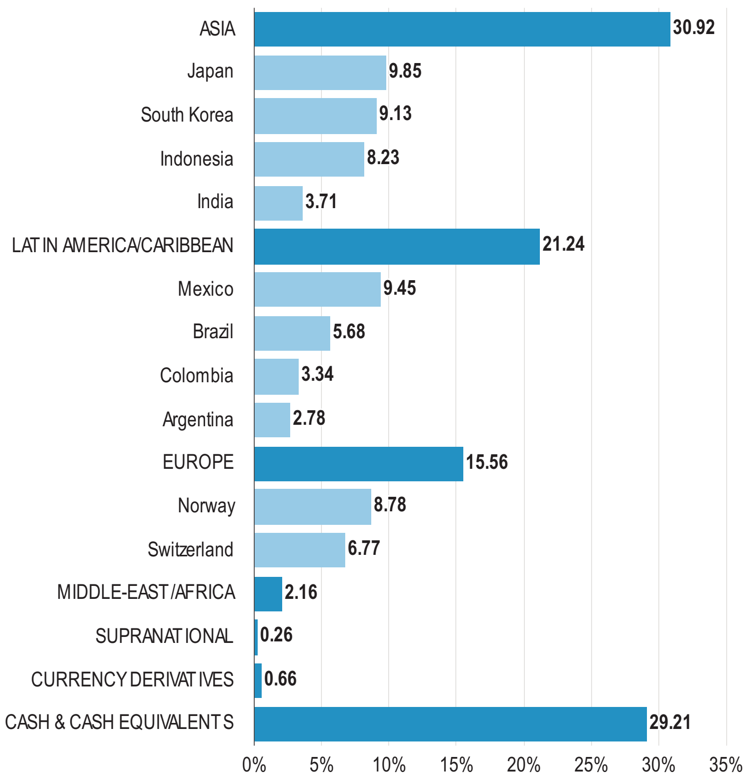
Portfolio Characteristics[7,8,9]

	Portfolio
Yield to Maturity	1.23%
Average Duration	1.14 Yrs
Average Weighted Maturity	1.39 Yrs

Portfolio Diversification[7]

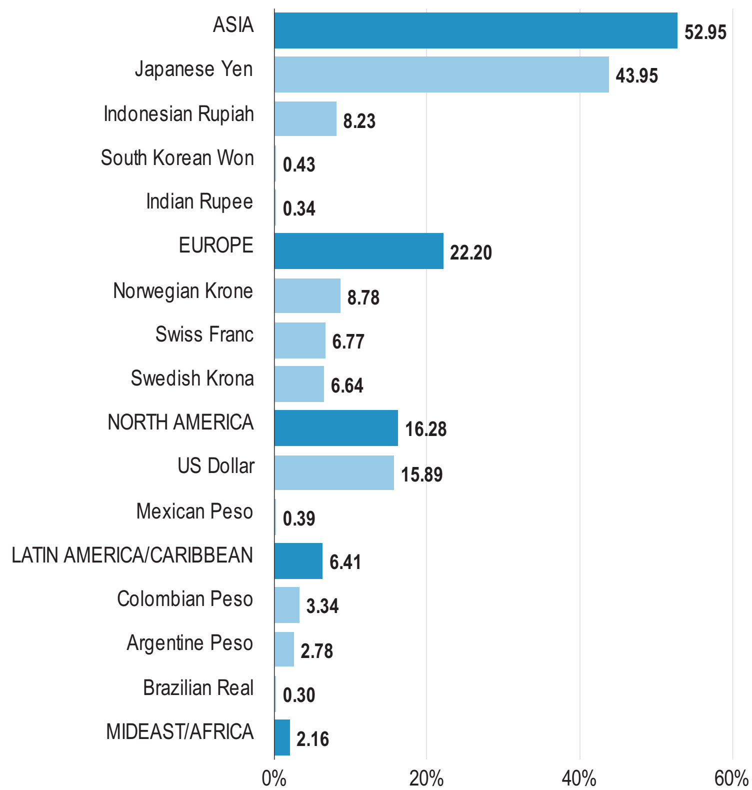
Geographic Allocation[10]

