

公開說明書
2023年5月1日

富蘭克林坦伯頓法人機構專用基金－
國際股票系列（本基金之配息來源可能為本金）
Templeton International Equity Series Fund – Primary
Shares

Primary 股	Service 股
TFEQX	TFESX

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本公開說明書中文譯本僅供參考。中文譯本之內容與英文公開說明書若有歧異，以英文公開說明書之內容為準。

目 錄

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富蘭克林坦伯頓法人機構專用基金-國際股票系列 (本基金之配息來源可能為本金)

基金摘要

投資目標

長期的資本成長。

本基金的費用

這些表格顯示您購買與持有本基金的股份時，可能需要支付的各项費用。

(每年依您的投資價值的百分比支付費用)

年度基金營運費用	Primary 股	Service 股
經理費用	0.78%	0.78%
其他費用	0.09%	0.23%
獲得基金費用與支出	0.01%	0.01%
年度基金營運總費用 ¹	0.88%	1.02%
費用減免及/或費用償還 ²	-0.05%	-0.05%
費用減免及/或費用償還後之年度基金營運總費用	0.83%	0.97%

1. 年度基金營運總費用已重述以反映當前會計年度的費用和支出。因此，年度基金營運總費用與財務重點揭露的平均淨資產費用比率不同。
2. 經理公司減免其費用，使本基金的經理費不超過0.74%，投資經理還同意降低其費用，以反映因基金投資於富蘭克林坦伯頓附屬基金而導致的服務減少。這些改變將持續到2024年4月30日為止。在此期限內，除非增加系列和類股，否則未經董事會核准，不得終止或修改此費用減免和費用償還協議，以反映終止日期的延長或降低減免和支出的上限（從而降低了股東費用）。

範例

此範例試圖協助您方便比較投資本基金的成本以及投資其他基金的成本。此範例假設您於下表各期間投資美金\$10,000並且在各期間期末贖回您的所有股份。此範例又假設您每年的投資報酬率為百分之五，並且基金的操作費用維持相同。上述範例僅以一年的數字反映因經理費用減免及/或費用償還而對基金的營運費用的調整。根據這些假設推算的成本如下表所示，雖然您的實際成本可能或高或低於此假設下的成本。

	一年	三年	五年	十年
Primary 股	\$85	\$276	\$483	\$1,079
Service 股	\$99	\$320	\$559	\$1,245

投資組合週轉

本基金在買賣證券（或是“週轉”其投資組合）時，需支付交易成本，例如：佣金。較高的投資組合週轉率可能顯示較高的交易成本，而且當基金股份持有於應稅帳戶時可能造成較高

的稅賦。這些成本影響基金的績效表現，並不會反映於年度基金營運費用或是在範例裡。在最近期的會計年度期間，本基金的投資組合週轉率為其投資組合平均價值的46.42%。

主要投資政策

在正常的市場情況下，本基金將至少80%的基金淨資產投資在外國（非美國）公司的股權證券。本基金顯著地投資於位於美國以外包括位於開發中市場國家的公司。

本基金會橫跨整個市場範圍投資於任何市值的公司股權證券，包含中型及小型公司。本基金主要投資股權證券是普通股。本基金有時得依據經濟狀況將顯著的資產投資於一個或更多國家，或投資於特殊的產業，例如金融服務產業。

本基金為了追求投資目標得參與包括股權指數期貨契約在內的股權衍生性商品。本基金為投資目的，包括為了現金管理目的及產生收益、增加流動性，及/或以更有效或較不昂貴的方式調整本基金對特定股票市場曝險，而使用這些衍生性金融商品。

當為本基金選擇股權投資時，本基金的經理公司採用以下選股哲學：“由下而上”、“價值投資”、“長期投資”。投資經理公司將重點放在公司股票的市值以及公司長期獲利、資產價值和現金流量的潛力作相關比較，同時亦將公司的本益比、獲益率及變現價值等納入考量。

在為基金選擇證券時，投資經理試圖在經濟和政治因素（包括貨幣變動）有利於資本增長的各個國家和行業中，找出那些提供高於平均水平的資本增值機會的公司。

本基金在挑選證券標的時，投資經理公司試圖在許多國家及產業找出具有平均值以上資本成長的機會，且其所在之國家的政經情況與貨幣動向是對資本成長有利的公司。

投資經理公司得考量賣出股權證券，當其認為該證券因為價格溢價或是公司基本面變動而使股價高估時，或是投資經理公司認為其他的證券更具有誘人的投資機會時。

主要風險

您可能投資本基金而有金錢損失。共同基金股份不是存款，或是債務，或是由任何銀行保證或是背書，並且沒有受到聯邦存款保險公司、聯邦準備委員會、或是美國政府的任何其他機構的保證。

市場風險 本基金所持有證券或其他投資的市場價值有時候將會快速的或無法預期的上下波動。證券或其他投資的市場價值可能會因其他市場活動或與發行公司不相關的供給與需求的其他結果而下跌。這是所有證券之基本風險。當市場中賣方多於買方時，價格將會下跌。同樣地，當市場中買方多於賣方時，價格將會上升。

新型冠狀病毒 COVID-19 及其後續變種的全球爆發導致市場關閉和混亂、極端的波動、流動性的限制和交易成本的增加。對經濟、市場、行業和個別發行人的長期影響尚不清楚。一些經濟產業和個別發行人已經經歷或可能經歷鉅額的損失。金融市場的極端波動期；許多工具的流動性降低；以及供應鏈、消費者需求和員工供應的中斷，這些情況可能會持續一段時間。

股票價格上下波動較債券為劇烈。在成長緩慢或經濟衰退的環境下對本基金持有之各種不同股票的價格具有負面的影響。

外國證券(非美國)風險 投資外國證券會比投資美國國內的證券要承擔較高的風險，這些風險包括有關(i)內部與外部的政治與經濟發展，例如：有些外國在政治、經濟及社會政策及結構方面，並不如美國穩定，且其不確定性甚高，或是有些外國可能容易遭受貿易限制或經濟制裁；(ii)交易實務，例如：外國政府對證券交易、貨幣市場、交易系統及經紀商之監管也可能不如美國；(iii)資訊的利用，例如：外國公司在會計及財務報表的準則與實務等可能不同於美國的揭露方式；(iv)有限的市場，例如：某些外國發行公司的證券之流動性不如美國證券（不易出售）且其價格較波動；以及(v)匯率變動與政策的風險。外國投資的風險在開發中國家或新興市場國家通常較大。

區域焦點風險 由於本基金得至少投資其資產的顯著部位於特定區域的公司，包括歐洲，因此本基金相較於分散投資地理涵蓋範圍較廣泛之基金須承擔在此區域及/或周圍區域不利發展的較高風險。區域內政治、社會或經濟的紛亂，甚至連本基金沒有投資的國家，都可能對本基金持有的證券價值有不利影響。當前關於2022年2月俄羅斯對烏克蘭的軍事入侵之經濟後果的不確定性，可能加劇市場的波動性。

開發中市場國家風險 本基金在開發中市場國家的投資通常須承受所有外國投資風險，尚需強調由於缺乏建置完備的法律、政治、商業以及社會架構來支撐證券市場所增加的風險，包括：投資組合證券交易的交割延遲；外匯及資本的控制；對利率變動的敏感度較高；貪污及違紀的普遍性；匯率的波動性；以及通貨膨脹、通貨緊縮或是貨幣貶值。

價值風格投資 價值證券可能未能如投資經理公司之期望而價格上揚，如果其他投資人未能認同該公司的價值進而出價競價、偏好投資於快速成長的公司，或者投資經理公司確認證券價格會上揚的種種因素並未發生。

焦點風險 在一定程度上，本基金的投資有時集中於特定國家、地區、產業或其他類型的投資，因此本基金相較於較廣泛投資於不同國家、地區、產業、部門或投資之基金可能要承擔於此焦點區域中不利發展的較高風險。

小、中型公司之風險 由中、小型股本公司所發行的證券相較於大型公司證券，其股價之波動性較大，可能涉及重大的風險。這類風險得包括對經濟情況改變的敏感度較高、對公司成長前景較不確定、在管理方面較缺乏豐富的經驗、較不容易募集到成長或發展所需之資金，以及從事於有限或是較少開發的生產線或是市場。此外，中、小型股本公司可能特別容易受到利率攀升的影響，因此他們在尋找資金以繼續或擴充營運上可能更加困難，或是在貸款的還款上可能有困難。

衍生性金融商品 衍生性金融商品的績效主要取決於其所連結標的證券、利率或指數的績效，而且這些衍生性商品通常與其所連結標的商品有類似的風險另外加上其他風險。衍生性金融商品涉及成本且能在基金的投資組合創造經濟槓桿效果，此可能導致顯著波動而造成基金分擔的虧損（以及獲利）遠超過基金的原始投資金額。其他風險包括：衍生性商品的缺乏流動性、錯誤訂價或是不適當的評價以及衍生性商品與所連結標的工具的價值間的相關性有瑕疵，因此基金可能未能實現預期的利益。成功的運用衍生性金融商品通常將取決於投資經理公司能否精準地預測所連結標的工具市場走勢的能力。若單一市場、一些市場或特定投資類別的價格以非預期方式變動，特別是在不尋常或極端的市場情況，本基金的交易可能無法達成預期利益，並且可能發生顯著的虧損。倘若投資經理公司沒有成功地運用這些衍生性金融商品時，本基金績效表現可能比完全沒有運用這些衍生性金融商品時更加不理想。

大額贖回風險 當股東大額贖回的金額佔基金資產相當大的比重時，本基金可能會遭受不利影響。為了滿足這類贖回要求，本基金可能需要在原本不打算賣的時間點賣出證券，這可能導致本基金的損失、增加本基金的交易成本和費用比率，並對股東加速應稅收入的實現（若有的話）。當遭遇大額贖回時，本基金可能會基於各種原因而試圖延遲支付贖回款項請求最多至7天，包括為投資經理公司爭取時間處理該贖回請求。然而，若本基金無法延遲贖回請求時，舉例來說，各種自動化流程可能造成某些大額贖回會發生，因此將存在額外風險損害本基金及其既有股東的利益。

管理風險 本基金因採主動式管理投資組合而須承受管理風險。本基金的投資經理公司引用投資技術與風險分析為本基金執行投資決策，但並無法確保這些決策將能產生希望的結果。

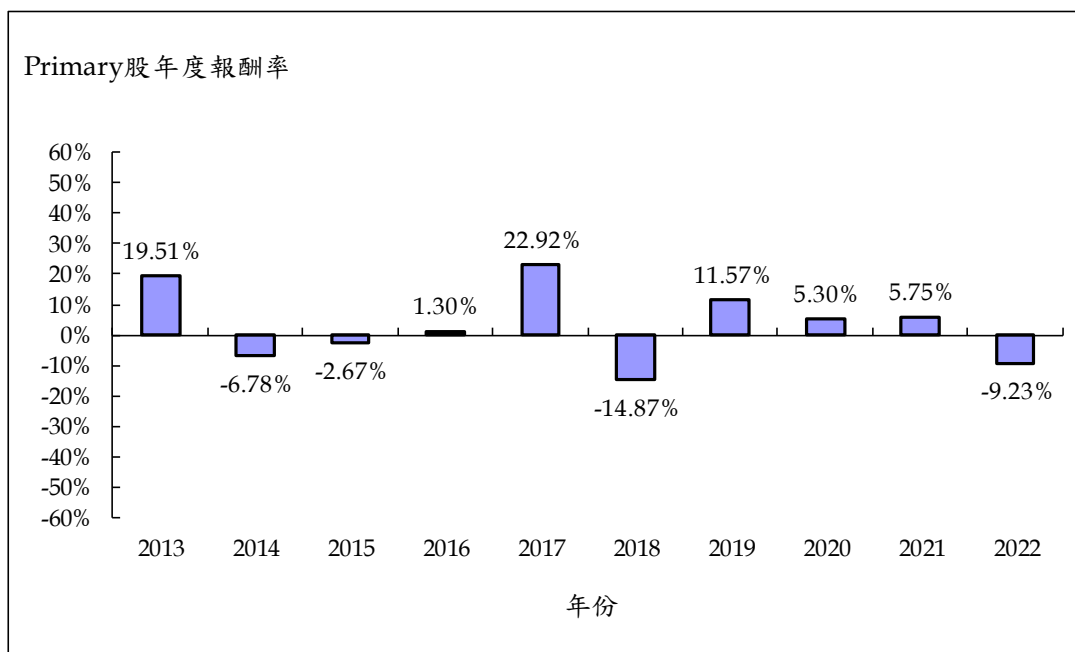
網路安全 網路安全事件，無論是有意還是無意，都可能使未經授權的一方獲得基金資產、基金或客戶數據（包括私人股東資訊）或專有資訊，導致基金、投資經理和/或其服務提供公司（包括但不限於基金會計師、保管公司、子保管公司、轉讓代理人和金融中介）遭受數據洩露、數據損壞或運營功能喪失或阻止基金投資者購買、贖回或交換股份或收取款項。投資經理預防或減輕影響第三方服務提供公司的網路安全事件的能力有限，而此類第三方服務提供公司可能對基金或投資經理承擔有限的賠償義務。網路安全事件可能會給基金及其股東造成財務損失，並且可能會產生大量成本以防止或緩解未來發生任何網路安全事件。本基金投資的證券發行公司也面臨網路安全風險，如果發行公司遭遇網路安全事件，這些證券的價值可能會下降。因科技的進步及改變使網路攻擊的方式日新月異，故可能會有無法預期或預防被攻擊之風險，其攻擊使基金的對抗攻擊的能力及計畫有所極限，如同其他基金和企業，本基金、投資經理公司及其服務供應商須承受隨時可能發生網路事件的風險。

投資組合績效分析

本圖表顯示出本基金報酬率的波動性，是投資本基金的風險指標。此圖表逐一標示出以下年份以來 Primary 股的年度報酬率變化情形。表格中亦可對照看出基金的一年、五年及十年或是自成立日的年度平均報酬率相較與一些廣泛衡量市場指數的差異。當然，過去的基金報酬率（稅前或稅後）並不能預測或保證未來的報酬結果。您可於網站：ftinstitutional.com 上查詢或是致電 (800) 321-8563 取得更新的績效表現資料。

下表附加的指數摩根史坦利資本國際歐澳遠東指數-含稅後股利顯示本基金績效表現與附加的領先已開發市場指數之比較狀況。

Primary 股年度總報酬



最佳季報酬率在 2020 年第 4 季：22.67%；最差季報酬率在 2020 年第 1 季：-24.71%。
本基金從今年初截至 2023 年 3 月 31 日的報酬率為 9.63%。

年度總平均報酬率

期間截至 2022 年 12 月 31 日

	一年	五年	十年
富蘭克林坦伯頓法人機構專用基金-Primary 股 (本基金之配息來源可能為本金)			
稅前報酬率	-9.23%	-0.81%	2.63%
配息稅後報酬率	-10.60%	-4.31%	0.43%
配息及股份出售稅後報酬率	-4.61%	-0.90%	1.93%
富蘭克林坦伯頓法人機構專用基金-Service 股 (本基金之配息來源可能為本金)	-9.38%	-0.96%	2.47%
摩根史坦利資本國際美國除外全世界指數-含稅後股利（指數並無扣除手續費、費用或稅賦，但預扣淨股利稅）	-16.00%	0.88%	3.80%
摩根史坦利資本國際歐澳遠東指數-含稅後股利（指數並無扣除手續費、費用或稅賦，但預扣淨股利稅）	-14.45%	1.54%	4.67%

稅後報酬率採歷史最高的個人聯邦邊際所得稅率計算，並未反映出州稅與地方稅的影響。實際稅後報酬，則視投資人的個別稅務狀況，可能與此圖表的報酬數字有差異。這些稅後報酬率數字無關於投資人其參與稅金優惠計畫所持有的股份，諸如 401(k)計畫或個人退休金帳戶。僅顯示 Primary 股的稅後報酬率，其他類別股份的稅後報酬率則不盡相同。

經理公司

坦伯頓投資顧問公司（Templeton Investment Counsel, LLC）。

基金經理人

彼得·諾里 (Peter A. Nori, CFA) 坦伯頓投資顧問公司執行副總裁暨投資組合經理人-研究分析師，自 1999 年起擔任本基金的投資組合經理人。

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基金股份的購買與賣出

您可以在任何營業日透過郵件(富蘭克林坦伯頓機構法人服務, P.O. Box 33030, St. Petersburg, FL 33733-8030)申購本基金的股份。您可以在任何營業日透過郵件寄至前揭地址，或是透過電話(800) 321-8563 來贖回本基金的股份。首次投資最低金額取決於投資人的不同類別，最高可能達到美金一百萬元。關於投資本基金的合格投資人以及所適用的最低標準等更多資訊，請參閱本公開說明書“您的帳戶”章節之詳細說明。首次以後之申購並無最低金額限制。

稅賦

基本上您在本基金所獲得的配息及資本利得，會被課以一般所得稅率、資本利得稅率，或是兩者兼具。除非您是透過稅金優惠計畫，諸如 401(k)計畫或個人退休金帳戶來進行投資，則您的配息通常是在自稅賦優惠帳戶提取時會被課稅。

支付予代銷公司及其他金融中介機構的款項

如果您是透過經紀商-經銷商以及其他的金融中介機構(例如：銀行)來購買本基金股份，本基金及其相關公司得支付中介機構為其對基金股份的銷售與相關服務。這些款項可能引起利益衝突而影響經紀商-經銷商或是其他中介機構以及您的銷售人員推薦本基金超過其他的投資。請洽詢您的理財顧問或是造訪中介機構的網站以知悉更多的資訊。

基金細節

投資目標

本基金之投資目標在於求得長期的資本成長。

主要投資政策與實務

在正常的市場情況下，本基金將至少 80% 的基金淨資產投資在外國（非美國）公司的股權證券。若 80% 的投資政策有所改變，股東將接獲至少 60 天的提前通知。

本基金顯著地投資位於美國以外包括位於開發中市場國家的公司股權證券。本基金主要投資於普通股。本基金會投資於任何公司的股權證券，橫跨整個市場資本額的範圍，包含中型及小型公司。

本基金為了追求投資目標得參與包括股權指數期貨契約在內的股權衍生性商品。本基金為投資目的，包括為了現金管理目的及產生收益、增加流動性，及/或以更有效或較不昂貴的方式調整本基金對特定股票市場曝險，而使用這些衍生性金融商品。期貨契約是在交易所交易的標準綁定協議以特定的價格在以後的特定日期買進或賣出特定數量的標的工具或資產。期貨契約的“賣出”係指取得依指定日期及契約上所約定之價格交付標的工具的契約義務。期貨契約的“買進”係指取得依指定日期及契約上所約定之價格購買標的工具的契約義務。買賣期貨契約將使本基金增加或減少對其標的工具或資產的曝險。雖然本基金所使用的大多數期貨契約允許在到期日以現金支付契約的淨利得或損失以替代交付標的工具或資產，但是有些契約要求實際交付或取得標的工具或資產。本基金可能買賣在美國或外國交易所交易的期貨契約。

股權證券代表公司一部份股份所有權，它的價值建立在公司的營運成果、資產價值及一般市場狀況。股權證券舉例為普通股、優先股、可轉換證券及相關的存託憑證等。可轉換證券通常指債權證券和優先股其可在特定期間後或在特定情況下轉換成普通股。本基金得投資於可轉換證券而不考慮評比服務機構對該證券所為之評級。存託憑證為銀行或信託公司所發行，可提供持有者取得外國或本國企業發行證券的權利。

本基金有時可能將大部份資產投資在一個或更多國家或特殊產業，例如金融服務產業。

本基金之經理公司採用以下選股哲學：“由下而上”、“價值投資”、“長期投資”。投資經理公司將重點放在公司股票的市值以及公司長期獲利、資產價值和現金流量的潛力作相關比較。這包括投資經理公司評估重大環境、社會和監管因素對公司長期風險和報酬情況的潛在影響。投資經理公司同時亦將公司的本益比、獲益率及變現價值等納入考量。

本基金在挑選證券標的時，投資經理公司試圖在許多國家及產業找出具有平均值以上資本成長的機會，且其所在之國家的政經情況與貨幣動向是對資本成長有利的公司。

投資經理公司得考量賣出股權證券，當其認為該證券因為價格溢價或是公司基本面變動而使股價高估時，或是投資經理公司認為其他的證券更具有誘人的投資機會時。

除了傳統的財務和經濟分析外，投資經理人還評估物質環境、社會和治理(ESG)因素對發行人的潛在影響，投資經理人認為這可以衡量發行公司的永續性。在分析 ESG 因素時，投資經理人會評估人發行公司的行為是否構成重大財務風險或機會。考慮 ESG 因素和風險只是投資經理人評估合格投資的一個組成部分，可能不是投資經理人最終決定是否投資於發行公司的決定性因素。此外，ESG 因素的權重可能因投資類型、行業、地區和發行公司而異；考慮的 ESG 因素和權重可能會隨時間而變化；在某些情況下，有時可能並非每項投資都針對 ESG 因素進行評估，即使進行評估，也可能並非每項 ESG 因素都得到識別或評估。

暫時性投資

當基金經理人認為證券交易市場或經濟條件不利於投資人時，可能將不超過 100% 資產之全部或大部份調整為現金、現金相當或其他高品質短期投資工具之持有，以做為暫時性之防禦措施，暫時性防禦之投資工具包括美元及非美元證券，例如：政府債券、銀行債券、高品質商業本票、附買回協定、貨幣市場股份（包括附屬貨幣市場基金的股份）以及其他貨幣市場投資工具。基金經理人為了尋找恰當的投資機會或保持流動性，也會投資在此等類型的證券或持有現金，在此種情況下，本基金可能無法繼續它的投資方針。

主要風險

市場風險

本基金所持有證券或其他投資的市場價值有時候會是快速的或無法預期的上下波動。本基金的投資可能價值下跌是受到個別發行公司（例如供需的結果），或是證券市場裡產業的因素所影響。證券或其他投資的價值也可能是受到一般市場因素的影響上下波動，而非明確與特定的發行公司相關，例如：實際或可預見的不利經濟情況、對利率或匯率的改變或反面的投資人觀點等等。此外，涉及流動性有限的事件，影響一個行業（如金融服務行業）的違約、不履行或其他不利發展，或對此類事件的擔憂或謠言，在過去和未來可能會導致整個市場的流動性問題，可能擴散到其他行業，並可能對本基金投資的價值和流動性產生負面影響。此外，非預期事件及其後果，例如：疾病的傳播；大自然、環境或人為災難；金融、政治或社會混亂；恐怖主義與戰爭；以及其他悲劇或災難，可能導致投資人恐懼與慌亂，其可能以無法預見的種種方式對許多公司、產業、國家、地區以及整體市場的經濟產生不利影響。在證券市場的一般性衰退期間，多種資產類型的價值可能會下降。當市場表現令人滿意時，無法確保本基金持有的證券或其他投資得以參與其中或是得以先行獲利。

新冠病毒 COVID-19 及其後續變種的全球爆發，已引起市場封閉與混亂、極端動盪、流動性限制並增加交易成本。對經濟、市場、行業和個別發行人的長期影響尚不清楚。一些經濟部門和個別發行人已經經歷或可能經歷特別大的損失。金融市場的極端波動期；許多工具的流動性降低；以及供應鏈、消費者需求和員工供應的中斷，這些情況可能會持續一段時間。美國政府和美聯儲以及某些外國政府和中央銀行已採取非常措施來支持本地和全球經濟以及應對 COVID-19 大流行的金融市場。這種和其他政府對經濟和金融市場的干預可能不會有意並導致政府赤字和債務大幅擴張，其長期後果尚不清楚。此外，COVID-19 大流行病以及為減輕其影響而採取的措施，可能會導致其服務提供商向基金提供的服務中斷。

股票價格上下波動較債券證券價格為劇烈。在成長緩慢或經濟衰退的環境下對本基金持有之各種不同股票的價格具有負面的影響。

外國證券(非美國)風險

投資外國證券通常會比投資美國國內的證券要承擔較高的風險，這些風險同時也可能存在於介入龐大外國營運的美國公司股票。

匯率風險 由於外國證券是以各該國貨幣為發行及做交易，是故證券價值會受到該國貨幣與美元，以及美元以外貨幣間之匯率變動的影響，舉例來說，假使美元的價值相對高於外國貨幣時，以外國貨幣做交易的投資商品價值會降低，因為它的美元價值相對較低。當本基金從事匯率交易時將會產生額外的費用，且在外國證券評價時因為須同時考量貨幣（相較於美元）及證券因素而將承受較高的風險。

政治和經濟發展風險 部份美國以外的國家，在政治、經濟及社會政策或結構方面，並不如美國穩定，且其不確定性甚高，其較高投資風險來自於該國家境內、外的衝突、徵收、資產國有化、外匯管制（例如暫停特定國家貨幣的轉換）、限制資產移動、政經環境的不穩定、軍事活動或動盪、外交發展、貨幣貶值、外國投資者限制以及懲罰性或沒收性的稅賦增加等。政府可能接管公司的資產或營運，或是對外匯的交易、匯出或是其他資產加諸管制。某些國家不同的法制體系也可能使基金在執行委託書投票，行使股東權利及關於外國投資尋求法律

救濟等方面增添處理之困難或花費昂貴。外交和政治發展可能會影響本基金所投資國家的經濟、產業、證券和外匯等市場。這些發展包括：快速而負面的政治變化；社會不安定；區域的衝突；由美國、其他國家或是包括超國際機構等政府機構所施加的經濟制裁；恐怖行動和戰爭。此外，這類發展可能促成國家的貨幣貶值、該等國家的發行公司信用評等的降級或是發行公司證券價值及流動性的降低。對國家施加經濟制裁或影響政府之行動，對某些發行公司而言可能導致（i）該發行公司證券的立即凍結，進而損害本基金買進、賣出、接收或交付這些證券的能力或是（ii）基金投資或持有此類證券的能力受到限制。這些因素會影響本基金投資的價值並且對有關基金投資極度難以預測或是納入考量。

交易實務風險 外國證券的經紀手續費、代扣稅、保管費及其他費用一般較高，外國政府對證券市場、貨幣市場、交易系統及經紀商之監管可能不如美國，外國交易及保管業務（保管基金資產）的流程也可能會涉及付款、金錢或其他財產的交付或收回的損失或延誤。外國政府之監督及外國證券之規範及交易系統可能會不同於美國政府，此可能增加本基金法令遵循之負擔及／或減少對本基金投資人的權利或保護。

資訊的利用 外國公司在會計、稽核制度及財務報表準則與實務等可能不同於美國的揭露方式，因此，外國發行公司公開的資訊亦可能少於大部份美國公司。此外，外國公司提供的資訊可能不如美國公司提供的資訊及時或可信賴。

有限的市場 相對於許多美國證券，某些外國證券之流動性較低（不易出售）且其價格的波動性更大，由於交易較不頻繁及／或報價及賣出的延遲報導，將導致基金持有之外國證券在評價上更加困難。

區域風險 在某一區域或國家的不利情況，將會影響其他看似經濟發展不相關國家之證券發行公司。在一定程度上，本基金投資顯著部位的資產於特定地理區域或特定國家，故將會面臨較高之區域的或國家的經濟風險。當本基金有顯著部位投資的地區政經動亂或外交關係惡化，本基金可能會面臨重大的流動性風險或降低本基金投資的價值。

由於目前俄羅斯在 2022 年 2 月軍事入侵烏克蘭的經濟後果存在不確定性，這可能會增加市場波動性，因此投資歐洲的風險可能會增加。

開發中市場國家風險 本基金在開發中市場國家的公開發行公司證券的投資通常須承受所有外國投資風險，尚需強調由於缺乏建置完備的法律、政治、商業以及社會架構來支撐證券市場所增加的風險。增加的顯著風險包括：

