

# 富蘭克林坦伯頓中小型公司成長基金

Templeton Global Smaller Companies Fund

## 半年度財務報告中文簡譯本

2022 年 2 月 28 日

(尚未經審計)

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

# 富蘭克林坦伯頓中小型公司成長基金

## 財務重點

	2022 年 2 月 28 日 半年度底 (尚未經審計)	截至 8 月 31 日止之年度				
		2021	2020	2019	2018	2017
<b>A 股</b>						
<b>每單位股份操作績效</b>						
(針對持續全年流通在外之股份)						
期初淨資產價值	\$12.67	\$9.16	\$ 8.66	\$ 10.39	\$ 9.92	\$ 8.63
來自投資操作之收益 <sup>a</sup> ：						
淨投資收益(損失) <sup>b</sup>	(0.01)	0.06	0.04	0.08	0.07	0.06
淨實現及未實現利得(損失)	(1.33)	3.72	0.67	(1.09)	0.86	1.29
來自投資操作之收益總額	(1.34)	3.78	0.71	(1.01)	0.93	1.35
扣除配息來自：						
淨投資收益	(0.03)	(0.08)	(0.09)	(0.07)	(0.07)	(0.03)
淨實現利得	(1.15)	(0.19)	(0.12)	(0.65)	(0.39)	(0.03)
總配息	(1.18)	(0.27)	(0.21)	(0.72)	(0.46)	(0.06)
期末淨資產價值	\$10.15	\$12.67	\$ 9.16	\$ 8.66	\$ 10.39	\$ 9.92
總報酬 <sup>c</sup>	(11.02)%	41.91%	8.08%	(8.86)%	9.23%	15.73%
<b>對應平均淨資產比率<sup>d</sup></b>						
費用未扣除關係企業支付款項減免	1.30%	1.31%	1.38%	1.33%	1.33%	1.40%
費用扣除關係企業支付款項減免	1.30% <sup>e</sup>	1.31% <sup>e</sup>	1.38% <sup>e</sup>	1.33% <sup>e</sup>	1.33% <sup>e,f</sup>	1.39% <sup>f</sup>
淨投資收益(損失)	(0.19)%	0.55%	0.45%	0.87%	0.72%	0.65%
<b>補充資料</b>						
期末淨資產(000's)	\$1,033,925	\$1,203,490	\$ 921,018	\$ 998,891	\$ 1,177,880	\$ 1,049,481
投資組合資金週轉率	6.18%	20.47%	16.81%	18.87%	32.61%	23.49%

- 視與基金所獲取的收益以及/或是基金投資市值的變動相關的基金股份出售與購回的時間點，於此期間內流通在外股份所顯示的金額可能與此期間的經營業績表所實現的金額無關聯性。
- 以每日平均流通在外股數為基礎。
- 總報酬並不反映銷售酬佣或是或有遞延銷售手續費（如適用），而低於一年期間的總報酬數字未年化。
- 除非經常性支出（如有）外，均按低於一年期間的年化比率計算。
- 關係企業支付或減免款項的利益四捨五入到小於 0.01%。
- 費用減少的利益四捨五入到小於 0.01%。

# 富蘭克林坦伯頓中小型公司成長基金

## 資產負債表

2022 年 2 月 28 日（尚未經審計）

資產：

證券投資：

成本 - 非關係企業上市公司	\$841,346,382
成本 - 非控制關係企業上市公司(附註 3f)	4,713,848
價值 - 非關係企業上市公司(包括借出證券\$7,081,843)	\$1,182,148,500
價值 - 非控制關係企業上市公司(附註 3f)	4,713,848

現金	3,253,311
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應收款項：

證券投資銷售款	2,204,712
股本銷售款	622,191
配息	3,160,814
歐盟稅款回收(附註 1d)	1,543,981

資產合計	1,197,647,357
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負債：

應付款項：

證券投資買入款	1,876,540
股本贖回款	823,263
管理費用	802,212
配銷費用	207,708
股務代理機構費用	143,117
董事酬金與費用	71,993

依證券借出的返還支付(附註 1c)	4,713,848
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預提費用及其他負債	656,219
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負債合計	9,294,900
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淨資產價值	\$1,188,352,457
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淨資產包含：

實收資本	\$830,176,364
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可分配利得(損失)總額	358,176,093
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淨資產價值	\$1,188,352,457
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# 富蘭克林坦伯頓中小型公司成長基金

## 資產負債表 (承續前表)

2022 年 2 月 28 日 (尚未經審計)

### A 股：

淨資產價值	\$1,033,924,909
流通在外股份	101,815,823
每股淨資產價值 <sup>a</sup>	\$10.15
每股最高售價 (每股淨資產價值除以 94.50%)	\$10.74

a. 贖回價格等於淨資產價值減掉任何由本基金所提取的或有遞延銷售手續費(如適用)。

# 富蘭克林坦伯頓中小型公司成長基金

## 經營業績表

截至 2022 年 2 月 28 日止之半年度（尚未經審計）

### 投資收益：

股利：(扣除外國稅額\$655,715)

非關係企業上市公司

\$6,966,428

利息：

非關係企業上市公司

3,249

來自借出證券的收益：

非關係企業上市公司（扣除費用及回扣）

37,256

非控制關係企業上市公司(附註 3f)

289

其他收益(附註 1d)

134,918

投資收益總額

7,142,140

### 費用：

管理費用(附註 3a)

