

富蘭克林坦伯頓外國基金
Templeton Foreign Fund
年度財務報告中文簡譯本

2022 年 8 月 31 日

本基金年報中文簡譯本僅供參考。
中文簡譯本之內容與英文年報若有歧異，以英文年報之內容為準。

富蘭克林坦伯頓外國基金

財務重點

	截至 8 月 31 日止之年度				
	2022	2021	2020	2019	2018
A 股					
每單位股份操作績效					
(針對持續全年流通在外之股份)					
期初淨資產價值	\$ 7.77	\$ 6.22	\$ 6.61	\$ 7.69	\$ 7.81
來自投資操作之收益 ^a ：					
淨投資收益 ^b	0.13	0.18 ^c	0.10	0.19	0.12
淨實現及未實現利得(損失)	(1.28)	1.46	(0.25)	(1.09)	(0.13)
來自投資操作之收益總額	(1.15)	1.64	(0.15)	(0.90)	(0.01)
扣除配息：					
配息總額	(0.30)	(0.09)	(0.24)	(0.18)	(0.11)
期末淨資產價值	\$6.32	\$7.77	\$ 6.22	\$ 6.61	\$ 7.69
總報酬 ^d	(15.25)%	26.57%	(2.76)%	(11.73)%	(0.15)%
對應平均淨資產比率					
費用(關係企業支付或減免款項前)	1.16%	1.15%	1.19%	1.15%	1.16%
費用(關係企業支付或減免款項後)	1.10%	1.07%	1.10%	1.08%	1.11% ^e
淨投資收益	1.80%	2.45% ^c	1.55%	2.69%	1.54%
補充資料					
期末淨資產(000's)	\$1,418,293	\$1,990,939	\$1,766,365	\$2,395,260	\$2,929,181
投資組合資金週轉率	29.07%	37.85% ^f	42.37% ^f	30.81%	23.01%

a. 視與基金所獲取的收益以及/或是基金投資市值的變動相關的基金股份出售與購回的時間點，於此期間內流通在外股份所顯示的金額可能與此期間的經營業績表所實現的金額無關聯。

b. 以每日平均流通在外股數為基礎。

c. 每股淨投資收益包含約 0.09 美元的每股收益是有關與調整歐盟對某些基金持股的回收額。若不計此金額，淨投資收益與平均淨資產的比率將為 1.23%。

d. 總報酬並不反映銷售酬佣或是或有遞延銷售手續費(如適用)。

e. 費用減少及返還的利益四捨五入到小於 0.01%。

f. 不包括因實物贖回而交付的投資證券的價值。參閱附註 3(h)。

富蘭克林坦伯頓外國基金

資產負債表

2022年8月31日

資產：

證券投資：

成本 - 非關係企業上市公司	\$2,637,129,948
成本 - 非控制關係企業(附註 3f)	23,064,789
價值 - 非關係企業上市公司(包含借出證券\$36,093,637)	\$2,456,007,097
價值 - 非控制關係企業(附註 3f)	<u>23,064,789</u>

現金	51,606
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應收款項：

股本銷售款	1,760,100
股利及利息	10,293,249
歐盟稅款回收(附註 1d)	<u>756,111</u>

資產合計	<u>2,491,932,952</u>
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負債：

應付款項：

股本贖回	2,038,767
管理費用	1,354,232
配銷費用	380,646
股務代理機構費用	1,380,436
歐盟稅款回收的美國國稅局結算協議費用(附註 1d)	20,957,095

依證券借出的返還支付(附註 1c)	23,064,789
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遞延稅款	1,572,830
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預提費用及其他負債	<u>1,050,927</u>
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負債合計	<u>51,799,722</u>
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淨資產價值	<u>\$2,440,133,230</u>
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淨資產包含：

實收資本	\$3,002,277,824
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總可分配收益(損失)	<u>(562,144,594)</u>
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淨資產價值	<u>\$2,440,133,230</u>
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富蘭克林坦伯頓外國基金

資產負債表 (承續前表)

2022年8月31日

A 股：

淨資產價值	\$1,418,292,943
流通在外股份	224,458,333
每股淨資產價值 ^a	\$6.32
每股最高售價 (每股淨資產價值除以 94.50%)	\$6.69

a. 贖回價格等於淨資產價值減掉或有遞延銷售手續費(如適用)。

富蘭克林坦伯頓外國基金

經營業績表

截至 2022 年 8 月 31 日止之年度

投資收益：

股利：(扣除外國稅額 \$9,256,969)

非關係企業上市公司 \$86,316,046

利息：

非關係企業上市公司 287,317

來自借出證券的收益：

非關係企業(扣除費用和退還) 229,133

非控制關係企業上市公司(附註 3f) 83,923

其他收益(附註 1d) 141,448

減：歐盟稅款回收的美國國稅局結算協議費用(附註 1d) (218,026)

投資收益總額 86,839,841

費用：

管理費用(附註 3a) 20,821,430

配銷費用(附註 3c)

A 股 4,211,329

C 股 320,326

R 股 586,175

股務代理機構費用(附註 3e)

A 股 2,894,157

C 股 55,128

R 股 201,360

R6 股 279,570

Advisor 股 1,284,977

保管機構費用 220,360

股東報告書費用 436,135

註冊與申報費用 131,482

專業人士費用 166,804

董事酬金與費用 263,999

其他 203,193

總費用 32,076,425

關係企業減免支付的費用(附註 3f 及 3g) (1,978,718)

淨費用 30,097,707

淨投資收益 56,742,134

實現與未實現利得(損失)：

淨實現利得(損失)來自：

投資：

非關係企業上市公司 160,214,778

外幣交易 (1,478,732)

淨實現利得(損失) 158,736,046

淨未實現溢價(折價)變動在：

投資：

非關係企業上市公司 (681,673,498)

以外幣計價之其他資產與負債換算 (1,139,090)

未實現溢價之遞延稅款變動 1,230,835

淨未實現溢價(折價)變動 (681,581,753)

淨實現與未實現利得(損失) (522,845,707)

淨資產在操作上的淨增加(減少) \$(466,103,573)

富蘭克林坦伯頓外國基金

淨資產變動表

	截至8月31日止之年度	
	2022	2021
淨資產增加(減少)：		
操作：		
淨投資收益	\$56,742,134	\$92,940,813
淨實現利得(損失)	158,736,046	337,726,333
淨未實現溢價(折價)變動	(681,581,753)	398,219,453
淨資產在操作上淨增加(減少)	(466,103,573)	828,886,599
對股東配息來自：		
A 股	(68,477,455)	(25,789,554)
C 股	(999,549)	(254,786)
R 股	(4,571,272)	(1,399,512)
R6 股	(20,850,055)	(9,135,018)
Advisor 股	(34,087,582)	(14,872,436)
對股東的配息總額	(128,985,913)	(51,451,306)
股本交易：(附註 2)		
A 股	(240,351,269)	(197,236,237)
C 股	(9,046,243)	(27,080,860)
R 股	3,756,831	(11,727,543)
R6 股	(158,973,250)	(176,375,993)
Advisor 股	133,841,510	(440,296,554)
股本交易總額	(270,772,421)	(852,717,187)
淨資產的增加(減少)	(865,861,907)	(75,281,894)
淨資產		
年度期初	3,305,995,137	3,381,277,031
年度期末	\$2,440,133,230	\$3,305,995,137

富蘭克林坦伯頓外國基金

財務報告附註

1. 組織結構與重要會計政策

坦伯頓基金公司 (Templeton Funds) 是依據美國 1940 年投資公司法案 (簡稱為 1940 法案) 註冊成立的開放式投資公司, 其投資三支個別基金並且採行美國一般公認會計原則 (U.S. GAAP) 之專業會計和報導指南。本報告為富蘭克林坦伯頓外國基金 (以下稱本基金)。本基金提供五種股份類別: A 股、C 股、R 股、R6 股與 Advisor 股。C 股在持有 8 年後每月將自動轉為 A 股。各股份類別的首次銷售手續費、或有遞延銷售手續費、對單一股份具影響之事件的投票權、轉換權益、不同約定之分銷費用及股務代理機構費用皆有所不同。

本基金重要會計政策摘要如下:

a. 財務工具評價

本基金為每日以公平價值 (fair value) 評價投資的財務工具。公平價值是市場參與者於秩序交易中, 賣出資產或轉移負債於衡量日所被買賣參與者接受的價格。本基金在每個營業日東部時間下午 4 點或紐約證券交易所 (NYSE) 定期收盤時計算每股資產淨值 (NAV), 以較早者為準。在本基金董事會所核准之遵循政策及程序下, 本基金的行政經理公司負責監控及評價的範圍包括: 主導具有交叉功能之評價委員會 (the Valuation Committee (VC))。基金得以利用獨立定價服務、來自證券和財務工具的交易商所提供的報價及其他市場資訊來決定公平價值。

在證券交易所或那斯達克交易系統掛牌之股票是分別以最後公告售價或是當日官方收盤價格計價。外國證券是以證券主要交易之外國證券交易所或是東部時間下午四點收盤價估值, 其價格將以國外證券依當日東部時間下午四點的收盤匯率被轉換成美元後的價值而定。店頭市場交易證券其估值則不超過最近一次的買賣報價範圍。同時在多個市場或多個交易所進行交易的證券, 其估值則以最具廣度和代表性之市場的報價為準。某些股權證券是以類似證券的基本特徵或關係為評價基礎。

投資於開放式共同基金是以結算後的淨資產價值評價。投資於定期存款是以成本評價, 其成本接近公平價值。

當財務工具缺乏可以信賴或是無法獲得市場價格時, 本基金採用一些程序來決定其公平價值。在這些程序下, 本基金主要使用市場基礎法 (market-based approach), 即使用相關或可比較之資產或負債、近期交易、市場乘數、帳面價值及其他投資主要資訊來決定投資之公平價值。收益基礎衡量法 (income-based valuation approach) 也可用於投資之預期未來現金流量折價以計算公平價值。由於處分投資的限制的本質或是存續期間, 可能也使用折價來計算。由於此類投資評價固有的不確定性, 其公平價值與交易市場的價格可能會有顯著的差異。

於外國證券交易所及店頭交易市場掛牌證券的交易, 可能早於東部時間下午四點時間。此外, 某些外國市場的交易並不會發生在每一個基金的營業日內。有時候, 在外國證券交易完成與東部時間下午四點之間的時間裡發生的事件可能對本基金所持有之投資組合證券價值的可信度造成影響。因此, 由外國市場收盤後所決定之基金組合證券價格與東部時間下午四點最近的價格間, 可能會產生差異。為了最小化這些潛在的差異, 獨立定價服務可於下午 4 點將本基金的投資組合證券的價值調整為最新的公平價值指標。於 2022 年 8 月 31 日, 部分證券已使用公平價值程序來定價, 在這種情況下, 這些證券被分類為公平價值衡量層級中的等級 2。稱為“市場公平價值”更多說明, 請參閱“公平價值衡量”附註。

富蘭克林坦伯頓外國基金

1. 組織結構與重要會計政策(承續前文)

a. 財務工具評價(承續前文)

當申報期間的最後一日為非營業日時，某些外國市場可能在未計算基金資產淨值的那些日子開市，此可能造成基金投資組合證券的價值在申報期間的最後營業日及最後日曆日間所有差異。任何因外國市場開市所造成之顯著證券價值變動將被基金為反映財務申報目的而進行調整。

b. 外幣轉換

投資組合中以外幣結算的證券以及其他資產與負債，是在估值日以這類外幣對美元的匯率轉換成美元來定價。本基金得簽訂外匯契約協助以外幣計價的交易。以外幣結算之證券的申購與銷售，收益與費用項目是以在交易日生效的匯率轉換成美元來定價。以外幣計價之投資組合證券、資產及負債包含這些外幣相對於美元價值下跌的風險。有時候，事件的發生可能影響外幣對美元匯率的可獲得性或可信度。若有此類事件發生，將以本基金董事會所建立並核准之程序來確定該匯率的公平價值。

本基金不會單獨報告由於持有證券的市價變動而引起的外幣匯率變動的結果。這類的變動已包含在經營業績表的淨實現與未實現投資利益或損失中。

已實現的匯兌利得或損失來自於外幣銷售、在證券的交易日與交割日之間所實現的貨幣利得或損失及股利、利息、外國預扣稅的紀錄金額與其實際收到或支付的等值美元金額之間的差異。淨未實現匯兌利得或損失來自於在報告期末除所持有的投資證券之外，以外幣結算之資產與負債的外幣匯率變動。

c. 證券借貸

本基金參與一項代理機構基礎之證券借貸計劃以賺取額外的收益。本基金收取相當於所借出證券之市價至少 102% 的金額之現金和/或美國政府和機構證券的擔保品。在此借貸的存續期間內擔保品的金額不低於該借出證券公平價值（在基金各營業日結束時評定）的 100%，任何因證券價值變動而須追加的擔保品必須於次一營業日交付給本基金。與其他基金存入聯合現金帳戶的擔保品習慣被投資於富蘭克林顧問公司所管理的貨幣市場基金、基金的關係企業。此外，本基金持有 \$13,991,130 美元的美國政府機構證券作為抵押品。這些作為抵押品的證券存放在基金託管人的獨立帳戶中。本基金不能再質押或轉售這些作為抵押品的證券。因此，非現金抵押品不包括在資產報負債表中。本基金收取來自現金擔保品的投資收益，以及從借貸者收取出借費用與回扣。來自借出證券的收益已分別記錄於經營業績表中，扣除支付給證券借貸代理和/或第三方供應商的費用。本基金承擔有關擔保品投資與證券借出的市場風險，以及代理機構違反其對本基金義務的風險。如果借貸者違反其應返還借出證券的義務，本基金有權利運用所收取的擔保品於公開市場再買回這些證券。證券借貸機構已同意賠償本基金由第三方借入者產生的違約風險。

d. 所得稅及遞延稅

按照基金政策，本基金必須符合美國稅務法對於投資公司的規定，對股東分配幾乎所有的應稅收益與淨實現利益以免於繳納聯邦所得稅及特許權稅，因此無需預提美國聯邦所得稅。

本基金在外國管轄區域的投資所收取的收益、證券售出的資本利得以及一些外匯交易可能須繳納外國稅捐。如有外國稅捐，其金額將依據本基金所投資之外國市場實施的稅務法規與稅率申報。如外國對淨實現利得加以課稅，本基金將記錄預估的遞延稅賦義務，其金額相當於當證券在評價日交易須支付的稅額。