- 社會、政治及經濟環境的穩定度低；
- 由於政治、軍事或是區域性衝突或是由於恐怖行動或是戰爭，如果美國、其他國家或是其他政府機構（包括超國際機構）在發行公司實施限制或約束外國投資、資產的轉移或是在該國的其他經濟活動等制裁時，則該國家的貨幣貶值、在該等國家的發行公司信用評等的降級或是發行公司證券價值及流動性的降低有較高的可能性；
- 證券市場較小故交易量少或無交易量，並且流動性較欠缺及價格波動較大；
- 較多限制性的國家政策加諸於外國投資，包括：限制對國家利益敏感的發行公司或產業進行投資；
- 較少具有透明度及建置完備的稅賦政策；
- 較少具有先進的法制或立法架構以規範私人及外國投資，或是允許對私人財產損害之司法賠償，例如破產；
- 對資本市場結構或市場導向經濟的熟悉度較低，而較多大規模的貪汙與舞弊；

- 本基金從事交易的金融機構及發行公司，其所擁有的財務熟稔度、信譽及／或資源較少，且其政府的法規較少；
- 政府在企業與產業實務的監管與法規、股票交易所、經紀商及上市公司較美國為少；
- 集中於少數產業程度較高而導致在區域及全球交易條件上有較多弱點；
- 通膨率較高，且通膨率波動較快速且激烈；
- 對利率變動的敏感度較高；
- 匯率波動程度增高、潛在貨幣貶值及／或貨幣管制；
- 對應經濟規模其負債重擔較高；
- 對投資組合證券交易的交割延遲較常發生，並且在股份註冊及保管實務的損失風險較高；以及
- 對近期有利之經濟發展不會因在這些國家發生之未預料到的經濟、政治或社會事件而延宕及反轉的保證較低。

基於上述的因素，本基金在開發中市場國家的投資相較於投資已開發市場國家須承受較大的價格波動及缺乏流動性的風險。

價值風格投資

價值證券價格可視為相對“便宜”於公司被認知的價值，而且通常不是其他投資人所偏好的。投資經理公司投資於這類股票是基於相信市場對於不利發展的過度反應或是尚未從正向改變中提升價格。然而，如果其他投資人無法認可公司的價值（以及沒有成為買方，或是如果他們變成賣方或是偏好投資於快速成長的公司），價值證券可能無法如投資經理公司所預期的增加價值，甚至可能降低價值。

焦點風險

基金對任何單一類型投資（包含對特定產業、行業、地區、國家、發行人或證券類型的投資）的曝險越大，基金在任何單一經濟、市場、商業、政治、監管或其他事件中可能遭受的損失就越大。最終，對基金股份的價格可能造成更大的波動。

中、小型股本公司之風險

在中、小型股本公司的投資可以獲得較大的資本成長機會，但相較於大型股本公司的投資也涉及較多的風險。就歷史紀錄而言，中、小型股本公司股票股價波動性大於大型公司的股票，短期而言尤其如此。主要原因在於中、小型股本公司未來的成長較不確定，其股票的市場流通性較低，以及當經濟情況改變時，其敏感度卻更高。

此外，由於中、小型股本公司在管理方面較缺乏豐富的經驗，故較不容易募集到需成長或發展之資金、生產線有限，或是所研發或行銷之新產品或服務的市場尚未確立，也可能永遠也不會成形。中、小型股本公司可能特別容易受到利率攀升的影響，因此他們在尋找資金以繼續或擴充營運上可能更加困難，或是在浮動利率貸款的還款上可能有困難。

衍生性金融商品風險

衍生性金融商品的績效主要取決於其所連結的工具例如：指數，而這類衍生性金融商品通常與其所連結標的工具具有類似的風險再加上其他的風險。衍生性金融商品涉及成本並且能夠在本基金的投資組合創造經濟性槓桿效果，其可能導致顯著的波動而造成本基金分擔的虧損（以及獲利）遠超過本基金的初始投資金額。其他風險包括：衍生性金融商品的缺乏流動性、錯誤訂價或不適當評價，以及衍生性金融商品與所連結標的工具的價值間相關性不完善，因此

本基金可能未能實現預期的利益。成功的運用衍生性金融商品通常將取決於投資經理公司能否準確地預測有關所連結標的工具市場走勢的能力。若是單一市場或一些市場，或是特定投資類別的價格以非預期方式變動，特別是在不尋常或極端的市場情況下，本基金可能無法實現交易的預期利益，並且可能實現顯著的虧損。如果投資經理公司沒有成功地運用這類衍生性金融商品時，本基金的績效可能會比完全沒有運用這類衍生性金融商品的績效還差。

投資者須謹記在心，本基金打算定期使用衍生性金融商品策略，如果投資經理公司因為可用性、成本或其他因素而選擇不從事交易時，將不會強行要求廣泛地或是在任何特定衍生性金融商品種類積極地從事這些交易。衍生性金融商品策略的運用也可能對基金有賦稅影響。當投資經理公司希望利用衍生性金融商品時，來自這些策略的時機掌握及收益特性，獲利或虧損可能削弱投資經理公司使用衍生性金融商品的能力。

存託憑證風險

存託憑證須承受標的證券的許多風險。有些存託憑證其保管機構或是類似的金融機構持有發行公司的股份是位於發行公司當地國家的信託帳戶裡。在這些情況下，如果發行公司之當地國家不是已開發的金融市場，本基金將可能暴露於保管機構或金融機構的信用風險，以及更大的市場風險。此外，受託機構可能並非隨時對標的證券做實體託管並且可能對不同的服務收費，包括：轉達股利、利息及企業活動等。本基金預期對單一股份支付額外的費用，其若為直接投資於外國證券時將無須支付。本基金可能會遭遇延遲收取股利及配息款項或是延誤執行股東權利。

大額贖回風險

當股東從本基金贖回大量基金資產時，本基金可能遭受不利影響。大量贖回可能導致本基金在本不願出售組合證券的時候出售組合證券，這可能會給本基金造成損失。此外，如果出售投資產生收益，這些交易還可能加速股東應稅收入的實現，並可能增加交易成本和/或增加本基金的費用比率。當遇到大額贖回時，本基金可能出於各種原因，包括為投資經理人提供有序處理該請求的時間，贖回請求的支付延遲至多7天。然而，如果本基金無法推遲贖回請求，例如，由於某些大型贖回可能觸發各種自動化程序，本基金及其剩餘股東將面臨額外損害的風險。

管理風險

因為本基金採主動式管理投資組合，若投資經理公司在有關市場、利率、具吸引力之標的、相對價值、流動性或本基金特定的投資組合潛在的增值，事後被證明是不正確的，本基金可能會遭受損失。無法確保這些投資技術或是投資經理公司的投資決策能產生希望的結果。此外，立法的、法規的或稅賦的發展也會影響投資經理公司於管理本基金使用的投資技術，並且也可能對本基金達成其投資目標的能力有不利影響。

ESG 考量風險

ESG 考量是當投資經理公司考慮對本基金投資組合進行投資時會檢視的眾多因素之一。有鑑於此，本基金所投資的發行公司得不被視為 ESG 聚焦公司且得具有較低或負面的 ESG 評估。ESG 因素的考量可能影響本基金對特定發行公司或產業的曝險，並且可能無法如預期有用。此外，ESG 考量係為本基金投資評估流程的一部分，可能在不同的合格投資類型和發行公司而有所不同。在某些情況下，有時可能並非每項投資都針對 ESG 因素進行評估，即使進行評估，也可能並非每項 ESG 因素都得到識別或評估。投資經理公司對發行公司的評估主觀的，可能不同於對投資人、對第三方服務供應商（例如：評等供應商），以及對其他基金的評估。

因此，由投資經理公司所挑選的證券可能無法反映對任何特定投資人的觀點和價值。投資經理公司也可能仰賴發行公司及/或第三方研究供應商的即時、完整和精確 ESG 資料報告的實用性來評估 ESG 因素，而這些資料的即時性、完整性和準確性並不受投資經理公司所掌控。ESG 因素通常不是制式的衡量或定義，其可能會影響投資經理公司評估發行公司的能力。雖然投資經理公司觀察 ESG 考慮對本基金的長期績效表現有潛在的助益，但無法保證此類結果將會實現。

網路安全

網路安全事件，無論是有意的還是無意的，可能容許未經授權一方進入取得基金資產、基金或客戶資料（包括股東私人資訊）或是專有的資訊，導致本基金、投資經理公司以及/或是其服務供應商（包括但不限於基金會計師、保管機構、次保管機構、股務代理機構及金融中介機構）遭受資料侵害、資料訛用或是操作功能的喪失或是妨礙基金投資人進行申購、贖回或轉換股份或是收取基金配息。投資經理公司對避免或是減輕網路安全事件影響第三方服務供應商的能力有限，而這些第三方服務供應商對本基金或投資經理公司的保障義務也有限。網路安全事件可能對本基金及其股東造成財務損失，並且為防止或減輕未來網路安全事件的發生可能會投入可觀的成本。本基金所投資的證券發行公司也同樣面臨網路安全風險，並且如果證券發行公司遭遇網路安全事件，這些證券的價值可能會下降。

因為科技頻繁變化，網路攻擊的新方法總是在開發中。因此，有機會有些風險可能無法被辨識或是事先準備，或者是網路攻擊可能無法被檢測到，其使得本基金計劃或應對網路攻擊的能力受到限制。如同其他基金和企業，本基金、投資經理公司及其服務供應商須承受隨時可能發生網路事件的風險。

關於本基金的其他詳細資料及其政策與風險，可參閱基金的補充資料報告書。

基金補充資料報告書中亦提供有關本基金揭露投資組合的政策與程序。本基金的投資組合亦可於網站線上查詢：ftinstitutional.com。

經理公司

坦伯頓投資顧問公司（Templeton Investment Counsel, LLC）（投資顧問）是本基金的經理公司，地址是 300 S.E. 2nd Street, Fort Lauderdale, Florida 33301-1923。該投資顧問公司是富蘭克林資源公司間接投資的全資子公司。該公司與其關係企業所管理的資產截至 2023 年 3 月 31 日已超過美金 1.42 兆元，並且自 1947 年起已從事於投資管理業務。

本基金由專門研究外國市場投資的專業團隊負責，該專業團隊的投資經理人如下：

彼得·諾里（Peter A. Nori, CFA）坦伯頓投資顧問公司執行副總裁暨投資組合經理人-研究分析師

諾里先生自 1990 年起一直擔任本基金的投資組合經理人，自 2022 年 8 月起擔任經理領導投資組合。他主要負責基金的投資。他對基金投資組合的所有方面擁有最終決定權，包括但不限於個別證券的買賣、投資組合風險評估以及根據預期投資管理要求管理日常現金餘額。他履行這些職務的程度以及這些職務的性質可能會不時地發生變化。他是於 1987 年加入富蘭克林坦伯頓基金集團。

馬修·納格（Matthew R. Nagle, CFA）坦伯頓投資顧問公司投資組合經理人

納格先生自 2018 年起擔任本基金的投資組合經理人，提供個別證券買賣與投資組合風險調整的研究與建議。他是於 2003 年加入富蘭克林坦伯頓基金集團。

希瑟·沃德爾（Heather Waddell, CFA）坦伯頓投資顧問公司資深副總裁暨投資組合經理人-研究分析師

沃德爾女士自 2022 年起擔任該基金的投資組合經理人，提供個別證券的買賣以及投資組合風險評估提供研究和建議。她於 1996 年加入富蘭克林坦伯頓基金集團。

CFA®以及Chartered Financial Analyst®為特許財務分析師協會所擁有的商標。

本基金的補充資料報告書提供關於投資組合經理人之報酬的資訊、其所管理的其他帳戶、以及他自己在本基金的持股狀況。

本基金支付坦伯頓投資顧問公司本基金的經理費用。

坦伯頓投資顧問公司同意減免或限制其費用，使本基金的經理費用不超過 0.74%。坦伯頓投資顧問公司也同意調降其經理費用以反映本基金因投資於與富蘭克林坦伯頓相關聯的基金而縮減的服務項目。直到 2024 年 4 月 30 日為止，未經董事會批准不得終止或修改費用減免協議，除非是為了延長終止日期或降低豁免和費用限制。

在截至 2022 年 12 月 31 日的會計年度，基金支付給坦伯頓投資顧問公司有效管理費為基金平均淨資產的 0.74% 管理服務費用。

與董事會核准本基金之投資顧問契約的相關討論，請詳見本基金截至 2022 年 6 月 30 日止的半年度報告。

財務重點

此表格呈現出基金在過去五年來或自其基金成立日以來的財務績效表現。某些資料是反映在單一股份的財務成果。表格中的總報酬率是假設股利配息以及資本利得皆轉入再投資，投資人投資於此基金可能賺取或虧損的比率。此資料經由美國會計師事務所（PricewaterhouseCoopers LLP）完成審核，此報告連同基金的財務報表，都收編在年報中，可供投資人索取。

Primary 股

年度底為 12 月 31 日

	2022	2021	2020	2019	2018
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	\$11.96	\$15.22	\$15.54	\$14.87	\$21.99
來自投資操作之收益： ^a					
淨投資收益 ^b	0.26	0.26	1.03 ^c	0.64	0.42
淨實現及未實現利得 (損失)	(1.40)	0.55	(0.32)	1.06	(3.66)
來自投資操作之收益總額	(1.14)	0.81	0.71	1.70	(3.24)
扣除配息：					
來自淨投資收益	(0.10)	(1.46)	(0.67)	(1.02)	(0.42)
來自淨實現利得	(0.53)	(2.61)	(0.36)	(0.01)	(3.46)
配息總額	(0.63)	(4.07)	(1.03)	(1.03)	(3.88)
期末淨資產價值	\$10.19	\$11.96	\$15.22	\$15.54	\$14.87
總報酬	(9.23)%	5.75%	5.30%	11.57%	(14.87)%
對應平均淨資產比率					
費用未扣除關係企業支付 款項減免	0.87%	0.94%	0.87%	0.82%	0.80%
費用扣除關係企業支付 款項減免	0.83%	0.91%	0.84%	0.82% ^d	0.80% ^{d,e}
淨投資收益	2.35%	1.64%	7.51% ^c	4.13%	1.98%
補充資料					
期末淨資產(000's)	\$196,051	\$386,291	\$447,139	\$1,695,980	\$2,785,308
投資組合資金週轉率	46.42%	44.73%	89.34%	36.83% ^f	25.60% ^f

- 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點而定，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無法關聯。
- 以每日平均流通在外股數為基礎。
- 每股淨投資收益包含約 \$0.77 美元的每股收益，該收益與調整歐盟對某些基金持股的回收額有關。若不計此金額，淨投資收益與平均淨資產的比率將為 1.86%，而淨投資收益與總報酬的比率將為(0.03)%。
- 關係企業支付或減免款項的利益四捨五入到小於 0.01%。
- 費用的利益四捨五入到小於 0.01%。
- 不包括由於實物交易而產生的投組活動價值。

Service 股

年度底為 12 月 31 日

	2022	2021	2020	2019	2018
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	\$12.24	\$15.48	\$15.79	\$14.97	\$22.07
來自投資操作之收益： ^a					
淨投資收益 ^b	0.20	0.24	1.17 ^c	0.98	0.38
淨實現及未實現利得 (損失)	(1.38)	0.58	(0.47)	0.70	(3.66)
來自投資操作之收益總額	(1.18)	0.82	0.70	1.68	(3.28)
扣除配息：					
來自淨投資收益	(0.08)	(1.45)	(0.65)	(0.85)	(0.36)
來自淨實現利得	(0.53)	(2.61)	(0.36)	(0.01)	(3.46)
配息總額	(0.61)	(4.06)	(1.01)	(0.86)	(3.82)
期末淨資產價值	\$10.45	\$12.24	\$15.48	\$15.79	\$14.97
總報酬	(9.29)%	5.69%	5.16%	11.34%	(15.01)%
對應平均淨資產比率					
費用未扣除關係企業支付 款項減免	1.01%	1.04%	1.01%	0.97%	0.95%
費用扣除關係企業支付款 項減免	0.97%	1.00%	0.98%	0.97% ^d	0.95% ^{d,e}
淨投資收益	1.71%	1.52%	8.42% ^c	3.98%	1.83%
補充資料					
期末淨資產(000's)	\$123	\$521	\$448	\$700	\$5,375
投資組合資金週轉率	46.42%	44.73%	89.34%	36.83% ^f	25.60% ^f

- 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點而定，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無法關聯。
- 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 \$0.78 美元的每股收益，該收益與調整歐盟對某些基金持股的回收額有關。若不計此金額，淨投資收益與平均淨資產的比率將為 2.77%，而淨投資收益與總報酬的比率將為(0.14)%。
- d. 關聯公司的豁免及償付的收益四捨五入到小於 0.01%。
- e. 費用的利益四捨五入到小於 0.01%。
- f. 不包括由於實物交易而產生的投組活動價值。

配息與稅賦

所得及資本利得分配

作為一個受管轄投資公司，本基金通常無須為了它發放給您的收益與利得繳納聯邦收益稅。本基金預定至少每年自其淨投資收益發放兩次收益配息。資本利得，若有的話，至少每年分配一次。本基金得較頻繁地發放股利收益與資本利得，若有需要的話，以便降低或是排除加諸於本基金的聯邦特許權稅或所得稅。每次的發放金額將有所變動，且不保證本基金每年皆會發放所得股利或資本利得股利。除非您選擇收取現金，否則您的收益配息與資本利得將以淨值(NAV)自動轉入再投資為增加的股份。

年度報表

在每年結束不久後，您將會收到一份來自本基金有關您前一年於本基金所獲配息所屬聯邦收益稅賦處理和任何應稅賣出或轉換所涉及之基金股份的稅賦資訊。如果碰到本基金在核發予您稅賦資訊後有必要重新歸類收益或是調整任何涉及賣出或轉換基金股份的成本基礎時，本基金將會寄給您一份更正稅賦資訊。於12月對記名股東所宣告的10月、11月或12月配息但是在1月份支付，將視為係在12月發放而須課稅。有關本基金年度配息的額外稅賦資訊得於網站上瀏覽：ftinstitutional.com。

避免“購買股利”

當您購買基金股份時，本基金之淨資產價值可能會反應基金持有之投資組合證券之未分配應稅收益、未分配資本利得或未實現投資組合價值增值。對於應課稅的投資人，即使該配息收入為投資報酬的一部分，您仍須為基金隨後的配息納稅。在本基金宣告應稅收益前或資本利得分配前購買本基金股份，有時將被視為“購買股利”。

稅賦考量

假如您是應課稅的投資人，您在本基金所獲得的配息及資本利得，不管是轉入再投資購買追加的股份或是現金股利，通常會被課以一般所得稅率或者是資本利得稅率，或是兩者兼具。

股利收入

配息收益通常適用於一般所得稅率，而由本基金向股東報告為合格股利的配息收益，在符合特定持有期間要求下的個人投資者得以適用調降的長期資本利得稅率。資本返還的配息通常無須課稅，但是將降低您基金股份的成本基礎，並且當您日後賣出您的股份時，將導致較高的資本利得或是較低的資本損失。

資本利得

本基金短期資本利得的分配也將適用於一般所得稅率。不管您持有基金股份期間長短，長期資本利得的分配是以調降的長期資本利得稅率課稅。對於2023年應納稅收入不超過44,625美元的單身人士（已婚人士申請聯合報稅的應納稅收入不超過89,250美元），適用的長期資本利得稅率為0%。對於應納稅收入超過這些數額但分別不多於492,300美元的單身人士或553,850美元的共同申報人，適用的長期資本利得稅率為15%。單身人士應納稅收入超過492,300美元以及已婚人士共同申報的應納稅收入超過553,850美元的長期資本利得稅率為20%。3.8%的醫療保險稅也可能被額外課徵，其討論如下所示。

基金股份銷售

當您出售本基金股份或是將原基金持股轉換到不同的富蘭克林坦伯頓或美盛旗下的基金持股時，您通常認定實現應稅的資本利得或虧損。若您持有本基金股份超過一年以上，任何淨長期資本利得可能適用於長期資本利得所調降的稅率。在同一支基金中一股份類別轉換到另一股份類別不屬於課稅範圍，這類交易亦無資本利得或是損失須要提出申報。

成本基礎申報

如果您在2012年1月1日當日或之後取得本基金股份，通常稱為“涉及股份”，並且在前揭日期之後賣出或轉換股份，則本基金通常須要每年向您以及美國國稅局報告成本基礎資訊。本基金將利用平均成本方法（本基金的“內定方法”）計算您的涉及股份之成本基礎，除非您聯絡本基金選用不同的方法，或是選擇在每次賣出或轉換之時特別指明您的股份。如果您的帳戶是持有於您的金融理財顧問或是其他的經紀商-經銷商，該公司可能選用不同的內定方法。在這些情況下，敬請與該公司連絡以取得您的帳戶之現有方法及選擇性的相關資訊。股東應小心謹慎地審閱由本基金所提供的成本基礎資訊，並且準備當申報這些金額的聯邦收益稅及州收益稅時所要求之任何的額外基礎、持有期間或是其他調整。有關成本基礎申報的額外資訊得於網站 franklintempleton.com/costbasis 查詢取得。

醫療保險稅。將對美國納稅個人、不動產以及信託的某些淨投資收益（包括從基金所收取的一般收益及資本利得分配以及來自贖回的淨利得或是其他基金股份的應稅資產處分）將額外課徵3.8%的醫療保險稅，前揭適用於這些個人的“計算調整後所得毛額（modified adjusted gross income）”（如果是個人）或是“調整後所得毛額（adjusted gross income）”（如果是不動產或信託）超過門檻金額者。對於此額外醫療保險稅的任何責任將就您的聯邦所得稅納稅申報表提出申報，並且將以其支付之。

代扣保留

如果股東提供不正確的納稅人身分號碼或是根本沒有提供該號碼，沒有恰當地申報利息或股利的款項而按美國國稅局行事須遵從代扣稅賦規定，沒有證明該股東無須遵從代扣稅賦規定，或是沒有證明該股東是美國人（包括美國居民），則股東在基金收益及資本利得的任何分配或是來自基金股份的出售或轉換的款項可能須遵從代扣稅賦的規定。代扣稅率目前為24%。州代扣稅賦規定也可能適用之。

州稅、地方稅與外國稅賦

基金的一般收益和資本利得的分配與基金股份銷售所獲的利得通常須繳交州稅與地方稅。若本基金資格符合的話，可選擇將外國稅捐利益或是投資所支付的任何外國稅捐扣除額轉嫁給您。

非美國投資人

非美國投資人所獲基金一般配息收益可能適用30%代扣稅或略低之稅率。非美國投資人在其股份的價值也可能適用美國房產稅。他們須提具特殊美國稅賦證明條件才適用於得以規避預扣代扣稅、主張任何代扣稅免除及主張任何協定利益等。本基金股份出售的已實現資本利得、本基金從淨長期資本利得所支付之資本利得配息、本基金從淨短期資本利得所支付之短期資本利得配息及本基金從其美國境內來源的合格淨利息收益所支付之利息相關配息通常將得以免除美國代扣稅。然而，儘管得以就來源免除美國代扣稅，但是如果您不能合宜地證明您不是美國人時，將以24%之稅率代扣任何這類股利、收益分配以及資本利得。

其他申報及代扣要求

在美國海外帳戶稅收遵循法案（The Foreign Account Tax Compliance Act，簡稱FATCA）的意旨範圍內，款項支付予“外國金融機構（a foreign financial institution）”股東或是“非金融外國法人

（a non-financial foreign entity）”股東，可能須在收益配息代扣30%稅額。如外國金融機構提供基金（或在某些情況下，提供美國國稅局）需要的某些外國金融帳戶的所有權資訊或其他適當證明或文件以確認其FATCA身分狀態，則FATCA代扣稅通常得以被避免。本基金或將需要申報某些股東帳戶資訊給美國國稅局、非美國當地的稅務機關或其他第三人以遵循FATCA。

其他稅賦資訊

在「配息與稅捐」章節中的討論只是一般資訊並非稅務建議。在投資本基金之前，您應該與您的稅務顧問諮詢您的特別狀況，以及任何有關聯邦稅、州稅、地方與外國稅賦結果。有關投資於本基金的稅賦結果之補充資訊得於本基金的補充資料報告書查詢。

您的帳戶

合格投資人

下列投資人或投資可能符合申購本基金股份的資格：

- 顧問費用方案。由投資人所取得之股份（相對於）投資人與註冊中介-經紀商或投資顧問、信託公司、銀行或其他金融中介機構（簡稱為方案發起者）之間所簽訂的綜合費用或其他顧問費用合約，其為投資人支付該方案發起者提供投資顧問服務的費用，而方案發起者或是中介-經紀商則透過投資人所取得之股份而與承銷商簽訂基金股份銷售授權合約。沒有首次投資金額的限制。
- 當直接購買本基金時，符合美國內部收益法規第 501 條所規定之資格的政府、市政府、及免稅實體。
- 與富蘭克林承銷有限公司已執行銷售合約的證券交易商及其關係企業的現任員工及其眷屬，依其雇主所允許之內部政策。
- 富蘭克林坦伯頓基金集團及富蘭克林坦伯頓基金之現任或前任的主管、受託人、董事、全職員工（及其個別個案之眷屬），與我們的現行政策一致。最低首次投資金額為美金一千元（若為自動投資計劃則為美金二十五元）。
- 由富蘭克林公司的子公司依據：（1）顧問契約（包含附屬顧問契約）、及/或（2）作為贈與或遺囑信託之受託人所管理的資產。
- 雇主贊助退休計劃（簡稱為“計劃”或“一個計劃”）其透過帳務紀錄維護平台或是第三方退休平台進行投資。
- 雇主贊助退休計劃其總計劃資產金額達到或超過美金一百萬元直接投資於富蘭克林坦伯頓投資基金。
- 由銀行、信託公司或互助儲蓄銀行擔任具有投資決定權之受託人的購買。
- 作為依據美國內部收益法規第 529 條規定的合格學費計劃之一部份而成立的任何信託或計劃。
- 與富蘭克林法人機構公司（Franklin Templeton Institutional, LLC，簡稱為 FTI, LLC）或是富蘭克林坦伯頓投資組合顧問公司（Franklin Templeton Portfolio Advisors, Inc.，簡稱為 FTPA）的現有客戶有關的個人或實體，但須 FTI, LLC 或 FTPA 已諮詢其客戶並同意。
- 無關聯之美國註冊共同基金，包括以“組合式基金”形式運作之基金。
- 持有之帳戶資產係依據投資顧問公司的推介所提供：（1）資產持有於與投資顧問公司之無關聯的公司、（2）投資顧問公司與其客戶係按照聘用訂金或是其他類似費用安排、（3）客戶為非個人客戶、及（4）富蘭克林公司的子公司同意該投資。
- 與富蘭克林坦伯頓承銷公司已簽訂合約並且已被富蘭克林坦伯頓承銷公司核准可透過網路、平台，或是自行投資經紀帳戶提供基金股份的金融中介機構分銷商得向其顧客收取交易費或其他費用。最低首次投資金額為美金十萬元，除非另經承銷公司豁免。

某些富蘭克林坦伯頓基金提供多重股份類別然而本基金並無提供。當您欲贖回或轉換本基金股份，或者其他目的時，請留意本基金股份－Primary 股與 Service 股，視同為 Advisor 股。

同一基金之股份轉換豁免於金融中介機構轉換同一基金股份。以下所述為同一基金股份之間的轉換，通常為免稅，其為聯邦所得稅目的。您應諮詢您的稅務顧問，以瞭解此類基金股份轉換在州稅及地方稅之相關訊息。此轉換權利將被終止且可能不定時修改。

符合 Advisor 股份或 Z 股份之顧問諮詢計劃資格。藉由參與由金融中介機構（“諮詢計劃”）主辦及/或控制的特定計劃申購 A 股份及 C 股份，在某些情況下可能由金融中介機構代表股

東，於同一基金轉換為 Advisor 股份，包括有顧問諮詢計劃資格可申購該基金的 Advisor 股份。如果持有 Advisor 股份的股東不再參與諮詢計劃，則在某些情況下，股東持有的 Advisor 股份可由金融中介代表股東交換為同一基金的 A 股。在這種情況下，股東將適用先前未適用的 12b-1 費用規定。所有此類交換都是由金融中介機構發起而非基金，基金沒有關於此類交易的資訊或管理。此轉換將以每一股份之“每股淨資產價值”為基礎，不酌收任何銷售手續費或其他費用。除非另有同意，否則任何轉換至 A 股份和 C 股份都須支付 CDSC 費用。