Market Value—Percent of Total



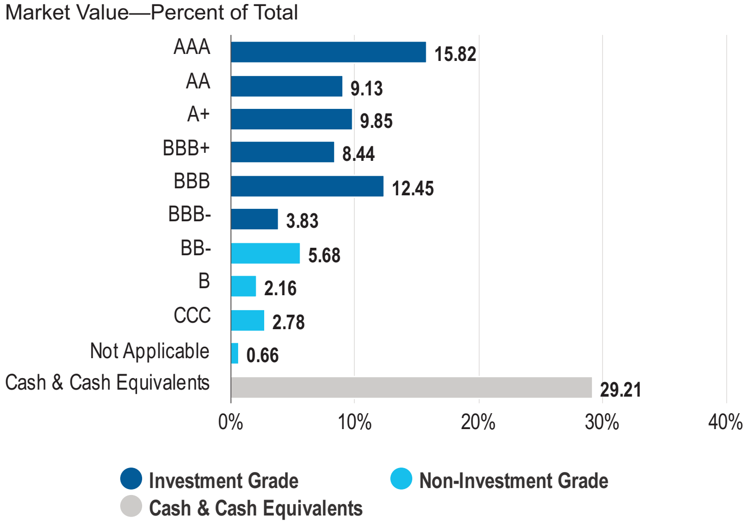
Currency Exposure[11]

Currency Exposure—Percent of Total



Credit Quality Allocation[10,12]

Market Value—Percent of Total



Supplemental Performance Statistics

Supplemental Risk Statistics[13,14]

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)	5.89	6.46	5.83	7.23
Tracking Error (%)	8.28	7.86	7.55	7.05
Information Ratio	-0.95	-0.43	-0.36	0.01
Beta	0.21	0.34	0.33	0.51
Sharpe Ratio	-0.42	-0.07	0.18	0.36

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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 global interest rates and currency trends provides the best potential for solid risk-adjusted returns. The strategy 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.