富蘭克林坦伯頓外國基金

1. 組織結構與重要會計政策(承續前文)

d. 所得稅及遞延稅(承續前文)

由於遍及歐盟一些國家的幾個訴訟案件結果，本基金已經為以前在這些國家所賺取股利的代扣稅款申報追加的回收稅款(歐盟回收)。已認可收益，若有的話，這些歐盟回收金額是以其他收益反映於經營業績表中，而任何相關應收款項，若有的話，是以歐盟稅款回收反映於資產負債表中。而與以上相關之費用也將反映在經營業績表的其他費用上。當這些訴訟的最終裁決、取得這些回收稅款的可能性以及付款的可能時間安排尚存有不確定性時，則無金額得以被反映於財務報表中。就美國所得稅目的，本基金所收取的歐盟回收稅款，若有的話，將減少外國稅捐金額而使本基金股東得在個人所得稅申報單中作為稅收抵免。如果本基金在一個財政年度收到的歐盟回收款項超過本基金支付的外國預扣稅，並且本基金之前已將其轉嫁給其股東的外國稅款用於作為股東收入的抵免或扣除納稅申報表後，本基金將與美國國稅局(IRS) 簽訂結算協議，以代表本基金的股東支付相關的納稅義務。在截至 2022 年 8 月 31 日的財政年度期間，基金收到了超過當年支付的外國稅款的歐盟回收退稅。本基金已決定與 IRS 達成一項結算協議，並在經營業績表中將估計費用計為收益的減項。只有當稅務機關基於稅項的技術優勢進行依據美國一般公認會計原則(U.S.GAAP)審查時認為該不明確稅項持續存在的可能性低於 50%的情況下，本基金才會承認不明確稅項的賦稅利益。

於截至 2022 年 8 月 31 日止及所有開放稅賦年度，本基金認為沒有因被要求於納稅申報表所揭有關不明確稅項之納稅申報（或預計在未來進行納稅申報）之未承認賦稅利益而產生的負債。開放稅賦年度為基於稅賦管轄權之法定時效限制下仍須接受審查的年度。

e. 證券交易、投資收益、費用及配息

證券交易是在交易日作入帳。證券交易之已實現利得或損失則決定於特定基礎。利息收入與預估費用則每日計提。股利收入是在除息日入帳，除了某些來自外國證券的股利是在本基金接獲除息日通知才立即認定。對股東的配息是在除息日入帳並且依據所得稅法(稅基)確定。以稅基所決定的可分配盈餘可能不同於依照一般美國公認會計準則所紀錄的盈餘。這些差異可能是永久或是暫時的。在資本帳戶中，永久性差異將被重新分類以反映其稅賦特性。這些重新分類對淨資產或是經營業績並不會造成影響。暫時性差異則不用重新分類，因為差異在後續期間將會迴轉。

本信託所招致的共同費用，將依個別基金的淨資產佔本基金的總淨資產的比例，或基於每個基金的股東人數與信託的總股東人數的比率來配置到個別基金，個別基金單獨招致的費用將直接記錄在招致此費用的基金帳內。

已實現與未實現利得與損失以及淨投資收益(股份等級特定費用除外)，是依照個別股份等級的淨資產之相對比重而每日分配到個別股份等級。股份等級的費用差異可能導致各股份等級每股配息款項的差異。

f. 會計估計

管理階層依照美國一般公認的會計準則編制財務報表時需要做出會計估計與假設。這些會計估計與假設會影響於財務報表日的資產與負債金額以及在財務報表期間的收入與費用金額。實際結果可能與估計值不同。

g. 保證及賠償

在本信託的組織文件規定下，本信託同意免除其主管與董事在某些超越其職責範圍而發生的負債責任。此外，在正常業務狀況下，本信託代表本基金與服務提供機構簽訂契約也包含責任免除條款。本信託在這些免責條款下的最大風險是未知的，因為涉及未來可能對本信託發

富蘭克林坦伯頓外國基金

1. 組織結構與重要會計政策(承續前文)

g. 保證及賠償(承續前文)

生的被訴訟索賠。目前，本信託預期損失的風險是很小的。

2. 實益權益股份

在截至 2022 年 8 月 31 日，本基金經授權發行無數量管制的股份（無股票面值）。本基金股份的交易如下表：

	截至 8 月 31 日止之年度 2022		截至 8 月 31 日止之年度 2021	
	股份	金額	股份	金額
A 股：				
股份銷售 ^a	15,055,350	\$108,801,684	28,785,548	\$209,553,273
配息轉入再投資之股份發行	9,189,754	64,695,870	3,171,878	22,520,330
股份贖回	(56,182,941)	(413,848,823)	(59,457,247)	(429,309,840)
淨增加(減少)	(31,937,837)	\$(240,351,269)	(27,499,821)	\$(197,236,237)

^a可能包含部分 C 股其被自動轉為 A 股。

3. 與關係企業的交易

富蘭克林公司作為控股公司，與其各附屬公司合稱為富蘭克林坦伯頓基金集團。本基金的部分主管與董事也是下列附屬公司的主管以及/或是董事：

附屬公司	與本基金的關係
Templeton Global Advisors Limited (Global Advisors)	投資經理公司
Franklin Templeton Services, LLC (FT Services)	行政經理公司
Franklin Distributors, LLC (Distributors)	主辦承銷商
Franklin Templeton Investor Services, LLC (Investor Services)	股務代理機構

a. 管理費用

本基金按基金的平均每日淨資產價值所適用之年率標準每月支付全球顧問投資管理費用，年率標準詳如下表：

年化費率	淨資產
0.705%	不超過（含）十億美元
0.690%	超過十億美元，不超過（含）五十億美元
0.675%	超過五十億美元，不超過（含）一百億美元
0.655%	超過一百億美元，不超過（含）一百五十億美元
0.635%	超過一百五十億美元，不超過（含）二百億美元
0.615%	超過二百億美元，不超過（含）二百五十億美元
0.605%	超過二百五十億美元，不超過（含）三百億美元
0.595%	超過三百億美元，不超過（含）三百五十億美元
0.585%	超過三百五十億美元

截至 2022 年 8 月 31 日，有效年化投資管理費率為基金平均每日淨資產的 0.695%。

富蘭克林坦伯頓外國基金

3. 與關係企業的交易(承續前文)

b. 行政費用

依據與全球顧問的契約，FT Services 對本基金提供行政管理服務。按本基金的每日平均淨資產支付行政管理服務費用，其並不是本基金額外的費用。

c. 配銷費用

除了 R6 股及 Advisor 股以外，本基金董事會遵循美國 1940 年投資公司法案的規則 12b-1，對於各股皆採用配銷計劃。在本基金 A 股的償還配銷計劃下，本基金將向 Distributors 償付不超過最高年度計劃費率的配銷費用，用以彌補其服務、銷售與配銷本基金股份所帶來的費用。在 A 股的償還配銷計劃下，當期計劃年度的費用超出最高償還額度的部分不會在後續期間得到償還。此外，在本基金 C 股及 R 股的補償配銷計劃下，本基金將向 Distributors 支付不超過最高年度計劃費率的配銷費用，用以彌補其服務、銷售與配銷本基金股份所招致的費用。為監控最高年度計劃費率之遵循情形，該計劃年度為 2 月 1 日至 1 月 31 日的整個期間。

按本基金的平均每日淨資產的特定比例，各股的最高年度計劃費率列示如下：

A 股	0.25%
C 股	1.00%
R 股	0.50%

d. 銷售手續費/承銷合約

前端銷售費用和或有遞延銷售費用 (CDSC) 不代表基金的費用,這些手續費在投資之前就從基金股份銷售款項中扣除，或是在贖回收益匯出之前被扣除（若適用）。承銷商(Distributors)已告知本基金下列有關本期間基金股份銷售與贖回的交易佣金：

扣除支付給非關係企業的交易商/經紀商佣金後的銷售手續費	\$87,334
保留的或有遞延銷售手續費	\$5,297

e. 股務代理機構費用

每個基金股份為 Investor Services 對股東服務範圍的績效支付股務代理機構費用義務。費用基礎為年化資產費用的 0.02%加上交易基礎費用。除了 R6 股，每個基金股份為 Investor Services 對股東服務範圍的績效支付股務代理機構費用並且償付 Investor Services 的墊付款項，包括：支付予第三方的股東服務費用。這些費用將以各個股份淨資產的相對比例為基礎每日配置於各該股份。R6 股僅對該股支付 Investor Services 股務代理機構費用。

在截至 2022 年 8 月 31 日止之年度，本基金支付股務代理機構的費用為 \$4,715,192 美元，其中 \$1,623,441 美元是用以支付 Investor Services。

f. 投資於關係企業管理投資公司

本基金投資於一家或數家關係企業管理投資公司。根據 1940 年法案的定義，當基金直接或間接擁有附屬基金 25% 或更多已發行股份或有權對管理行使控制權時，投資被視為基金的“控制關係公司”。本基金不以對管理或政策施加控制影響為目的進行投資。本基金可減免投資於關係企業管理投資公司的資產所對應的管理費用已標示於經營業績表中，但金額不超過每一個關係企業直接或間接所支付的管理費用和行政費用。在截至 2022 年 8 月 31 日止之年度，本基金投資在關係企業管理投資公司明細如下：

富蘭克林坦伯頓外國基金

3. 與關係企業的交易(承續前文)

f. 投資於關係企業管理投資公司(承續前文)

	期初 價值	申購	出售	已實現利 得(虧損)	未實現溢價 (折價)淨變動	期末 價值	期末 持有股數	投資 收益
非控制關係上 市公司								來自借出 證券收益
Institutional Fiduciary Trust- Money Market Portfolio, 1.864%	\$—	\$113,146,332	\$(90,081,543)	\$—	\$—	\$23,064,789	23,064,789	\$83,923
關聯證券合計	\$—	\$113,146,332	\$(90,081,543)	\$—	\$—	\$23,064,789		\$83,923

g. 免除與費用償還

Global Advisors 和 Investor Services 已事先簽約同意免除或是限制其收取的費用，並自行承擔基金應支付的某些費用(不包括、利息費用、分銷費、取得基金費用和某些費用及某些非經常性費用或支出，包括與訴訟、賠償、重組和清算有關的費用或成本)以支付費用，基金 A 類、C 類、R 類和 Advisor 類的例行費用或支出不超過每個類別的平均淨資產之 0.85%，直到 2022 年 12 月 31 日。在基金財政年度結束之後，已免除或支付的總費用不得重新計算。

Investor Services 已事先簽約約定了免除或限制其費用，以便 R6 股轉讓代理費在 2022 年 12 月 31 日之前不超過基於該類平均淨資產的 0.03%。

h. 其他關聯交易

截至 2021 年 8 月 31 日止，基金關聯股東 CollegelInvest (Colorado 529 Plans) 全額贖回基金。因此，基金於 2021 年 7 月 16 日以實物形式交付 Colorado 529 Plans 之投資組合證券和現金，其中包括 \$32,278,642 美元的已實現淨收益。由於此類收益不對本基金徵稅，也不分配給其餘股東，因此將其從累計已實現淨收益重新分類為實收資本。

4. 所得稅

就稅務目的，資本虧損得用來抵銷未來的資本利得。

截至 2022 年 8 月 31 日，本基金資本虧損結餘如下：

資本虧損結餘不受到期日限制：

長期	<u>\$370,153,566</u>
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在截至 2022 年 8 月 31 日的年度中，本基金使用 \$155,601,688 美元的資本虧損結轉。

截至 2022 年 8 月 31 日和 2021 年 8 月 31 日止年度配息的稅收如下：

	<u>2022</u>	<u>2021</u>
配息支付：		
一般收益	<u>\$128,985,913</u>	<u>\$51,451,306</u>

富蘭克林坦伯頓外國基金

4. 所得稅(承續前文)

基於所得稅目的，於 2022 年 8 月 31 日，本基金之投資成本、淨未實現溢價(折價)以及未分配一般收益如下表所示：

投資成本	<u>\$2,693,096,300</u>
未實現溢價	\$347,092,546
未實現折價	<u>(561,116,960)</u>
淨未實現溢價(折價)	<u>\$(214,024,414)</u>
可分配盈餘：	
未分配一般收益	<u>\$25,190,848</u>

收益以及/或是資本利得在帳面基礎與稅賦基礎上有所不同，主要是因為對外幣交易、被動式國外投資公司股份及沖銷性交易的處理不同而影響分配的特性所致。

5. 投資交易

截至 2022 年 8 月 31 日止之年度內買入與賣出(不包括短期證券)的交易額分別為\$847,339,371 美元及\$1,134,879,481 美元。

於 2022 年 8 月 31 日，與證券借貸有關的交易，本基金借出股權投資，收到\$23,064,789 美元的現金抵押品。此類交易的已確認負債總額計入應付賬款歸還資產負債表中借出的證券。協議可以隨時終止。

6. 集中風險

投資於外國證券可能含有特定風險，須考量的因素也與投資美國證券的一般相關事項不同，例如貨幣價值的波動及當地與地區經濟、政治及社會情況的變動等，該因素可能導致大幅度的市場波動。國外地區目前政治和金融的不確定性可能會增加市場的波動，以及在外國投資證券的經濟風險。此外，個別外國證券的流動性可能低於美國證券。

7. 地緣政治風險

2022 年 2 月 24 日，俄羅斯在烏克蘭主權領土上採取軍事行動。當前的政治和圍繞俄羅斯和烏克蘭的金融不確定性可能會增加市場波動和投資的經濟風險。這些國家的證券，也可能給全球經濟和更廣泛的金融市場帶來不確定性。這些事件的最終後果和長期影響尚不清楚。基金將繼續評估事件對估值和流動性的影響，並將根據董事會批准的程序採取任何必要的潛在行動。

8. 新型冠狀病毒大流行

全球性新型冠狀病毒疾病(稱為 COVID-19)的爆發已普遍性對許多公司、產業、國家、區域和市場造成了不利影響，並且可能以無法預料的持續時間蔓延。這種大流行病的影響可能會嚴重地衝擊本基金的價值和績效表現、在適當的評價買賣基金投資的能力以及達成其投資目標的能力。