與富蘭克林坦伯頓基金集團一起投資的總資產。富蘭克林坦伯頓基金集團保留將總資產投資在富蘭克林坦伯頓基金的權利，允許投資人符合基金最低投資金額。

富蘭克林坦伯頓及美盛基金包含所有美國註冊之富蘭克林坦伯頓、美盛基金、布蘭迪全球基金、凱利投資基金、馬丁可利基金和西方資產之共同基金，其未包含富蘭克林坦伯頓變額保險產品信託、美盛合夥變額股權信託、美盛合夥變額收益信託或美盛合夥變額貨幣市場信託（經銷商賬戶中持有的股份除外）的基金在內。

服務費用

本基金 Service 股可能支付不超過 0.15% 的服務費用給予對某些投資計畫提供服務的贊助者或諮詢者。

購買股份

代銷公司或個別投資人以郵件下單予富蘭克林坦伯頓承銷公司並不需事先知會。支票或可轉讓銀行匯票必須是美元並可於美國境內之商業銀行兌現，若金額超過美金十萬元時，必須直到款項被確實託收到時才能認定款項已收取，除非此支票為銀行所開立之保付支票。富蘭克林坦伯頓承銷公司或是坦伯頓法人機構基金可能會拒收任何申購單。

若事先經過本基金董事會之同意，本基金股份得以證券來申購。用以申購基金之證券必須是適合於本基金投資與本公司所確定的基金投資目標、政策與限制規定相一致，並且必須有即時交易市場可供拋售。證券價值將依照本公司計算淨資產價值之政策，在本公司營業日結束收到合於銷售形式的證券時評定之。公司接獲證券後，潛在的股東接著將收到核算出的可適用基金股份。欲獲得本公司的許可做這類申購時，請致電機構法人服務處。投資人為本公司相關人士（如修訂之 1940 年投資公司法案之定義）時，若沒有證交會的准許是不能利用此方式申購本基金股份。

請注意您通常只能購買（包括轉換交易的申購端）合乎您所屬的州以及轄區的法令規定之基金股份。本基金及其他的富蘭克林坦伯頓基金是計畫對美國居民推展銷售業務，除了非常有限的例外情形，並沒有在其他的管轄範圍內註冊或是提供銷售業務。

尤其，本基金沒有在加拿大任何省分或區域之管轄範圍內註冊，因此本基金股份尚未符合在加拿大任何管轄區域內銷售。本公開說明書所提供之股份通常不得在加拿大任何省分或區域之管轄範圍內或是為其居民的利益而被直接或間接提供或銷售。未來的投資人可能被要求須表明其非為加拿大居民，並且沒有代表任何加拿大居民來獲取股份。同樣地，本基金沒有在歐盟或是歐洲經濟區的任何會員國家註冊，因此本基金股份尚未符合在前揭任何國家內被直接或間接提供或銷售。如果投資人在購買股份之後變成加拿大、歐盟或是歐洲經濟區居民，則該投資人可能無法再追加申購本基金的任何股份（除了配息及資本利得的轉入再投資）或是轉換本基金股份到其他美國註冊的富蘭克林坦伯頓和美盛基金。

帳戶申請

如果您打算開立新帳戶，請填妥並簽署所附的機構法人開戶申請書。確認好您已選擇的基金股份種類。我們不接受現金、第三方支票、信用卡扣帳、預付轉帳卡、非銀行匯款或是旅行支票或由國外銀行簽發的支票，做為購買基金股份價金之支付方式。

購買股份

	開戶	增加帳戶投資金額
經由您的投資代表	聯繫您的投資代表	聯繫您的投資代表
透過郵件	<p>請開立支票、聯邦準備匯票或是可轉讓銀行匯票，填具受益人為本基金。</p> <p>郵寄支票、聯邦準備匯票或是可轉讓銀行匯票連同您已完成簽署的機構法人開戶申請書。</p>	<p>請開立支票、聯邦準備匯票或是可轉讓銀行匯票，填具受益人為本基金並在支票或匯票上載明您的帳號。</p> <p>取出您的帳戶報告書裡的存款條填妥之。若您沒有存款條，請附上一份載有您的姓名、基金名稱、以及您的帳號的便條。</p> <p>將支票、聯邦準備匯票或是可轉讓銀行匯票連同存款條或是上述便條一併寄到機構法人服務處。</p>
<p>透過電匯 (800)321-8563 或(916)463-5078 付費電話</p>	<p>來電索取電匯控制號碼以及匯款指示。</p> <p>辦理電匯匯款以及將您已完成簽署的機構法人開戶申請書寄到機構法人服務處。在申請表格上，請註記上您的電匯控制號碼或是您的新的帳號。</p> <p>為了確保當日得以進行投資，您的匯款必須在美西時間下午一點之前或紐約證券交易所收盤前（以較早者為準）被我們收到並接受。</p>	<p>來電索取電匯控制號碼以及匯款指示。</p> <p>為了確保當日得以進行投資，您的匯款必須在美西時間下午一點之前或紐約證券交易所收盤前（以較早者為準）被我們收到並接受。</p>
透過轉換	<p>請致電(800)321-8563 機構法人服務處，或是寄送已簽名的書面指示。</p> <p>〔請詳參有關基金轉換資訊〕</p>	<p>請致電(800)321-8563 機構法人服務處，或是寄送已簽名的書面指示。</p> <p>〔請詳參有關基金轉換資訊〕</p>

富蘭克林坦伯頓機構法人服務

P.O. Box 33030

St. Petersburg, FL33733-8030

免付費電話：(800) 321-8563

投資人服務

自動電話系統

我們的自動系統提供 24 小時終日無休的服務供您方便查詢您的帳戶資料或是任何一支富蘭克林坦伯頓基金資料。您可利用按鍵式電話撥打如下列的電話號碼：

股東服務	(800) 632-2301
顧問諮詢服務	(800) 524-4040
退休金計畫服務	(800) 527-2020

配息選擇權

您可以將所獲之配息及收益轉入再投資現有基金帳戶中相同基金股份類型或是其他的富蘭克林坦伯頓或美盛基金。並無須支付首次銷售手續費或是遞延銷售手續費。您也可選擇將您的配息及收益存入銀行帳戶，或是郵寄支票給您。存入銀行帳戶得以電匯方式為之。

如果您收到配息後並於配息日後 90 天內決定將它轉入再投資到其他富蘭克林坦伯頓基金的 A 股，您將不會被收取首次銷售手續費。

請於申請書中指定您選擇的配息方式，否則我們將為您的配息轉入再投資到本基金相同的股份類別。

退休金計畫

富蘭克林坦伯頓共同基金集團為個人與企業提供多樣的退休金計畫。這些計畫要求有別於一般的申請書，其政策與流程與本公開說明書所示可能有所差別。索取進一步資料，例如免費的退休金計畫文宣品或是申請書，請電洽(800) 527-2020 退休金計畫服務處。

電話/線上權利

當您開立帳戶，您就自動獲得電話服務權利，可供您與您的投資代表透過電話賣出或轉換您的股份以及對您的帳戶執行某些其他變更。

當基金帳戶有多位註冊持有人時，電話權利也允許本基金受理僅有一位持有人簽名授權執行交易或帳戶變更的書面指示，亦得以電話行使其。至於其他所有交易或變更，所有註冊持有人皆須於書面指示上簽名。此外，電話轉換股份權利允許您利用電話下達從基金帳戶其要求二位或多位簽名者轉換到相等的註冊貨幣基金帳戶其對所有交易僅要求單一簽名者之轉換指令。只要您的帳戶具有電話轉換股份權利，您就得以利用這種電話轉換類型。

只要我們遵行合理的安全措施以及執行我們合理認定為真實的指示，我們將不擔負未經授權的請求所造成的任何損失。我們會要求密碼或其他資料，而且可能電話錄音。我們有權利（但無義務）拒絕電話之請求，倘若來電的人未能提供所要求的資訊或我們可合理認為來電的人非此帳戶之被授權人。為協助防護您的帳戶，請妥善保密您的密碼，在您收到確認報告書後請立即查證其準確性。若您認為有人未經授權進出您的帳戶及密碼，請立即與我們聯絡。在異常市場活動期間時，可能導致某些與我們聯繫的方式（例如：透過電話）無法利用或延誤。當然，您可以在申請書上拒絕利用電話轉換或贖回權利。若您想要停止您帳戶的電話服務特權，請來電指示。您也可以隨時用書面申請恢復這些權利。

針對退休計劃所開放的電話交易選擇權受限於個別計劃之規定。

您也可經由在我們的網站 ftinstitutional.com 線上註冊閱覽您的帳戶資訊之服務。您將被詢問同意線上約定條款以及設立密碼。然而，這並不允許您進行電話服務權利所允許的任何交易或帳戶變更。

注意：電子通訊管道不一定安全。若您選擇透過電子通訊管道（例如：電子郵件、聊天室、簡訊、傳真）向我們發送機密性或敏感性的資料，則表示您接受與潛在安全性缺乏所伴隨的相關風險，像是您的機密性或敏感性的資料可能會被第三方攔截/侵入且其後被利用或出售的可能性。

賣出股份

您可以在任一時間賣出您的股份。

書面賣出股份

基本上，可以透過電話或一封簡單的信件做賣出美金二十五萬或以下金額的要求。若您已填妥並繳回機構法人電話權利協議書，則超過美金十萬元以上的贖回金額也得以行使。然而，有時為了保護您以及本基金，如果在下列情況時，我們會要求所有的註冊所有人皆須簽立書面指示以及每個所有人的簽名保證：

- 您打算賣出價值超過二十五萬美金的股份。
- 您要將您的收益付給某位非註冊所有人。
- 您要將您的收益寄到某處尚未經登記的地址，或未事先授權的銀行或經紀公司帳戶。

當我們收到代理人，而非註冊所有人的書面指示時；當您要求將您的收益寄到的銀行帳戶其在近期十五天內才被增加或變更至您的帳戶無簽名保證時；您要求將您的收益寄到之地址其在近期十五天內才變更而無簽名保證時；或是基於接獲的指示，使我們相信簽名保證可以保護本基金對抗潛在的索賠。

本基金可能會不事先通知股東不時地要求更改簽名保證。

簽名保證協助您的帳戶預防詐欺。您可以於大部分的銀行及證券交易商取得簽名保證。公證人無法提供簽名保證。

賣出近期購置股份

假如您賣出剛購買的股份，我們可能會延遲寄出您的收益，直到我們確認您的支票、匯票、或電子匯款完全無誤，這將會花費七個工作天來運作。

贖回收益

在我們收到您適當形式的請求後，您的贖回支票將會在七日之內寄出。我們不能收取或支付現金。

退休金計畫

在出售 FTIOS (Fiduciary Trust International of the South) 退休金計畫之股份，您可能須要填具額外的表格。年齡低於 59½ 的計畫參加者，可能會加徵懲罰稅捐。詳細細節請致電(800)527-2020 退休金計畫服務處。

賣出股份

賣出您的部份或全部股份	
透過您的投資代表	聯絡您的投資代表。
經由信件	<p>寄書面指示到機構法人服務處。公司、合夥或信託帳戶可能需要多寄其他的文件。</p> <p>請註明基金，帳號以及您希望賣出的金額或股數。請確認您已將所有應簽名處和任何追加文件，以及視個案需要的簽名保證都包含在內。</p> <p>支票會被郵寄到帳戶裡所登錄的姓名及地址，除非您另有書面指示。</p>
經由電話 (800) 321-8563	<p>只要您的交易金額是美金二十五萬或以下金額，您非持有股份憑證且在近期十五日內沒有透過電話變更地址，您可以透過電話賣出您的股份。</p> <p>（若您已填妥並寄出機構法人電話權利協議書，才能使用交易金額超過美金二十五萬此權利。）</p> <p>支票會被郵寄到帳戶裡所登錄的姓名及地址，或是事前認可之第二地址。若需要將支票寄到其他的地址或是將您的收益付給其他人，請出具簽名保證的書面指示。</p> <p>若您在近期十五日內變更地址而未有簽名保證，要求賣出股份及郵寄支票到帳戶裡所登錄的姓名及地址，請出具簽名保證的書面指示。要求賣出您的股份及郵寄收益至事前認可之第二地址，須透過電話。</p>
經由電子匯款 Electronic Funds Transfer (ACH)	<p>您可以致電或來信要求將贖回收益入到銀行帳戶。請詳參以上有關透過信件或電話賣出基金股份的方針。</p> <p>在要求將贖回收益入到銀行帳戶前，請先確認我們已有您的銀行帳號檔案資料。若我們無此資料，您將必須傳送您的銀行名稱及地址之書面指示，一張作廢的支票或儲蓄帳戶存款條。所有銀行及基金帳戶持有人必須簽署贖回請求。若銀行及基金帳戶並無至少一位共同持有人，則每個所有人也必須有其簽名保證。</p> <p>如果銀行及基金帳戶是在近期十五天內才被增加或變更時，您可能被要求提供一份由所有基金帳戶持有人簽署的書面指示，連同各個基金帳戶持有人的簽名保證。</p> <p>如果我們在美西時間下午一點之前或紐約證券交易所收盤前（以較早者為準）接獲您符合適當格式的要求，通常您會在二到三個營業日收到透過電匯之收益。</p>
經由基金轉換	<p>拿一份您所考慮的基金最近公開說明書。公開說明書可於 ftinstitutional.com 線上取得。</p> <p>致電機構法人服務處(800) 321-8563 或郵寄簽名的書面指示。請詳參上述有關透過信件或電話賣出基金股份的方針。</p>

富蘭克林坦伯頓機構法人服務
P.O. Box 33030, St. Petersburg, FL33733-8030
免付費電話：(800) 321-8563

轉換股份

轉換權利

您可以在大部分的富蘭克林坦伯頓基金的相同股份類型間以及坦伯頓機構法人基金間轉換基金股份。您也可以轉換您的基金股份到目前並無提供 Advisor 股的這些基金之 A 股（無須支付任何銷售手續費）*或是富蘭克林互利系列基金之 Z 股。

*若您轉換到 A 股，稍後又決定想轉換到有提供 Advisor 股或 Z 股的基金，則只要您目前是 Advisor 股或 Z 股的股東或您符合購買基金 Advisor 股或 Z 股的資格，您可能得以將您的 A 股轉換到 Advisor 股或 Z 股。

除非您送交附帶簽名保證的書面指示，否則轉換通常只能在可辨識的註冊帳戶之間進行。

轉換實質是兩個交易：賣出一檔基金及購買另一檔基金。基本上，適用於購買及賣出的政策同樣適用於轉換，包括最低投資金額（整個帳戶餘額的轉換除外）。轉換如同平常的賣出及購買一樣，也會有相同的稅賦結果。

拒絕轉換

若本基金拒絕涉及基金股份出售的轉換要求時，此拒絕轉換要求也同時代表拒絕以其出售收益購買其他基金股份的請求。當然，您基本上可以隨時贖回本基金股份。

透過金融中介機構轉換

若您是透過金融中介機構間接投資本基金，（例如：經紀商-經銷商、銀行、保險公司分離帳戶、投資顧問、負責 IRS 認可稅賦遞延定期定額計畫的管理人或受託人，如：在本基金維持法人機構主帳戶〔“集合帳戶”〕代表其客戶進行交易之 401(k)退休計畫以及 529 學院定期定額計畫），則可能適用不同的轉換或/及移轉限制準則及限制規定。您透過金融中介機構的投資可能選擇採行專為遏止短期間或過度交易而設計的不同交易限制。請與您的金融中介機構（若是 401(k)退休計畫，則請與您的計畫贊助者諮商）諮商，以決定可能適用您的交易限制（包含轉換/移轉限制）。

基金轉換權利變更/免除

本基金可能在未來終止或是調整（暫時性或永久性）基金轉換權利。除非有其他依法提供的方式，否則您將會收到本基金的 60 天通知函告知本基金所做的實質性變更。

其他基金的轉換權利

若在涉及轉換交易的兩個基金間做轉換有抵觸時，我們將採用較嚴格的規定做轉換交易。其他的富蘭克林坦伯頓或美盛基金可能有不同的轉換限制。細節請查閱各基金之公開說明書。

相同基金的股份轉換

相同基金的某一股份類別轉換至另一股份類別無須課徵聯邦所得稅。然而，股東應該與其務務顧問諮詢有關此股份改變或轉換的州稅及地方稅結果。

過度交易政策

本基金的董事會已採用下列與在基金股份過度交易相關的政策與作業程序（過度交易政策）。

本基金無意圖提供短期或是過度的基金股份買賣交易及贖回，其可能不利於基金。例如：這類交易活動可能妨礙本基金之投資組合的效率管理，或是可能會大幅增加基金的交易成本、管理成本或稅捐。

此外，由於本基金有顯著比例投資於外國證券，使得本基金可能容易引起一般所謂的“時差套利”此種短期擇時交易的型態。時差套利擇時交易發生在投資人尋求在共同基金投資組合持股價值的變動與反映在基金股份的淨資產價值的變動之間的可能延遲之獲利。這些延遲比較容易發生於外國投資上，係因為本基金之外國投資組合於外國市場交易的時間與本基金的淨值計算時間（通常為紐約證券交易所每個營業日交易結束時，請參閱“帳戶政策-計算股份價格”）之間有時差的落差。時差套利交易者可能利用有事件發生於外國市場已確立收盤價之後，但基金淨值尚未計算的時間落差申購或贖回基金股份，而基金股份的價值可能因此被稀釋。本基金的公平價值定價程序的目標之一就是為了減少這類套利的可能性（請參閱“帳戶政策-外國證券的評價－時差與市場假日帶來的潛在衝擊”）；然而，無法確保本基金的公平價值定價程序得以成功摒除套利交易。

由於本基金可能投資於交易受限制、尚未上市、流動性不佳、罕有交易、或相對而言流動性較差的證券（“相對不流通證券”），因此本基金可能特別容易引起套利短線交易。套利交易者可能利用本基金中的某一個或數個相對不流通證券之最新可取得的市價與本基金計算淨值時所用的證券價格之間的差異來牟利。本基金的公平價值定價程序的目標之一就是為了減少這類套利的可能性（請參閱“個別證券的公平價值”）；然而，無法確保本基金的公平價值定價程序得以成功摒除套利交易。

本基金透過代理機構執行股東對本基金及其他富蘭克林坦伯頓基金股份交易的持續監控以便試圖判定股東的交易型態是否顯示出持續進行短線交易策略的現象。當代理機構偵測出或透過其他資訊確認出股東於其他非富蘭克林坦伯頓基金之短線交易型態，且若代理機構斷定這類交易可能不利於本基金時，代理機構將代表本基金尋求限制或拒絕後續的短線交易，以及/或是採取如下所述之其他行動。若是您在本基金或任一其他富蘭克林坦伯頓基金，或是在非富蘭克林坦伯頓基金的相關交易活動訊息，引起本投資經理公司或代理機構的注意，並且基於此訊息本基金或代理機構依其自身的單獨判斷，合理地斷定這類交易的模式可能如同過度交易政策裡所述不利於本基金時，本基金可能暫時或是永久性禁止您以後申購本基金，或是選擇性限制您以後任何申購的金額、次數或頻率，以及/或是您以後可能要求的申購或贖回的方法（包括在本基金以及任何其他共同基金之轉換交易所涉及的申購以及/或是贖回）。

在考慮投資人的交易模式時，基金會參照其他因素做考慮，諸如直接與透過金融中介機構、在本基金、在其他的富蘭克林坦伯頓基金、在非富蘭克林坦伯頓基金，或是在共同控制或所持有的帳戶而得知的股東交易歷史（舉例而言，可參閱補充資料報告書中的“購買及賣出股份－資產配置及大股東的投資”章節）。當投資經理公司或代理機構合理地判斷欲申請之交易數量將混亂或在其他方面干擾本基金投資組合之經理效率時，代理機構也得拒絕任何申購的申請，無論其是否表現出任何繼續的交易模式。在決定何種行動應該被採行時，本基金代理機構可能考量各種因素，包括：這些補償行動在基金及其股東的潛在衝擊。如果基金是“組合型基金”，本基金代理機構可能將本基金與本基金投資之標的基金兩者的交易活動以及任何建議的補償行動的衝擊都納入考量。

透過金融中介機構的過度交易

不管投資人是直接持有本基金股份或是間接經由金融中介機構申購，例如：經紀商-經銷商、銀行、保險公司產品，例如：年金保險契約、投資顧問、負責 IRS 認可稅賦遞延定期定額計畫，例如：401(k)退休計畫以及 529 學院定期定額計畫的管理人或受託人，投資人均應遵守本基金之過度交易政策。

一些金融中介機構代表其客戶在本基金維持主帳戶（亦即“集合帳戶”）。本基金與這些金融中介機構已簽訂“資訊分享契約”其允許本基金得提出要求以獲得有關金融中介機構的客戶投資於本基金的交易活動訊息。若是本基金代理機構認定集合帳戶級別交易模式有潛在不利於本基金的可能性時，代理機構依其自身的單獨判斷，得向金融中介機構要求有關客戶的交易活動訊息。基於檢閱此訊息，如果代理機構判斷任何客戶的交易活動可能不利於本基金時，代理機構得依其自身的單獨判斷，要求金融中介機構限制或拒絕該客戶於本基金的後續交易。無法確保本基金代理機構監控集合帳戶級別交易模式能夠使其認定所有金融中介機構的客戶的短線交易。

帳戶政策

計算股份價格

基金的價值是以基金資產減去基金負債來計算。基金淨值是以基金淨資產價值除以基金流通在外股數來計算。

本基金在每個營業日的美西時間下午一點或紐約證券交易所正常排定的收盤時間（以較早者為準）計算基金每股淨資產價值。當紐約證券交易所休市時，本基金不計算淨值。上述的休市日包括新年假期、馬丁路德金恩紀念日、總統日、復活節、陣亡將士紀念日、六月節、獨立紀念日、勞動節、感恩節與聖誕節。如果紐約證券交易所所有排定提早休市時，本基金股份價格的決定是依紐約證券交易所交易結束時間。如果由於天氣或其他特殊或非預期的情況發生時，紐約證券交易所所有非計劃性的提早休市時，本基金保留將該日當作正常營業日的權利，並接受申購和贖回指令，且依紐約證券交易所正常排定的一般交易收盤時間計算股份價值。

本基金與特定金融中介機構達成協議，授權他們接受指令或指定第三方代表基金接受指令。如果您已透過這些金融中介機構下指令，則指令在接受時將被視為已收到。在接受金融中介機構或其股務代理機構的指令後，這些指令將會以次日的淨資產價格(NAV)受理。若您透過中介機構的帳戶下指令，請諮詢中介機構，以確認您的指令將在何時執行，有些中介機構可能會要求在指定的截止時間之前收到指令。

當我們或是被核准的金融中介機構收到以適當的表格填寫的申購或贖回書後，我們然後以每股淨資產價值來處理您的申購或贖回。

計算基金淨值時，現金與應收帳款是以其可實現的金額來計算，利息則以累計利息來記錄，配息則計算到前一個配息日為止。基金通常使用二種獨立的定價服務以輔助確認目前每個證券的市價。當掛牌於證券交易所的市場報價已可取得時，基金分別以該證券最新的報價或其當天的收盤價來評估其價值；如果沒有成交價，則以最近期的買價與賣價的範圍來定價。對於上櫃證券，基金則以最近期的買價與賣價的範圍來評估櫃檯交易證券的價值。如果投資組合中的證券同時上市且上櫃，基金將以涵蓋範圍最具廣度和代表性之市場的報價估值。本基金收到的證券價格可能以機構的“整數”規模為基礎，但本基金可能持有較小的“畸零”規模。畸零股數可能比整數股數以較低價格交易。

一般而言，公司債、美國政府債與貨幣市場工具會於美西時間下午一點前的不同時段完成交易。用來計算基金淨值的上述有價證券的價值即是以上述交易完成時的價值來決定。有時候，在這些證券的價值已被確定且紐約證券交易市場已收盤後卻有事件發生，而該事件的影響尚未被列入基金淨值的評估。此時本基金依靠第三人價格供應商提供反映美西時間下午一點的現行公平市場價值的評估價格。

個別證券的公平價值

由於本基金可能投資於交易受限制、尚未上市、流動性不佳、罕有交易、或相對而言流動性較差的證券，因此本基金中的某一個或數個相對不流通證券之最新可取得的市價與本基金計算淨值時所用的證券價格之間可能有所差異。本基金的董事會已核准本基金採用公平價值定價程序，在這些證券與其他資產的市價尚無法取得（例如某些受限制證券、未上市證券、與私募證券）或其價格可能無法信賴（例如某些證券之交易的暫停或中止、某些外國市場對證券價格漲跌幅的限制、或某些證券的交易量極小或無法流通）時，即採用此程序來定價。可

能用來定價這些證券的方法包括：基本面分析（例如複合收益）、矩陣定價、類似證券之市價的折價，或依據證券處置之限制的性質及期限確定折價。董事會會監控公平價值定價程序的執行。

公平價值定價系統以特殊的程序呈現以誠信基礎所作出的定價程序。但它無法保證當基金出售某證券時就能夠取得基金計算每股淨值時為該證券所決定的公平價值。

外國證券的評價－美元價值的換算

本基金通常是以外國證券在其主要交易市場或是紐約證券交易市場（若其較早收盤）交易收盤時確定其價值。該證券價值之後即以該證券評價日當天於美西時間下午一點的外匯交易價格來換算該證券的美元價值。如果沒有成交價的回報，該證券將以最近期的買價與賣價的範圍來定價。有時候，某些事件（例如匯出限制或外匯管制）可能會影響用來換算美元價值的外匯價格的有效性或可信度。當有此類事件發生時，外匯匯率的確認將以董事會認可的程序來評估其公平價值。

外國證券的評價－時差與市場假日的潛在衝擊

每日於外國證券上市或上櫃市場的交易（例如歐洲與亞洲）可能比本基金有交易的營業日的美西時間下午一點前更早完成。有時候，在外國證券市場收盤時間與美西時間下午一點之間發生的事件，可能導致基金所持有的外國證券之價值的有效性（包含其可信度）有問題。因此，基金可能容易受到所謂的“套利擇時交易”影響。某些基金投資人可能利用基金投資組合中外國證券於外國市場的收盤價與本基金計算淨值時該證券最新的價格之間的差異來牟利。如果上述的價格差異確實存在的話，這類投資人（通常稱為“套利擇時交易者”）的交易行為將會稀釋基金的股份價值。為了減少利用時差來套利的可能性，以及遵守基金董事會所制定並核可的作業程序，投資經理公司透過由獨立定價供應商提供的公允價值定價服務來監控價格走勢。

公允價值定價服務用於在計算本基金淨值時（美西時間下午一點）估算流動市場中的證券價格。如果符合某些條件，外國證券得以來自公允價值定價服務的價格來評價。使用公允定價的目的是為了使計算基金淨值時能夠準確反映基金投資組合的價值、減少發生基金股份的套利擇時交易的可能性、減輕上述套利擇時交易的衝擊，以求基金股東在申購、贖回與轉換交易的公允性。然而在某些狀況下，公允價值定價程序的使用也可能增強而非緩和基金股東交易潛在的衝擊。

此外，就一般狀況而言，基金投資組合中的外國證券或是在某些特定國家的證券市場交易的證券，可能不會在每一個本基金的營業日都有交易。而且，很多外國證券交易市場會在本基金的非營業日有證券交易，並且基金也不會在該日期計算淨值。因此，基金之淨值的計算不會在投資組合中許多外國證券價格已確認的時間同時進行。如果有影響該外國證券的最新確定價值的事件發生，該證券將使用基金經由董事會所建立與核可的公允價值定價程序，以誠信基礎來定價（即如上述）。

帳戶餘額不足

如果您的帳戶已開立一年以上且您的帳戶價值跌到美金五百元以下，我們將會郵寄通知，請您將帳戶金額回歸到規定的最低投資金額。若您 30 天內不予處理，我們將關掉您的帳戶並且收益將電匯至您的檔案留存之銀行帳戶裡。如果我們沒有您的帳戶資訊時，則會郵寄收益支票到登記的地址。若您的帳戶是因餘額不足而被關閉，您不會被要求付或有遞延銷售手續費。以下狀況不適用於本規定：(1) 透過國立證券清算公司網路系統建立的特定中介商控管帳戶；