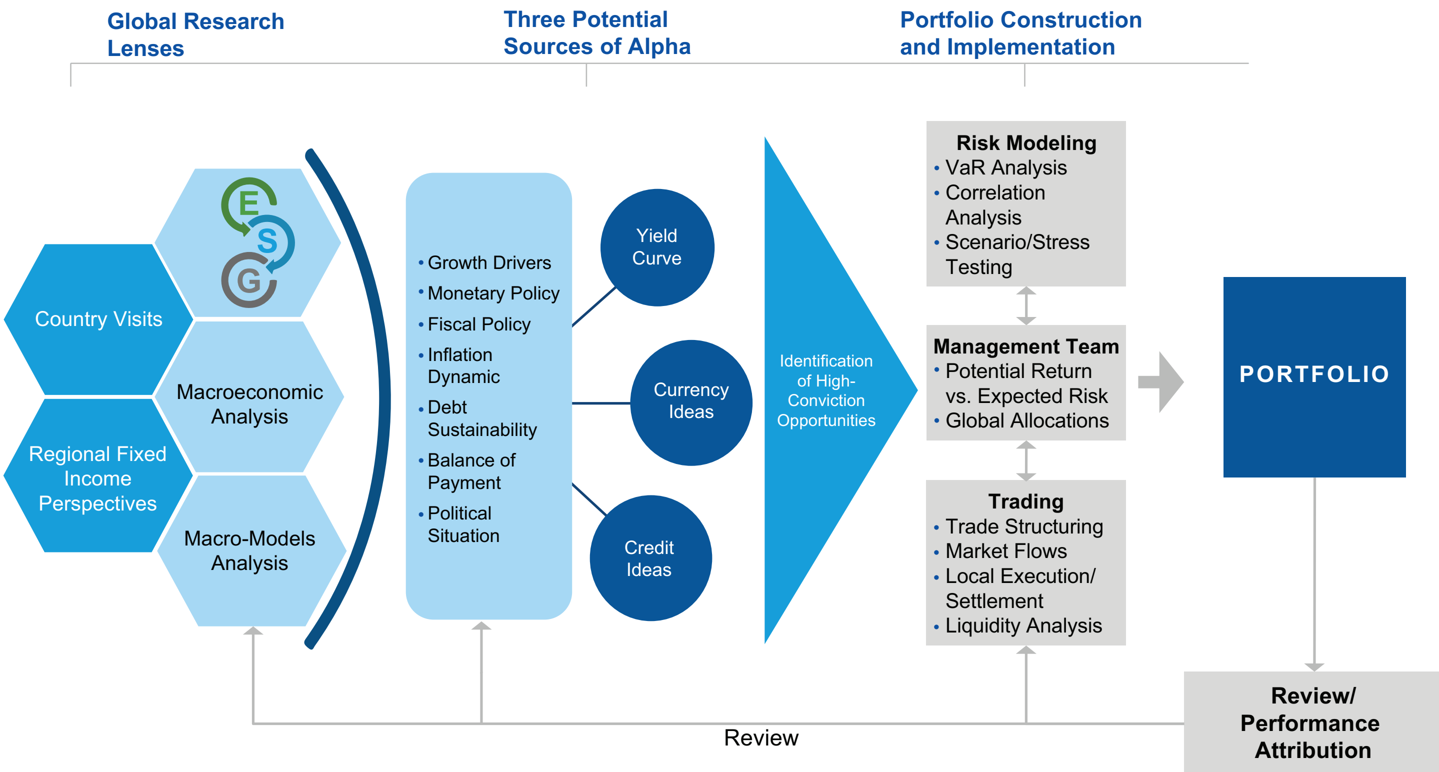
Investment Process

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:
  - Yield curve
  - Currencies
  - Sovereign credit
- Active positioning across these three areas
  - Precisely isolate desired exposures
  - Risk budget composition will shift based on relative attractiveness during global economic and credit cycles

13. Beta, Information Ratio and Tracking Error information are measured against the JP Morgan Global Government Bond Index.
14. 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 Process[15,16,17]



Investment Team

Portfolio Manager	Years with Firm	Years Experience
Michael Hasenstab, Ph. D.	21	25
Calvin Ho, Ph. D.	15	15

Additional Resources	
Global Sovereign/EMD	Local Asset Management

Glossary

Average Duration: The market-weighted average of the duration of bonds. Duration of each bond is the estimated percentage change in the bond's price for a 1% change in the bond's yield.

Average Weighted Maturity: An estimate of the number of terms to maturity, taking the possibility of early payments into account, for the underlying holdings. Maturity is expressed as a number of years.

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.

15. The above chart is for illustrative and discussion purposes only. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions.
16. The Regional Fixed Income is comprised of investment professionals located in affiliates of and joint venture partners with Franklin Templeton.
17. ESG refers to Environmental, Social and Governance indicators.

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.

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.

Yield to Maturity: Yield to Maturity ('YTM') also known as the 'Gross Redemption Yield' or 'Redemption Yield'. The rate of return anticipated on a bond if it is held until the maturity date. YTM is considered a long-term bond yield expressed as an annual rate. The calculation of YTM takes into account the current market price, par value, coupon interest rate and time to maturity. It is also assumed that all coupons are reinvested at the same rate.

Fund Codes[18]

	Series		Hedged Corporate Class	
	CAD	USD	CAD	USD
Series A Front	TML704	TML803	TML3712	—
Series A DSC	TML734	TML903	TML3714	—
Series A Low Load	TML674	TML684	TML3713	—
Series F	TML257	TML258	TML3715	—
Series F ADM	TML5020	TML5043	TML5021	—
Series I	TML254	TML256	TML3716	—
Series O	TML259	TML260	TML3717	—
Series PA Front	TML5608	TML5611	TML5614	—
Series PA DSC	TML5610	TML5613	TML5616	—
Series PA Low Load	TML5609	TML5612	TML5615	—
Series PF	TML3727	TML3728	TML3808	—
Series PF ADM	TML5091	TML5114	TML5092	—

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

18. "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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7. All holdings are subject to change.
8. Yield to Maturity, Average Duration and Average Weighted Maturity reflect certain derivatives held in Portfolio (or their underlying reference assets).
9. Yield figures quoted should not be used as an indication of the income that has or will be received. Yield figures are based on the portfolio's underlying holdings and do not represent a payout of the portfolio. Past performance is not an indicator or a guarantee of future performance.
10. Market value figures reflect the trading value of the investments. Portfolio breakdown percentages may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors.
11. Notional exposure figures are intended to estimate the portfolio's exposure, including any hedged or increased exposure through certain derivatives held in the portfolio (or their underlying reference assets). Portfolio breakdown percentages may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors.
12. 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 Not Rated category consists of ratable securities that have not been rated by an NRSRO. The Not Applicable category consists of nonratable securities (e.g., equities). Cash includes equivalents, which may be rated.

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