富蘭克林坦伯頓外國基金

9. 信用工具

本基金與富蘭克林坦伯頓基金集團所管理的其他美國註冊以及外國投資基金（全體地，以下稱「全體借用人」）共同簽定一項於2023年2月3日到期之貸款總額為26.75億美元的優先無擔保聯合全球信用貸款（以下稱「全球信用工具」）。全球信用工具其為一項資金來源，以提供予全體借用人因應暫時與緊急目的，包括有能力去應付未來無預期或不尋常的大量贖回需求。

依據全球信用工具條款，本基金除了應負擔所動用任何貸款的利息，以及由本基金所產生的其他成本之外，尚須依據本基金佔全體借用人淨資產總額的相對持份比例，分攤履行及維持全球信用工具所產生的費用及支出，包括全球信用工具未使用部位的0.15%年度承諾費用。這些費用已反映於經營業績表的其他費用裡。截至2022年8月31日止，本基金並未動用全球信用工具貸款。

10. 公平價值衡量

本基金採用公平價值的等級，其係用來區別從獨立來源所取得的市場資料(可觀察信息)與基金自行的市場假設(不可觀察信息)。這些信息被用於決定基金投資的價值，並得概述於以下之公平價值的等級：

- 等級1—用同一證券的現行活躍市場報價
- 等級2—其他重要的明顯信息(包括對於相類似證券的報價、利率、預付款項速度及信用風險等)
- 等級3—重要的不可觀察信息(包括基金以自行假設決定投資的公平價值)

用以評價證券的信息或方法，並非暗示與投資該證券有關的風險及流動性。

以下為截至2022年8月31日止，評估本基金資產之公平價值所包含的輸入等級概要：

	等級 1	等級 2	等級 3	合計
資產：				
證券投資：				
普通股：				
航太與國防	\$—	\$108,050,382	\$—	\$108,050,382
航空業	—	18,847,671	—	18,847,671
自動零組件	—	125,094,455	—	125,094,455
汽車業	—	106,099,669	—	106,099,669
銀行業	—	346,628,568	—	346,628,568
化學業	—	23,740,901	—	23,740,901
建築材料	—	32,559,270	—	32,559,270
多元金融服務	—	88,371,713	—	88,371,713
電子設備	30,412,760	—	—	30,412,760
能源設備與服務	—	65,492,114	—	65,492,114
食品與必需品零售	—	\$44,273,900	—	\$44,273,900
醫療提供與服務	—	29,584,742	—	29,584,742
飯店餐廳及休閒	30,020,463	—	—	30,020,463
家用耐久財	—	44,444,465	—	44,444,465
工業集團	—	110,373,812	—	110,373,812
保險業	—	87,652,871	—	87,652,871
互動媒體服務	21,411,074	—	—	21,411,074

年度財務報告/附屬的財務報表附註是財務報表的一部份

富蘭克林坦伯頓外國基金

10. 公平價值衡量(承續前文)

	等級 1	等級 2	等級 3	合計
資產：				
證券投資：				
普通股：				
網路與直銷	\$40,723,840	\$129,155,587	\$—	\$169,879,427
資訊	45,411,828	—	—	45,411,828
媒體業	—	27,936,835	—	27,936,835
金屬與採礦業	—	39,416,463	—	39,416,463
多重通路零售	—	20,901,141	—	20,901,141
多重公用事業	—	31,671,923	—	31,671,923
石油、天然氣和消耗燃油	—	280,567,950	—	280,567,950
製藥業	—	131,670,575	—	131,670,575
專業服務	—	48,075,066	—	48,075,066
半導體與半導體設備	38,831,499	110,442,767	—	149,274,266
硬體、儲存及周圍設備	—	90,989,302	—	90,989,302
菸草業	—	51,453,491	—	51,453,491
短期投資	23,064,789	55,700,000	—	78,764,789
證券投資總額	\$229,876,253	\$2,249,195,633 ^a	\$—	\$2,479,071,886

^a 包括價值\$2,193,495,633 美元的外國證券，由於應用市場公平價值程序，而被歸類為第 2 級。更多資訊參見金融工具估值說明。

11. 新會計原則宣告

於 2022 年 6 月，美國財務會計準則委員會 (FASB) 頒佈公報第 2022-03 號會計準則更新 (ASU) 「公允價值衡量 (主題 820) — 受合約銷售限制的股權證券的公允價值衡量」。ASU 中的修訂澄清了限制出售股權證券的合同不被視為權益證券的計算單位，因此在計算公允價值時不應考慮。此更新於 2023 年 12 月 15 日之後開始的中期和年度報告期間正式生效，也可選擇提前採用。管理單位目前正在評估此 ASU 的影響。

12. 期後事項

本基金已評量截至本財報公告日期間的期後事項，確定沒有發生應行揭露的事項。

縮寫

選定的投資組合

ADR	American Depositary Receipt.	美國存託憑證
貨幣		
GBP	British Pound	英鎊
HKD	Hong Kong Dollar	港幣

富蘭克林坦伯頓外國基金

翻譯自獨立公開發行註冊會計師事務所簽證英文報告原文

致富蘭克林坦伯頓外國基金的全體董事與股東

財務報表之意見

我們已查核富蘭克林坦伯頓世界基金（組成坦伯頓基金的基金之一，以下簡稱「基金」）前附截至 2022 年 8 月 31 日之包括投資計劃在內的資產負債表、截至 2022 年 8 月 31 日之相關經營業績表、截至 2022 年 8 月 31 日之兩年的淨資產變動表（包括相關附註）以及截至 2022 年 8 月 31 日之五年的財務重點（以下簡稱「財務報表」）。我們認為，財務報表在所有重大方面，公允反映了基金於 2022 年 8 月 31 日的財務狀況、年度的經營成果、截至 2022 年 8 月 31 日之兩年的淨資產變動情況，以及截至 2022 年 8 月 31 日之五年各期末的財務重點，並符合美國公認會計準則的規定。

意見之基礎

這些財務報表的編制是基金管理者的責任。我們的責任是在我們查核的基礎上對這些財務報表表示意見。我們是公開發行會計公司，在公開發行公司會計監督委員會（美國）（“PCAOB”）註冊，並且被要求必須獨立於基金，符合美國聯邦證券法、美國證券交易委員會和 PCAOB 的適用規則和條例。

我們依據 PCAOB 的標準對這些財務報表進行查核。這些準則要求我們計劃與執行查核工作，以合理確信這些財務報表是否不存在重大誤述，無論是由於錯誤還是欺詐。

我們的查核工作包括評估財務報表重大誤述風險的執程序，無論是由於錯誤或是欺詐，以及執行應對這些風險的程序。這些程序包括在抽查的基礎上檢查支持財務報表金額與相關財務公開的證據。我們的查核工作也包括在評價管理當局在編制財務報表時採用的會計政策和作出的重大會計估計，以及評價財務報表的整體表達。我們的查核工作（包括於 2022 年 8 月 31 日與保管銀行及服務代理機構確認的證券餘額狀況）；我們相信我們的審計為我們的意見提供了合理的基礎。

PricewaterhouseCoopers LLP 會計師事務所

舊金山·加州

2022 年 10 月 17 日

自 1948 年以來，我們一直擔任富蘭克林坦伯頓投資基金的一家或多家投資公司之會計師。

所附財務報表並非意圖顯現其財務立場和營運結果符合美國以外地區接受的一般會計原則之標準。

這些財務報表之查核的標準、程序和實務運作為美國當地接受和應用。

This version of our report is a translation from the original report, which was prepared in English. In all matters of interpretation of information, views or opinions, the original English language version of our report takes precedence over this translation.

中文簡譯本之內容與英文年報若有歧異，以英文年報之內容為準。

ANNUAL REPORT AND SHAREHOLDER LETTER

TEMPLETON FOREIGN FUND

A Series of Templeton Funds

August 31, 2022



FRANKLIN
TEMPLETON

SHAREHOLDER LETTER

Dear Shareholder:

During the 12 months ended August 31, 2022, global equities benefited earlier in the period from ongoing COVID-19 vaccination programs and some easing of restrictions. However, the combination of resilient consumer demand and persistent supply-chain disruptions contributed to higher inflation in many countries, which led many of the world's central banks to adopt less accommodative monetary policies in 2022, hindering stocks. New lockdowns by China to limit the spread of COVID-19 variants also pressured emerging market stocks, especially in Asia, and Russia's invasion of Ukraine increased investor uncertainty given the resulting disruption of global trade and commodity markets. In this environment, stocks in global developed and emerging markets excluding the U.S., as measured by the MSCI All Country World Index ex USA Index-NR (net of tax withholding when dividends are paid), posted a -19.52% total return for the period.¹

We are committed to our long-term perspective and disciplined investment approach as we conduct a rigorous, fundamental analysis of securities with a regular emphasis on investment risk management.

Historically, patient investors have achieved rewarding results by evaluating their goals, diversifying their assets globally and maintaining a disciplined investment program, all hallmarks of the Templeton investment philosophy. We continue to recommend investors consult financial professionals and review their portfolios to design a long-term strategy and portfolio allocation that meet their individual needs, goals and risk tolerance.

Templeton Foreign Fund's annual report includes more detail about prevailing conditions and a discussion about investment decisions during the period. Please remember all securities markets fluctuate, as do mutual fund share prices.

We thank you for investing with Franklin Templeton, welcome your questions and comments, and look forward to serving your investment needs in the years ahead.

Sincerely,



Alan Bartlett
Chief Investment Officer
Templeton Global Equity Group

This letter reflects our analysis and opinions as of August 31, 2022, unless otherwise indicated. The information is not a complete analysis of every aspect of any market, country, industry, security or fund. Statements of fact are from sources considered reliable.

1. Source: Morningstar.
See www.franklintempletondatasources.com for additional data provider information.

Not FDIC Insured | May Lose Value | No Bank Guarantee

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Visit **franklintempleton.com** for fund updates, to access your account, or to find helpful financial planning tools.

ANNUAL REPORT

Templeton Foreign Fund

This annual report for Templeton Foreign Fund covers the fiscal year ended August 31, 2022.

Your Fund's Goal and Main Investments

The Fund seeks long-term capital growth. Under normal market conditions, the Fund invests at least 80% of its net assets in foreign securities. These securities are predominantly equity securities of companies located outside the U.S., including developing markets.

Performance Overview

The Fund's Class A shares posted a -15.25% cumulative total return for the 12 months under review. In comparison, the MSCI All Country World Index (ACWI) ex USA Index-NR, which measures stock performance in global developed and emerging markets excluding the U.S., posted a -19.52% cumulative total return.¹ Please note index performance information is provided for reference and we do not attempt to track the index but rather undertake investments on the basis of fundamental research. You can find more performance data in the Performance Summary beginning on page 7.

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com or call (800) 342-5236.

Economic and Market Overview

Global developed and emerging market equities, as measured by the MSCI ACWI-NR, posted a -15.88% total return for the 12 months ended August 31, 2022.¹ Although global equities benefited earlier in the period from ongoing COVID-19 vaccination programs and some easing of restrictions, the combination of resilient consumer demand and persistent supply-chain disruptions contributed to higher inflation in many countries. This inflationary pressure led many of the world's central banks to adopt less accommodative stances regarding monetary policy

in 2022, hindering stocks. New lockdowns imposed by China's government to quell the spread of the Omicron variant of COVID-19 also pressured emerging market stocks, especially in Asia. Russia's invasion of Ukraine also increased investor uncertainty, as international sanctions on Russia disrupted global trade and commodity markets.

Geographic Composition

8/31/22

	% of Total Net Assets
Europe	53.2%
Asia	39.8%
North America	5.4%
Short-Term Investments & Other Net Assets	1.6%

In the U.S., after robust growth earlier in the period, gross domestic product (GDP) slightly contracted in the first two quarters of 2022 as high inflation, supply constraints and record trade deficits weighed on economic output. Rising prices precipitated a notable decline in consumer confidence, despite high spending levels, robust job growth and low unemployment. In an effort to control inflation, the U.S. Federal Reserve (Fed) raised the federal funds target rate in March 2022 for the first time since 2018. The Fed raised the federal funds rate again at its subsequent three meetings to end the period at a range of 2.25%–2.50%. Furthermore, the Fed said it would continue to reduce its bond holdings and anticipated additional interest-rate increases at future meetings to curtail inflation.

Economies in the eurozone decelerated to a slightly positive growth rate during the year. The lifting of COVID-related restrictions in some European countries and the summer tourism season strengthened economies. However, the war in Ukraine disrupted supply chains, weakened the economic outlook and contributed to record high inflation across the eurozone, as energy prices soared. Electricity prices hit record highs in Germany and France as coal futures and natural gas prices climbed. Consequently, the European Central Bank raised interest rates in July 2022 for the first time in 11 years to curtail growing inflation. In this environment, European developed market equities, as

1. Source: Morningstar.

The index is unmanaged and includes reinvestment of any income or distributions. It does not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Net Returns (NR) include income net of tax withholding when dividends are paid.

See www.franklintempletondatasources.com for additional data provider information.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Schedule of Investments (SOI). The SOI begins on page 16.

measured by the MSCI Europe Index-NR, posted a -21.57% total return for the 12 months under review.¹

Asian developed and emerging market equities, as measured by the MSCI All Country Asia Index-NR, posted a -20.73% total return for the 12-month period.¹ Growth in Japan remained slow, alternating between positive quarterly GDP growth and contraction. China’s economy contracted sharply in 2022’s second quarter as COVID-related restrictions in many major cities, including Shanghai, weakened consumer demand. Unexpected regulatory changes by China’s government, which negatively impacted education- and technology-related businesses, and investor concerns about the solvency of several large property developers in China further pressured stocks in that country.

Global emerging market stocks, as measured by the MSCI Emerging Markets Index-NR, posted a -21.80% total return for the 12 months under review.¹ The index declined for four straight quarters, the longest downturn since 2008, weakened by central bank tightening and the threat of recession. Following Russia’s invasion of Ukraine, climbing food and energy prices kindled inflationary pressures and raised concerns over the possibility of government debt defaults in some countries. However, some other countries, particularly in Latin America, as well as South Africa and Saudi Arabia, benefited from rising commodity prices.