(2) 經由 C 股或 C1 股轉換而來的 A 股或 A1 股帳戶，以及任何涉及轉換剩下的 C 股或 C1 股帳戶因為轉換造成餘額不足；(3) 賦稅遞延退休計劃帳戶；(4) 有效的自動投資計劃帳戶；(5) 顧問費用方案帳戶；(6) 帳戶透過 529 學院定期定額計畫所持有；(7) Coverdell 教育儲蓄帳戶及(8) 透過機器人理財顧問驅動服務所目前維持的帳戶，其帳戶投資及重新配置是通過自動演算法驅動平台執行。

小額帳戶費用 為彌補服務小額帳戶產生基金費用相對較高的影響，若您的帳戶價值不論基於任何原因（包括淨資產淨值減少）低於 \$1000 美元（非雇主贊助退休計劃則為低於 \$250 美元，若適用）時，本基金可能會向您收取每個帳戶 \$3.75 美元的費用，該費用係每季度的倒數第二個營業日（每個帳戶的年度最高限額為 \$15 美元）由您的金融中介機構或分銷商（亦即對分銷商負責的帳戶）確定和評估。小額帳戶費用將在您贖回帳戶股份時收取。若是您的帳戶價值為 \$3.75 美元或更低，帳戶裡的金額可能會被支付小額帳戶費用而耗盡。若您的金融中介機構或分銷商評估小額帳戶費用，對系統投資計劃的小額帳戶費用將不會評估直到開戶 21 個月後的第一季度末。經由贖回基金股份支付小額帳戶費用可能會給您帶來稅賦影響（請參閱“配息和稅賦”瞭解更多資訊）。

若適用，這些帳戶將不收取小額帳戶費用：(i) 退休計劃（但對非雇主贊助的其他計劃將會收取，例如：傳統和 Roth 個人退休帳戶、Coverdell 教育儲蓄帳戶、個人 403(b)(7) 託管帳戶、Keogh 計劃、SEPs、SARSEPs、SIMPLE IRAs 或類似帳戶）；(ii) 富蘭克林坦伯頓基金已停止追加申購的所有股份類別；(iii) 經由郵件被退回本基金或其代理商證實帳戶沒有有效地址；(iv) R 股、R6 股和 Advisor 股；以及(v) 新帳戶（交易所開立的新帳戶除外），在您開戶的曆季內將不會收取小額帳戶費用。

若您的股份類別不再提供，您可能無法將您的帳戶提高到最低投資金額（儘管您可以轉換到分銷商銷售的其他基金既有帳戶來持有相同股份類別，惟前題是這些基金允許轉換且須承受任何適用的銷售費用）。

若您在不同基金持有一個或多個帳戶，則不同基金帳戶就計算小額帳戶費用目的將不會彙總計算。金融中介機構可能會對您的帳戶規定與上述不同的最低帳戶餘額。

贖回

一般而言，基金使用投資組合持有之現金以及約當現金或售出投資組合資產以應付所有贖回需求。在特殊情形或面臨市場壓力情況下，基金可能使用其他方式以應付贖回需求，例如在美國 SEC 豁免情況下得使用信用額度或基金間借貸方式。此外，請參閱“帳戶政策－非現金贖回”，了解有關贖回基金超過美金 25 萬元或基金淨資產價值 1% 金額（以較低者為準）的說明。

非現金贖回

如果投資人在任何連續 90 天期間內贖回基金超過美金 25 萬元（或若基金淨資產價值 1% 金額較低時），基金保留權利全部或部分以基金持股或其他資產作為款項支付。投資人一旦需處分所分配到的證券時，應預期會產生交易成本。除此之外，投資人將承擔持有證券直到售出證券的市場風險。

大股東贖回

有時，當某些大股東大量贖回本基金股份時，本基金可能會遭受不利影響。大量贖回可能會導致本基金在原本不打算賣的時間點賣出投資組合證券。此外，如果這些投資的賣出產生收

益，這些交易也可能會加速實現股東的應稅收入，並且還可能增加交易成本和/或增加本基金的費用比率。當遭遇大股東贖回時，本基金可能會延遲支付贖回款項請求最多至7天，為投資經理公司爭取時間確定本基金是以非現金贖回，或是考慮其他替代方式以減輕對既有股東的傷害。然而，在某些情況下，本基金可能無法延遲贖回請求時，這可能引起大量贖回的自動化處理將有害於本基金及其既有股東的利益。

報告書、報表和公開說明書

您會收到季報告書，載明該季帳戶內的所有交易明細。影響您的帳戶的每個交易完成後，您也會收到書面通知（但透過自動投資或提款方案的交易或配息則除外，因其交易會在季報告書中列明）。在影響您的帳戶的每個交易後，您將收到通知，請審視所有帳戶報告書和書面通知，假如有差異的地方，請立即通知我們。

您也將每隔六個月收到本基金的財務報告書，或是收到前揭財務報告書備供索取的通知。此外，您將收到每年更新的簡式公開說明書（視要求提供公開說明書）。為了降低本基金費用，我們會嘗試將同一戶的相關股東歸類於一戶，僅寄送一份財務報告書（以郵寄方式接收）和簡式公開說明書。這項處理稱為“歸戶處理”，除非您另有其他指示，否則我們會持續照此歸戶方式處理。若您不希望以戶為單位寄送這些文件，敬請電洽(800) 632-2301。在我們的網站裡，您可以隨時查閱目前的公開說明書/簡式公開說明書以及財務報告書。若您決定，您得以電子傳輸方式收取這些文件。

您可以選擇通過電子方式接收您的報表、公開說明書和其他文件（請參閱“投資者服務 - 電話/線上服務”）。

投資代表帳戶的資料取得

如果您的帳戶裡有經銷公司或其他投資代表的紀錄，他們將可以取得您的帳戶資料，為您的帳戶執行交易，也會直接從本基金收到有關您帳戶的所有通知書，報告書及其他資料的副本。

轉讓或指定帳戶

您可以將基金股份從一家經銷公司之轉讓或指定帳戶裡轉換到另外一家經銷公司，只要此兩家經銷公司和富蘭克林坦伯頓承銷公司都有簽約。在我們收到您的證券經銷公司遞送來適當的授權書後，我們會做轉換處理。

聯名帳戶

除非您明確指定不同的註冊方式，否則若基金股份是售予兩位或多位所有人時，該帳戶會註冊為“生存者取得權聯名持有人共同持有”的聯名帳戶（在您的帳戶報告書會顯示“Jt Ten”）。若要對聯名持有股份做任何的所有權變更，或是切斷對聯合持有股份的聯合擁有期間，帳戶的所有持有人皆須以書面同意之。

聯名帳戶使用電話權利之風險

當您開立帳戶，您就自動獲得電話服務權利。如果您的帳戶是一位以上註冊所有人帳戶，本基金僅接受一位註冊所有人的電話交易指示。這表示在您的帳戶的任一註冊所有人，無須任何其他任一註冊所有人同意之下，即可單獨透過電話或書信（遵照電話權利的任何限制）給予本基金指示去執行：

- 從所有註冊所有人須簽字的聯名註冊基金帳戶轉換股份到一個貨幣基金帳戶，卻僅須一位註冊所有人簽字即可贖回股份；

- 贖回基金股份以及指示贖回款項至可能屬於或不屬於您所有的銀行帳戶，或可能是您與其他共同聯名銀行帳戶，卻僅要求其中一人以支票或其他方式從銀行帳戶上取款；
- 從屬於您所有的銀行帳戶裡扣款購買基金股份的金額。

如果您不想要您的帳戶裡的其他註冊所有人能夠不經您的同意對本基金下達上述各種指示，您必須指示本基金拒絕/終止利用電話下達指令的能力，而上述各種指示即僅接受全部註冊所有人的書面簽字的方式。這項決定將適用於自聯名帳戶共同持有的基金股份轉換到任何其他基金。往後對於以電話所下達上述各種指示的決定，必須得到本基金全部註冊所有人的書面簽字。

補充政策

請注意本基金維持下列的補充政策及保留某些權利，包括：

- 股份應該持有於轉讓或名義帳戶裡。為此理由，本基金可能限制在基金紀錄開立名義帳戶的次帳戶。
- 本基金可能限制或拒絕任何股份申購，包括在基金轉換權利下的申購。
- 一般而言，贖回的處理是在次一個營業日，只要贖回請求是以適當的形式以及正常的程序接收，但是如果立即付款動作會對本基金有負面的影響時或有其他延遲的原因（例如，如果您售出近期申購的股份，贖回款項可能會延遲至您的支票、匯票或電匯/電子轉帳已經完成），可能需要至多7個營業日來處理。然而，在某些情況下，該基金可能無法延遲贖回請求，或可能沒有時間在支付贖回請求前確定特定的贖回是否對基金產生不利影響。
- 本基金可能隨時調整，暫停或中止電話權利。
- 本基金可能利用60天通知函或是其他依法提供的方式，告知您本基金對於基金轉換權利所做的重大變更或是停止使用。
- 本基金可能在一段期間或永遠，停止出售股份，或是在有限的基礎上提供股份。
- 在特殊情形下，我們可能依照聯邦證券法規所允許的規定，暫時凍結贖回或是延緩款項的支付。
- 超過某特定金額之贖回，若是基金經理人認定與現行法規一致且合乎本基金的最佳利益時，本基金可以（但非被要求）不採現金做贖回款項的支付，而改以本基金所持有之證券或其他資產形式來做支付（又稱實物贖回）。經理公司將自行決定是否針對特定的贖回請求或贖回請求的類型考慮實物贖回。但是，在某些情況下，經理公司可能無法在支付贖回請求前確定是否可以以實物形式支付特定贖回。如果贖回請求係以實物形式贖回，投資者應預期在處置其受分配的證券時產生交易費用。
- 您只能購買合乎您所屬的州以及轄區的法令規定之基金股份（包括基金轉換的轉入基金）。
- 代銷公司應負責儘快傳輸所有下單資料給本基金，以讓投資人獲得目前的價格。
- 對於非退休帳戶，如果您收到以現金股利、資本利得或系統提款計劃以現金支付，並且至少連續三次支票至少保留六個月未兌現，本基金會保留您更改配息選擇方式，可改為重新再投資或停止您的系統提款計劃。

問題

若您有任何關於基金本身或是您的帳戶狀況的問題，請來函寄到美國佛州聖彼德堡郵政 33030 號信箱（St. Petersburg, FL33733-8030）。您也依下表之號碼來電詢問。為了保障您的權益以及確保提供給您的服務品質，所有來電可能會被監控或錄音。

部門別	電話號碼
機構法人服務	(800) 321-8563
投資人服務	(800) 632-2301
基金訊息	(800) DIAL BEN (800) 342-5236
退休金計畫服務	(800) 527-2020
顧問諮詢服務	(800) 524-4040
聽力損傷協助	有關聽力損傷協助，請透過傳達服務與我們聯繫。
自動電話系統	(800) 632-2301 (800) 524-4040 (800) 527-2020

附加資訊

有關本基金，您可以於下列文件知悉更多資訊：

致股東的年度/半年度財務報告

包括近期市場情況的討論、顯著影響上個財務年度期間基金績效的基金策略、財務報表、詳細的績效資料、投資明細表，以及僅揭露於年度財務報告的獨立註冊會計師事務所簽證英文報告。

補充資料報告書(SAI)

包含更多有關本基金的投資與政策資訊，得被合併參考（係本公開說明書合法上的一部分）。

免費索取現行的年度/半年度財務報告或是補充資料報告書，敬請洽詢您的投資代表或是撥打以下之號碼來電索取。您也可以透過網站：ftinstitutional.com 線上瀏覽現行的年度/半年度財務報告以及補充資料報告書。

有關本基金的報告及其他資訊可於美國證券交易管理委員會(SEC)官網的 EDGAR 資料庫網址：<http://www.sec.gov> 獲取，以及寄電子郵件到 publicinfo@sec.gov 索取，在支付文件複製費用後即可獲取這些基金資訊的副本。

One Franklin Parkway, San Mateo, CA 94403-1906

機構法人服務 (800) 321-8563

ftinstitutional.com

有關聽力損傷協助，請透過傳達服務與我們聯繫。

風險聲明

- 各基金經金融監督管理委員會核准或同意生效，惟不表示本基金絕無風險。境外基金管理機構以往之績效不保證基金之最低收益。
- 境外基金係以外幣計價，投資人須承擔取得收益分配或買回價金時轉換回新臺幣可能產生之匯率風險。若轉換當時之新臺幣兌換外幣匯率相較於原始投資日之匯率升值時，投資人將承受匯兌損失。
- 基金配息率不代表基金報酬率，且過去配息率不代表未來配息率；基金淨值可能因市場因素而上下波動，投資人於獲配息時，宜一併注意基金淨值之變動。基金的配息可能由基金的收益或本金中支付。任何涉及由本金支出的部份，可能導致原始投資金額減損。由本金支付配息之相關資料已揭露於本公司網站，投資人可至本公司網站 (<http://www.Franklin.com.tw>) 查閱。
- 基金持有新興市場之投資標的者，其主要投資風險除包含一般股票型基金之投資組合跌價與匯率風險外，與成熟市場相比須承受較高之政治與金融管理風險，而因市值及制度性因素，流動性風險也相對較高，新興市場投資組合波動性普遍高於成熟市場。基金投資均涉及風險且不負任何抵抗投資虧損之擔保。基金並非完全投資於大陸地區之有價證券，依規定，基金投資大陸地區證券市場之有價證券不得超過基金淨資產價值之 20%，投資香港地區紅籌股及 H 股無限制，投資人須留意中國市場特定政治、經濟與市場之投資風險。投資風險之詳細資料請參閱基金公開說明書。
- 基金經理公司以往之經理績效，並不代表未來之基金投資收益。投資管理服務與多項投資工具相關，其價值均會波動，管理的投資組合價值亦可能有上下起伏，故無法保證投資可以保本。不同投資工具的投資風險並不相同，若投資為受匯兌影響者，相較於其它特定投資組合，匯率的變動將會影響其價值，結果必然影響到基金淨值的漲跌。若為波動性較高的基金，當基金淨值突然大幅滑落時，則變現或贖回所發生的虧損有可能很高（包含投資的所有損失）。
- 投資基金所應承擔之相關風險及應負擔之費用（含分銷費用）已揭露於基金公開說明書及投資人須知中，投資人可至境外基金資訊觀測站 (www.fundclear.com.tw) 下載，或逕向本公司網站 (www.Franklin.com.tw) 查閱。
- 本公司所提供之資料及訊息，僅供此訊息接收人之參考用途。本公司當盡力提供正確之資訊，所載資料均來自或本諸我們相信可靠之來源，但對其完整性、即時性和正確性不做任何擔保，如有錯漏或疏忽，本公司或關係企業與其任何董事或受僱人，並不負任何法律責任。基金過去的績效不代表未來的表現，基金價格可能上揚或下跌。投資共同基金有投資風險（包括但不限於價格、匯率、政治之風險），亦可能發生本金之損失。任何人因信賴此等資料而做出或改變投資決策，須自行承擔結果。

富蘭克林證券投資顧問股份有限公司

電話：(02) 2781-0088 傳真：(02) 2781-7788 台北市忠孝東路四段 87 號 8 樓

富蘭克林基金專線：0800-885-888 富蘭克林基金理財網：<http://www.Franklin.com.tw>

主管機關核准之營業執照字號：101 年金管投顧新字第 025 號

【富蘭克林證券投顧獨立經營管理】

TEMPLETON INSTITUTIONAL FUNDS

May 1, 2023

FRANKLIN
TEMPLETON

		Primary Shares	Service Shares
Foreign Smaller Companies Series	TFSCX	—	—
International Equity Series	—	TFEQX	TFESX

The U.S. Securities and Exchange Commission (SEC) has not approved or disapproved these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

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Foreign Smaller Companies Series

Investment Goal

Long-term capital growth.

Fees and Expenses of the Fund

The table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

Annual Fund Operating Expenses

(expenses that you pay each year as a percentage of the value of your investment)

Management fees	0.95%
Other expenses	0.07%
Total annual Fund operating expenses	1.02%

Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of the period. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 Year	3 Years	5 Years	10 Years
	\$104	\$324	\$563	\$1,247

Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual Fund operating expenses or in the Example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 16.54% of the average value of its portfolio.

Principal Investment Strategies

Under normal market conditions, the Fund invests at least 80% of its net assets in investments of smaller companies located outside the U.S., including emerging markets. For purposes of this 80% policy, smaller companies are defined as those with market capitalizations that do not exceed \$4 billion. However, under normal

conditions, when making an initial purchase of securities of a company, the investment manager will only invest in securities of companies with a market capitalization of not more than \$2 billion. Once a security qualifies for initial purchase, it continues to qualify for additional purchases as long as it is held by the Fund, provided that the issuer's market capitalization does not exceed \$4 billion. In addition, the Fund may continue to hold securities that have grown to have a market capitalization in excess of \$4 billion. The result may be that the Fund could hold a significant percentage of its net assets in securities of companies that have market capitalizations in excess of \$2 billion. The Fund predominantly invests in equity securities, primarily common stock.

The Fund may invest more than 25% of its assets in the securities of issuers located in any one country.

When choosing equity investments for the Fund, the investment manager applies a "bottom-up," value-oriented, long-term approach, focusing on the market price of a company's securities relative to the investment manager's evaluation of the company's long-term earnings, asset value and cash flow potential. The investment manager also considers a company's price/earnings ratio, profit margins and liquidation value.

In selecting securities for the Fund, the investment manager attempts to identify those companies that offer above-average opportunities for capital appreciation in various countries and industries where economic and political factors, including currency movements, are favorable to capital growth.

The investment manager may consider selling an equity security when it believes the security has become overvalued due to either its price appreciation or changes in the company's fundamentals, when the investment manager believes that the market capitalization of a security has become too large, or when the investment manager believes another security is a more attractive investment opportunity.

Principal Risks

You could lose money by investing in the Fund. Mutual fund shares are not deposits or obligations of, or guaranteed or endorsed by, any bank, and are not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other agency of the U.S. government.

Market The market values of securities or other investments owned by the Fund will go up or down, sometimes rapidly or unpredictably. The market value of a security or other investment may be reduced by market activity or other results of supply and demand unrelated to the issuer. This is a basic risk associated with all investments. When there are more sellers than buyers, prices tend to fall. Likewise, when there are more buyers than sellers, prices tend to rise.

The global outbreak of the novel strain of coronavirus, COVID-19 and its subsequent variants, has resulted in market closures and dislocations, extreme volatility, liquidity constraints and increased trading costs. The long-term impact on economies, markets, industries and individual issuers, is not known. Some sectors of the economy and individual issuers have experienced or may experience particularly large losses. Periods of extreme volatility in the financial markets; reduced liquidity of many instruments; and disruptions to supply chains, consumer demand and employee availability, may continue for some time.

Stock prices tend to go up and down more dramatically than those of debt securities. A slower-growth or recessionary economic environment could have an adverse effect on the prices of the various stocks held by the Fund.

Small Capitalization Companies Securities issued by small capitalization companies may be more volatile in price than those of larger companies and may involve substantial risks. Such risks may include greater sensitivity to economic conditions, less certain growth prospects, lack of depth of management and funds for growth and development, and limited or less developed product lines and markets. In addition, small capitalization companies may be particularly affected by interest rate increases, as they may find it more difficult to borrow money to continue or expand operations, or may have difficulty in repaying any loans.

Foreign Securities (non-U.S.) Investing in foreign securities typically involves more risks than investing in U.S. securities, and includes risks associated with: (i) internal and external political and economic developments – e.g., the political, economic and social policies and structures of some foreign countries may be less stable and more volatile than those in the U.S. or some foreign countries may be subject to trading restrictions or economic sanctions; (ii) trading practices – e.g., government supervision and regulation of foreign securities and currency markets, trading systems and brokers may be less than in the U.S.; (iii) availability of information – e.g., foreign issuers may not be subject to the same disclosure, accounting and financial reporting standards and practices as U.S. issuers; (iv) limited markets – e.g., the securities of certain foreign issuers may be less liquid (harder to sell) and more volatile; and (v) currency exchange rate fluctuations and policies. The risks of foreign investments may be greater in developing or emerging market countries.

Regional Focus Because the Fund may invest at least a significant portion of its assets in companies in a specific region, including Europe, the Fund 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. Political, social or economic disruptions in the region, even in countries in which the Fund is not invested, may adversely affect the value of investments held by the Fund. Current uncertainty concerning the economic consequences of Russia's military invasion of Ukraine in February 2022 may increase market volatility.

Developing Market Countries The Fund's investments in securities of issuers in developing market countries are subject to all of the risks of foreign investing generally, and have additional heightened risks due to a lack of established legal, political, business and social frameworks to support securities markets, including: delays in settling portfolio securities transactions; currency and capital controls; greater sensitivity to interest rate changes; pervasiveness of corruption and crime; currency exchange rate volatility; and inflation, deflation or currency devaluation.

Value Style Investing A value stock may not increase in price as anticipated by the investment manager if other investors fail to recognize the company's value and bid up the price, the markets favor faster-growing companies, or the factors that the investment manager believes will increase the price of the security do not occur or do not have the anticipated effect.

Liquidity From time to time, the trading market for a particular security or type of security or other investments in which the Fund invests may become less liquid or even illiquid. Reduced liquidity will have an adverse impact on the Fund's ability to sell such securities or other investments when necessary to meet the Fund's liquidity needs, which may arise or increase in response to a specific economic event or because the investment manager wishes to purchase particular investments or believes that a higher level of liquidity would be advantageous. Reduced liquidity will also generally lower the value of such securities or other investments. Market prices for such securities or other investments may be relatively volatile.

Focus To the extent that the Fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, the Fund may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments.

Large Redemptions The Fund may experience adverse effects when shareholders make large redemptions from the Fund that equate to a large percentage of the Fund's assets. In order to meet such redemption requests, the Fund may need to sell securities at times when it would not otherwise do so, which could result in losses to the Fund, increase the Fund's transaction costs and expense ratios, and accelerate the realization of taxable income, if any, to shareholders. When experiencing a large redemption, the Fund may seek to delay payment of the redemption request up to seven days for a variety of reasons including to provide the investment manager with time to orderly process the request. If, however, the Fund is unable to delay the redemption request, for example, due to various automated processes that can occur with respect to certain large redemptions, there is a risk of additional detriment to the Fund and its remaining shareholders.

Management The Fund is subject to management risk because it is an actively managed investment portfolio. The Fund's investment manager applies investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these decisions will produce the desired results.

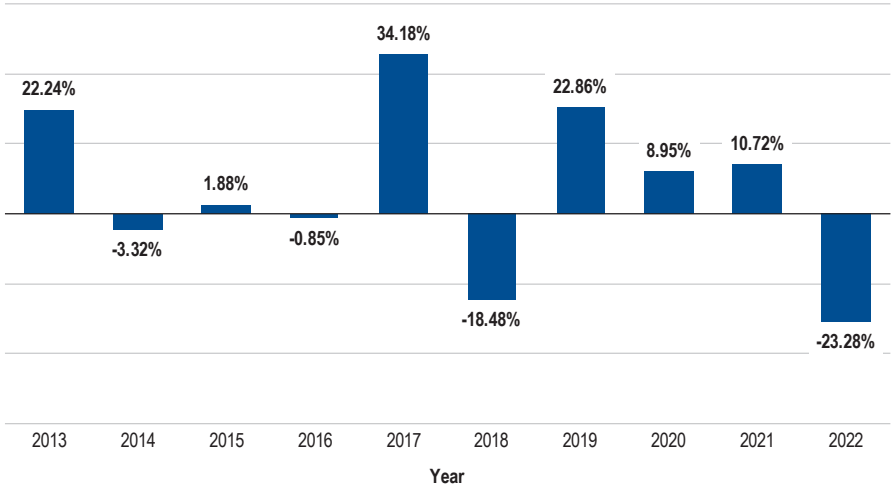
Cybersecurity Cybersecurity incidents, both intentional and unintentional, may allow an unauthorized party to gain access to Fund assets, Fund or customer data (including private shareholder information), or proprietary information, cause the Fund, the investment manager, and/or their service providers (including, but not limited to, Fund accountants, custodians, sub-custodians, transfer agents and financial intermediaries) to suffer data breaches, data corruption or loss of operational functionality or prevent Fund investors from purchasing, redeeming or exchanging shares or receiving distributions. The investment manager has limited ability to prevent or mitigate cybersecurity incidents affecting third party service providers, and such third party service providers may have limited indemnification obligations to the Fund or the investment manager. Cybersecurity incidents may result in financial losses to the Fund and its shareholders, and substantial costs may be incurred in an effort to prevent or mitigate future cybersecurity incidents. Issuers of securities in which the Fund invests are also subject to cybersecurity risks, and the value of these securities could decline if the issuers experience cybersecurity incidents.

Because technology is frequently changing, new ways to carry out cyber attacks are always developing. Therefore, there is a chance that some risks have not been identified or prepared for, or that an attack may not be detected, which puts limitations on the Fund's ability to plan for or respond to a cyber attack. Like other funds and business enterprises, the Fund, the investment manager, and their service providers are subject to the risk of cyber incidents occurring from time to time.

Performance

The following bar chart and table provide some indication of the risks of investing in the Fund. The bar chart shows changes in the Fund's performance from year to year. The table shows how the Fund's average annual returns for 1 year, 5 years, 10 years or since inception, as applicable, compared with those of a broad measure of market performance. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. You can obtain updated performance information at ftinstitutional.com or by calling (800) 321-8563.

Annual Total Returns



Best Quarter:	2020, Q2	23.82%
Worst Quarter:	2020, Q1	-31.92%

As of March 31, 2023, the Fund's year-to-date return was 7.65%.

Average Annual Total Returns

For periods ended December 31, 2022

	1 Year	5 Years	10 Years
Foreign Smaller Companies Series			
Return before taxes	-23.28%	-1.51%	4.03%
Return after taxes on distributions	-23.37%	-2.88%	2.95%
Return after taxes on distributions and sale of Fund shares	-13.15%	-0.86%	3.35%
MSCI AC World ex-US Small Cap Index-NR (index reflects no deduction for fees, expenses or taxes but are net of dividend tax withholding)	-19.97%	0.67%	5.25%

The after-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold their Fund shares through tax-advantaged arrangements, such as 401(k) plans or individual retirement accounts.

Investment Manager

Templeton Investment Counsel, LLC (Investment Counsel)

Sub-Advisor

Franklin Templeton Investments Corp. (FTIC)

Portfolio Managers

Harlan B. Hodes

Executive Vice President/Portfolio Manager-Research Analyst of Investment Counsel and portfolio manager of the Fund since 2007.

David A. Tuttle, CFA

Vice President/Portfolio Manager-Research Analyst of FTIC and portfolio manager of the Fund since 2021.

Kyle Denning, CFA

Portfolio Manager-Research Analyst of Investment Counsel and portfolio manager of the Fund since 2022.

Katie Ylijoki, CFA

Portfolio Manager-Research Analyst of Investment Counsel and portfolio manager of the Fund since 2022.

Purchase and Sale of Fund Shares

You may purchase shares of the Fund on any business day by mail (Franklin Templeton Institutional Services, P.O. Box 33030, St. Petersburg, FL 33733-8030). You may redeem shares of the Fund on any business day by mail at the address listed above, or by telephone at (800) 321-8563. The minimum initial purchase varies depending on the type of investor and could be up to \$1,000,000. More information about eligibility to invest in the Fund and the applicable minimum requirements is under "Your Account" in the detail section of the Fund's prospectus. There is no minimum investment for subsequent purchases.

Taxes

The Fund's distributions are generally taxable to you as ordinary income, capital gains, or some combination of both, unless you are investing through a tax-advantaged arrangement, such as a 401(k) plan or an individual retirement account, in which case your distributions would generally be taxed when withdrawn from the tax-advantaged account.

Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments

may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your financial advisor or visit your financial intermediary's website for more information.

International Equity Series

Investment Goal

Long-term capital growth.

Fees and Expenses of the Fund

The table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

Annual Fund Operating Expenses

(expenses that you pay each year as a percentage of the value of your investment)

	Primary Shares	Service Shares
Management fees	0.78%	0.78%
Other expenses	0.09%	0.23%
Acquired Fund fees and expenses	0.01%	0.01%
Total annual Fund operating expenses ¹	0.88%	1.02%
Fee waiver and/or expense reimbursement ²	-0.05%	-0.05%
Total annual Fund operating expenses after fee waiver and/or expense reimbursement	0.83%	0.97%

¹ Total annual Fund operating expenses differ from the ratio of expenses to average net assets shown in the Financial Highlights, which reflect the operating expenses of the Fund and do not include acquired fund fees and expenses.

² The investment manager has agreed to waive its fee so that the management fee for the Fund does not exceed 0.74%. The investment manager has also agreed to reduce its fees to reflect reduced services resulting from the Fund's investments in Franklin Templeton affiliated funds. These arrangements are expected to continue until April 30, 2024. During the terms, the fee waiver and expense reimbursement agreements may not be terminated or amended without approval of the board of trustees except to add series or classes, to reflect the extension of termination dates or to lower the waiver and expense limitation (which would result in lower fees for shareholders).

Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of the period. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. The Example reflects adjustments made to the Fund's operating expenses due to the fee waivers and/or expense reimbursements by management for the 1 Year numbers only. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 Year	3 Years	5 Years	10 Years
Primary Shares	\$85	\$276	\$483	\$1,079
Service Shares	\$99	\$320	\$559	\$1,245

Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual Fund operating expenses or in the Example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 46.42% of the average value of its portfolio.

Principal Investment Strategies

Under normal market conditions, the Fund invests at least 80% of its net assets in foreign (non-U.S.) equity securities. The Fund predominantly invests in companies located outside the U.S. including companies located in developing market countries.

The Fund may invest in equity securities of any size company, across the entire market capitalization spectrum, including smaller and midsize companies. The equity securities in which the Fund primarily invests are common stock. From time to time, based on economic conditions, the Fund may have significant investments in one or more countries or in particular sectors, such as the financial services sector.

For purposes of pursuing its investment goal, the Fund intends to enter into equity derivative instruments, including equity index futures contracts. The Fund uses these derivative instruments for investment purposes, including for cash management purposes and to generate income, to increase liquidity and/or to adjust the Fund's exposure to certain equity markets in a more efficient or less expensive way.

When choosing equity investments for the Fund, the investment manager applies a "bottom-up," value-oriented, long-term approach, focusing on the market price of a company's securities relative to the investment manager's evaluation of the company's long-term earnings, asset value and cash flow potential. The investment manager also considers a company's price/earnings ratio, profit margins and liquidation value.

In selecting securities for the Fund, the investment manager attempts to identify those companies that offer above-average opportunities for capital appreciation in various countries and industries where economic and political factors, including currency movements, are favorable to capital growth.

The investment manager may consider selling an equity security when it believes the security has become overvalued due to either its price appreciation or changes

in the company's fundamentals, or when the investment manager believes another security is a more attractive investment opportunity.

Principal Risks

You could lose money by investing in the Fund. Mutual fund shares are not deposits or obligations of, or guaranteed or endorsed by, any bank, and are not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other agency of the U.S. government.

Market The market values of securities or other investments owned by the Fund will go up or down, sometimes rapidly or unpredictably. The market value of a security or other investment may be reduced by market activity or other results of supply and demand unrelated to the issuer. This is a basic risk associated with all investments. When there are more sellers than buyers, prices tend to fall. Likewise, when there are more buyers than sellers, prices tend to rise.

The global outbreak of the novel strain of coronavirus, COVID-19 and its subsequent variants, has resulted in market closures and dislocations, extreme volatility, liquidity constraints and increased trading costs. The long-term impact on economies, markets, industries and individual issuers, is not known. Some sectors of the economy and individual issuers have experienced or may experience particularly large losses. Periods of extreme volatility in the financial markets; reduced liquidity of many instruments; and disruptions to supply chains, consumer demand and employee availability, may continue for some time.

Stock prices tend to go up and down more dramatically than those of debt securities. A slower-growth or recessionary economic environment could have an adverse effect on the prices of the various stocks held by the Fund.

Foreign Securities (non-U.S.) Investing in foreign securities typically involves more risks than investing in U.S. securities, and includes risks associated with: (i) internal and external political and economic developments – e.g., the political, economic and social policies and structures of some foreign countries may be less stable and more volatile than those in the U.S. or some foreign countries may be subject to trading restrictions or economic sanctions; (ii) trading practices – e.g., government supervision and regulation of foreign securities and currency markets, trading systems and brokers may be less than in the U.S.; (iii) availability of information – e.g., foreign issuers may not be subject to the same disclosure, accounting and financial reporting standards and practices as U.S. issuers; (iv) limited markets – e.g., the securities of certain foreign issuers may be less liquid (harder to sell) and more volatile; and (v) currency exchange rate fluctuations and policies. The risks of foreign investments may be greater in developing or emerging market countries.

Regional Focus Because the Fund may invest at least a significant portion of its assets in companies in a specific region, including Europe, the Fund 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. Political, social or economic disruptions in the region, even in countries in which the Fund is not invested, may adversely affect the value of investments held by the Fund. Current uncertainty concerning the economic consequences of Russia's military invasion of Ukraine in February 2022 may increase market volatility.

Developing Market Countries The Fund's investments in securities of issuers in developing market countries are subject to all of the risks of foreign investing generally, and have additional heightened risks due to a lack of established legal, political, business and social frameworks to support securities markets, including: delays in settling portfolio securities transactions; currency and capital controls; greater sensitivity to interest rate changes; pervasiveness of corruption and crime; currency exchange rate volatility; and inflation, deflation or currency devaluation.

Value Style Investing A value stock may not increase in price as anticipated by the investment manager if other investors fail to recognize the company's value and bid up the price, the markets favor faster-growing companies, or the factors that the investment manager believes will increase the price of the security do not occur or do not have the anticipated effect.

Focus To the extent that the Fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, the Fund may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments.

Small and Mid Capitalization Companies Securities issued by small and mid capitalization companies may be more volatile in price than those of larger companies and may involve substantial risks. Such risks may include greater sensitivity to economic conditions, less certain growth prospects, lack of depth of management and funds for growth and development, and limited or less developed product lines and markets. In addition, small and mid capitalization companies may be particularly affected by interest rate increases, as they may find it more difficult to borrow money to continue or expand operations, or may have difficulty in repaying any loans.

Derivative Instruments The performance of derivative instruments depends largely on the performance of an underlying security, interest rate or index, and such derivatives often have risks similar to the underlying instrument, in addition to other risks. Derivatives involve costs and can create economic leverage in the Fund's portfolio which may result in significant volatility and cause the Fund to participate in losses (as well as gains) in an amount that significantly exceeds the

Fund's initial investment. Other risks include illiquidity, mispricing or improper valuation of the derivative, and imperfect correlation between the value of the derivative and the underlying instrument so that the Fund may not realize the intended benefits. Their successful use will usually depend on the investment manager's ability to accurately forecast movements in the market relating to the underlying instrument. Should a market or markets, or prices of particular classes of investments move in an unexpected manner, especially in unusual or extreme market conditions, the Fund may not achieve the anticipated benefits of the transaction, and it may realize losses, which could be significant. If the investment manager is not successful in using such derivative instruments, the Fund's performance may be worse than if the investment manager did not use such derivatives at all.

Large Redemptions The Fund may experience adverse effects when shareholders make large redemptions from the Fund that equate to a large percentage of the Fund's assets. In order to meet such redemption requests, the Fund may need to sell securities at times when it would not otherwise do so, which could result in losses to the Fund, increase the Fund's transaction costs and expense ratios, and accelerate the realization of taxable income, if any, to shareholders. When experiencing a large redemption, the Fund may seek to delay payment of the redemption request up to seven days for a variety of reasons including to provide the investment manager with time to orderly process the request. If, however, the Fund is unable to delay the redemption request, for example, due to various automated processes that can occur with respect to certain large redemptions, there is a risk of additional detriment to the Fund and its remaining shareholders.

Management The Fund is subject to management risk because it is an actively managed investment portfolio. The Fund's investment manager applies investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these decisions will produce the desired results.

Cybersecurity Cybersecurity incidents, both intentional and unintentional, may allow an unauthorized party to gain access to Fund assets, Fund or customer data (including private shareholder information), or proprietary information, cause the Fund, the investment manager, and/or their service providers (including, but not limited to, Fund accountants, custodians, sub-custodians, transfer agents and financial intermediaries) to suffer data breaches, data corruption or loss of operational functionality or prevent Fund investors from purchasing, redeeming or exchanging shares or receiving distributions. The investment manager has limited ability to prevent or mitigate cybersecurity incidents affecting third party service providers, and such third party service providers may have limited indemnification obligations to the Fund or the investment manager. Cybersecurity incidents may result in financial losses to the Fund and its shareholders, and substantial costs

may be incurred in an effort to prevent or mitigate future cybersecurity incidents. Issuers of securities in which the Fund invests are also subject to cybersecurity risks, and the value of these securities could decline if the issuers experience cybersecurity incidents.

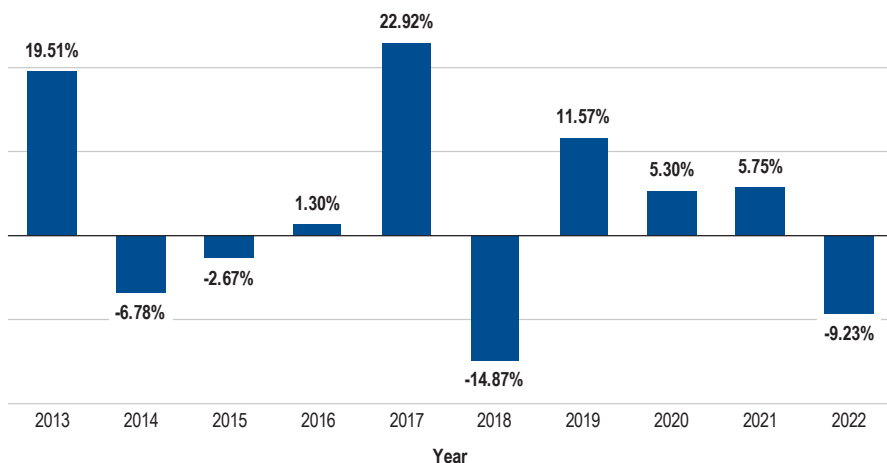
Because technology is frequently changing, new ways to carry out cyber attacks are always developing. Therefore, there is a chance that some risks have not been identified or prepared for, or that an attack may not be detected, which puts limitations on the Fund's ability to plan for or respond to a cyber attack. Like other funds and business enterprises, the Fund, the investment manager, and their service providers are subject to the risk of cyber incidents occurring from time to time.

Performance

The following bar chart and table provide some indication of the risks of investing in the Fund. The bar chart shows changes in the Fund's performance from year to year for Primary Shares. The table shows how the Fund's average annual returns for 1 year, 5 years, 10 years or since inception, as applicable, compared with those of a broad measure of market performance. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. You can obtain updated performance information at fainstitutional.com or by calling (800) 321-8563.

The additional index MSCI EAFE Index-NR in the table below shows how the Fund's performance compares to an additional leading developed markets index.

Primary Shares Annual Total Returns



Best Quarter:	2020, Q4	22.67%
Worst Quarter:	2020, Q1	-24.71%

As of March 31, 2023, the Fund's year-to-date return was 9.63%.

Average Annual Total Returns

For periods ended December 31, 2022

	1 Year	5 Years	10 Years
International Equity Series – Primary Shares			
Return before taxes	-9.23%	-0.81%	2.63%
Return after taxes on distributions	-10.60%	-4.31%	0.43%
Return after taxes on distributions and sale of Fund shares	-4.61%	-0.90%	1.93%
International Equity Series – Service Shares			
MSCI All Country World ex-US Index-NR (index reflects no deduction for fees, expenses or taxes but are net of dividend tax withholding)	-16.00%	0.88%	3.80%
MSCI EAFE Index-NR (index reflects no deduction for fees, expenses or taxes but are net of dividend tax withholding)	-14.45%	1.54%	4.67%

The after-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold their Fund shares through tax-advantaged arrangements, such as 401(k) plans or individual retirement accounts. After-tax returns are shown only for Primary Shares and after-tax returns for other classes will vary.

Investment Manager

Templeton Investment Counsel, LLC (Investment Counsel)

Portfolio Managers

Peter A. Nori, CFA

Executive Vice President/Portfolio Manager-Research Analyst of Investment Counsel and portfolio manager of the Fund since 1999.

Matthew R. Nagle, CFA

Portfolio Manager of Investment Counsel and portfolio manager of the Fund since 2018.

Heather Waddell, CFA

Senior Vice President/Portfolio Manager-Research Analyst of Investment Counsel and portfolio manager of the Fund since 2022.

Purchase and Sale of Fund Shares

You may purchase shares of the Fund on any business day by mail (Franklin Templeton Institutional Services, P.O. Box 33030, St. Petersburg, FL 33733-8030). You may redeem shares of the Fund on any business day by mail at the address listed above, or by telephone at (800) 321-8563. The minimum initial purchase varies depending on the type of investor and could be up to \$1,000,000. More information about eligibility to invest in the Fund and the applicable minimum requirements is under "Your Account" in the detail section of the Fund's prospectus. There is no minimum investment for subsequent purchases.

Taxes

The Fund's distributions are generally taxable to you as ordinary income, capital gains, or some combination of both, unless you are investing through a tax-advantaged arrangement, such as a 401(k) plan or an individual retirement account, in which case your distributions would generally be taxed when withdrawn from the tax-advantaged account.

Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your financial advisor or visit your financial intermediary's website for more information.

Fund Details

Foreign Smaller Companies Series

Investment Goal

The Fund's investment goal is long-term capital growth.

Principal Investment Policies and Practices

Under normal market conditions, the Fund invests at least 80% of its net assets in investments of smaller companies located outside the U.S., including emerging markets. Shareholders will be given at least 60 days' advance notice of any change to this 80% policy. The Fund predominantly invests in equity securities, primarily common stock.

An equity security represents a proportionate share of the ownership of a company; its value is based on the success of the company's business and the value of its assets, as well as general market conditions. Common stocks, preferred stocks, convertible securities and related depositary receipts are examples of equity securities. Convertible securities generally are debt securities or preferred stock that may be converted into common stock after certain time periods or under certain circumstances. The Fund may invest in convertible securities without regard to the ratings assigned by rating services. Depositary receipts are certificates typically issued by a bank or trust company that give their holders the right to receive securities issued by a foreign or domestic company.

The Fund may invest more than 25% of its assets in the securities of issuers located in any one country. The Fund, from time to time, may have significant investments in one or more countries or in particular sectors, such as the consumer discretionary and the industrials sectors.

Smaller Companies

For purposes of monitoring the Fund's compliance with the requirement that it invest at least 80% of net assets in the equity securities of smaller companies, smaller companies are defined as those with market capitalizations that do not exceed \$4 billion. Under normal market conditions, when making an initial purchase of securities of a company, the investment manager will only invest in securities of companies with a market capitalization of not more than \$2 billion.

Once a security qualifies for initial purchase, it continues to qualify for additional purchases as long as it is held by the Fund, provided that the issuer's market capitalization does not exceed \$4 billion. In addition, the Fund may continue to hold securities that originally qualified for initial purchase as smaller companies (with a market capitalization of less than \$2 billion) that have grown to have a market

capitalization in excess of \$4 billion. The result may be that the Fund could hold a significant percentage of its net assets in securities of companies that have market capitalizations in excess of \$2 billion.

In some emerging markets, the Fund may invest in companies that qualify as small cap but still are among the largest in that market.

When choosing equity investments for this Fund, the investment manager applies a "bottom-up," value-oriented, long-term approach, focusing on the market price of a company's securities relative to the investment manager's evaluation of the company's long-term earnings, asset value and cash flow potential. This includes an assessment by the investment manager of the potential impacts of material environmental, social and governance factors on the long-term risk and return profile of a company. The investment manager also considers a company's price/earnings ratio, profit margins and liquidation value.

In selecting securities for the Fund, the investment manager attempts to identify those companies that offer above-average opportunities for capital appreciation in various countries and industries where economic and political factors, including currency movements, are favorable to capital growth.

The investment manager may consider selling an equity security when it believes the security has become overvalued due to either its price appreciation or changes in the company's fundamentals, when the investment manager believes that the market capitalization of a security has become too large, or when the investment manager believes another security is a more attractive investment opportunity.

Alongside traditional financial and economic analyses, the investment manager assesses the potential impacts of material environmental, social and governance (ESG) factors on an issuer, which the investment manager believes provide a measure of the issuer's sustainability. In analyzing ESG factors, the investment manager assesses whether an issuer's practices pose a material financial risk or opportunity. Consideration of ESG factors and risks is only one component of the investment manager's assessment of eligible investments and may not be a determinative factor in the investment manager's final decision on whether to invest in an issuer. In addition, the weight given to ESG factors may vary across types of investments, industries, regions and issuer, and ESG factors and weights considered may change over time. In certain circumstances, there may be times when not every investment is assessed for ESG factors and, when they are, not every ESG factor may be identified or evaluated.

Temporary Investments

When the investment manager believes market or economic conditions are unfavorable for investors, the investment manager may invest up to 100% of the Fund's assets in a temporary defensive manner by holding all or a substantial portion of its assets in cash, cash equivalents or other high quality short-term

investments. Temporary defensive investments generally may include U.S. dollar and non-dollar securities such as government securities, bank obligations, high quality commercial paper, repurchase agreements, money market shares (including shares of an affiliated money market fund) and other money market instruments. The investment manager also may invest in these types of securities or hold cash while looking for suitable investment opportunities or to maintain liquidity. In these circumstances, the Fund may be unable to achieve its investment goal.

Under unusual circumstances and on a temporary basis, including times during which the Fund may experience large cash inflows, the Fund may invest in securities of issuers that would not be considered "smaller companies."

Principal Risks

Market

The market values of securities or other investments owned by the Fund will go up or down, sometimes rapidly or unpredictably. The Fund's investments may decline in value due to factors affecting individual issuers (such as the results of supply and demand), or sectors within the securities markets. The value of a security or other investment also may go up or down due to general market conditions that are not specifically related to a particular issuer, such as real or perceived adverse economic conditions, changes in interest rates or exchange rates, or adverse investor sentiment generally. Furthermore, events involving limited liquidity, defaults, non-performance or other adverse developments that affect one industry, such as the financial services industry, or concerns or rumors about any events of these kinds, have in the past and may in the future lead to market-wide liquidity problems, may spread to other industries, and could negatively affect the value and liquidity of the Fund's investments. In addition, unexpected events and their aftermaths, such as the spread of diseases; natural, environmental or man-made disasters; financial, political or social disruptions; terrorism and war; and other tragedies or catastrophes, can cause investor fear and panic, which can adversely affect the economies of many companies, sectors, nations, regions and the market in general, in ways that cannot necessarily be foreseen. During a general downturn in the securities markets, multiple asset classes may decline in value. When markets perform well, there can be no assurance that securities or other investments held by the Fund will participate in or otherwise benefit from the advance.

The global outbreak of the novel strain of coronavirus, COVID-19 and its subsequent variants, has resulted in market closures and dislocations, extreme volatility, liquidity constraints and increased trading costs. The long-term impact on economies, markets, industries and individual issuers, are not known. Some sectors of the economy and individual issuers have experienced or may experience

particularly large losses. Periods of extreme volatility in the financial markets; reduced liquidity of many instruments; and disruptions to supply chains, consumer demand and employee availability, may continue for some time. The U.S. government and the Federal Reserve, as well as certain foreign governments and central banks, have taken extraordinary actions to support local and global economies and the financial markets in response to the COVID-19 pandemic. This and other government intervention into the economy and financial markets may not work as intended, and have resulted in a large expansion of government deficits and debt, the long term consequences of which are not known. In addition, the COVID-19 pandemic, and measures taken to mitigate its effects, could result in disruptions to the services provided to the Fund by its service providers.

Stock prices tend to go up and down more dramatically than those of debt securities. A slower-growth or recessionary economic environment could have an adverse effect on the prices of the various stocks held by the Fund.

Small Capitalization Companies

While investments in small capitalization companies may offer substantial opportunities for capital growth, they also may involve substantial risks. Historically, small capitalization company securities have been more volatile in price than larger company securities, especially over the short term. Among the reasons for the greater price volatility are the less certain growth prospects of small capitalization companies, the lower degree of liquidity in the markets for such securities, and the greater sensitivity of small capitalization companies to changing economic conditions.

In addition, small capitalization companies may lack depth of management, be unable to generate funds necessary for growth or development, have limited product lines or be developing or marketing new products or services for which markets are not yet established and may never become established. Small capitalization companies may be particularly affected by interest rate increases, as they may find it more difficult to borrow money to continue or expand operations, or may have difficulty in repaying loans, particularly those with floating interest rates.

Foreign Securities (non-U.S.)

Investing in foreign securities typically involves more risks than investing in U.S. securities. Certain of these risks also may apply to securities of U.S. companies with significant foreign operations.

Currency exchange rates. Foreign securities may be issued and traded in foreign currencies. As a result, their market values in U.S. dollars may be affected by changes in exchange rates between such foreign currencies and the U.S. dollar, as well as between currencies of countries other than the U.S. For example, if the value of the U.S. dollar goes up compared to a foreign currency, an investment traded in that foreign currency will go down in value because it will be worth fewer

U.S. dollars. The Fund accrues additional expenses when engaging in currency exchange transactions, and valuation of the Fund's foreign securities may be subject to greater risk because both the currency (relative to the U.S. dollar) and the security must be considered.

Political and economic developments. The political, economic and social policies or structures of some foreign countries may be less stable and more volatile than those in the United States. Investments in these countries may be subject to greater risks of internal and external conflicts, expropriation, nationalization of assets, foreign exchange controls (such as suspension of the ability to transfer currency from a given country), restrictions on removal of assets, political or social instability, military action or unrest, diplomatic developments, currency devaluations, foreign ownership limitations, and substantial, punitive or confiscatory tax increases. It is possible that a government may take over the assets or operations of a company or impose restrictions on the exchange or export of currency or other assets. Some countries also may have different legal systems that may make it difficult or expensive for the Fund to vote proxies, exercise shareholder rights, and pursue legal remedies with respect to its foreign investments. Diplomatic and political developments could affect the economies, industries, and securities and currency markets of the countries in which the Fund is invested. These developments include rapid and adverse political changes; social instability; regional conflicts; sanctions imposed by the United States, other nations or other governmental entities, including supranational entities; terrorism; and war. In addition, such developments could contribute to the devaluation of a country's currency, a downgrade in the credit ratings of issuers in such country, or a decline in the value and liquidity of securities of issuers in that country. An imposition of sanctions upon, or other government actions impacting, certain issuers in a country could result in (i) an immediate freeze of that issuer's securities, impairing the ability of the Fund to buy, sell, receive or deliver those securities or (ii) other limitations on the Fund's ability to invest or hold such securities. These factors would affect the value of the Fund's investments and are extremely difficult, if not impossible, to predict and take into account with respect to the Fund's investments.

Trading practices. Brokerage commissions, withholding taxes, custodial fees, and other fees generally are higher in foreign markets. The policies and procedures followed by foreign stock exchanges, currency markets, trading systems and brokers may differ from those applicable in the United States, with possibly negative consequences to the Fund. The procedures and rules governing foreign trading, settlement and custody (holding of the Fund's assets) also may result in losses or delays in payment, delivery or recovery of money or other property. Foreign government supervision and regulation of foreign securities and currency markets and trading systems may be less than or different from government

supervision in the United States, and may increase the Fund's regulatory and compliance burden and/or decrease the Fund's investor rights and protections.

Availability of information. Foreign issuers may not be subject to the same disclosure, accounting, auditing and financial reporting standards and practices as U.S. issuers. Thus, there may be less information publicly available about foreign issuers than about most U.S. issuers. In addition, information provided by foreign issuers may be less timely or less reliable than information provided by U.S. issuers.

Limited markets. Certain foreign securities may be less liquid (harder to sell) and their prices may be more volatile than many U.S. securities. Illiquidity tends to be greater, and valuation of the Fund's foreign securities may be more difficult, due to the infrequent trading and/or delayed reporting of quotes and sales.

Regional. Adverse conditions in a certain region or country can adversely affect securities of issuers in other countries whose economies appear to be unrelated. To the extent that the Fund invests a significant portion of its assets in a specific geographic region or a particular country, the Fund will generally have more exposure to the specific regional or country economic risks. In the event of economic or political turmoil or a deterioration of diplomatic relations in a region or country where a substantial portion of the Fund's assets are invested, the Fund may experience substantial illiquidity or reduction in the value of the Fund's investments.

The risk of investments in Europe may be heightened due to the current uncertainty concerning the economic consequences of Russia's military invasion of Ukraine in February 2022, which may increase market volatility.

Developing Markets

The risks of foreign investments typically are greater in less developed countries, sometimes referred to as developing or emerging markets. For example, the political, social, market regulation and economic structures and institutions in these countries, including those supporting the regulatory and legal systems and financial markets, may be less established and more vulnerable to corruption and fraud, and may change rapidly. These countries are more likely to experience high levels of inflation, deflation or currency devaluation, which can harm their economies and securities markets and increase volatility. In fact, short-term volatility in these markets and declines of 50% or more are not uncommon. Investments in less developed markets generally are subject to higher fees and expenses and exhibit greater price volatility and valuation challenges. They may be subject to greater risk of expropriation, nationalization, confiscatory or punitive taxation, and foreign investment and divestment restrictions. In addition, a developing market country may experience a devaluation of its currency, a downgrade in the credit ratings of issuers in the country, or a decline in the value and liquidity of securities of issuers

in that country if the United States, other nations or other governmental entities (including supranational entities) impose sanctions on issuers that limit or restrict foreign investment, the movement of assets or other economic activity in the country due to political, military or regional conflicts or due to terrorism or war.

Restrictions on currency trading that may be imposed by developing market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries. Finally, such securities markets are smaller, relatively less liquid and may not be as efficient or established in terms of settlement, custody and securities registration.

Value Style Investing

Value stock prices are considered "cheap" relative to the company's perceived value and are often out of favor with other investors. The investment manager may invest in such stocks if it believes the market may have overreacted to adverse developments or failed to appreciate positive changes. However, if other investors fail to recognize the company's value (and do not become buyers, or if they become sellers or favor investing in faster growing companies), value stocks may not increase in value as anticipated by the investment manager and may even decline in value.

Liquidity

Liquidity risk exists when the markets for particular securities or types of securities or other investments are or become relatively illiquid so that the Fund is unable, or it becomes more difficult for the Fund, to sell the security or other investment at the price at which the Fund has valued the security. Illiquidity may result from political, economic or issuer specific events; supply/demand imbalances; changes in a specific market's size or structure, including the number of participants; or overall market disruptions. Securities or other investments with reduced liquidity or that become illiquid may involve greater risk than securities with more liquid markets. Market prices or quotations for illiquid securities may be volatile, and there may be large spreads between bid and ask prices. Reduced liquidity may have an adverse impact on market price and the Fund's ability to sell particular securities when necessary to meet the Fund's liquidity needs, which may arise or increase in response to a specific economic event or because the investment manager wishes to purchase particular investments or believes that a higher level of liquidity would be advantageous. An investment may become illiquid if the Fund and its affiliates receive material non-public information about the issuer or the investment. To the extent that the Fund and its affiliates hold a significant portion of an issuer's outstanding securities, the Fund may be subject to greater liquidity risk than if the issuer's securities were more widely held.

Focus

The greater the Fund's exposure to any single type of investment – including investment in a given industry, sector, region, country, issuer, or type of security – the greater the losses the Fund may experience upon any single economic, market, business, political, regulatory, or other occurrence. As a result, there may be more fluctuation in the price of the Fund's shares.

Consumer discretionary companies. Companies operating within consumer discretionary related industries could be affected by, among other things, overall economic conditions, interest rates and disposable income. These companies typically face intense competition and are subject to fluctuating consumer confidence and consumer demand. Many of these companies compete aggressively on price, potentially affecting their long run profitability. Companies within consumer discretionary related industries may have extensive online operations. The online nature of these companies and their involvement in processing, storing and transmitting large amounts of data make these companies particularly vulnerable to cyber security risk. This includes threats to operational software and hardware, as well as theft of personal and transaction records and other customer data. In the event of a cyberattack, these companies could suffer serious adverse reputational and operational consequences, including liability and litigation.