Investment Strategy

Our investment strategy employs a bottom-up, value-oriented, long-term approach. We focus on the market price of a company’s securities relative to our evaluation of the company’s long-term earnings, asset value and cash flow potential. We also consider the company’s price/earnings ratio, price/cash flow ratio, profit margins and liquidation value.

The Fund may, from time to time, engage in currency-related derivatives, such as currency and cross-currency forwards and currency futures contracts, to seek to hedge (protect) against currency risks.

Top 10 Industries

8/31/22

	% of Total Net Assets
Banks	14.2%
Oil, Gas & Consumable Fuels	11.5%
Internet & Direct Marketing Retail	7.0%
Semiconductors & Semiconductor Equipment	6.1%
Pharmaceuticals	5.4%
Auto Components	5.1%
Industrial Conglomerates	4.5%
Aerospace & Defense	4.4%
Automobiles	4.4%
Technology Hardware, Storage & Peripherals	3.7%

Top 10 Countries

8/31/22

	% of Total Net Assets
United Kingdom	21.5%
Japan	12.7%
Germany	11.7%
Netherlands	10.1%
China	9.5%
South Korea	7.4%
United States	5.4%
France	5.0%
Hong Kong	3.6%
Taiwan	2.6%

Manager’s Discussion

Templeton Foreign Fund outperformed its benchmark MSCI ACWI ex-USA Index during the 12-month period due to a combination of stock selection and favorable sector allocations. The Fund’s deeper value profile created favorable positioning during a period when the Fed began to take rising inflation seriously and pivoted toward a less accommodative monetary policy. Rising interest rates favored value stocks at the expense of growth stocks and caused investors to refocus on business fundamentals and re-prioritize the importance of cash flow and profitability. This, in our experience, is how markets traditionally worked—as discounting mechanisms for future earnings—though the post-pandemic era of ultra-stimulative monetary policy saw investors shift their focus to more speculative bets on the future. As conditions reverted to a more normal market environment during the period, relative performance continued to improve, and the Fund finished August 2022 ahead of its benchmark calendar year-to-date as well as on trailing one-year and two-year horizons.

Top 10 Holdings

8/31/22

Company Industry, Country	% of Total Net Assets
BP plc Oil, Gas & Consumable Fuels, United Kingdom	5.3%
Shell plc Oil, Gas & Consumable Fuels, Netherlands	4.9%
Samsung Electronics Co. Ltd. Technology Hardware, Storage & Peripherals, South Korea	3.2%
Standard Chartered plc Banks, United Kingdom	2.9%
Hitachi Ltd. Industrial Conglomerates, Japan	2.6%
Taiwan Semiconductor Manufacturing Co. Ltd. Semiconductors & Semiconductor Equipment, Taiwan	2.6%
Bayer AG Pharmaceuticals, Germany	2.5%
Housing Development Finance Corp. Ltd. Diversified Financial Services, India	2.4%
Alibaba Group Holding Ltd. Internet & Direct Marketing Retail, China	2.4%
SBM Offshore NV Energy Equipment & Services, Netherlands	2.4%

From a sector standpoint, the bulk of relative strength came from the cyclical industrials and energy sectors. The Fund's overweighted industrials holdings finished with a slight absolute loss, though that compared favorably to the more than 20% loss among the index's industrials stocks. Array Technologies, a specialist in ground-mounting systems for solar energy projects, was the industrials sector's biggest contributor. Shares rallied after the firm reported better-than-expected revenues and continued margin expansion and U.S. President Joe Biden issued policies favorable to the solar sector, including blocking new tariffs and introducing new tax incentives as part of the Inflation Reduction Act that was signed into law late in the period. Other notable industrials contributors included defense contractors like BAE Systems (U.K.) and Dassault Aviation (France), both of which advanced as heightened geopolitical tensions raised demand for weapons and reconnaissance systems.

An overweighted allocation and stock selection in energy also outperformed, with the sector contributing the Fund's two strongest single-stock holdings, U.K.-based integrated oil majors BP and Shell. The stocks rallied on a combination of decade-high energy prices and record earnings results (Shell made over \$9 billion of profit and BP over \$6 billion in 2022's first quarter, nearly triple what they made in the same period in 2021). Strong supply-and-demand fundamentals have persisted, with oil demand increasing globally as travel and economic activity recovered from pandemic restrictions and the Russia-Ukraine conflict significantly increased the risks to future oil supply. Despite the strong move in energy prices and resilient performance of energy-related equities,

we still believe many integrated oil stocks are significantly undervalued, with near-term free cash flow yields approaching 20% and being used to fund solid payouts and significant share repurchases. We view elevated oil prices in many cases as a free call option on these stocks, which in our view represent good value even at the more normalized price levels of \$60-70 per barrel that are embedded in our company models.

The Fund's information technology and communication services sectors also outperformed, benefiting from stock selection and favorable underweighted allocations to higher-growth sectors that fell out of favor during the period. However, neither sector had a top-10 single-stock contributor. Health care, real estate and materials also all outperformed to lesser degrees.

Turning to detractors, stock-specific weakness in the consumer discretionary sector negatively impacted performance during the period. The sector was responsible for the Fund's two biggest individual detractors: European food delivery service Just Eat Takeaway.com, and French automobile parts maker Faurecia. Just Eat declined amid ongoing concerns about competition and profitability. Nevertheless, we were encouraged by a constructive earnings call during the period and believe management is taking appropriate steps to unlock value for shareholders. Investors will want to see the strategic divestiture of certain assets (which management is exploring), more consistency hitting guidance targets, and an improving competitive environment that shifts from "growth at any cost" to "profitable growth." We see numerous catalysts that should help Just Eat achieve these goals, creating what we believe to be considerable upside potential from current depressed valuation levels. Meanwhile, Faurecia slumped after management lowered guidance, citing continued bottlenecks in the semiconductor supply chain that are limiting automobile production as well as the margin-compressing impact of rising input costs. Price weakness was exacerbated by a rights issue in June 2022 intended to shore up the balance sheet following the large acquisition of automotive lighting specialist Hella (not a Fund holding prior to acquisition), though the stock stabilized somewhat by the end of the period after the issuance overhang was removed and management reported improved earnings and progress with its asset disposal plan. Over the longer-term, we continue to see significant upside potential in the combined Faurecia and Hella from current valuation levels.

Utilities and financials holdings also underperformed, albeit to lesser extents. While there were no utilities holdings among the 10 biggest detractors, in financials, pan-Asian life insurer Prudential came under pressure as regulatory

tightening and slowing growth in China led to decelerating new business in this key end market. However, we believe current growth headwinds in China are likely to be transient and that long-term growth opportunities in this attractive market remain robust for an industry leader like Prudential. The stock currently trades near the lower end of its historical valuation range and at a significant discount to peers. In our view, Prudential is a core holding that we expect will benefit from Asia's rising middle class, low insurance penetration and ageing demographics.

From a regional standpoint, all major regions outperformed, led by stock selection in Europe (where the U.K. was the Fund's biggest country-level contributor) and Asia (where stock selection in Japan and China notably contributed). The Fund's limited holdings in North America also contributed to outperformance during the period.

Thank you for your continued participation in Templeton Foreign Fund. We look forward to serving your future investment needs.

Christopher James Peel, CFA
Lead Portfolio Manager

Herbert J. Arnett, Jr.
Peter M. Moeschter, CFA
Warren Pustam, CFA

Portfolio Management Team

The foregoing information reflects our analysis, opinions and portfolio holdings as of August 31, 2022, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Performance Summary as of August 31, 2022

The performance table and graphs do not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares. Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses. Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses of each class. Capital gain distributions are net profits realized from the sale of portfolio securities.

Performance as of 8/31/22¹

*Cumulative total return excludes sales charges. Average annual total return includes maximum sales charges. Sales charges will vary depending on the size of the investment and the class of share purchased. The maximum is 5.50% and the minimum is 0%. **Class A:** 5.50% maximum initial sales charge; **Advisor Class:** no sales charges. For other share classes, visit franklintempleton.com.*

Share Class	Cumulative Total Return ²	Average Annual Total Return ³
A⁴		
1-Year	-15.25%	-19.89%
5-Year	-8.07%	-2.76%
10-Year	+35.49%	+2.51%
Advisor		
1-Year	-14.99%	-14.99%
5-Year	-6.88%	-1.41%
10-Year	+38.78%	+3.33%

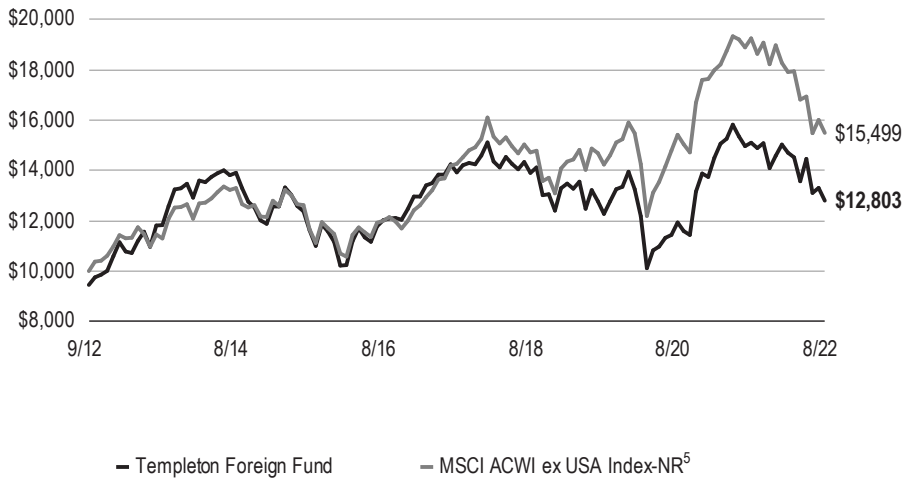
Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com or call (800) 342-5236.

See page 9 for Performance Summary footnotes.

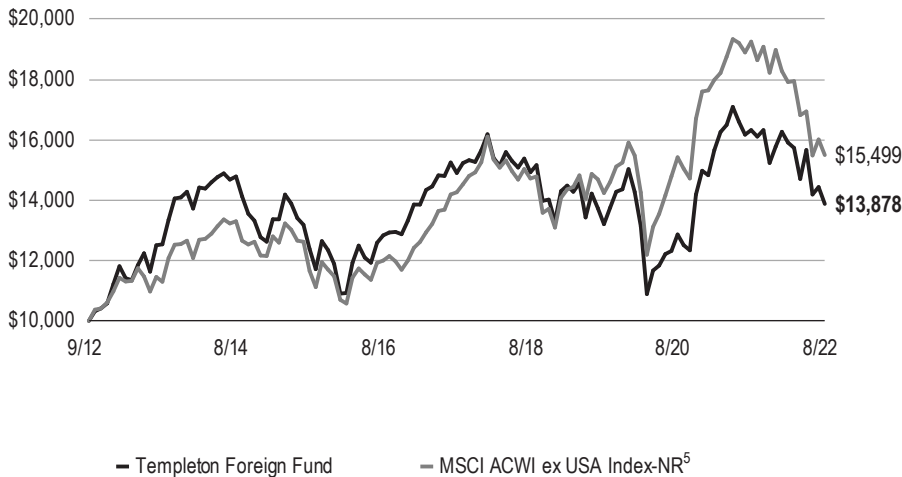
Total Return Index Comparison for a Hypothetical \$10,000 Investment¹

Total return represents the change in value of an investment over the periods shown. It includes any applicable maximum sales charge, Fund expenses, account fees and reinvested distributions. The unmanaged index includes reinvestment of any income or distributions. It differs from the Fund in composition and does not pay management fees or expenses. One cannot invest directly in an index.

Class A (9/1/12–8/31/22)



Advisor Class (9/1/12–8/31/22)



See page 9 for Performance Summary footnotes.

Distributions (9/1/21–8/31/22)

Share Class	Net Investment Income
A	\$0.2951
C	\$0.2131
R	\$0.2795
R6	\$0.3281
Advisor	\$0.3165

Total Annual Operating Expenses⁶

Share Class	With Fee Waiver	Without Fee Waiver
A	1.10%	1.15%
Advisor	0.85%	0.90%

Each class of shares is available to certain eligible investors and has different annual fees and expenses, as described in the prospectus.

All investments involve risks, including possible loss of principal. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments; investments in developing markets involve heightened risks related to the same factors. Currency rates may fluctuate significantly over short periods of time, and can reduce returns. Because the Fund may invest its assets in companies in a specific region, including Europe, it is subject to greater risks of adverse developments in that region and/or the surrounding regions than a fund that is more broadly diversified geographically. Current political uncertainty concerning the economic consequences of the departure of the U.K. from the European Union may increase market volatility. Derivatives, including currency management strategies, involve costs and can create economic leverage in the portfolio which may result in significant volatility and cause the Fund to participate in losses (as well as enable gains) on an amount that exceeds the Fund's initial investment. The Fund may not achieve the anticipated benefits, and may realize losses when a counterparty fails to perform as promised. The manager's portfolio selection strategy is not solely based on ESG considerations, and therefore the issuers in which the Fund invests may not be considered ESG-focused companies. Integrating ESG considerations into the investment process is not a guarantee that better performance will be achieved. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. The Fund's prospectus also includes a description of the main investment risks.

Russia's military invasion of Ukraine in February 2022, the resulting responses by the United States and other countries, and the potential for wider conflict could increase volatility and uncertainty in the financial markets and adversely affect regional and global economies. The United States and other countries have imposed broad-ranging economic sanctions on Russia and certain Russian individuals, banking entities and corporations as a response to its invasion of Ukraine. The United States and other countries have also imposed economic sanctions on Belarus and may impose sanctions on other countries that support Russia's military invasion. These sanctions, as well as any other economic consequences related to the invasion, such as additional sanctions, boycotts or changes in consumer or purchaser preferences or cyberattacks on governments, companies or individuals, may further decrease the value and liquidity of certain Russian securities and securities of issuers in other countries that are subject to economic sanctions related to the invasion.