Industrials. The stock prices of companies in the industrials sector are affected by supply and demand both for their specific product or service and for industrials sector products in general. Companies in the industrials sector may be adversely affected by changes in government regulation, world events and economic conditions. In addition, these companies are at risk for environmental damage and product liability claims. Companies in this sector could be adversely affected by commodity price volatility, changes in exchange rates, imposition of export or import controls, increased competition, depletion of resources, technological developments and labor relations.

Large Redemptions

The Fund may experience adverse effects when shareholders make large redemptions from the Fund that equate to a large percentage of the Fund's assets. Large redemptions may cause the Fund to sell portfolio securities at times when it would not otherwise do so, which could result in realized losses for the Fund. In addition, these transactions may also accelerate the realization of taxable income to shareholders if such sales of investments resulted in gains, and may also increase transaction costs and/or increase in the Fund's expense ratio. When experiencing a large redemption, the Fund may seek to delay payment of the redemption request up to seven days for a variety of reasons including to provide the investment manager with time to orderly process the request. If, however, the Fund is unable to delay the redemption request, for example, due to various

automated processes that can occur with respect to certain large redemptions, there is a risk of additional detriment to the Fund and its remaining shareholders.

Management

The Fund is actively managed and could experience losses if the investment manager's judgment about markets, interest rates or the attractiveness, relative values, liquidity, or potential appreciation of particular investments made for the Fund's portfolio prove to be incorrect. There can be no guarantee that these techniques or the investment manager's investment decisions will produce the desired results. Additionally, legislative, regulatory, or tax developments may affect the investment techniques available to the investment manager in connection with managing the Fund and may also adversely affect the ability of the Fund to achieve its investment goal.

ESG Considerations

ESG considerations are one of a number of factors that the investment manager examines when considering investments for the Fund's portfolio. In light of this, the issuers in which the Fund invests may not be considered ESG-focused issuers and may have lower or adverse ESG assessments. Consideration of ESG factors may affect the Fund's exposure to certain issuers or industries and may not work as intended. In addition, ESG considerations assessed as part of the Fund's investment process may vary across types of eligible investments and issuers. In certain circumstances, there may be times when not every investment is assessed for ESG factors and, when they are, not every ESG factor may be identified or evaluated. The investment manager's assessment of an issuer's ESG factors is subjective and will likely differ from that of investors, third party service providers (e.g., ratings providers) and other funds. As a result, securities selected by the investment manager may not reflect the beliefs and values of any particular investor. The investment manager also may be dependent on the availability of timely, complete and accurate ESG data reported by issuers and/or third-party research providers, the timeliness, completeness and accuracy of which is out of the investment manager's control. ESG factors are often not uniformly measured or defined, which could impact the investment manager's ability to assess an issuer. While the investment manager views ESG considerations as having the potential to contribute to the Fund's long-term performance, there is no guarantee that such results will be achieved.

Cybersecurity

Cybersecurity incidents, both intentional and unintentional, may allow an unauthorized party to gain access to Fund assets, Fund or customer data (including private shareholder information), or proprietary information, cause the Fund, the investment manager, and/or their service providers (including, but not limited to, Fund accountants, custodians, sub-custodians, transfer agents and financial intermediaries) to suffer data breaches, data corruption or loss of

operational functionality or prevent Fund investors from purchasing, redeeming or exchanging shares or receiving distributions. The investment manager has limited ability to prevent or mitigate cybersecurity incidents affecting third party service providers, and such third party service providers may have limited indemnification obligations to the Fund or the investment manager. Cybersecurity incidents may result in financial losses to the Fund and its shareholders, and substantial costs may be incurred in an effort to prevent or mitigate future cybersecurity incidents. Issuers of securities in which the Fund invests are also subject to cybersecurity risks, and the value of these securities could decline if the issuers experience cybersecurity incidents.

Because technology is frequently changing, new ways to carry out cyber attacks are always developing. Therefore, there is a chance that some risks have not been identified or prepared for, or that an attack may not be detected, which puts limitations on the Fund's ability to plan for or respond to a cyber attack. Like other funds and business enterprises, the Fund, the investment manager, and their service providers are subject to the risk of cyber incidents occurring from time to time.

More detailed information about the Fund and its policies and risks can be found in the Fund's Statement of Additional Information (SAI).

A description of the Fund's policies and procedures regarding the release of portfolio holdings information is also available in the Fund's SAI. Portfolio holdings information can be viewed online at ftinstitutional.com.

Management

Templeton Investment Counsel, LLC (Investment Counsel or investment manager), 300 S.E. 2nd Street, Fort Lauderdale, Florida 33301-1923, is the Fund's investment manager. Investment Counsel is an indirect, wholly-owned subsidiary of Franklin Resources, Inc. (Resources). Together, Investment Counsel and its affiliates manage, as of March 31, 2023, \$1.42 trillion in assets, and have been in the investment management business since 1947.

Under an agreement with Investment Counsel, Franklin Templeton Investments Corp. (FTIC), 200 King Street West, Suite 1500, Toronto, Ontario, Canada M5H 3T4, serves as the Fund's sub-advisor. FTIC provides Investment Counsel, with investment management advice and assistance. FTIC is an indirect subsidiary of Resources. For purposes of the Fund's investment strategies, techniques and risks, the term "investment manager" includes any sub-advisor.

The Fund is managed by a team of dedicated professionals focused on investments in equity securities. The portfolio managers of the Fund are as follows:

Harlan B. Hodes Executive Vice President/Portfolio Manager - Research Analyst of Investment Counsel

Mr. Hodes has been a lead portfolio manager of the Fund since 2007. He has primary responsibility for the investments of the Fund. He has final authority over all aspects of the Fund's investment portfolio, including but not limited to, purchases and sales of individual securities, portfolio risk assessment, and the management of daily cash balances in accordance with anticipated investment management requirements. The degree to which he may perform these functions, and the nature of these functions, may change from time to time. He joined Franklin Templeton in 2001.

David A. Tuttle, CFA Vice President/Portfolio Manager-Research Analyst of FTIC

Mr. Tuttle has been a portfolio manager of the Fund since 2021, providing research and advice on the purchases and sales of individual securities, and portfolio risk assessment. He joined Franklin Templeton in 2002.

Kyle Denning, CFA Portfolio Manager-Research Analyst of Investment Counsel

Mr. Denning has been a portfolio manager of the Fund since 2022 providing research and advice on the purchases and sales of individual securities, and portfolio risk assessment. He joined Franklin Templeton in 2019. Prior to joining, he was a senior research analyst at Hardman Johnston Global Advisors.

Katie Ylijoki, CFA Portfolio Manager-Research Analyst of Investment Counsel

Ms. Ylijoki has been a portfolio manager of the Fund since 2022 providing research and advice on the purchases and sales of individual securities, and portfolio risk assessment. She joined Franklin Templeton in 2006.

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The Fund's SAI provides additional information about portfolio manager compensation, other accounts that they manage and their ownership of Fund shares.

The Fund pays Investment Counsel a fee for managing the Fund's assets.

Investment Counsel has agreed to reduce its fees to reflect reduced services resulting from the Fund's investments in Franklin Templeton affiliated funds.

For the fiscal year ended December 31, 2022, the Fund paid Investment Counsel an effective management fee of 0.95% of the Fund's average net assets for investment management services.

A discussion regarding the basis for the board of trustees' approval of the Fund's investment management agreement is available in the Fund's semiannual report for the period ended June 30, 2022.

Manager of Managers Structure

The investment manager and the Trust have received an exemptive order from the SEC that allows the Fund to operate in a “manager of managers” structure whereby the investment manager can appoint and replace both wholly-owned and unaffiliated sub-advisors, and enter into, amend and terminate sub-advisory agreements with such sub-advisors, each subject to board approval but without obtaining prior shareholder approval (Manager of Managers Structure). The Fund will, however, inform shareholders of the hiring of any new sub-advisor within 90 days after the hiring. The SEC exemptive order provides the Fund with greater flexibility and efficiency and alleviates the need for the Fund to incur the expense and delays associated with obtaining shareholder approval of such sub-advisory agreements.

The use of the Manager of Managers Structure with respect to the Fund is subject to certain conditions that are set forth in the SEC exemptive order. Under the Manager of Managers Structure, the investment manager has the ultimate responsibility, subject to oversight by the Fund's board of trustees, to oversee sub-advisors and recommend their hiring, termination and replacement. The investment manager will also, subject to the review and approval of the Fund's board of trustees: set the Fund's overall investment strategy; evaluate, select and recommend sub-advisors to manage all or a portion of the Fund's assets; and implement procedures reasonably designed to ensure that each sub-advisor complies with the Fund's investment goal, policies and restrictions. Subject to review by the Fund's board of trustees, the investment manager will allocate and, when appropriate, reallocate the Fund's assets among sub-advisors and monitor and evaluate the sub-advisors' performance.

Financial Highlights

The Financial Highlights present the Fund's financial performance for the past five years or since its inception. Certain information reflects financial results for a single Fund share. The total returns represent the rate that an investor would have earned or lost on an investment in the Fund assuming reinvestment of dividends and capital gains. This information has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, whose report, along with the Fund's financial statements, are included in the annual report, which is available upon request.

Foreign Smaller Companies Series

	Year Ended December 31,				
	2022	2021	2020	2019	2018
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$21.80	\$23.03	\$21.40	\$17.96	\$25.08
Income from investment operations ^a :					
Net investment income ^b	0.31	0.28	0.17	0.30	0.37
Net realized and unrealized gains (losses)	(5.38)	2.07	1.74	3.79	(4.97)
Total from investment operations	(5.07)	2.35	1.91	4.09	(4.60)
Less distributions from:					
Net investment income	(0.32)	(0.28)	(0.22)	(0.37)	(0.21)
Net realized gains	(0.06)	(3.30)	(0.06)	(0.28)	(2.31)
Total distributions	(0.38)	(3.58)	(0.28)	(0.65)	(2.52)
Net asset value, end of year	\$16.35	\$21.80	\$23.03	\$21.40	\$17.96
Total return	(23.19)%	10.72%	8.95%	22.86%	(18.48)%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.02%	1.04%	1.04%	1.02%	1.01%
Expenses net of waiver and payments by affiliates	1.02% ^c	1.04% ^c	1.03%	1.02% ^c	1.00% ^d
Net investment income	1.76%	1.13%	0.87%	1.48%	1.54%
Supplemental data					
Net assets, end of year (000's)	\$353,380	\$739,717	\$725,098	\$782,971	\$739,576
Portfolio turnover rate	16.54%	31.09%	34.89%	39.48%	34.10%

a. The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations in the annual report 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.

b. Based on average daily shares outstanding.

c. Benefit of waiver and payments by affiliates rounds to less than 0.01%.

d. Benefit of expense reduction rounds to less than 0.01%.

International Equity Series

Investment Goal

The Fund's investment goal is long-term capital growth..

Principal Investment Policies and Practices

Under normal market conditions, the Fund invests at least 80% of its net assets in foreign (non-U.S.) equity securities. Shareholders will be given at least 60 days' advance notice of any change to the 80% policy.

The Fund invests predominantly in the equity securities of companies located outside the U.S. including companies located in developing market countries. The Fund primarily invests in common stocks. The Fund may invest in equity securities of any size company, across the entire market capitalization spectrum, including smaller and midsize companies.

For purposes of pursuing its investment goal, the Fund intends to enter into equity derivative instruments, including equity index futures contracts. The Fund uses these derivative instruments for investment purposes, including for cash management purposes and to generate income, to increase liquidity and/or to adjust the Fund's exposure to certain equity markets in a more efficient or less expensive way. A futures contract is a standard binding agreement that trades on an exchange to buy or sell a specified quantity of an underlying instrument or asset at a specified price at a specified later date. A "sale" of a futures contract means the acquisition of a contractual obligation to deliver the underlying instrument called for by the contract at a specified price on a specified date. A "purchase" of a futures contract means the acquisition of a contractual obligation to acquire a specified quantity of the underlying instrument called for by the contract at a specified price on a specified date. The purchase or sale of a futures contract will allow the Fund to increase or decrease its exposure to the underlying instrument or asset. Although most futures contracts used by the Fund allow for a cash payment of the net gain or loss on the contract at maturity in lieu of delivery of the underlying instruments, some require the actual delivery or acquisition of the underlying instrument or asset. The Fund may buy and sell futures contracts that trade on U.S. and foreign exchanges.

An equity security represents a proportionate share of the ownership of a company; its value is based on the success of the company's business and the value of its assets, as well as general market conditions. Common stocks, preferred stocks, convertible securities and related depositary receipts are examples of equity securities. Convertible securities generally are debt securities or preferred stock that may be converted into common stock after certain time periods or under certain circumstances. The Fund may invest in convertible securities without regard

to the ratings assigned by rating services. Depositary receipts are certificates typically issued by a bank or trust company that give their holders the right to receive securities issued by a foreign or domestic company.

The Fund, from time to time, may have significant investments in one or more countries or in particular sectors, such as the financial services sector.

When choosing equity investments for this Fund, the investment manager applies a "bottom-up," value-oriented, long-term approach, focusing on the market price of a company's securities relative to the investment manager's evaluation of the company's long-term earnings, asset value and cash flow potential. This includes an assessment by the investment manager of the potential impacts of material environmental, social and governance factors on the long-term risk and return profile of a company. The investment manager also considers a company's price/earnings ratio, profit margins and liquidation value.

In selecting securities for the Fund, the investment manager attempts to identify those companies that offer above-average opportunities for capital appreciation in various countries and industries where economic and political factors, including currency movements, are favorable to capital growth.

The investment manager may consider selling an equity security when it believes the security has become overvalued due to either its price appreciation or changes in the company's fundamentals, or when the investment manager believes another security is a more attractive investment opportunity.

Alongside traditional financial and economic analyses, the investment manager assesses the potential impacts of material environmental, social and governance (ESG) factors on an issuer, which the investment manager believes provide a measure of the issuer's sustainability. In analyzing ESG factors, the investment manager assesses whether an issuer's practices pose a material financial risk or opportunity. Consideration of ESG factors and risks is only one component of the investment manager's assessment of eligible investments and may not be a determinative factor in the investment manager's final decision on whether to invest in an issuer. In addition, the weight given to ESG factors may vary across types of investments, industries, regions and issuer, and ESG factors and weights considered may change over time. In certain circumstances, there may be times when not every investment is assessed for ESG factors and, when they are, not every ESG factor may be identified or evaluated.

Temporary Investments

When the investment manager believes market or economic conditions are unfavorable for investors, the investment manager may invest up to 100% of the Fund's assets in a temporary defensive manner by holding all or a substantial portion of its assets in cash, cash equivalents or other high quality short-term investments. Temporary defensive investments generally may include U.S. dollar

and non-dollar securities such as government securities, bank obligations, high quality commercial paper, repurchase agreements, money market shares (including shares of an affiliated money market fund) and other money market instruments. The investment manager also may invest in these types of securities or hold cash while looking for suitable investment opportunities or to maintain liquidity. In these circumstances, the Fund may be unable to achieve its investment goal.

Principal Risks

Market

The market values of securities or other investments owned by the Fund will go up or down, sometimes rapidly or unpredictably. The Fund's investments may decline in value due to factors affecting individual issuers (such as the results of supply and demand), or sectors within the securities markets. The value of a security or other investment also may go up or down due to general market conditions that are not specifically related to a particular issuer, such as real or perceived adverse economic conditions, changes in interest rates or exchange rates, or adverse investor sentiment generally. Furthermore, events involving limited liquidity, defaults, non-performance or other adverse developments that affect one industry, such as the financial services industry, or concerns or rumors about any events of these kinds, have in the past and may in the future lead to market-wide liquidity problems, may spread to other industries, and could negatively affect the value and liquidity of the Fund's investments. In addition, unexpected events and their aftermaths, such as the spread of diseases; natural, environmental or man-made disasters; financial, political or social disruptions; terrorism and war; and other tragedies or catastrophes, can cause investor fear and panic, which can adversely affect the economies of many companies, sectors, nations, regions and the market in general, in ways that cannot necessarily be foreseen. During a general downturn in the securities markets, multiple asset classes may decline in value. When markets perform well, there can be no assurance that securities or other investments held by the Fund will participate in or otherwise benefit from the advance.

The global outbreak of the novel strain of coronavirus, COVID-19 and its subsequent variants, has resulted in market closures and dislocations, extreme volatility, liquidity constraints and increased trading costs. The long-term impact on economies, markets, industries and individual issuers, are not known. Some sectors of the economy and individual issuers have experienced or may experience particularly large losses. Periods of extreme volatility in the financial markets; reduced liquidity of many instruments; and disruptions to supply chains, consumer demand and employee availability, may continue for some time. The U.S. government and the Federal Reserve, as well as certain foreign governments and central banks, have taken extraordinary actions to support local and global

economies and the financial markets in response to the COVID-19 pandemic. This and other government intervention into the economy and financial markets may not work as intended, and have resulted in a large expansion of government deficits and debt, the long term consequences of which are not known. In addition, the COVID-19 pandemic, and measures taken to mitigate its effects, could result in disruptions to the services provided to the Fund by its service providers.

Stock prices tend to go up and down more dramatically than those of debt securities. A slower-growth or recessionary economic environment could have an adverse effect on the prices of the various stocks held by the Fund.

Foreign Securities (non-U.S.)

Investing in foreign securities typically involves more risks than investing in U.S. securities. Certain of these risks also may apply to securities of U.S. companies with significant foreign operations.

Currency exchange rates. Foreign securities may be issued and traded in foreign currencies. As a result, their market values in U.S. dollars may be affected by changes in exchange rates between such foreign currencies and the U.S. dollar, as well as between currencies of countries other than the U.S. For example, if the value of the U.S. dollar goes up compared to a foreign currency, an investment traded in that foreign currency will go down in value because it will be worth fewer U.S. dollars. The Fund accrues additional expenses when engaging in currency exchange transactions, and valuation of the Fund's foreign securities may be subject to greater risk because both the currency (relative to the U.S. dollar) and the security must be considered.

Political and economic developments. The political, economic and social policies or structures of some foreign countries may be less stable and more volatile than those in the United States. Investments in these countries may be subject to greater risks of internal and external conflicts, expropriation, nationalization of assets, foreign exchange controls (such as suspension of the ability to transfer currency from a given country), restrictions on removal of assets, political or social instability, military action or unrest, diplomatic developments, currency devaluations, foreign ownership limitations, and substantial, punitive or confiscatory tax increases. It is possible that a government may take over the assets or operations of a company or impose restrictions on the exchange or export of currency or other assets. Some countries also may have different legal systems that may make it difficult or expensive for the Fund to vote proxies, exercise shareholder rights, and pursue legal remedies with respect to its foreign investments. Diplomatic and political developments could affect the economies, industries, and securities and currency markets of the countries in which the Fund is invested. These developments include rapid and adverse political changes; social instability; regional conflicts; sanctions imposed by the United States, other

nations or other governmental entities, including supranational entities; terrorism; and war. In addition, such developments could contribute to the devaluation of a country's currency, a downgrade in the credit ratings of issuers in such country, or a decline in the value and liquidity of securities of issuers in that country. An imposition of sanctions upon, or other government actions impacting, certain issuers in a country could result in (i) an immediate freeze of that issuer's securities, impairing the ability of the Fund to buy, sell, receive or deliver those securities or (ii) other limitations on the Fund's ability to invest or hold such securities. These factors would affect the value of the Fund's investments and are extremely difficult, if not impossible, to predict and take into account with respect to the Fund's investments.

Trading practices. Brokerage commissions, withholding taxes, custodial fees, and other fees generally are higher in foreign markets. The policies and procedures followed by foreign stock exchanges, currency markets, trading systems and brokers may differ from those applicable in the United States, with possibly negative consequences to the Fund. The procedures and rules governing foreign trading, settlement and custody (holding of the Fund's assets) also may result in losses or delays in payment, delivery or recovery of money or other property. Foreign government supervision and regulation of foreign securities and currency markets and trading systems may be less than or different from government supervision in the United States, and may increase the Fund's regulatory and compliance burden and/or decrease the Fund's investor rights and protections.

Availability of information. Foreign issuers may not be subject to the same disclosure, accounting, auditing and financial reporting standards and practices as U.S. issuers. Thus, there may be less information publicly available about foreign issuers than about most U.S. issuers. In addition, information provided by foreign issuers may be less timely or less reliable than information provided by U.S. issuers.

Limited markets. Certain foreign securities may be less liquid (harder to sell) and their prices may be more volatile than many U.S. securities. Illiquidity tends to be greater, and valuation of the Fund's foreign securities may be more difficult, due to the infrequent trading and/or delayed reporting of quotes and sales.

Regional. Adverse conditions in a certain region or country can adversely affect securities of issuers in other countries whose economies appear to be unrelated. To the extent that the Fund invests a significant portion of its assets in a specific geographic region or a particular country, the Fund will generally have more exposure to the specific regional or country economic risks. In the event of economic or political turmoil or a deterioration of diplomatic relations in a region or country where a substantial portion of the Fund's assets are invested, the Fund may experience substantial illiquidity or reduction in the value of the Fund's investments.

The risk of investments in Europe may be heightened due to the current uncertainty concerning the economic consequences of Russia's military invasion of Ukraine in February 2022, which may increase market volatility.

Developing market countries. The Fund's investments in securities of issuers in developing market countries are subject to all of the risks of foreign investing generally, and have additional heightened risks due to a lack of established legal, political, business and social frameworks to support securities markets. Some of the additional significant risks include:

- less social, political and economic stability;
- a higher possibility of the devaluation of a country's currency, a downgrade in the credit ratings of issuers in such country, or a decline in the value and liquidity of securities of issuers in that country if the United States, other nations or other governmental entities (including supranational entities) impose sanctions on issuers that limit or restrict foreign investment, the movement of assets or other economic activity in the country due to political, military or regional conflicts or due to terrorism or war;
- smaller securities markets with low or non-existent trading volume and greater illiquidity and price volatility;
- more restrictive national policies on foreign investment, including restrictions on investment in issuers or industries deemed sensitive to national interests;
- less transparent and established taxation policies;
- less developed regulatory or legal structures governing private and foreign investment or allowing for judicial redress for injury to private property, such as bankruptcy;
- less familiarity with a capital market structure or market-oriented economy and more widespread corruption and fraud;
- less financial sophistication, creditworthiness and/or resources possessed by, and less government regulation of, the financial institutions and issuers with which the Fund transacts;
- less government supervision and regulation of business and industry practices, stock exchanges, brokers and listed companies than in the U.S.;
- greater concentration in a few industries resulting in greater vulnerability to regional and global trade conditions;
- higher rates of inflation and more rapid and extreme fluctuations in inflation rates;
- greater sensitivity to interest rate changes;

- increased volatility in currency exchange rates and potential for currency devaluations and/or currency controls;
- greater debt burdens relative to the size of the economy;
- more delays in settling portfolio transactions and heightened risk of loss from share registration and custody practices; and
- less assurance that when favorable economic developments occur, they will not be slowed or reversed by unanticipated economic, political or social events in such countries.

Because of the above factors, the Fund's investments in developing market countries may be subject to greater price volatility and illiquidity than investments in developed markets.

Value Style Investing

Value stock prices are considered "cheap" relative to the company's perceived value and are often out of favor with other investors. The investment manager may invest in such stocks if it believes the market may have overreacted to adverse developments or failed to appreciate positive changes. However, if other investors fail to recognize the company's value (and do not become buyers, or if they become sellers or favor investing in faster growing companies), value stocks may not increase in value as anticipated by the investment manager and may even decline in value.

Focus

The greater the Fund's exposure to any single type of investment – including investment in a given industry, sector, region, country, issuer, or type of security – the greater the losses the Fund may experience upon any single economic, market, business, political, regulatory, or other occurrence. As a result, there may be more fluctuation in the price of the Fund's shares.

Small Capitalization and Mid Capitalization Companies

While investments in small and mid capitalization companies may offer substantial opportunities for capital growth, they also may involve more risks than larger capitalization companies. Historically, small and mid capitalization company securities have been more volatile in price than larger company securities, especially over the short term. Among the reasons for the greater price volatility are the less certain growth prospects of small and mid capitalization companies, the lower degree of liquidity in the markets for such securities, and the greater sensitivity of small and mid capitalization companies to changing economic conditions.

In addition, small and mid capitalization companies may lack depth of management, be unable to generate funds necessary for growth or development, have limited product lines or be developing or marketing new products or services

for which markets are not yet established and may never become established. Small and mid capitalization companies may be particularly affected by interest rate increases, as they may find it more difficult to borrow money to continue or expand operations, or may have difficulty in repaying loans, particularly those with floating interest rates.

Derivative Instruments

The performance of derivative instruments depends largely on the performance of an underlying instrument, such as an index, and such instruments often have risks similar to the underlying instrument, in addition to other risks. Derivative instruments involve costs and can create economic leverage in the Fund's portfolio, which may result in significant volatility and cause the Fund to participate in losses (as well as gains) in an amount that significantly exceeds the Fund's initial investment. Other risks include illiquidity, mispricing or improper valuation of the derivative instrument, and imperfect correlation between the value of the derivative and the underlying instrument so that the Fund may not realize the intended benefits. Their successful use will usually depend on the investment manager's ability to accurately forecast movements in the market relating to the underlying instrument. Should a market or markets, or prices of particular classes of investments move in an unexpected manner, especially in unusual or extreme market conditions, the Fund may not realize the anticipated benefits of the transaction, and it may realize losses, which could be significant. If the investment manager is not successful in using such derivative instruments, the Fund's performance may be worse than if the investment manager did not use such derivative instruments at all.

Investors should bear in mind that, while the Fund may use derivative strategies, it is not obligated to actively engage in these transactions, generally or in any particular kind of derivative, if the investment manager elects not to do so due to availability, cost or other factors. The use of derivative strategies may also have a tax impact on the Fund. The timing and character of income, gains or losses from these strategies could impair the ability of the investment manager to use derivatives when it wishes to do so.

Depository Receipts

Depository receipts are subject to many of the risks of the underlying security. For some depository receipts, the custodian or similar financial institution that holds the issuer's shares in a trust account is located in the issuer's home country. The Fund could be exposed to the credit risk of the custodian or financial institution, and in cases where the issuer's home country does not have developed financial markets, greater market risk. In addition, the depository institution may not have physical custody of the underlying securities at all times and may charge fees for various services, including forwarding dividends and interest and corporate actions. The Fund would be expected to pay a share of the additional fees, which it would not

pay if investing directly in the foreign securities. The Fund may experience delays in receiving its dividend and interest payments or exercising rights as a shareholder.

Large Redemptions

The Fund may experience adverse effects when shareholders make large redemptions from the Fund that equate to a large percentage of the Fund's assets. Large redemptions may cause the Fund to sell portfolio securities at times when it would not otherwise do so, which could result in realized losses for the Fund. In addition, these transactions may also accelerate the realization of taxable income to shareholders if such sales of investments resulted in gains, and may also increase transaction costs and/or increase in the Fund's expense ratio. When experiencing a large redemption, the Fund may seek to delay payment of the redemption request up to seven days for a variety of reasons including to provide the investment manager with time to orderly process the request. If, however, the Fund is unable to delay the redemption request, for example, due to various automated processes that can occur with respect to certain large redemptions, there is a risk of additional detriment to the Fund and its remaining shareholders.

Management

The Fund is actively managed and could experience losses if the investment manager's judgment about markets, interest rates or the attractiveness, relative values, liquidity, or potential appreciation of particular investments made for the Fund's portfolio prove to be incorrect. There can be no guarantee that these techniques or the investment manager's investment decisions will produce the desired results. Additionally, legislative, regulatory, or tax developments may affect the investment techniques available to the investment manager in connection with managing the Fund and may also adversely affect the ability of the Fund to achieve its investment goal.

ESG Considerations

ESG considerations are one of a number of factors that the investment manager examines when considering investments for the Fund's portfolio. In light of this, the issuers in which the Fund invests may not be considered ESG-focused issuers and may have lower or adverse ESG assessments. Consideration of ESG factors may affect the Fund's exposure to certain issuers or industries and may not work as intended. In addition, ESG considerations assessed as part of the Fund's investment process may vary across types of eligible investments and issuers. In certain circumstances, there may be times when not every investment is assessed for ESG factors and, when they are, not every ESG factor may be identified or evaluated. The investment manager's assessment of an issuer's ESG factors is subjective and will likely differ from that of investors, third party service providers (e.g., ratings providers) and other funds. As a result, securities selected by the investment manager may not reflect the beliefs and values of any particular

investor. The investment manager also may be dependent on the availability of timely, complete and accurate ESG data reported by issuers and/or third-party research providers, the timeliness, completeness and accuracy of which is out of the investment manager's control. ESG factors are often not uniformly measured or defined, which could impact the investment manager's ability to assess an issuer. While the investment manager views ESG considerations as having the potential to contribute to the Fund's long-term performance, there is no guarantee that such results will be achieved.

Cybersecurity

Cybersecurity incidents, both intentional and unintentional, may allow an unauthorized party to gain access to Fund assets, Fund or customer data (including private shareholder information), or proprietary information, cause the Fund, the investment manager, and/or their service providers (including, but not limited to, Fund accountants, custodians, sub-custodians, transfer agents and financial intermediaries) to suffer data breaches, data corruption or loss of operational functionality or prevent Fund investors from purchasing, redeeming or exchanging shares or receiving distributions. The investment manager has limited ability to prevent or mitigate cybersecurity incidents affecting third party service providers, and such third party service providers may have limited indemnification obligations to the Fund or the investment manager. Cybersecurity incidents may result in financial losses to the Fund and its shareholders, and substantial costs may be incurred in an effort to prevent or mitigate future cybersecurity incidents. Issuers of securities in which the Fund invests are also subject to cybersecurity risks, and the value of these securities could decline if the issuers experience cybersecurity incidents.

Because technology is frequently changing, new ways to carry out cyber attacks are always developing. Therefore, there is a chance that some risks have not been identified or prepared for, or that an attack may not be detected, which puts limitations on the Fund's ability to plan for or respond to a cyber attack. Like other funds and business enterprises, the Fund, the investment manager, and their service providers are subject to the risk of cyber incidents occurring from time to time.

More detailed information about the Fund and its policies and risks can be found in the Fund's Statement of Additional Information (SAI).

A description of the Fund's policies and procedures regarding the release of portfolio holdings information is also available in the Fund's SAI. Portfolio holdings information can be viewed online at ftinstitutional.com.

Management

Templeton Investment Counsel, LLC (Investment Counsel or investment manager), 300 S.E. 2nd Street, Fort Lauderdale, Florida 33301-1923, is the Fund's investment manager. Investment Counsel is an indirect, wholly-owned subsidiary of Franklin Resources, Inc. (Resources). Together, Investment Counsel and its affiliates manage, as of March 31, 2023, \$1.42 trillion in assets, and have been in the investment management business since 1947.

The Fund is managed by a team of dedicated professionals focused on investments in foreign markets. The portfolio managers of the Fund are as follows:

Peter A. Nori, CFA Executive Vice President/Portfolio Manager-Research Analyst of Investment Counsel

Mr. Nori has been a portfolio manager of the Fund since 1999 and lead portfolio manager since August 2022. He has primary responsibility for the investments of the Fund. He has final authority over all aspects of the Fund's investment portfolio, including but not limited to, purchases and sales of individual securities, portfolio risk assessment, and the management of daily cash balances in accordance with anticipated investment management requirements. The degree to which he may perform these functions, and the nature of these functions, may change from time to time. He joined Franklin Templeton in 1987.

Matthew R. Nagle, CFA Portfolio Manager of Investment Counsel

Mr. Nagle has been a portfolio manager of the Fund since 2018, providing research and advice on the purchases and sales of individual securities, and portfolio risk assessment. He joined Franklin Templeton in 2003.

Heather Waddell, CFA Senior Vice President/Portfolio Manager - Research Analyst of Investment Counsel

Ms. Waddell has been a portfolio manager of the Fund since 2022, providing research and advice on the purchases and sales of individual securities, and portfolio risk assessment. She joined Franklin Templeton in 1996.

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The Fund's SAI provides additional information about portfolio manager compensation, other accounts that they manage and their ownership of Fund shares.

The Fund pays Investment Counsel a fee for managing the Fund's assets.

Investment Counsel has agreed to waive or limit its fees so that the Fund's investment management fee will not exceed 0.74%. Investment Counsel has also agreed to reduce its fees to reflect reduced services resulting from the Fund's investments in Franklin Templeton affiliated funds. These arrangements are expected to continue until April 30, 2024. During the terms, the fee waiver and

expense reimbursement agreements may not be terminated or amended without approval of the board of trustees except to reflect the extension of termination dates or to lower the waiver and expense limitation.

For the fiscal year ended December 31, 2022, the Fund paid Investment Counsel an effective management fee of 0.74% of the Fund's average net assets for management services.

A discussion regarding the basis for the board of trustees' approval of the Fund's investment management agreement is available in the Fund's semiannual report for the period ended June 30, 2022.

Financial Highlights

The Financial Highlights present the Fund's financial performance for the past five years or since its inception. Certain information reflects financial results for a single Fund share. The total returns represent the rate that an investor would have earned or lost on an investment in the Fund assuming reinvestment of dividends and capital gains. This information has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, whose report, along with the Fund's financial statements, are included in the annual report, which is available upon request.

International Equity Series - Primary Shares

	Year Ended December 31,				
	2022	2021	2020	2019	2018
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$11.96	\$15.22	\$15.54	\$14.87	\$21.99
Income from investment operations ^a :					
Net investment income ^b	0.26	0.26	1.03 ^c	0.64	0.42
Net realized and unrealized gains (losses)	(1.40)	0.55	(0.32)	1.06	(3.66)
Total from investment operations	(1.14)	0.81	0.71	1.70	(3.24)
Less distributions from:					
Net investment income	(0.10)	(1.46)	(0.67)	(1.02)	(0.42)
Net realized gains	(0.53)	(2.61)	(0.36)	(0.01)	(3.46)
Total distributions	(0.63)	(4.07)	(1.03)	(1.03)	(3.88)
Net asset value, end of year	\$10.19	\$11.96	\$15.22	\$15.54	\$14.87
Total return	(9.23)%	5.75%	5.30%	11.57%	(14.87)%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.87%	0.94%	0.87%	0.82%	0.80%
Expenses net of waiver and payments by affiliates	0.83%	0.91%	0.84%	0.82% ^d	0.80% ^{d,e}
Net investment income	2.35%	1.64%	7.51% ^c	4.13%	1.98%
Supplemental data					
Net assets, end of year (000's)	\$196,051	\$386,291	\$447,139	\$1,695,980	\$2,785,308
Portfolio turnover rate	46.42%	44.73%	89.34%	36.83% ^f	25.60% ^f

a. The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations in the annual report 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.

b. Based on average daily shares outstanding.

c. Net investment income per share includes approximately \$0.77 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 1.86% and total return would have been (0.03)%.

d. Benefit of waiver and payments by affiliates rounds to less than 0.01%.

e. Benefit of expense reduction rounds to less than 0.01%.

f. Excludes the value of portfolio activity as a result of in-kind transactions.

International Equity Series - Service Shares

	Year Ended December 31,				
	2022	2021	2020	2019	2018
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$12.24	\$15.48	\$15.79	\$14.97	\$22.07
Income from investment operations ^a :					
Net investment income ^b	0.20	0.24	1.17 ^c	0.98	0.38
Net realized and unrealized gains (losses)	(1.38)	0.58	(0.47)	0.70	(3.66)
Total from investment operations	(1.18)	0.82	0.70	1.68	(3.28)
Less distributions from:					
Net investment income	(0.08)	(1.45)	(0.65)	(0.85)	(0.36)
Net realized gains	(0.53)	(2.61)	(0.36)	(0.01)	(3.46)
Total distributions	(0.61)	(4.06)	(1.01)	(0.86)	(3.82)
Net asset value, end of year	\$10.45	\$12.24	\$15.48	\$15.79	\$14.97
Total return	(9.29)%	5.69%	5.16%	11.34%	(15.01)%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.01%	1.04%	1.01%	0.97%	0.95%
Expenses net of waiver and payments by affiliates	0.97%	1.00%	0.98%	0.97% ^d	0.95% ^{d,e}
Net investment income	1.71%	1.52%	8.42% ^c	3.98%	1.83%
Supplemental data					
Net assets, end of year (000's)	\$123	\$521	\$448	\$700	\$5,375
Portfolio turnover rate	46.42%	44.73%	89.34%	36.83% ^f	25.60% ^f

a. The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations in the annual report 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.

b. Based on average daily shares outstanding.

c. Net investment income per share includes approximately \$0.78 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 2.77% and total return would have been (0.14)%.

d. Benefit of waiver and payments by affiliates rounds to less than 0.01%.

e. Benefit of expense reduction rounds to less than 0.01%.

f. Excludes the value of portfolio activity as a result of in-kind transactions.

Distributions and Taxes

The information is provided with respect to each Fund (hereafter the "Fund").

Income and Capital Gain Distributions

As a regulated investment company, the Fund generally pays no federal income tax on the income and gains it distributes to you. The Fund intends to pay income dividends at least twice annually from its net investment income. Capital gains, if any, may be paid at least annually. The Fund may distribute income dividends and capital gains more frequently, if necessary, in order to reduce or eliminate federal excise or income taxes on the Fund. The amount of any distribution will vary, and there is no guarantee the Fund will pay either income dividends or capital gain distributions. Your income dividends and capital gain distributions will be automatically reinvested in additional shares at net asset value (NAV) unless you elect to receive them in cash.

Annual statements. After the close of each calendar year, you will receive tax information from the Fund with respect to the federal income tax treatment of the Fund's distributions and any taxable sales or exchanges of Fund shares occurring during the prior calendar year. If the Fund finds it necessary to reclassify its distributions or adjust the cost basis of any covered shares sold or exchanged after you receive your tax information, the Fund will send you revised tax information. Distributions declared in October, November or December to shareholders of record in such month and paid in January are taxable as if they were paid in December. Additional tax information about the Fund's distributions is available at ftinstitutional.com.

Avoid "buying a dividend." At the time you purchase your Fund shares, the Fund's net asset value may reflect undistributed income, undistributed capital gains, or net unrealized appreciation in the value of the portfolio securities held by the Fund. For taxable investors, a subsequent distribution to you of such amounts, although constituting a return of your investment, would be taxable. Buying shares in the Fund just before it declares an income dividend or capital gain distribution is sometimes known as "buying a dividend."

Tax Considerations

If you are a taxable investor, Fund distributions are generally taxable to you as ordinary income, capital gains or some combination of both. This is the case whether you reinvest your distributions in additional Fund shares or receive them in cash.

Dividend income. Income dividends are generally subject to tax at ordinary rates. Income dividends reported by the Fund to shareholders as qualified dividend income may be subject to tax by individuals at reduced long-term capital gains tax rates provided certain holding period requirements are met. A return-of-capital

distribution is generally not taxable but will reduce the cost basis of your shares, and will result in a higher capital gain or a lower capital loss when you later sell your shares.

Capital gains. Fund distributions of short-term capital gains are also subject to tax at ordinary rates. Fund distributions of long-term capital gains are taxable at the reduced long-term capital gains rates no matter how long you have owned your Fund shares. For single individuals with taxable income not in excess of \$44,625 in 2023 (\$89,250 for married individuals filing jointly), the long-term capital gains tax rate is 0%. For single individuals and joint filers with taxable income in excess of these amounts but not more than \$492,300 or \$553,850, respectively, the long-term capital gains tax rate is 15%. The rate is 20% for single individuals with taxable income in excess of \$492,300 and married individuals filing jointly with taxable income in excess of \$553,850. An additional 3.8% Medicare tax may also be imposed as discussed below.

Sales of Fund shares. When you sell your shares in the Fund, or exchange them for shares of a different Franklin Templeton or Legg Mason fund, you will generally recognize a taxable capital gain or loss. If you have owned your Fund shares for more than one year, any net long-term capital gains will qualify for the reduced rates of taxation on long-term capital gains. An exchange of your shares in one class of the Fund for shares of another class of the same Fund is not taxable and no gain or loss will be reported on the transaction.

Cost basis reporting. If you acquire shares in the Fund on or after January 1, 2012, generally referred to as “covered shares,” and sell or exchange them after that date, the Fund is generally required to report cost basis information to you and the IRS annually. The Fund will compute the cost basis of your covered shares using the average cost method, the Fund’s “default method,” unless you contact the Fund to select a different method, or choose to specifically identify your shares at the time of each sale or exchange. If your account is held by your financial advisor or other broker-dealer, that firm may select a different default method. In these cases, please contact the firm to obtain information with respect to the available methods and elections for your account. Shareholders should carefully review the cost basis information provided by the Fund and make any additional basis, holding period or other adjustments that are required when reporting these amounts on their federal and state income tax returns. Additional information about cost basis reporting is available at franklintempleton.com/costbasis.

Medicare tax. An additional 3.8% Medicare tax is imposed on certain net investment income (including ordinary dividends and capital gain distributions received from the Fund and net gains from redemptions or other taxable dispositions of Fund shares) of U.S. individuals, estates and trusts to the extent that such person’s “modified adjusted gross income” (in the case of an individual) or “adjusted gross income” (in the case of an estate or trust) exceeds a threshold

amount. Any liability for this additional Medicare tax is reported on, and paid with, your federal income tax return.

Backup withholding. A shareholder may be subject to backup withholding on any distributions of income capital gains or proceeds from the sale or exchange of Fund shares if the shareholder has provided either an incorrect tax identification number or no number at all, is subject to backup withholding by the IRS for failure to properly report payments of interest or dividends, has failed to certify that the shareholder is not subject to backup withholding, or has not certified that the shareholder is a U.S. person (including a U.S. resident alien). The backup withholding rate is currently 24%. State backup withholding may also apply.

State, local and foreign taxes. Distributions of ordinary income and capital gains, and gains from the sale of your Fund shares, are generally subject to state and local taxes. If the Fund qualifies, it may elect to pass through to you as a foreign tax credit or deduction any foreign taxes that it pays on its investments.

Non-U.S. investors. Non-U.S. investors may be subject to U.S. withholding tax at 30% or a lower treaty rate on Fund dividends of ordinary income. Non-U.S. investors may be subject to U.S. estate tax on the value of their shares. They are subject to special U.S. tax certification requirements to avoid backup withholding, claim any exemptions from withholding and claim any treaty benefits. Exemptions from U.S. withholding tax are generally provided for capital gains realized on the sale of Fund shares, capital gain dividends paid by the Fund from net long-term capital gains, short-term capital gain dividends paid by the Fund from net short-term capital gains and interest-related dividends paid by the Fund from its qualified net interest income from U.S. sources. However, notwithstanding such exemptions from U.S. withholding tax at source, any such dividends and distributions of income and capital gains will be subject to backup withholding at a rate of 24% if you fail to properly certify that you are not a U.S. person.

Other reporting and withholding requirements. Payments to a shareholder that is either a foreign financial institution or a non-financial foreign entity within the meaning of the Foreign Account Tax Compliance Act (FATCA) may be subject to a 30% withholding tax on income dividends paid by the Fund. The FATCA withholding tax generally can be avoided by such foreign entity if it provides the Fund, and in some cases, the IRS, information concerning the ownership of certain foreign financial accounts or other appropriate certifications or documentation concerning its status under FATCA. The Fund may be required to report certain shareholder account information to the IRS, non-U.S. taxing authorities or other parties to comply with FATCA.

Other tax information. This discussion of "Distributions and Taxes" is for general information only and is not tax advice. You should consult your own tax advisor regarding your particular circumstances, and about any federal, state, local and

foreign tax consequences before making an investment in the Fund. Additional information about the tax consequences of investing in the Fund may be found in the SAI.

Your Account

Qualified Investors

The following investors or investments qualify to buy shares of the Fund:

- **Advisory Fee Programs.** Shares acquired by an investor in connection with a comprehensive fee or other advisory fee arrangement between the investor and a registered broker-dealer, investment advisor, trust company, bank, or other financial intermediary (referred to as the “Sponsor”) in which the investor pays that Sponsor a fee for investment advisory services and the Sponsor or a broker-dealer through whom the shares are acquired has an agreement with Distributors authorizing the sale of Fund shares. No minimum initial investment.
- Governments, municipalities, and tax-exempt entities that meet the requirements for qualification under section 501 of the Internal Revenue Code when purchasing direct from the Fund.
- Current employees of securities dealers that have executed a selling agreement with Franklin Distributors, LLC (Distributors) and their affiliates and their family members, as allowed by the internal policies of their employer.
- Current and former officers, trustees, directors, and full-time employees (and, in each case, their family members) of Franklin Templeton or Franklin Templeton funds (including any foundation, trust or benefit plan maintained, owned, controlled, or established by or for any such person), consistent with our then-current policies. Minimum initial investment: \$1,000 (\$25 for accounts with an automatic investment plan).
- Assets held in accounts managed by a subsidiary of Franklin Resources, Inc.: (1) under an advisory agreement (including sub-advisory agreements); and/or (2) as trustee of an inter vivos or testamentary trust.
- Employer Sponsored Retirement Plans (“Plans” or individually, “Plan”) that invest through a record-keeper or third party retirement platform.
- Plans with aggregate plan assets of \$1 million or more invested directly with Franklin Templeton funds.
- Purchases by a bank, trust company or thrift institution that is acting as a fiduciary exercising investment discretion.
- Any trust or plan established as part of a qualified tuition program under Section 529 of the Internal Revenue Code.
- An individual or entity associated with a current customer of Franklin Templeton Institutional, LLC (FTI, LLC) or Franklin Templeton Portfolio

Advisors, Inc. (FTPA) if approved by FTI, LLC or FTPA in consultation with its customer.

- Unaffiliated U.S. registered mutual funds, including those that operate as "fund of funds."
- Assets held in accounts under the recommendation of an investment consultant provided that (1) assets are held with a firm unaffiliated with the investment consultant's firm; (2) the investment consultant is under a retainer or other similar fee arrangement with its clients; (3) the client is not an individual; and (4) a subsidiary of Franklin Resources, Inc. approves the investment.
- Clients of financial intermediaries who have entered into an agreement with Distributors and have been approved by Distributors to offer Fund shares through a network, platform, or self-directed investment brokerage account that may charge a transaction or other fee to customers. Minimum initial investment \$100,000, unless otherwise waived by Distributors.

Certain Franklin Templeton funds offer multiple share classes not offered by the Funds. Please note that for selling or exchanging your shares, or for other purposes, the Fund's shares including International Equity - Primary and Service Shares, are considered Advisor Class shares.

Waivers for Exchanges between Classes of the Same Fund Financial Intermediary Exchanges between Classes of the Same Fund. Exchanges between Classes of the same Fund as described below generally will be tax-free for federal income tax purposes. You should also consult with your tax advisor regarding the state and local tax consequences of such an exchange of Fund shares. These exchange privileges are subject to termination and may be amended from time to time.

Advisory Programs Eligible for Advisor Class or Class Z shares. Class A and Class C shares purchased by accounts participating in certain programs sponsored by and/or controlled by financial intermediaries ("Advisory Programs") may be exchanged by the financial intermediary on behalf of the shareholder for Advisor Class shares of the same Fund under certain circumstances, including such Advisory Program's eligibility to purchase Advisor Class shares of the Fund. If a shareholder that holds Advisor Class shares of a Fund no longer participates in an Advisory Program, the Advisor Class shares held by the shareholder may be exchanged by the financial intermediary on behalf of the shareholder for Class A shares of the same Fund under certain circumstances. In this case, the shareholder would be subject to ongoing Rule 12b-1 fees to which it was not previously subject. All such exchanges are initiated by the financial intermediary and not the Fund and the Fund does not have information or oversight with respect to such exchanges. Such exchanges will be on the basis of each Class' NAV per share, without the imposition of any sales charge, fee or other charge. Unless otherwise permitted, any CDSC owed must be paid on Class A and C shares that you wish to exchange.

Aggregate assets invested with Franklin Templeton. Franklin Templeton maintains the right to aggregate assets invested in Franklin Templeton funds to allow investors to meet the Fund's investment minimums.

Franklin Templeton and Legg Mason funds include all of the U.S. registered mutual funds of Franklin Templeton and Legg Mason funds and include BrandywineGLOBAL funds, Clearbridge Investment funds, Martin Currie funds and Western Asset funds. They do not include the funds in the Franklin Templeton Variable Insurance Products Trust, Legg Mason Partners Variable Equity Trust, Legg Mason Partners Variable Income Trust or Legg Mason Partners Money Market Trust (except for shares held in Distributor Accounts).

Servicing Fees

International Equity Series - Service Shares may pay up to 0.15% to sponsors or consultants for servicing services that they provide to certain investment plans.

Buying Shares

Orders mailed to Distributors by dealers or individual investors do not require advance notice. Checks or negotiable bank drafts must be in U.S. currency drawn on a commercial bank in the U.S. and, if over \$100,000, may not be deemed to have been received until the proceeds have been collected, unless the check is certified or issued by such bank. Any purchase order may be rejected by Distributors or by Templeton Institutional Funds.

Shares of the Fund may be purchased with securities, if approved in advance by the Trust. Securities used to purchase Fund shares must be appropriate investments for the Fund, consistent with its investment objective, policies and limitations, as determined by the Trust, and must have readily available market quotations. The securities will be valued in accordance with the Trust's policy for calculating net asset value (NAV), determined as of the close of the day on which the securities are received by the Fund in salable form. A prospective shareholder will receive shares of the Fund next computed after such receipt. To obtain the approval of the Trust for an in-kind purchase, call Institutional Services. Investors who are affiliated persons of the Trust (as defined in the Investment Company Act of 1940, as amended) or who are separate account clients of the investment manager or its affiliates may not purchase shares in this manner absent SEC approval.

Please note that you generally may only buy shares (including the purchase side of an exchange) of a fund eligible for sale in your state or jurisdiction. The Fund and other Franklin Templeton funds are intended for sale to residents of the United States, and, with very limited exceptions, are not registered or otherwise offered for sale in other jurisdictions.

In particular, the Fund is not registered in any provincial or territorial jurisdiction in Canada, and shares of the Fund have not been qualified for sale in any Canadian jurisdiction. The shares offered by this prospectus generally may not be directly or indirectly offered or sold in any provincial or territorial jurisdiction in Canada or to or for the benefit of residents thereof. Prospective investors may be required to declare that they are not Canadian residents and are not acquiring shares on behalf of any Canadian residents. Similarly, the Fund is not registered, and shares of the Fund have not been qualified for distribution, in any member country of the European Union (EU) or European Economic Area (EEA), and generally may not be directly or indirectly offered or distributed in any such country. If an investor becomes a Canadian, EU or EEA resident after purchasing shares of the Fund, the investor may not be able to purchase any additional shares of the Fund (other than reinvestment of dividends and capital gains) or exchange shares of the Fund for other U.S. registered Franklin Templeton and Legg Mason funds.

Account Application

If you are opening a new account, please complete and sign an account application. In the case of International Equity Series make sure you indicate the share class you have chosen. We do not accept cash, third-party checks, credit card convenience checks, pre-paid debit cards, non-bank money orders, travelers checks or checks drawn on foreign banks as forms of payment to purchase shares.

Buying Shares

Through your investment representative

By Mail

By Wire
(800) 321-8563
or (916) 463-5078 collect

By Exchange

Franklin Templeton Institutional Services
P.O. Box 33030
St. Petersburg, FL 33733-8030
Call toll-free: (800) 321-8563

Opening an account	Adding to an account
<p>Contact your investment representative</p> <p>Make your check, Federal Reserve Draft or negotiable bank draft payable to the Fund</p> <p>Mail the check, Federal Reserve Draft or negotiable bank draft and your signed account application.</p>	<p>Contact your investment representative</p> <p>Make your check, Federal Reserve Draft or negotiable bank draft payable to the Fund. Include your account number on the check or draft.</p> <p>Fill out the deposit slip from your account statement. If you do not have a slip, include a note with your name, the Fund name, and your account number.</p> <p>Mail the check, Federal Reserve Draft or negotiable bank draft and deposit slip or note to Institutional Services.</p>
<p>Call to receive a wire control number and wire instructions.</p> <p>Wire the funds and mail your signed account application to Institutional Services. Please include the wire control number or your new account number on the application.</p> <p>To make a same day wire investment, the wired funds must be received and accepted by us prior to 1 p.m. Pacific time or the regularly scheduled close of the New York Stock Exchange, whichever is earlier.</p>	<p>Call to receive a wire control number and wire instructions.</p> <p>To make a same day wire investment, the wired funds must be received and accepted by us prior to 1 p.m. Pacific time or the regularly scheduled close of the New York Stock Exchange, whichever is earlier.</p>
<p>Call Institutional Services at (800) 321-8563, or send signed written instructions.</p> <p>(Please see "Exchanging Shares" for more information on exchanges.)</p>	<p>Call Institutional Services at (800) 321-8563, or send signed written instructions.</p> <p>(Please see "Exchanging Shares" for more information on exchanges.)</p>

Investor Services

Automated Telephone System

Our automated system offers around-the-clock access to information about your account or any Franklin Templeton fund. This service is available by dialing any of the following numbers from a touch-tone phone:

Shareholder Services	(800) 632-2301
Advisor Services	(800) 524-4040
Retirement Services	(800) 527-2020

Distribution Options

You may reinvest distributions you receive from the Fund in an existing account in the same share class of the Fund or another Franklin Templeton or Legg Mason fund. Initial sales charges and CDSCs will not apply to reinvested distributions. You also can have your distributions deposited in a bank account, or mailed by check. Deposits to a bank account may be made by electronic funds transfer.

If you received a distribution and chose to return it to purchase additional shares in Class A shares of another Franklin Templeton fund, you will not be charged an initial sales charge if you invest the distribution within 90 days of the distribution date.

Please indicate on your application the distribution option you have chosen, otherwise we will reinvest your distributions in the same share class of the Fund.

Retirement Plans

Franklin Templeton offers a variety of retirement plans for individuals and businesses. These plans require separate applications, may require special forms for redemptions, and their policies and procedures may be different than those described in this prospectus. For more information, including a free retirement plan brochure or application, please call Retirement Services at (800) 527-2020.

Telephone/Online Privileges

You will automatically receive telephone privileges when you open your account, allowing you and your investment representative to sell or exchange your shares and make certain other changes to your account by phone.

For accounts with more than one registered owner, telephone privileges also allow the Fund to accept written instructions signed by only one owner for transactions and account changes that could otherwise be made by phone. For all other transactions and changes, all registered owners must sign the instructions. In addition, our telephone exchange privilege allows you to exchange shares by phone from a fund account requiring two or more signatures into an identically registered money fund account requiring only one signature for all transactions.

This type of telephone exchange is available as long as you have telephone exchange privileges on your account.

As long as we follow reasonable security procedures and act on instructions we reasonably believe are genuine, we will not be responsible for any losses that may occur from unauthorized requests. We will request passwords or other information, and also may record calls. We have the right (but have no obligation) to refuse a telephone request if the caller is unable to provide the requested information or if we reasonably believe the caller is not an individual authorized to act on the account. To help safeguard your account, keep your password confidential, and verify the accuracy of your confirmation statements immediately after you receive them. Contact us immediately if you believe someone has obtained unauthorized access to your account or password. Certain methods of contacting us (such as by phone) may be unavailable or delayed during periods of unusual market activity. Of course, you can decline telephone exchange or sell privileges on your account application. If you have telephone privileges on your account and want to discontinue them, please contact us for instructions. You may reinstate these privileges at any time in writing.

The telephone transaction options available to retirement plans are limited to those that are provided under the plan.

You may also view your account information online by registering for this service on our website at ftinstitutional.com. You will be asked to accept the terms of an online agreement and establish a password. However, this does not allow you to perform any transactions or account changes allowable by phone.

Note: Digital communication channels are not necessarily secure. If you do choose to send confidential or sensitive information to us via digital communication channels (e.g. email, chat, text messaging, fax), you are accepting the associated risks related to potential lack of security, such as the possibility that your confidential or sensitive information may be intercepted/accessed by a third party and subsequently used or sold.

Selling Shares

You can sell your shares at any time.