1. The Fund has an expense reduction contractually guaranteed through 12/31/22. Fund investment results reflect the expense reduction; without this reduction, the results would have been lower.
2. Cumulative total return represents the change in value of an investment over the periods indicated.
3. Average annual total return represents the average annual change in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.
4. Prior to 9/10/18 these shares were offered at a higher initial sales charge of 5.75%, thus actual returns (with sales charges) would have differed. Average annual total returns (with sales charges) have been restated to reflect the current maximum initial sales charge of 5.50%.
5. Source: Morningstar. The MSCI ACWI ex USA Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of global developed and emerging markets, excluding the U.S. Net Returns (NR) include income net of tax withholding when dividends are paid.
6. Figures are as stated in the Fund's current prospectus and may differ from the expense ratios disclosed in the Your Fund's Expenses and Financial Highlights sections in this report. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown. See www.franklintempletondatasources.com for additional data provider information.

Your Fund's Expenses

As a Fund shareholder, you can incur two types of costs: (1) transaction costs, including sales charges (loads) on Fund purchases and redemptions; and (2) ongoing Fund costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses. The table below shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a \$1,000 investment held for the six months indicated.

Actual Fund Expenses

The table below provides information about actual account values and actual expenses in the columns under the heading "Actual." In these columns the Fund's actual return, which includes the effect of Fund expenses, is used to calculate the "Ending Account Value" for each class of shares. You can estimate the expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by \$1,000 (*if your account had an \$8,600 value, then $\$8,600 \div \$1,000 = 8.6$*). Then multiply the result by the number in the row for your class of shares under the headings "Actual" and "Expenses Paid During Period" (*if Actual Expenses Paid During Period were \$7.50, then $8.6 \times \$7.50 = \64.50*). In this illustration, the actual expenses paid this period are \$64.50.

Hypothetical Example for Comparison with Other Funds

Under the heading "Hypothetical" in the table, information is provided about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. This information may not be used to estimate the actual ending account balance or expenses you paid for the period, but it can help you compare ongoing costs of investing in the Fund with those of other funds. To do so, compare this 5% hypothetical example for the class of shares you hold with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transactional costs. Therefore, information under the heading "Hypothetical" is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transactional costs were included, your total costs would have been higher.

Share Class	Beginning Account Value 3/1/22	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 8/31/22	Expenses Paid During Period 3/1/22–8/31/22 ^{1,2}	Ending Account Value 8/31/22	Expenses Paid During Period 3/1/22–8/31/22 ^{1,2}	
A	\$1,000	\$870.50	\$5.26	\$1,019.58	\$5.68	1.12%
C	\$1,000	\$866.40	\$8.75	\$1,015.83	\$9.45	1.86%
R	\$1,000	\$868.80	\$6.45	\$1,018.30	\$6.97	1.37%
R6	\$1,000	\$872.00	\$3.76	\$1,021.18	\$4.06	0.80%
Advisor	\$1,000	\$872.20	\$4.08	\$1,020.85	\$4.41	0.86%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 184/365 to reflect the one-half year period.

2. Reflects expenses after fee waivers and expense reimbursements. Does not include acquired fund fees and expenses.

Financial Highlights

Templeton Foreign Fund

	Year Ended August 31,				
	2022	2021	2020	2019	2018
Class A					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$7.77	\$6.22	\$6.61	\$7.69	\$7.81
Income from investment operations ^a :					
Net investment income ^b	0.13	0.18 ^c	0.10	0.19	0.12
Net realized and unrealized gains (losses)	(1.28)	1.46	(0.25)	(1.09)	(0.13)
Total from investment operations	(1.15)	1.64	(0.15)	(0.90)	(0.01)
Less distributions from:					
Net investment income	(0.30)	(0.09)	(0.24)	(0.18)	(0.11)
Net asset value, end of year	\$6.32	\$7.77	\$6.22	\$6.61	\$7.69
Total return ^d	(15.25)%	26.57%	(2.76)%	(11.73)%	(0.15)%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.16%	1.15%	1.19%	1.15%	1.16%
Expenses net of waiver and payments by affiliates	1.10%	1.07%	1.10%	1.08%	1.11% ^e
Net investment income	1.80%	2.45% ^c	1.55%	2.69%	1.54%
Supplemental data					
Net assets, end of year (000's)	\$1,418,293	\$1,990,939	\$1,766,365	\$2,395,260	\$2,929,181
Portfolio turnover rate	29.07%	37.85% ^f	42.37% ^f	30.81%	23.01%

^aThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.09 per share related to an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.23%.

^dTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable.

^eBenefit of expense reduction rounds to less than 0.01%.

^fExcludes the value of portfolio activity as a result of in-kind transactions. See Note 3(h).

Templeton Foreign Fund (continued)

	Year Ended August 31,				
	2022	2021	2020	2019	2018
Class C					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$7.70	\$6.17	\$6.54	\$7.49	\$7.60
Income from investment operations ^a :					
Net investment income ^b	0.07	0.13 ^c	0.05	0.12	0.06
Net realized and unrealized gains (losses)	(1.27)	1.43	(0.25)	(1.05)	(0.12)
Total from investment operations	(1.20)	1.56	(0.20)	(0.93)	(0.06)
Less distributions from:					
Net investment income	(0.21)	(0.03)	(0.17)	(0.02)	(0.05)
Net asset value, end of year	\$6.29	\$7.70	\$6.17	\$6.54	\$7.49
Total return ^d	(15.95)%	25.55%	(3.42)%	(12.40)%	(0.79)%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.91%	1.90%	1.94%	1.90%	1.91%
Expenses net of waiver and payments by affiliates	1.85%	1.82%	1.85%	1.83%	1.86% ^e
Net investment income	1.03%	1.81% ^c	0.81%	1.94%	0.79%
Supplemental data					
Net assets, end of year (000's)	\$23,962	\$39,083	\$54,093	\$87,160	\$281,640
Portfolio turnover rate	29.07%	37.85% ^f	42.37% ^f	30.81%	23.01%

^aThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.09 per share related to an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.58%.

^dTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable.

^eBenefit of expense reduction rounds to less than 0.01%.

^fExcludes the value of portfolio activity as a result of in-kind transactions. See Note 3(h).

Templeton Foreign Fund (continued)

	Year Ended August 31,				
	2022	2021	2020	2019	2018
Class R					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$7.58	\$6.08	\$6.47	\$7.53	\$7.65
Income from investment operations ^a :					
Net investment income ^b	0.11	0.16 ^c	0.08	0.17	0.10
Net realized and unrealized gains (losses)	(1.25)	1.42	(0.24)	(1.07)	(0.12)
Total from investment operations	(1.14)	1.58	(0.16)	(0.90)	(0.02)
Less distributions from:					
Net investment income	(0.28)	(0.08)	(0.23)	(0.16)	(0.10)
Net asset value, end of year	\$6.16	\$7.58	\$6.08	\$6.47	\$7.53
Total return	(15.54)%	26.29%	(3.03)%	(11.96)%	(0.32)%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.41%	1.40%	1.44%	1.40%	1.41%
Expenses net of waiver and payments by affiliates	1.35%	1.32%	1.35%	1.33%	1.36% ^d
Net investment income	1.57%	2.21% ^c	1.33%	2.44%	1.29%
Supplemental data					
Net assets, end of year (000's)	\$103,984	\$123,744	\$109,187	\$127,546	\$148,638
Portfolio turnover rate	29.07%	37.85% ^e	42.37% ^e	30.81%	23.01%

^aThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.09 per share related to an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.98%.

^dBenefit of expense reduction rounds to less than 0.01%.

^eExcludes the value of portfolio activity as a result of in-kind transactions. See Note 3(h).

Templeton Foreign Fund (continued)

	Year Ended August 31,				
	2022	2021	2020	2019	2018
Class R6					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$7.64	\$6.12	\$6.51	\$7.58	\$7.70
Income from investment operations ^a :					
Net investment income ^b	0.15	0.21 ^c	0.12	0.22	0.15
Net realized and unrealized gains (losses)	(1.26)	1.43	(0.24)	(1.08)	(0.12)
Total from investment operations	(1.11)	1.64	(0.12)	(0.86)	0.03
Less distributions from:					
Net investment income	(0.33)	(0.12)	(0.27)	(0.21)	(0.15)
Net asset value, end of year	\$6.20	\$7.64	\$6.12	\$6.51	\$7.58
Total return	(14.98)%	27.02%	(2.38)%	(11.34)%	0.24%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.81%	0.79%	0.79%	0.77%	0.73%
Expenses net of waiver and payments by affiliates	0.73%	0.69%	0.70%	0.68%	0.68% ^d
Net investment income	2.13%	2.86% ^c	1.96%	3.09%	1.97%
Supplemental data					
Net assets, end of year (000's)	\$290,974	\$531,344	\$594,452	\$906,474	\$1,496,328
Portfolio turnover rate	29.07%	37.85% ^e	42.37% ^e	30.81%	23.01%

^aThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.09 per share related to an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.63%.

^dBenefit of expense reduction rounds to less than 0.01%.

^eExcludes the value of portfolio activity as a result of in-kind transactions. See Note 3(h).

Templeton Foreign Fund (continued)

	Year Ended August 31,				
	2022	2021	2020	2019	2018
Advisor Class					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$7.64	\$6.12	\$6.51	\$7.58	\$7.70
Income from investment operations ^a :					
Net investment income ^b	0.15	0.20 ^c	0.11	0.20	0.14
Net realized and unrealized gains (losses)	(1.26)	1.43	(0.24)	(1.07)	(0.12)
Total from investment operations	(1.11)	1.63	(0.13)	(0.87)	0.02
Less distributions from:					
Net investment income	(0.32)	(0.11)	(0.26)	(0.20)	(0.14)
Net asset value, end of year	\$6.21	\$7.64	\$6.12	\$6.51	\$7.58
Total return	(14.99)%	26.88%	(2.57)%	(11.53)%	0.16%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.92%	0.90%	0.94%	0.90%	0.91%
Expenses net of waiver and payments by affiliates	0.85%	0.82%	0.85%	0.83%	0.86% ^d
Net investment income	2.06%	2.80% ^c	1.79%	2.94%	1.79%
Supplemental data					
Net assets, end of year (000's)	\$602,921	\$620,885	\$857,179	\$857,482	\$1,627,827
Portfolio turnover rate	29.07%	37.85% ^e	42.37% ^e	30.81%	23.01%

^aThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.09 per share related to an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.57%.

^dBenefit of expense reduction rounds to less than 0.01%.

^eExcludes the value of portfolio activity as a result of in-kind transactions. See Note 3(h).

Schedule of Investments, August 31, 2022

Templeton Foreign Fund

	Industry	Shares	Value
Common Stocks 98.4%			
China 9.5%			
^a Alibaba Group Holding Ltd.	Internet & Direct Marketing Retail	4,853,470	\$57,904,185
^{a,b} Baidu, Inc., ADR	Interactive Media & Services	148,719	21,411,074
Gree Electric Appliances, Inc. of Zhuhai, A	Household Durables	3,965,000	18,304,255
NXP Semiconductors NV	Semiconductors & Semiconductor Equipment	235,943	38,831,499
^a Prosus NV	Internet & Direct Marketing Retail	866,590	53,560,811
^a Vipshop Holdings Ltd., ADR	Internet & Direct Marketing Retail	3,507,652	40,723,840
			230,735,664
France 5.0%			
Dassault Aviation SA	Aerospace & Defense	283,450	38,924,150
^a Faurecia SE	Auto Components	3,058,519	43,859,564
Valeo	Auto Components	2,086,923	39,861,796
			122,645,510
Germany 11.7%			
Bayer AG	Pharmaceuticals	1,161,127	61,406,621
Bayerische Motoren Werke AG	Automobiles	675,347	49,756,176
^b Continental AG	Auto Components	718,639	41,373,095
^c Covestro AG, 144A, Reg S	Chemicals	787,415	23,740,901
E.ON SE	Multi-Utilities	3,713,367	31,671,923
Fresenius Medical Care AG & Co. KGaA	Health Care Providers & Services	864,099	29,584,742
Infineon Technologies AG	Semiconductors & Semiconductor Equipment	1,918,603	46,943,690
			284,477,148
Hong Kong 3.6%			
AIA Group Ltd.	Insurance	5,643,433	54,296,458
Prudential plc, (GBP Traded)	Insurance	2,588,841	27,165,631
Prudential plc, (HKD Traded)	Insurance	589,500	6,190,782
			87,652,871
India 2.4%			
Housing Development Finance Corp. Ltd.	Diversified Financial Services	1,952,237	59,072,955
Ireland 1.3%			
CRH plc	Construction Materials	881,749	32,559,270
Japan 12.7%			
Elecom Co. Ltd.	Technology Hardware, Storage & Peripherals	1,078,000	13,118,319
Hitachi Ltd.	Industrial Conglomerates	1,285,829	64,242,692
Honda Motor Co. Ltd.	Automobiles	2,116,405	56,343,493
Seria Co. Ltd.	Multiline Retail	1,071,607	20,901,141
Sony Group Corp.	Household Durables	328,794	26,140,210
Sumitomo Metal Mining Co. Ltd.	Metals & Mining	1,252,643	39,416,463
Sumitomo Mitsui Financial Group, Inc.	Banks	1,531,623	46,198,748
Sundrug Co. Ltd.	Food & Staples Retailing	1,809,559	44,273,900
			310,634,966
Netherlands 10.1%			
EXOR NV	Diversified Financial Services	486,673	29,298,758
ING Groep NV	Banks	4,353,748	38,156,260
SBM Offshore NV	Energy Equipment & Services	4,110,944	57,405,960
Shell plc	Oil, Gas & Consumable Fuels	4,535,447	120,023,685
			244,884,663
Portugal 1.3%			
Galp Energia SGPS SA, B	Oil, Gas & Consumable Fuels	2,899,995	31,315,430

Templeton Foreign Fund (continued)

	Industry	Shares	Value
Common Stocks (continued)			
South Korea 7.4%			
KB Financial Group, Inc.	Banks	1,474,406	\$53,910,106
Samsung Electronics Co. Ltd.	Technology Hardware, Storage & Peripherals	1,764,751	77,870,983
Shinhan Financial Group Co. Ltd.	Banks	1,801,271	48,609,886
			<u>180,390,975</u>
Spain 0.3%			
^{a,b} Tecnicas Reunidas SA	Energy Equipment & Services	1,305,222	8,086,154
Switzerland 2.0%			
Adecco Group AG	Professional Services	1,517,003	48,075,066
Taiwan 2.6%			
Taiwan Semiconductor Manufacturing Co. Ltd.	Semiconductors & Semiconductor Equipment	3,876,044	63,499,077
Thailand 1.6%			
Kasikornbank PCL	Banks	9,198,837	38,525,197
United Kingdom 21.5%			
AstraZeneca plc	Pharmaceuticals	352,568	43,602,451
BAE Systems plc	Aerospace & Defense	4,452,998	40,097,240
BP plc.	Oil, Gas & Consumable Fuels	25,294,132	129,228,835
CK Hutchison Holdings Ltd.	Industrial Conglomerates	7,143,676	46,131,120
Imperial Brands plc	Tobacco	2,340,066	51,453,491
Informa plc	Media	4,416,503	27,936,835
^{a,b} International Consolidated Airlines Group SA	Airlines	15,068,034	18,847,671
^{a,c} Just Eat Takeaway.com NV, 144A, Reg S	Internet & Direct Marketing Retail	1,063,480	17,690,591
Lloyds Banking Group plc	Banks	101,127,790	51,238,398
^a Rolls-Royce Holdings plc	Aerospace & Defense	32,577,845	29,028,992
Standard Chartered plc	Banks	10,106,915	69,989,973
			<u>525,245,597</u>
United States 5.4%			
^{a,b} Array Technologies, Inc.	Electrical Equipment	1,455,156	30,412,760
^a Booking Holdings, Inc.	Hotels, Restaurants & Leisure	16,004	30,020,463
^a DXC Technology Co.	IT Services	1,832,600	45,411,828
Roche Holding AG	Pharmaceuticals	82,763	26,661,503
			<u>132,506,554</u>
Total Common Stocks (Cost \$2,581,429,948)			2,400,307,097
Short Term Investments 3.2%			
		Principal Amount¹	Value
Time Deposits 2.3%			
Canada 2.3%			
National Bank of Canada, 2.31%, 9/01/22		50,000,000	50,000,000
Royal Bank of Canada, 2.31%, 9/01/22		5,700,000	5,700,000
			<u>55,700,000</u>
Total Time Deposits (Cost \$55,700,000)			55,700,000

Templeton Foreign Fund (continued)

Short Term Investments (continued)

	Shares	Value
^dInvestments from Cash Collateral Received for Loaned Securities 0.9%		
Money Market Funds 0.9%		
^{e,f} Institutional Fiduciary Trust - Money Market Portfolio, 1.864%	23,064,789	\$23,064,789
Total Investments from Cash Collateral Received for Loaned Securities (Cost \$23,064,789)		23,064,789
Total Short Term Investments (Cost \$78,764,789)		78,764,789
Total Investments (Cost \$2,660,194,737) 101.6%		\$2,479,071,886
Other Assets, less Liabilities (1.6%)		(38,938,656)
Net Assets 100.0%		\$2,440,133,230

See Abbreviations on page 32.

[†]The principal amount is stated in U.S. dollars unless otherwise indicated.

^aNon-income producing.

^bA portion or all of the security is on loan at August 31, 2022. See Note 1(c).

^cSecurity was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. Regulation S securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At August 31, 2022, the aggregate value of these securities was \$41,431,492, representing 1.7% of net assets.

^dSee Note 1(c) regarding securities on loan.

^eSee Note 3(f) regarding investments in affiliated management investment companies.

^fThe rate shown is the annualized seven-day effective yield at period end.

Statement of Assets and Liabilities

August 31, 2022

**Templeton
Foreign Fund**

Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	\$2,637,129,948
Cost - Non-controlled affiliates (Note 3f)	23,064,789
Value - Unaffiliated issuers (Includes securities loaned of \$36,093,637)	\$2,456,007,097
Value - Non-controlled affiliates (Note 3f)	23,064,789
Cash	51,606
Receivables:	
Capital shares sold	1,760,100
Dividends and interest	10,293,249
European Union tax reclaims (Note 1d)	756,111
Total assets	2,491,932,952
Liabilities:	
Payables:	
Capital shares redeemed	2,038,767
Management fees	1,354,232
Distribution fees	380,646
Transfer agent fees	1,380,436
IRS closing agreement payments for European Union tax reclaims (Note 1d)	20,957,095
Payable upon return of securities loaned (Note 1c)	23,064,789
Deferred tax	1,572,830
Accrued expenses and other liabilities	1,050,927
Total liabilities	51,799,722
Net assets, at value	\$2,440,133,230
Net assets consist of:	
Paid-in capital	\$3,002,277,824
Total distributable earnings (losses)	(562,144,594)
Net assets, at value	\$2,440,133,230

Statement of Assets and Liabilities (continued)

August 31, 2022

	Templeton Foreign Fund
Class A:	
Net assets, at value	\$1,418,292,943
Shares outstanding	224,458,333
Net asset value per share ^a	\$6.32
Maximum offering price per share (net asset value per share + 94.50%)	\$6.69
Class C:	
Net assets, at value	\$23,961,774
Shares outstanding	3,808,411
Net asset value and maximum offering price per share ^a	\$6.29
Class R:	
Net assets, at value	\$103,983,547
Shares outstanding	16,870,014
Net asset value and maximum offering price per share	\$6.16
Class R6:	
Net assets, at value	\$290,974,412
Shares outstanding	46,920,021
Net asset value and maximum offering price per share	\$6.20
Advisor Class:	
Net assets, at value	\$602,920,554
Shares outstanding	97,137,287
Net asset value and maximum offering price per share	\$6.21

^aRedemption price is equal to net asset value less contingent deferred sales charges, if applicable.

Statement of Operations

for the year ended August 31, 2022

**Templeton
Foreign Fund**

Investment income:	
Dividends: (net of foreign taxes of \$9,256,969)	
Unaffiliated issuers	\$86,316,046
Interest:	
Unaffiliated issuers	287,317
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	229,133
Non-controlled affiliates (Note 3f)	83,923
Other income (Note 1d)	141,448
Less: IRS closing agreement payments for European Union tax reclaims (Note 1d)	(218,026)
Total investment income	86,839,841
Expenses:	
Management fees (Note 3a)	20,821,430
Distribution fees: (Note 3c)	
Class A	4,211,329
Class C	320,326
Class R	586,175
Transfer agent fees: (Note 3e)	
Class A	2,894,157
Class C	55,128
Class R	201,360
Class R6	279,570
Advisor Class	1,284,977
Custodian fees	220,360
Reports to shareholders fees	436,135
Registration and filing fees	131,482
Professional fees	166,804
Trustees' fees and expenses	263,999
Other	203,193
Total expenses	32,076,425
Expenses waived/paid by affiliates (Note 3f and 3g)	(1,978,718)
Net expenses	30,097,707
Net investment income	56,742,134
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	160,214,778
Foreign currency transactions	(1,478,732)
Net realized gain (loss)	158,736,046
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(681,673,498)
Translation of other assets and liabilities denominated in foreign currencies	(1,139,090)
Change in deferred taxes on unrealized appreciation	1,230,835
Net change in unrealized appreciation (depreciation)	(681,581,753)
Net realized and unrealized gain (loss)	(522,845,707)
Net increase (decrease) in net assets resulting from operations	\$(466,103,573)

Statements of Changes in Net Assets

	Templeton Foreign Fund	
	Year Ended August 31, 2022	Year Ended August 31, 2021
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$56,742,134	\$92,940,813
Net realized gain (loss)	158,736,046	337,726,333
Net change in unrealized appreciation (depreciation)	(681,581,753)	398,219,453
Net increase (decrease) in net assets resulting from operations	(466,103,573)	828,886,599
Distributions to shareholders:		
Class A	(68,477,455)	(25,789,554)
Class C	(999,549)	(254,786)
Class R	(4,571,272)	(1,399,512)
Class R6	(20,850,055)	(9,135,018)
Advisor Class	(34,087,582)	(14,872,436)
Total distributions to shareholders	(128,985,913)	(51,451,306)
Capital share transactions: (Note 2)		
Class A	(240,351,269)	(197,236,237)
Class C	(9,046,243)	(27,080,860)
Class R	3,756,831	(11,727,543)
Class R6	(158,973,250)	(176,375,993)
Advisor Class	133,841,510	(440,296,554)
Total capital share transactions	(270,772,421)	(852,717,187)
Net increase (decrease) in net assets	(865,861,907)	(75,281,894)
Net assets:		
Beginning of year	3,305,995,137	3,381,277,031
End of year	\$2,440,133,230	\$3,305,995,137

Notes to Financial Statements

Templeton Foreign Fund

1. Organization and Significant Accounting Policies

Templeton Funds (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of three separate funds and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). Templeton Foreign Fund (Fund) is included in this report. The Fund offers five classes of shares: Class A, Class C, Class R, Class R6 and Advisor Class. Class C shares automatically convert to Class A shares on a monthly basis, after they have been held for 8 years. Each class of shares may differ by its initial sales load, contingent deferred sales charges, voting rights on matters affecting a single class, its exchange privilege and fees due to differing arrangements for distribution and transfer agent fees.

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

The Fund's investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Fund calculates the net asset value (NAV) per share each business day as of 4 p.m. Eastern time or the regularly scheduled close of the New York Stock Exchange (NYSE), whichever is earlier. Under compliance policies and procedures approved by the Trust's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation Committee (VC). The Fund may utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade

in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Investments in open-end mutual funds are valued at the closing NAV. Investments in time deposits are valued at cost, which approximates fair value.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the Fund primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's portfolio securities to the latest indications of fair value at 4 p.m. Eastern time. At August 31, 2022, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy (referred to as "market level fair value"). See the Fair Value Measurements note for more information.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio

Templeton Foreign Fund (continued)

1. Organization and Significant Accounting Policies

(continued)

a. Financial Instrument Valuation (continued)

securities on the last business day and the last calendar day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Fund may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

The Fund does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments in the Statement of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

c. Securities Lending

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Fund. Additionally, the Fund held \$13,991,130 in U.S. Government and Agency securities as collateral. These securities are held as collateral in segregated accounts with the Fund's custodian. The Fund cannot repledge or resell these securities held as collateral. As such, the non-cash collateral is excluded from the Statement of Assets and Liabilities. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statement of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

d. Income and Deferred Taxes

It is the Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. The Fund intends to distribute to shareholders substantially all of its taxable income and net realized gains to relieve it from federal income and excise taxes. As a result, no provision for U.S. federal income taxes is required.

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a

Templeton Foreign Fund (continued)

1. Organization and Significant Accounting Policies
 (continued)

d. Income and Deferred Taxes (continued)

capital gain tax is determined to apply, the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

As a result of several court cases, in certain countries across the European Union, the Fund filed additional tax reclaims for previously withheld taxes on dividends earned in those countries (EU reclaims). Income recognized, if any, for EU reclaims is reflected as other income in the Statement of Operations and any related receivable, if any, is reflected as European Union tax reclaims in the Statement of Assets and Liabilities. Any fees associated with these filings are reflected in other expenses in the Statement of Operations. When uncertainty exists as to the ultimate resolution of these proceedings, the likelihood of receipt of these EU reclaims, and the potential timing of payment, no amounts are reflected in the financial statements. For U.S. income tax purposes, EU reclaims received by the Fund, if any, reduce the amount of foreign taxes Fund shareholders can use as tax deductions or credits on their income tax returns. In the event that EU reclaims received by the Fund during a fiscal year exceed foreign withholding taxes paid by the Fund, and the Fund previously passed through to its shareholders foreign taxes incurred by the Fund to be used as a credit or deduction on a shareholder's income tax return, the Fund will enter into a closing agreement with the Internal Revenue Service (IRS) in order to pay the associated tax liability on behalf of the Fund's shareholders. During the fiscal year ended August 31, 2022, the Fund received EU reclaims in excess of the foreign taxes paid during the year. The Fund determined to enter into a closing agreement with the IRS and recorded the estimated payments as a reduction to income, as reflected in the Statement of Operations.

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of August 31, 2022, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open

tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

e. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

Common expenses incurred by the Trust are allocated among the Funds based on the ratio of net assets of each Fund to the combined net assets of the Trust or based on the ratio of number of shareholders of each Fund to the combined number of shareholders of the Trust. Fund specific expenses are charged directly to the Fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, excluding class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class. Differences in per share distributions by class are generally due to differences in class specific expenses.

f. Accounting Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Templeton Foreign Fund (continued)

1. Organization and Significant Accounting Policies
(continued)

g. Guarantees and Indemnifications

Under the Trust's organizational documents, its officers and trustees are indemnified by the Trust against certain liabilities arising out of the performance of their duties to the Trust.

Additionally, in the normal course of business, the Trust, on behalf of the Fund, enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Currently, the Trust expects the risk of loss to be remote.

2. Shares of Beneficial Interest

At August 31, 2022, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended August 31, 2022		Year Ended August 31, 2021	
	Shares	Amount	Shares	Amount
Class A Shares:				
Shares sold ^a	15,055,350	\$108,801,684	28,785,548	\$209,553,273
Shares issued in reinvestment of distributions	9,189,754	64,695,870	3,171,878	22,520,330
Shares redeemed	(56,182,941)	(413,848,823)	(59,457,247)	(429,309,840)
Net increase (decrease)	(31,937,837)	\$(240,351,269)	(27,499,821)	\$(197,236,237)
Class C Shares:				
Shares sold	417,818	\$3,009,157	641,829	\$4,680,418
Shares issued in reinvestment of distributions	139,410	982,841	35,520	251,483
Shares redeemed ^a	(1,823,590)	(13,038,241)	(4,376,336)	(32,012,761)
Net increase (decrease)	(1,266,362)	\$(9,046,243)	(3,698,987)	\$(27,080,860)
Class R Shares:				
Shares sold	2,580,769	\$18,083,292	2,527,401	\$18,072,742
Shares issued in reinvestment of distributions	662,175	4,555,764	200,428	1,392,973
Shares redeemed	(2,688,708)	(18,882,225)	(4,363,676)	(31,193,258)
Net increase (decrease)	554,236	\$3,756,831	(1,635,847)	\$(11,727,543)
Class R6 Shares:				
Shares sold	10,791,025	\$76,072,674	22,666,025	\$167,068,991
Shares issued in reinvestment of distributions	2,743,028	18,899,459	1,210,174	8,422,812
Shares redeemed	(36,204,674)	(253,945,383)	(51,442,655)	(351,867,796)
Net increase (decrease)	(22,670,621)	\$(158,973,250)	(27,566,456)	\$(176,375,993)
Advisor Class Shares:				
Shares sold	54,602,589	\$402,173,464	29,013,447	\$207,655,897
Shares issued in reinvestment of distributions	4,600,357	31,742,463	2,047,132	14,268,511
Shares redeemed in-kind (Note 3h)	—	—	(48,183,921)	(363,822,338)
Shares redeemed	(43,367,478)	(300,074,417)	(41,534,758)	(298,398,624)
Net increase (decrease)	15,835,468	\$133,841,510	(58,658,100)	\$(440,296,554)

^aMay include a portion of Class C shares that were automatically converted to Class A.