Selling Shares in Writing

Generally, requests to sell \$250,000 or less can be made over the phone or with a simple letter. If you have completed and returned the Institutional Telephone Privileges Agreement, amounts over \$100,000 may also be redeemed. Sometimes, however, to protect you and the Fund we will need written instructions signed by all registered owners, with a signature guarantee for each owner, if:

- you are selling more than \$250,000 worth of shares
- you want your proceeds paid to someone who is not a registered owner
- you want to send your proceeds somewhere other than the address of record, or preauthorized bank or brokerage firm account

We also may require a signature guarantee when: we receive instructions from an agent, not the registered owners; you want to send your proceeds to a bank account that was added or changed on your account without a signature guarantee within the last 15 days; you want to send proceeds to your address that was changed without a signature guarantee within the last 15 days; or we believe it would protect the Fund against potential claims based on the instructions received. The Fund may change the signature guarantee requirements from time to time without prior notice to shareholders.

A **signature guarantee** helps protect your account against fraud. You can obtain a signature guarantee at most banks and securities dealers.

A notary public CANNOT provide a signature guarantee.

Selling Recently Purchased Shares

If you sell shares recently purchased, we may delay sending you the proceeds until your check, draft or wire/electronic funds transfer has cleared, which may take seven business days.

Redemption Proceeds

Your redemption check will be sent within seven days after we receive your request in proper form. We are not able to receive or pay out cash in the form of currency.

Retirement Plans

You may need to complete additional forms to sell shares in a FTIOS retirement plan. For participants under the age of 59 1/2, tax penalties may apply. Call Retirement Services at (800) 527-2020 for details.

Selling Shares

To sell some or all of your shares

Through your investment representative

Contact your investment representative

By Mail

Send written instructions to Institutional Services.

Corporate, partnership or trust accounts may need to send additional documents.

Specify the Fund, the account number and the dollar value or number of shares you wish to sell. Be sure to include all necessary signatures and any additional documents, as well as signature guarantees if required.

A check will be mailed to the name(s) and address on the account, or otherwise according to your written instructions.

By Phone

(800) 321-8563

As long as your transaction is for \$250,000 or less you can sell your shares by phone.

(Amounts in excess of \$250,000 are only available if you have completed and sent the Institutional Telephone Privileges Agreement)

A check will be mailed to the name(s) and address on the account, or a pre-authorized secondary address. Written instructions, with a signature guarantee, are required to send the check to another address or to make it payable to another person.

If you have changed your address within the last 15 days without a signature guarantee, requests to sell your shares and mail the check to the name(s) and address on the account must be in writing and we may require a signature guarantee. Requests to sell your shares and send the proceeds to a pre-authorized secondary address may be requested by phone.

By Electronic Funds Transfer (ACH)

You can call or write to have redemption proceeds sent to a bank account. See the policies at left for selling shares by mail or phone.

Before requesting to have redemption proceeds sent to a bank account, please make sure we have your bank account information on file. If we do not have this information, you will need to send written instructions with your bank's name and a voided check or savings account deposit slip. All bank and Fund account owners must sign the request. If the bank and Fund accounts do not have at least one common owner, each individual must also have his or her signature notarized.

If the bank account was added or changed without a signature guarantee within the last 15 days, you may be required to provide written instructions signed by all Fund account owners, with a signature guarantee for each Fund account owner.

If we receive your request in proper form prior to 1 p.m. Pacific time, or the regularly scheduled close of the New York Stock Exchange, whichever is earlier, proceeds sent by ACH generally will be available within two to three business days.

By Exchange

Obtain a current prospectus for the fund you are

considering. Prospectuses are available online at ftinstitutional.com.

Call Institutional Services at (800) 321-8563 or send signed written instructions. See the policies at left for selling shares by mail or phone.

Franklin Templeton Institutional Services
P.O. Box 33030,
St. Petersburg, FL 33733-8030
Call toll-free: (800) 321-8563

Exchanging Shares

Exchange Privilege

You can exchange shares between most Franklin Templeton funds within the same class and between Funds in Templeton Institutional Funds. You also may exchange your Advisor Class shares for Class A shares of a fund that does not currently offer an Advisor Class (without any sales charge)* or for Class Z shares of Franklin Mutual Series Funds.

* If you exchange into Class A shares and you later decide you would like to exchange into a fund that offers an Advisor Class or Class Z, you may exchange your Class A shares for Advisor Class or Class Z shares if you are a current shareholder in Advisor Class or Class Z or you otherwise qualify to buy the fund's Advisor Class or Class Z shares.

Generally exchanges may only be made between identically registered accounts, unless you send written instructions with a signature guarantee.

An **exchange** is really two transactions: a sale of one fund and the purchase of another. In general, the same policies that apply to purchases and sales also apply to exchanges, including minimum investment amounts (except exchanges of an entire account balance). Exchanges also generally have the same tax consequences as ordinary sales and purchases.

Rejected exchanges. If the Fund rejects an exchange request involving the sale of Fund shares, the rejected exchange request will also mean rejection of the request to purchase shares of another fund with the proceeds of the sale. Of course, you may generally redeem shares of the Fund at any time.

Exchanges through financial intermediaries. If you are investing indirectly in the Fund through a financial intermediary such as a broker-dealer, a bank, an insurance company separate account, an investment advisor, an administrator or trustee of an IRS-recognized tax-deferred savings plan such as a 401(k) retirement plan and a 529 college savings plan that maintains a master account (an Omnibus Account) with the Fund for trading on behalf of its customers, different exchange and/or transfer limit guidelines and restrictions may apply. The financial intermediary through whom you are investing may choose to adopt different trading restrictions designed to discourage short-term or excessive trading. Consult with your financial intermediary (or in the case of a 401(k) retirement plan, your plan

sponsor) to determine what trading restrictions, including exchange/transfer limitations, may be applicable to you.

Fund exchange privilege changes/waiver. The Fund may terminate or modify (temporarily or permanently) this exchange privilege in the future. You will receive at least 60 days' notice of any material changes, unless otherwise provided by law.

Other funds' exchange privileges. If there is a conflict between the exchange privileges of two funds involved in an exchange transaction, the stricter policy will apply to the transaction. Other Franklin Templeton or Legg Mason funds may have different exchange restrictions. Check each fund's prospectus for details.

Exchange of shares into shares of the same Fund. The exchange of shares of one class into another class of the same Fund is not taxable for federal income tax purposes. However, shareholders should consult their tax advisors regarding the state and local tax consequences of a conversion or exchange of shares.

Frequent Trading Policy

The Fund's board of trustees has adopted the following policies and procedures with respect to frequent trading in Fund shares (Frequent Trading Policy).

The Fund does not intend to accommodate short-term or frequent purchases and redemptions of Fund shares that may be detrimental to the Fund. For example, this type of trading activity could interfere with the efficient management of the Fund's portfolio or materially increase the Fund's transaction costs, administrative costs or taxes.

In addition, since the Fund may invest in foreign securities, it may be vulnerable to a form of short-term trading that is sometimes referred to as "time-zone arbitrage." Time-zone arbitrage occurs when an investor seeks to take advantage of delays between changes in the value of a mutual fund's portfolio holdings and the reflection of those changes in the Fund's net asset value per share. These delays are more likely to occur in the case of foreign investments, due to differences between the times during which the Fund's international portfolio securities trade on foreign markets and the time as of which the Fund's NAV is calculated (generally as of the close of the NYSE - please see "Account Policies - Calculating Share Price"). Time-zone arbitrage traders seek to purchase or redeem shares of a fund based on events occurring after foreign market closing prices are established, but before calculation of the fund's NAV. This can result in the value of the Fund's shares being diluted. One of the objectives of the Fund's fair value pricing procedures is to minimize the possibility of this type of arbitrage (please see "Account Policies - Security Valuation - Foreign Securities - Potential Impact of Time Zones and Market Holidays"); however, there can be no assurance that the Fund's valuation procedures will be successful in eliminating it.

Since the Fund may invest in securities that are, or may be, restricted, unlisted, traded infrequently, thinly traded, or relatively illiquid (“relatively illiquid securities”), it may be particularly vulnerable to arbitrage short-term trading. Such arbitrage traders may seek to take advantage of a possible differential between the last available market prices for one or more of those relatively illiquid securities that are used to calculate the Fund’s NAV and the latest indications of market values for those securities. One of the objectives of the Fund’s fair value pricing procedures is to minimize the possibilities of this type of arbitrage (please see “Account Policies - Fair Valuation - Individual Securities”); however, there can be no assurance that the Fund’s valuation procedures will be successful in eliminating it.

Through its transfer agent, the Fund performs ongoing monitoring of shareholder trading in shares of the Fund and other Franklin Templeton funds in order to try and identify shareholder trading patterns that suggest an ongoing short-term trading strategy. If shareholder trading patterns identified by the transfer agent through monitoring or from other information regarding the shareholder’s trading activity in non-Franklin Templeton funds leads the transfer agent to reasonably conclude that such trading may be detrimental to the Fund as described in this Frequent Trading Policy, the transfer agent, on behalf of the Fund, may temporarily or permanently bar future purchases into the Fund or, alternatively, may limit the amount, number or frequency of any future purchases and/or the method by which you may request future purchases and redemptions (including purchases and/or redemptions by an exchange or transfer between the Fund and any other mutual fund).

In considering an investor’s trading patterns, the Fund may consider, among other factors, the investor’s trading history both directly and, if known, through financial intermediaries, in the Fund, in other Franklin Templeton funds, in non-Franklin Templeton mutual funds, or in accounts under common control or ownership (see, for example, “Buying and Selling Shares - Investment by asset allocators and large shareholders” in the SAI). The transfer agent may also reject any purchase request, whether or not it represents part of any ongoing trading pattern, if the Fund’s investment manager or transfer agent reasonably concludes that the amount of the requested transaction may disrupt or otherwise interfere with the efficient management of the Fund’s portfolio. In determining what actions should be taken, the Fund’s transfer agent may consider a variety of factors, including the potential impact of such remedial actions on the Fund and its shareholders. If the Fund is a “fund of funds,” the Fund’s transfer agent may consider the impact of the trading activity and of any proposed remedial action on both the Fund and the affiliated underlying funds in which the Fund invests.

Frequent trading through financial intermediaries. You are an investor subject to this Frequent Trading Policy whether you are a direct shareholder of the Fund or you are investing indirectly in the Fund through a financial intermediary, such as a broker-dealer, bank, trust company, insurance company product such as an

annuity contract, investment advisor, or an administrator or trustee of an IRS-recognized tax-deferred savings plan such as a 401(k) retirement plan and a 529 college savings plan.

Some financial intermediaries maintain master accounts with the Fund on behalf of their customers (“omnibus accounts”). The Fund has entered into “information sharing agreements” with these financial intermediaries, which permit the Fund to obtain, upon request, information about the trading activity of the intermediary’s customers that invest in the Fund. If the Fund’s transfer agent identifies omnibus account level trading patterns that have the potential to be detrimental to the Fund, the transfer agent may, in its sole discretion, request from the financial intermediary information concerning the trading activity of its customers. Based upon its review of the information, if the transfer agent determines that the trading activity of any customer may be detrimental to the Fund, it may, in its sole discretion, request the financial intermediary to restrict or limit further trading in the Fund by that customer. There can be no assurance that the transfer agent’s monitoring of omnibus account level trading patterns will enable it to identify all short-term trading by a financial intermediary’s customers.

Account Policies

Calculating Share Price

The value of a mutual fund is determined by deducting the fund's liabilities from the total assets of the portfolio. The NAV per share is determined by dividing the total net asset value of each fund's share class by the applicable number of shares outstanding per share class.

The Fund calculates the NAV per share each business day as of 1 p.m. Pacific time or the regularly scheduled close of the New York Stock Exchange (NYSE), whichever is earlier. The Fund does not calculate the NAV on days the NYSE is closed for trading, which include New Year's Day, Martin Luther King Jr. Day, President's Day, Good Friday, Memorial Day, Juneteenth National Independence Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. If the NYSE has a scheduled early close, the Fund's share price would be determined as of the time of the close of the NYSE. If, due to weather or other special or unexpected circumstances, the NYSE has an unscheduled early close on a day that it has opened for business, the Fund reserves the right to consider that day as a regular business day and accept purchase and redemption orders and calculate its share price as of the normally scheduled close of regular trading on the NYSE.

The Fund has an agreement with certain financial intermediaries that authorize them to accept orders or designate third parties to accept orders on behalf of the Fund. If you place your order through these financial intermediaries, the order will be considered received when they accept the order. Those orders will be priced at the next NAV calculated after acceptance of the order by the financial intermediary or its agent. If you place an order through an account at an intermediary, please consult with the intermediary to determine when your order will be executed, as some intermediaries may require that they receive orders prior to a specified cut-off time.

Requests to buy and sell shares are processed at the NAV next calculated after we or an approved financial intermediary receive your request in proper form.

When determining its NAV, the Fund values cash and receivables at their realizable amounts, and records interest as accrued and dividends on the ex-dividend date. The Fund generally utilizes two independent pricing services to assist in determining a current market value for each security. If market quotations are readily available for portfolio securities listed on a securities exchange, the Fund values those securities at the last quoted sale price or the official closing price of the day, respectively, or, if there is no reported sale, within the range of the most recent quoted bid and ask prices. The Fund values over-the-counter portfolio securities within the range of the most recent bid and ask prices. If portfolio securities trade both in the over-the-counter market and on a stock exchange, the

Fund values them according to the broadest and most representative market. Prices received by the Fund for securities may be based on institutional “round lot” sizes, but the Fund may hold smaller, “odd lot” sizes. Odd lots may trade at lower prices than round lots.

Generally, trading in corporate bonds, U.S. government securities and money market instruments is substantially completed each day at various times before 1 p.m. Pacific time. The value of these securities used in computing the NAV is determined as of such times. Occasionally, events affecting the values of these securities may occur between the times at which they are determined and 1 p.m. Pacific time that will not be reflected in the computation of the NAV. The Fund relies on third-party pricing vendors to provide evaluated prices that reflect current fair market value at 1 p.m. Pacific time.

Fair Valuation – Individual Securities

Since the International Equity Series may invest in securities that are restricted, unlisted, traded infrequently, thinly traded, or relatively illiquid, there is the possibility of a differential between the last available market prices for one or more of those securities and the latest indications of market values for those securities. The Fund has procedures, approved by the board of trustees, to determine the fair value of individual securities and other assets for which market prices are not readily available (such as certain restricted or unlisted securities and private placements) or which may not be reliably priced (such as in the case of trade suspensions or halts, price movement limits set by certain foreign markets, and thinly traded or illiquid securities). Some methods for valuing these securities may include: fundamental analysis (earnings multiple, etc.), matrix pricing, discounts from market prices of similar securities, or discounts applied due to the nature and duration of restrictions on the disposition of the securities. The board of trustees oversees the application of fair value pricing procedures.

The application of fair value pricing procedures represents a good faith determination based upon specifically applied procedures. There can be no assurance that the Fund could obtain the fair value assigned to a security if it were able to sell the security at approximately the time at which the Fund determines its NAV per share.

Security Valuation – Foreign Securities – Computation of U.S. Equivalent Value

The Fund generally determines the value of a foreign security as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 1 p.m. Pacific time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 1 p.m. Pacific time on the day that the value of the foreign security is determined. If no sale is reported at that time, the foreign security will be valued within the range of the most recent quoted bid and

ask prices. Occasionally events (such as repatriation limits or restrictions) 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 of trustees.

Security Valuation – Foreign Securities – Potential Impact of Time Zones and Market Holidays

Trading in securities on foreign securities stock exchanges and over-the-counter markets, such as those in Europe and Asia, may be completed before 1 p.m. Pacific time on each day that the Fund is open. Occasionally, events occur between the time at which trading in a foreign security is completed and 1 p.m. Pacific time that might call into question the availability (including the reliability) of the value of a foreign portfolio security held by the Fund. As a result, the Fund may be susceptible to what is referred to as “time-zone arbitrage.” Certain investors in the Fund may seek to take advantage of discrepancies in the value of the Fund’s portfolio securities as determined by the foreign market at its close and the latest indications of value attributable to the portfolio securities at the time the Fund’s NAV is computed. Trading by these investors, often referred to as “arbitrage market timers,” may dilute the value of the Fund’s shares, if such discrepancies in security values actually exist. To attempt to minimize the possibilities for time-zone arbitrage, and in accordance with procedures established and approved by the Fund’s board of trustees, the investment manager monitors price movements by using a fair value pricing service offered through an independent pricing vendor.

The fair value pricing service is used to estimate the price of a security in a liquid market at the time of the NAV calculation (1 p.m. Pacific Time). If certain criteria are met, the foreign securities may be valued using the price from the fair value pricing service. The intended effect of applying fair value pricing is to compute an NAV that accurately reflects the value of the Fund’s portfolio at the time that the NAV is calculated, to discourage potential arbitrage market timing in Fund shares, to mitigate the dilutive impact of such attempted arbitrage market timing and to be fair to purchasing, redeeming and existing shareholders. However, the application of fair value pricing procedures may, on occasion, worsen rather than mitigate the potential dilutive impact of shareholder trading.

In addition, trading in foreign portfolio securities generally, or in securities markets in a particular country or countries, may not take place on every Fund’s business day. Furthermore, trading takes place in various foreign markets on days that are not business days for the Funds, and on which the Fund’s NAV is not calculated (in which case, the NAV of the Fund’s shares may change on days when shareholders will not be able to purchase or redeem Fund shares). Thus, the calculation of the Fund’s NAV does not take place contemporaneously with the determination of the prices of many of the foreign portfolio securities used in the calculation. If events

affecting the last determined values of these foreign securities occur, the securities will be valued at fair value determined in good faith in accordance with the Fund's fair value procedures established and approved by the board of trustees (as described above).

Accounts with Low Balances

If your account has been open for more than one year and its value falls below \$500, we will mail you a notice asking you to bring the account back up to its applicable minimum investment amount. If you choose not to do so within 30 days, we will close your account and proceeds will be sent by Electronic Fund Transfer (ACH) to your bank information on file. If we do not have this information, proceeds will be mailed to the address of record. You will not be charged a CDSC if your account is closed for this reason. This policy does not apply to: (1) certain broker-controlled accounts established through the National Securities Clearing Corporation's Networking system; (2) Class A or A1 accounts established pursuant to a conversion from Class C or C1, and any remaining Class C or C1 accounts involved in the conversion, with a low balance due to the conversion; (3) tax-deferred retirement plan accounts; (4) active automatic investment plan accounts; (5) accounts in an Advisory Fee Program; (6) accounts held through a 529 college savings program; (7) Coverdell Education Savings Plan accounts; and (8) accounts currently maintained via robo advice driven services where account investments and reallocations are done through an automated, algorithm-driven platform.

Small account fees. To offset the relatively higher impact on fund expenses of servicing smaller accounts, the Fund may charge you a fee of \$3.75 per account that is determined and assessed quarterly by your financial intermediary or by Distributors (i.e., for accounts for which Distributors is the broker of record) on the next-to-last business day of the quarter (with an annual maximum of \$15.00 per account) if the value of your account is below \$1,000 (if applicable, \$250 for retirement plans that are not employer-sponsored) for any reason (including declines in net asset value). The small account fee will be charged by redeeming shares in your account. If the value of your account is \$3.75 or less, the amount in the account may be exhausted to pay the small account fee. If your financial intermediary or Distributors assesses a small account fee, the small account fee will not be assessed on systematic investment plans until the end of the first quarter after the account has been established for 21 months. Payment of the small account fee through a redemption of fund shares may result in tax consequences to you (see "Distributions and Taxes" for more information).

The small account fee will not be charged on, if applicable: (i) retirement plans (but will be charged on other plans that are not employer-sponsored such as traditional and Roth individual retirement accounts, Coverdell education savings accounts, individual 403(b)(7) custodial accounts, Keogh plans, SEPs, SARSEPs, SIMPLE IRAs or similar accounts); (ii) Franklin Templeton funds that have been closed to

subsequent purchases for all classes; (iii) accounts that do not have a valid address as evidenced by mail being returned to the fund or its agents; (iv) Class R, Class R6 and Advisor Class shares; and (v) for new accounts (except for new accounts opened by way of an exchange), a small account fee will not be charged during the calendar quarter in which you open your account.

If your share class is no longer offered, you may not be able to bring your account up to the minimum investment amount (although you may exchange into existing accounts of other funds sold by Distributors in which you hold the same share class, to the extent otherwise permitted by those funds and subject to any applicable sales charges).

The small account fee is calculated on a fund-by-fund basis. If you have one or more accounts in different funds, the account(s) in different funds will not be aggregated for the purpose of calculating the small account fee.

Redemptions

Typically, the Fund uses cash and cash equivalents held in its portfolio or sells portfolio assets to meet all redemption needs. In unusual circumstances or under stressed market conditions, the Fund may use other methods to meet redemptions, such as the use of lines of credit or interfund lending in reliance on exemptive relief from the SEC. Also, see “Account Policies – Redemptions in Kind” for information regarding redemption requests that exceed \$250,000 or 1% of the value of the Fund’s assets, whichever is less.

Redemptions in Kind

If your redemption requests during any 90-day period exceed \$250,000 (or 1% of the value of the Fund’s net assets, if less), the Fund reserves the right to make payments in whole or in part in securities or other assets of the Fund. You should expect to incur transaction costs upon the disposition of the securities received in the distribution. In addition, you will bear the market risk of the securities you hold until the securities are sold.

Redemptions by Large Shareholders

At times, the Fund may experience adverse effects when certain large shareholders redeem large amounts of shares of the Fund. Large redemptions may cause the Fund to sell portfolio securities at times when it would not otherwise do so. In addition, these transactions may also accelerate the realization of taxable income to shareholders if such sales of investments resulted in gains, and may also increase transaction costs and/or increase in the Fund’s expense ratio. When experiencing a redemption by a large shareholder, the Fund may delay payment of the redemption request up to seven days to provide the investment manager with time to determine if the Fund can redeem the request in-kind or to consider other alternatives to lessen the harm to remaining shareholders. Under certain circumstances, however, the Fund may be unable to delay a redemption request,

which could result in the automatic processing of a large redemption that is detrimental to the Fund and its remaining shareholders.

Statements, Reports and Prospectuses

You will receive quarterly account statements that show all your account transactions during the quarter. You also will receive written notification after each transaction affecting your account (except for distributions and transactions made through automatic investment or withdrawal programs, which will be reported on your quarterly statement). Upon receipt, review all account statements and written notifications after each transaction affecting your account and notify us immediately if there is a discrepancy.

You also 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 (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) 321-8563. 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.

You may elect to receive your statements, prospectuses and other documents through electronic delivery (please see "Investor Services - Telephone/Online Privileges").

Investment Representative Account Access

If there is a dealer or other investment representative of record on your account, he or she will be able to obtain your account information, conduct transactions for your account, and also will receive copies of all notifications and statements and other information about your account directly from the Fund.

Street or Nominee Accounts

You may transfer your shares from the street or nominee name account of one dealer to another, as long as both dealers have an agreement with Distributors. We will process the transfer after we receive authorization in proper form from your delivering securities dealer.

Joint Accounts

Unless you specify a different registration, shares issued to two or more owners are registered as "joint tenants with rights of survivorship" (shown as "Jt Ten" on your account statement). To make any ownership changes to jointly owned shares, or to sever a joint tenancy in jointly owned shares, all owners must agree in writing.

Joint Account Risk with Telephone Privileges

You will automatically receive telephone privileges when you open your account. If your account has more than one registered owner, telephone privileges allow the Fund to accept transaction instructions by telephone from only one registered owner. This means that any one registered owner on your account, acting alone and without the consent of any other registered owner, may give the Fund instructions by telephone or in writing (subject to any limitations in telephone privileges) to:

- Exchange shares from a jointly registered Fund account requiring all registered owner signatures into an identically registered money fund account that only requires one registered owner's signature to redeem shares;
- Redeem Fund shares and direct the redemption proceeds to a pre-established bank account that may or may not be owned by you and, if owned by you jointly with someone else, only requires one person to withdraw funds by check or otherwise; and
- Purchase Fund shares by debiting a pre-established bank account that may be owned by you.

If you do NOT want another registered owner on your account to be able to issue these kinds of instructions to the Fund without your consent, you must instruct the Fund to deny/terminate the ability to issue such instructions by telephone so that these types of instructions will only be accepted in writing signed by all account owners. This decision will apply to any other fund into which you may exchange your jointly owned Fund shares. Any later decision to permit these types of instructions by telephone will need to be given to the Fund in a written instruction signed by all registered owners.

Additional Policies

Please note that the Fund maintains additional policies and reserves certain rights, including:

- Shares should be held in street or nominee accounts. For this reason, the Fund may restrict the opening of a nominee's sub-accounts on the Fund's records.
- The Fund may restrict, reject or cancel any purchase orders, including an exchange request.
- Typically, redemptions are processed by the next business day provided the redemption request is received in proper form and good order, but may take up to seven days to be processed if making immediate payment would adversely affect the Fund or there is another cause for delay (for example, if you sell shares recently purchased, proceeds may be delayed until your check, draft or wire/electronic funds transfer has cleared). In certain circumstances, however,

the Fund may not have the ability to delay a redemption request or may not have the time to determine whether a particular redemption would have an adverse effect on the Fund before the redemption request is paid.

- The Fund may modify, suspend, or terminate telephone privileges at any time.
- The Fund may make material changes to or discontinue the exchange privilege on 60 days' notice or as otherwise provided by law.
- The Fund may stop offering shares completely or may offer shares only on a limited basis, for a period of time or permanently.
- In unusual circumstances, we may temporarily suspend redemptions or postpone the payment of proceeds, as allowed by federal securities laws.
- For redemptions over a certain amount, the Fund may, but is not required to, pay redemption proceeds in securities or other assets rather than cash (also known as a redemption in-kind) if the investment manager determines it is in the best interest of the Fund, consistent with applicable law. The investment manager will, in its sole discretion, determine whether a redemption in-kind will be considered for a particular redemption request or type of redemption request. In certain circumstances, however, the investment manager may not have the ability to determine whether a particular redemption could be paid in-kind before the redemption request is paid. If a redemption request is redeemed in-kind, investors should expect to incur transaction costs upon the disposition of the securities received in the distribution.
- You may only buy shares of a fund (including the purchase side of an exchange) eligible for sale in your state or jurisdiction.
- To permit investors to obtain the current price, dealers are responsible for transmitting all orders to the Fund promptly.
- For non-retirement accounts, if you are receiving a dividend, capital gains or a systematic withdrawal plan payment in cash, and at least three consecutive checks remain uncashed for at least six months, the Fund reserves the right to change your distribution option to reinvest future distributions or discontinue your systematic withdrawal plan.

Questions

If you have any questions about the Fund or your account, you can write to us at P.O. Box 33030, St. Petersburg, FL 33733-8030. You also can call us at one of the following numbers. For your protection and to help ensure we provide you with quality service, all calls may be monitored or recorded.

Department Name	Telephone Number
Institutional Services	(800) 321-8563

Shareholder Services	(800) 632-2301
Fund Information	(800) DIAL BEN (800) 342-5236
Retirement Services	(800) 527-2020
Advisor Services	(800) 524-4040
Hearing Impaired Assistance	For hearing impaired assistance, please contact us via a Relay Service.
Automated Telephone System	(800) 632-2301 (800) 524-4040 (800) 527-2020

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For More Information

You can learn more about the Fund in the following documents:

Annual/Semiannual Report to Shareholders

Includes a discussion of recent market conditions and Fund strategies that significantly affected Fund performance during its last fiscal year, financial statements, detailed performance information, portfolio holdings and, in the annual report only, the independent registered public accounting firm's report.

Statement of Additional Information (SAI)

Contains more information about the Fund, its investments and policies. It is incorporated by reference (is legally a part of this prospectus).

For a free copy of the current annual/semiannual report or the SAI, please contact your investment representative or call us at the number below. You also can view the current annual/semiannual report and the SAI online through ftinstitutional.com.

Reports and other information about the Fund are available on the EDGAR Database on the SEC's Internet site at <http://www.sec.gov>, and copies of this information may be obtained, after paying a duplicating fee, by electronic request at the following email address: publicinfo@sec.gov.



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For hearing impaired assistance, please contact us via a Relay Service.