Templeton Foreign Fund (continued)

3. Transactions with Affiliates

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton. Certain officers and trustees of the Trust are also officers and/or directors of the following subsidiaries:

Subsidiary	Affiliation
Templeton Global Advisors Limited (Global Advisors)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Distributors, LLC (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

The Fund pays an investment management fee, calculated daily and paid monthly, to Global Advisors based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.705%	Up to and including \$1 billion
0.690%	Over \$1 billion, up to and including \$5 billion
0.675%	Over \$5 billion, up to and including \$10 billion
0.655%	Over \$10 billion, up to and including \$15 billion
0.635%	Over \$15 billion, up to and including \$20 billion
0.615%	Over \$20 billion, up to and including \$25 billion
0.605%	Over \$25 billion, up to and including \$30 billion
0.595%	Over \$30 billion, up to and including \$35 billion
0.585%	In excess of \$35 billion

For the year ended August 31, 2022, the gross effective investment management fee rate was 0.695% of the Fund's average daily net assets.

b. Administrative Fees

Under an agreement with Global Advisors, FT Services provides administrative services to the Fund. The fee is paid by Global Advisors based on the Fund's average daily net assets, and is not an additional expense of the Fund.

c. Distribution Fees

The Board has adopted distribution plans for each share class, with the exception of Class R6 and Advisor Class shares, pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's Class A reimbursement distribution plan, the Fund reimburses Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to the maximum annual plan rate. Under the Class A reimbursement distribution plan, costs exceeding the maximum for the current plan year cannot be reimbursed in subsequent periods. In addition, under the Fund's Class C and R compensation distribution plans, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to the maximum annual plan rate for each class. The plan year, for purposes of monitoring compliance with the maximum annual plan rates, is February 1 through January 31.

The maximum annual plan rates, based on the average daily net assets, for each class, are as follows:

Templeton Foreign Fund (continued)

3. Transactions with Affiliates (continued)

c. Distribution Fees (continued)

Class A.	0.25%
Class C.	1.00%
Class R.	0.50%

d. Sales Charges/Underwriting Agreements

Front-end sales charges and contingent deferred sales charges (CDSC) do not represent expenses of the Fund. These charges are deducted from the proceeds of sales of Fund shares prior to investment or from redemption proceeds prior to remittance, as applicable. Distributors has advised the Fund of the following commission transactions related to the sales and redemptions of the Fund's shares for the year:

Sales charges retained net of commissions paid to unaffiliated brokers/dealers	\$87,334
CDSC retained	\$5,297

e. Transfer Agent Fees

Each class of shares pays transfer agent fees to Investor Services for its performance of shareholder servicing obligations. The fees are based on an annualized asset based fee of 0.02% plus a transaction based fee. In addition, each class reimburses Investor Services for out of pocket expenses incurred and, except for Class R6, reimburses shareholder servicing fees paid to third parties. These fees are allocated daily based upon their relative proportion of such classes' aggregate net assets. Class R6 pays Investor Services transfer agent fees specific to that class.

For the year ended August 31, 2022, the Fund paid transfer agent fees of \$4,715,192, of which \$1,623,441 was retained by Investor Services.

f. Investments in Affiliated Management Investment Companies

The Fund invests in one or more affiliated management investment companies. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Fund does not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the year ended August 31, 2022, the Fund held investments in affiliated management investment companies as follows:

Templeton Foreign Fund (continued)

3. Transactions with Affiliates (continued)

f. Investments in Affiliated Management Investment Companies (continued)

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income
Templeton Foreign Fund								
Non-Controlled Affiliates								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 1.864%	\$—	\$113,146,332	\$(90,081,543)	\$—	\$—	\$23,064,789	23,064,789	\$83,923
Total Affiliated Securities . . .	\$—	\$113,146,332	\$(90,081,543)	\$—	\$—	\$23,064,789		\$83,923

g. Waiver and Expense Reimbursements

Global Advisors and Investor Services have contractually agreed in advance to waive or limit their respective fees and to assume as their own expense certain expenses otherwise payable by the Fund so that the operating expenses (excluding interest expense, distribution fees, acquired fund fees and expenses, and certain non-routine expenses or costs, including those relating to litigation, indemnification, reorganizations, and liquidations) for each class of the Fund do not exceed 0.85%, based on the average net assets of each class until December 31, 2022. Total expenses waived or paid are not subject to recapture subsequent to the Fund's fiscal year end.

Investor Services has contractually agreed in advance to waive or limit its fees so that the Class R6 transfer agent fees do not exceed 0.03% based on the average net assets of the class until December 31, 2022.

h. Other Affiliated Transactions

During the year ended August 31, 2021, CollegenInvest (Colorado 529 Plans), an affiliated shareholder of the Fund, fully redeemed out of the Fund. As a result, on July 16, 2021, the Fund delivered portfolio securities and cash that were transferred in-kind to the Colorado 529 Plans, which included \$32,278,642 of net realized gains. As such gains are not taxable to the Fund and are not distributed to remaining shareholders, they are reclassified from accumulated net realized gains to paid-in capital.

4. Income Taxes

For tax purposes, capital losses may be carried over to offset future capital gains.

At August 31, 2022, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:

Long term	<u>\$370,153,566</u>
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During the year ended August 31, 2022, the Fund utilized \$155,601,688 of capital loss carryforwards.

Templeton Foreign Fund (continued)

4. Income Taxes (continued)

The tax character of distributions paid during the years ended August 31, 2022 and 2021, was as follows:

	2022	2021
Distributions paid from:		
Ordinary income	\$128,985,913	\$51,451,306

At August 31, 2022, the cost of investments, net unrealized appreciation (depreciation) and undistributed ordinary income for income tax purposes were as follows:

Cost of investments	\$2,693,096,300
Unrealized appreciation	\$347,092,546
Unrealized depreciation	(561,116,960)
Net unrealized appreciation (depreciation)	\$(214,024,414)
Distributable earnings:	
Undistributed ordinary income	\$25,190,848

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of foreign currency transactions, passive foreign investment company shares and wash sales.

5. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the year ended August 31, 2022, aggregated \$847,339,371 and \$1,134,879,481, respectively.

At August 31, 2022, in connection with securities lending transactions, the Fund loaned equity investments and received \$23,064,789 of cash collateral. The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statement of Assets and Liabilities. The agreements can be terminated at any time.

6. Concentration of Risk

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local, regional and global economic, political and social conditions, which may result in greater market volatility. Political and financial uncertainty in many foreign regions may increase market volatility and the economic risk of investing in foreign securities. In addition, certain foreign securities may not be as liquid as U.S. securities.

7. Geopolitical Risk

On February 24, 2022, Russia engaged in military actions in the sovereign territory of Ukraine. The current political and financial uncertainty surrounding Russia and Ukraine may increase market volatility and the economic risk of investing in securities in these countries and may also cause uncertainty for the global economy and broader financial markets. The ultimate fallout and long-term impact from these events are not known. The Fund will continue to assess the impact on valuations and liquidity and will take any potential actions needed in accordance with procedures approved by the Board.

Templeton Foreign Fund (continued)

8. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

9. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2.675 billion (Global Credit Facility) which matures on February 3, 2023. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the year ended August 31, 2022, the Fund did not use the Global Credit Facility.

10. Fair Value Measurements

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's financial instruments and are summarized in the following fair value hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of financial instruments)

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

A summary of inputs used as of August 31, 2022, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Templeton Foreign Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense	\$—	\$108,050,382	\$—	\$108,050,382
Airlines	—	18,847,671	—	18,847,671
Auto Components	—	125,094,455	—	125,094,455
Automobiles	—	106,099,669	—	106,099,669
Banks	—	346,628,568	—	346,628,568
Chemicals	—	23,740,901	—	23,740,901
Construction Materials	—	32,559,270	—	32,559,270
Diversified Financial Services	—	88,371,713	—	88,371,713
Electrical Equipment	30,412,760	—	—	30,412,760
Energy Equipment & Services	—	65,492,114	—	65,492,114

Templeton Foreign Fund (continued)

10. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Templeton Foreign Fund (continued)				
Assets: (continued)				
Investments in Securities:				
Common Stocks:				
Food & Staples Retailing	\$—	\$44,273,900	\$—	\$44,273,900
Health Care Providers & Services	—	29,584,742	—	29,584,742
Hotels, Restaurants & Leisure	30,020,463	—	—	30,020,463
Household Durables	—	44,444,465	—	44,444,465
Industrial Conglomerates	—	110,373,812	—	110,373,812
Insurance	—	87,652,871	—	87,652,871
Interactive Media & Services	21,411,074	—	—	21,411,074
Internet & Direct Marketing Retail	40,723,840	129,155,587	—	169,879,427
IT Services	45,411,828	—	—	45,411,828
Media	—	27,936,835	—	27,936,835
Metals & Mining	—	39,416,463	—	39,416,463
Multiline Retail	—	20,901,141	—	20,901,141
Multi-Utilities	—	31,671,923	—	31,671,923
Oil, Gas & Consumable Fuels	—	280,567,950	—	280,567,950
Pharmaceuticals	—	131,670,575	—	131,670,575
Professional Services	—	48,075,066	—	48,075,066
Semiconductors & Semiconductor Equipment	38,831,499	110,442,767	—	149,274,266
Technology Hardware, Storage & Peripherals	—	90,989,302	—	90,989,302
Tobacco	—	51,453,491	—	51,453,491
Short Term Investments	23,064,789	55,700,000	—	78,764,789
Total Investments in Securities	\$229,876,253	\$2,249,195,633 ^a	\$—	\$2,479,071,886

^a Includes foreign securities valued at \$2,193,495,633, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

11. New Accounting Pronouncements

In June 2022, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2022-03, Fair Value Measurement (Topic 820) – Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. The amendments in the ASU clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, should not be considered in measuring fair value. The ASU is effective for interim and annual reporting periods beginning after December 15, 2023, with the option of early adoption. Management is currently evaluating the impact, if any, of applying this ASU.

12. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

Abbreviations

Selected Portfolio

ADR American Depositary Receipt

Currency

GBP British Pound

HKD Hong Kong Dollar

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Templeton Funds and Shareholders of Templeton Foreign Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Templeton Foreign Fund (one of the funds constituting Templeton Funds, referred to hereafter as the “Fund”) as of August 31, 2022, the related statement of operations for the year ended August 31, 2022, the statements of changes in net assets for each of the two years in the period ended August 31, 2022, including the related notes, and the financial highlights for each of the five years in the period ended August 31, 2022 (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of August 31, 2022, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended August 31, 2022 and the financial highlights for each of the five years in the period ended August 31, 2022 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of August 31, 2022 by correspondence with the custodian and transfer agent. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

San Francisco, California
October 17, 2022

We have served as the auditor of one or more investment companies in the Franklin Templeton Group of Funds since 1948.

Tax Information (unaudited)

Templeton Foreign Fund

By mid-February, tax information related to a shareholder's proportionate share of distributions paid during the preceding calendar year will be received, if applicable. Please also refer to www.franklintempleton.com for per share tax information related to any distributions paid during the preceding calendar year. Shareholders are advised to consult with their tax advisors for further information on the treatment of this amount on their tax returns.

The following tax information for the Fund is required to be furnished to shareholders with respect to income earned and distributions paid during its fiscal year.

The Fund hereby reports the following amount, or if subsequently determined to be different, the maximum allowable amount, for the fiscal year ended August 31, 2022:

	Pursuant to:	Amount Reported
Income Eligible for Dividends Received Deduction (DRD)	§854(b)(1)(A)	\$945,312
Qualified Dividend Income Earned (QDI)	§854(b)(1)(B)	\$88,279,006
Section 163(j) Interest Earned	§163(j)	\$204,786

Under Section 853 of the Internal Revenue Code, the Fund intends to elect to pass through to its shareholders the following amounts, or amounts as finally determined, of foreign taxes paid and foreign source income earned by the fund during the fiscal year ended August 31, 2022:

	Amount Reported
Foreign Taxes Paid	\$7,956,271
Foreign Source Income Earned	\$68,294,602

Board Members and Officers

The name, year of birth and address of the officers and board members, as well as their affiliations, positions held with the Trust, principal occupations during at least the past five years and number of U.S. registered portfolios overseen in the Franklin Templeton\Legg Mason fund complex, are shown below. Generally, each board member serves until that person's successor is elected and qualified.

Independent Board Members

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Harris J. Ashton (1932) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 1992	119	Bar-S Foods (meat packing company) (1981-2010).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , Director, RBC Holdings, Inc. (bank holding company) (until 2002); and President, Chief Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers) (until 1998).				
Ann Torre Bates (1958) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2008	30	Ares Capital Corporation (specialty finance company) (2010-present), United Natural Foods, Inc. (distributor of natural, organic and specialty foods) (2013-present), formerly , Allied Capital Corporation (financial services) (2003-2010), SLM Corporation (Sallie Mae) (1997-2014) and Navient Corporation (loan management, servicing and asset recovery) (2014-2016).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , Executive Vice President and Chief Financial Officer, NHP Incorporated (manager of multifamily housing) (1995-1997); and Vice President and Treasurer, US Airways, Inc. (until 1995).				
Mary C. Choksi (1950) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2016	120	Omnicom Group Inc. (advertising and marketing communications services) (2011-present) and White Mountains Insurance Group, Ltd. (holding company) (2017-present); and formerly , Avis Budget Group Inc. (car rental) (2007-2020).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , Founder and Senior Advisor, Strategic Investment Group (investment management group) (2015-2017); Founding Partner and Senior Managing Director, Strategic Investment Group (1987-2015); Founding Partner and Managing Director, Emerging Markets Management LLC (investment management firm) (1987-2011); and Loan Officer/Senior Loan Officer/Senior Pension Investment Officer, World Bank Group (international financial institution) (1977-1987).				

Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Edith E. Holiday (1952) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Lead Independent Trustee	Trustee since 2003 and Lead Independent Trustee since 2007	120	Hess Corporation (exploration of oil and gas) (1993-present), Santander Consumer USA Holdings, Inc. (consumer finance) (2016-present); Santander Holdings USA (holding company) (2019-present); and formerly , Canadian National Railway (railroad) (2001-2021), White Mountains Insurance Group, Ltd. (holding company) (2004-2021), RTI International Metals, Inc. (manufacture and distribution of titanium) (1999-2015) and H.J. Heinz Company (processed foods and allied products) (1994-2013).

Principal Occupation During at Least the Past 5 Years:

Director or Trustee of various companies and trusts; and **formerly**, Assistant to the President of the United States and Secretary of the Cabinet (1990-1993); General Counsel to the United States Treasury Department (1989-1990); and Counselor to the Secretary and Assistant Secretary for Public Affairs and Public Liaison-United States Treasury Department (1988-1989).

J. Michael Luttig (1954) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2009	120	Boeing Capital Corporation (aircraft financing) (2006-2010).
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Principal Occupation During at Least the Past 5 Years:

Counselor and Special Advisor to the CEO and Board of Directors of the Coca-Cola Company (beverage company) (2021-present); and **formerly**, Counselor and Senior Advisor to the Chairman, CEO, and Board of Directors, of The Boeing Company (aerospace company), and member of the Executive Council (2019-2020); Executive Vice President, General Counsel and member of the Executive Council, The Boeing Company (2006-2019); and Federal Appeals Court Judge, United States Court of Appeals for the Fourth Circuit (1991-2006).

David W. Niemiec (1949) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2005	30	Hess Midstream LP (oil and gas midstream infrastructure) (2017-present).
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Principal Occupation During at Least the Past 5 Years:

Advisor, Saratoga Partners (private equity fund); and **formerly**, Managing Director, Saratoga Partners (1998-2001) and SBC Warburg Dillon Read (investment banking) (1997-1998); Vice Chairman, Dillon, Read & Co. Inc. (investment banking) (1991-1997); and Chief Financial Officer, Dillon, Read & Co. Inc. (1982-1997).

Larry D. Thompson (1945) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2005	120	Graham Holdings Company (education and media organization) (2011-2021); The Southern Company (energy company) (2014-2020; previously 2010-2012) and Cbeyond, Inc. (business communications provider) (2010-2012).
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Principal Occupation During at Least the Past 5 Years:

Director of various companies; Counsel, Finch McCranie, LLP (law firm) (2015-present); John A. Sibley Professor of Corporate and Business Law, University of Georgia School of Law (2015-present; previously 2011-2012); and **formerly**, Independent Compliance Monitor and Auditor, Volkswagen AG (manufacturer of automobiles and commercial vehicles) (2017-2020); Executive Vice President - Government Affairs, General Counsel and Corporate Secretary, PepsiCo, Inc. (consumer products) (2012-2014); Senior Vice President - Government Affairs, General Counsel and Secretary, PepsiCo, Inc. (2004-2011); Senior Fellow of The Brookings Institution (2003-2004); Visiting Professor, University of Georgia School of Law (2004); and Deputy Attorney General, U.S. Department of Justice (2001-2003).

Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Constantine D. Tseretopoulos (1954) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2003	20	None
Principal Occupation During at Least the Past 5 Years: Physician, Chief of Staff, owner and operator of the Lyford Cay Hospital (1987-present); director of various nonprofit organizations; and formerly , Cardiology Fellow, University of Maryland (1985-1987); and Internal Medicine Resident, Greater Baltimore Medical Center (1982-1985).				

Robert E. Wade (1946) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2006	30	EI Oro Ltd (investments) (2003-2019).
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Principal Occupation During at Least the Past 5 Years:
Attorney at law engaged in private practice as a sole practitioner (1972-2008) and member of various boards.

Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
**Gregory E. Johnson (1961) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2013	131	None
Principal Occupation During at Least the Past 5 Years: Executive Chairman, Chairman of the Board and Director, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of certain funds in the Franklin Templeton/Legg Mason fund complex; Vice Chairman, Investment Company Institute; and formerly , Chief Executive Officer (2013-2020) and President (1994-2015) Franklin Resources, Inc.				

**Rupert H. Johnson, Jr. (1940) One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board, Trustee and Vice President	Chairman of the Board since 2013, Trustee since 1992 and Vice President since 1996	120	None
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Principal Occupation During at Least the Past 5 Years:
Director (Vice Chairman), Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of certain funds in the Franklin Templeton/Legg Mason fund complex.

Alan T. Bartlett (1970) Lyford Cay Nassau, Bahamas	President and Chief Executive Officer – Investment Management	Since 2019	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:
President and Director, Templeton Global Advisors Limited; Chief Investment Officer of Templeton Global Equity Group; officer of certain funds in the Franklin Templeton/Legg Mason fund complex; Chairman of the Board, Goodhart Partners; and **formerly**, Chief Executive Officer, Goodhart Partners (2009-2019).

Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Alison E. Baur (1964) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Deputy General Counsel, Franklin Templeton; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Breda M. Beckerle (1958) 280 Park Avenue New York, NY 10017	Chief Compliance Officer	Since 2020	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Chief Compliance Officer, Fiduciary Investment Management International, Inc., Franklin Advisers, Inc., Franklin Mutual Advisers, LLC, Franklin Templeton Institutional, LLC; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Steven J. Gray (1955) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton; Assistant Secretary, Franklin Distributors, LLC; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Matthew T. Hinkle (1971) One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2017	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Vice President, Franklin Templeton Services, LLC; officer of certain funds in the Franklin Templeton/Legg Mason fund complex; and formerly , Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton (2009-2017).				
Susan Kerr (1949) 620 Eighth Avenue New York, NY 10018	Vice President – AML Compliance	Since 2021	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Compliance Analyst, Franklin Templeton; Chief Anti-Money Laundering Compliance Officer, Legg Mason & Co., or its affiliates; Anti Money Laundering Compliance Officer; Senior Compliance Officer, LMIS; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Christopher Kings (1974) One Franklin Parkway San Mateo, CA 94403-1906	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since January 2022	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Treasurer, U.S. Fund Administration & Reporting; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Navid J. Tofigh (1972) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2015	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				

Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Lori A. Weber (1964) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President and Secretary	Vice President since 2011 and Secretary since 2013	Not Applicable	Not Applicable

Principal Occupation During at Least the Past 5 Years:

Senior Associate General Counsel, Franklin Templeton; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.

*We base the number of portfolios on each separate series of the U.S. registered investment companies within the Franklin Templeton/Legg Mason fund complex. These portfolios have a common investment manager or affiliated investment managers.

**Gregory E. Johnson is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director of Franklin Resources, Inc. (Resources), which is the parent company of the Fund's investment manager and distributor. Rupert H. Johnson, Jr. is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director and major shareholder of Resources.

Note 1: Rupert H. Johnson, Jr. is the uncle of Gregory E. Johnson.

Note 2: Officer information is current as of the date of this report. It is possible that after this date, information about officers may change.

The Sarbanes-Oxley Act of 2002 and Rules adopted by the U.S. Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated each of Ann Torre Bates and David W. Niemiec as an audit committee financial expert. The Board believes that Ms. Bates and Mr. Niemiec qualify as such an expert in view of their extensive business background and experience. Ms. Bates has served as a member of the Fund Audit Committee since 2008. She currently serves as a director of Ares Capital Corporation (2010-present) and United Natural Foods, Inc. (2013-present) and was formerly a director of Navient Corporation from 2014 to 2016, SLM Corporation from 1997 to 2014 and Allied Capital Corporation from 2003 to 2010, Executive Vice President and Chief Financial Officer of NHP Incorporated from 1995 to 1997 and Vice President and Treasurer of US Airways, Inc. until 1995. Mr. Niemiec has served as a member of the Fund Audit Committee since 2005, currently serves as an Advisor to Saratoga Partners and was formerly its Managing Director from 1998 to 2001 and serves as a director of Hess Midstream LP (2017-present). Mr. Niemiec was formerly a director of Emeritus Corporation from 1999 to 2010 and OSI Pharmaceuticals, Inc. from 2006 to 2010, Managing Director of SBC Warburg Dillon Read from 1997 to 1998, and was Vice Chairman from 1991 to 1997 and Chief Financial Officer from 1982 to 1997 of Dillon, Read & Co. Inc. As a result of such background and experience, the Board believes that Ms. Bates and Mr. Niemiec have each acquired an understanding of generally accepted accounting principles and financial statements, the general application of such principles in connection with the accounting estimates, accruals and reserves, and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Ms. Bates and Mr. Niemiec are independent Board members as that term is defined under the applicable U.S. Securities and Exchange Commission Rules and Releases.

The Statement of Additional Information (SAI) includes additional information about the board members and is available, without charge, upon request. Shareholders may call (800) DIAL BEN/342-5236 to request the SAI.

Shareholder Information

Liquidity Risk Management Program

Each Fund has adopted and implemented a written Liquidity Risk Management Program (the “LRMP”) as required by Rule 22e-4 under the Investment Company Act of 1940 (the “Liquidity Rule”). The LRMP for the Franklin Templeton and Legg Mason Funds is designed to assess and manage each Fund’s liquidity risk, which is defined as the risk that the Fund could not meet requests to redeem shares issued by the Fund without significant dilution of remaining investors’ interests in the Fund. In accordance with the Liquidity Rule, the LRMP includes policies and procedures that provide for: (1) assessment, management, and review (no less frequently than annually) of each Fund’s liquidity risk; (2) classification of each Fund’s portfolio holdings into one of four liquidity categories (Highly Liquid, Moderately Liquid, Less Liquid, and Illiquid); (3) for Funds that do not primarily hold assets that are Highly Liquid, establishing and maintaining a minimum percentage of the Fund’s net assets in Highly Liquid investments (called a “Highly Liquid Investment Minimum” or “HLIM”); and (4) prohibiting the Fund’s acquisition of Illiquid investments that would result in the Fund holding more than 15% of its net assets in Illiquid assets. The LRMP also requires reporting to the Securities and Exchange Commission (“SEC”) (on a non-public basis) and to the Board if the Fund’s holdings of Illiquid assets exceed 15% of the Fund’s net assets. Funds with HLIMs must have procedures for addressing HLIM shortfalls, including reporting to the Board and, with respect to HLIM shortfalls lasting more than seven consecutive calendar days, reporting to the SEC (on a non-public basis).

The Director of Liquidity Risk within the Investment Risk Management Group (the “IRMG”) is the appointed Administrator of the LRMP. The IRMG maintains the Investment Liquidity Committee (the “ILC”) to provide oversight and administration of policies and procedures governing liquidity risk management for Franklin Templeton and Legg Mason products and portfolios. The ILC includes representatives from Franklin Templeton’s Risk, Trading, Global Compliance, Legal, Investment Compliance, Investment Operations, Valuation Committee, Product Management and Global Product Strategy.

In assessing and managing each Fund’s liquidity risk, the ILC considers, as relevant, a variety of factors, including the Fund’s investment strategy and the liquidity of its portfolio investments during both normal and reasonably foreseeable stressed conditions; its short and long-term cash flow projections; and its cash holdings and access to

other funding sources including the Funds’ interfund lending facility and line of credit. Classification of the Fund’s portfolio holdings in the four liquidity categories is based on the number of days it is reasonably expected to take to convert the investment to cash (for Highly Liquid and Moderately Liquid holdings) or sell or dispose of the investment (for Less Liquid and Illiquid investments), in current market conditions without significantly changing the investment’s market value.

Each Fund primarily holds liquid assets that are defined under the Liquidity Rule as “Highly Liquid Investments,” and therefore is not required to establish an HLIM. Highly Liquid Investments are defined as cash and any investment reasonably expected to be convertible to cash in current market conditions in three business days or less without the conversion to cash significantly changing the market value of the investment.

At meetings of the Funds’ Board of Trustees held in May 2022, the Program Administrator provided a written report to the Board addressing the adequacy and effectiveness of the program for the year ended December 31, 2021. The Program Administrator report concluded that (i.) the LRMP, as adopted and implemented, remains reasonably designed to assess and manage each Fund’s liquidity risk; (ii.) the LRMP, including the Highly Liquid Investment Minimum (“HLIM”) where applicable, was implemented and operated effectively to achieve the goal of assessing and managing each Fund’s liquidity risk; and (iii.) each Fund was able to meet requests for redemption without significant dilution of remaining investors’ interests in the Fund.

Proxy Voting Policies and Procedures

The Fund’s investment manager has established Proxy Voting Policies and Procedures (Policies) that the Fund uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Fund’s complete Policies online at franklintempleton.com. Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Fund’s proxy voting records are also made available online at franklintempleton.com and posted on the U.S. Securities and Exchange Commission’s website at sec.gov and reflect the most recent 12-month period ended June 30.

Quarterly Schedule of Investments

The Trust, on behalf of the Fund, files a complete schedule of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year as an exhibit to its report on Form N-PORT. Shareholders may view the filed Form N-PORT by visiting the Commission's website at sec.gov. The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

Householding of Reports and Prospectuses

You will receive, or receive notice of the availability of, the Fund's financial reports every six months. In addition, you will receive an annual updated summary prospectus (detail prospectus available upon request). To reduce Fund expenses, we try to identify related shareholders in a household and send only one copy of the financial reports (to the extent received by mail) and summary prospectus. This process, called "householding," will continue indefinitely unless you instruct us otherwise. If you prefer not to have these documents househanded, please call us at (800) 632-2301. At any time you may view current prospectuses/summary prospectuses and financial reports on our website. If you choose, you may receive these documents through electronic delivery.

Authorized for distribution only when accompanied or preceded by a summary prospectus and/or prospectus. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. A prospectus contains this and other information; please read it carefully before investing.

To help ensure we provide you with quality service, all calls to and from our service areas are monitored and/or recorded.



Annual Report and Shareholder Letter
Templeton Foreign Fund

Investment Manager
Templeton Global Advisors Limited

Distributor
Franklin Distributors, LLC
(800) DIAL BEN® / 342-5236
franklintempleton.com

Shareholder Services
(800) 632-2301