5,555,732

配銷費用：(附註 3c)

A 股

1,396,258

C 股

51,175

股務代理機構費用：(附註 3e)

A 股

706,801

C 股

6,477

R6 股

18,364

Advisor 股

37,013

保管機構費用

39,385

股東報告書費用

107,235

註冊與申報費用

44,148

董事酬金與費用

51,545

其他

119,351

總費用

8,133,484

由關係企業支付/減免的費用(附註 3f 及 3g)

(4,783)

淨費用

8,128,701

淨投資收益(損失)

(986,561)

### 實現與未實現利得(損失)：

淨實現利得(損失)來自：

投資：

非關係企業上市公司

36,408,649

外幣交易

(5,043)

淨實現利得(損失)

36,403,606

淨未實現溢價(折價)變動在：

投資：

非關係企業上市公司

(183,618,671)

以外幣計價之其他資產與負債換算

(199,120)

淨未實現溢價(折價)變動

(183,817,791)

淨實現與未實現利得(損失)

(147,414,185)

淨資產在營運操作上的淨增加(減少)

\$(148,400,746)

# 富蘭克林坦伯頓中小型公司成長基金

## 淨資產變動表

2022 年 2 月 28 日      2021 年 8 月 31 日  
 半年度底                      年度底  
 (尚未經審計)

淨資產增加(減少)：		
營運操作：		
淨投資收益(損失)	\$(986,561)	\$7,231,775
淨實現利得(損失)	36,403,606	133,613,078
淨未實現溢價(折價)變動	(183,817,791)	281,569,261
淨資產在投資操作上的淨增加(減少)	(148,400,746)	422,414,114
對股東配息來自：		
A 股	(109,936,819)	(26,537,916)
C 股	(1,038,272)	(239,297)
R6 股	(9,983,983)	(2,496,084)
Advisor 股	(5,790,108)	(1,498,643)
對股東的配息總額	(126,749,182)	(30,771,940)
股本交易：(附註 2)		
A 股	69,662,594	(58,193,721)
C 股	(120,291)	(4,205,285)
R6 股	9,234,943	(3,226,018)
Advisor 股	1,839,821	(1,675,007)
股本交易總額	80,617,067	(67,300,031)
淨資產的增加(減少)	(194,532,861)	324,342,143
淨資產：		
年度期初	1,382,885,318	1,058,543,175
年度期末	\$1,188,352,457	\$1,382,885,318

# 富蘭克林坦伯頓中小型公司成長基金

## 財務報告附註

### 1. 組織結構與重要會計政策

富蘭克林坦伯頓中小型公司成長基金（以下稱本基金）是依據美國 1940 年投資公司法案（簡稱為 1940 法案）及其後的增修條文註冊成立的開放式投資公司並且採行美國一般公認會計原則（U.S. GAAP）之專業會計和報導指南。本基金提供四種股份類別：A 股、C 股、R6 股及 Advisor 股。C 股股份在持有 8 年後將每月自動轉換為 A 股股份。各股份類別的首次銷售手續費、或有遞延銷售手續費、分銷費用、對單一股份具影響之事件的投票權、及轉換權益皆有所不同。

本基金重要會計政策摘要如下：

#### a. 財務工具評價

本基金為每日以公平價值(fair value)評價投資的財務工具。公平價值是市場參與者於秩序交易中，賣出資產或轉移負債於衡量日所被買賣參與者接受的價格。在紐約證券交易所(NYSE)開放交易的平常工作日，本基金在紐約證券交易所關閉時（通常東部時間下午四點）計算每股淨資產價值(NAV)。在本基金董事會所核准的政策及程序下，本基金的行政經理公司負責監控及評價的範圍包括：主導具有交叉功能之**評價委員會**（the Valuation Committee (VC)）。VC 提供由董事會每年所核准基金評價政策及程序的管理及監督。除其他事項外，這些程序允許本基金得以利用獨立定價服務、來自證券和財務工具的交易商所提供的報價及其他市場資訊來決定公平價值。

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

債權證券通常是在店頭市場而不在證券交易所進行交易。本基金的定價服務是使用多元評價技術來決定其公平價值。於交易活絡的市場，定價服務可能利用市場基礎法（market-based approach），即使用證券交易公司的報價來決定公平價值。於交易不活絡或有所限制的市場，定價服務亦使用財產評價模型（proprietary valuation model），其考量了市場特性（例如：基準收益率曲線、信用價差、估計違約率、預期市場利率波動性、票券利率、本金付款期待時間、擔保品及其他獨特的證券特性）來估計經折價計算後的主要現金流量，來計算公平價值。

投資於開放式共同基金則以結算後的淨資產價值評價。

當財務工具缺乏可以信賴或是無法獲得市場價格時，本基金採用特定程序來決定其公平價值。在這些程序下，VC 定期召開會議來檢視這些財務工具並考量一些因素，包括：當須採公平價值時以重要的非明顯信息評價。VC 主要使用市場基礎法（market-based approach），即使用相關或可比較之資產或負債、近期交易、市場乘數、帳面價值及其他投資主要資訊來決定投資之公平價值。收益基礎衡量法（income-based valuation approach）也可用於投資之預期未來現金流量折價以計算公平價值。由於處分投資的限制的本質或是存續期間，可能也使用折價來計算。由於此類投資評價固有的不確定性，其公平價值與交易市場的價格可能會有顯著的差異。

# 富蘭克林坦伯頓中小型公司成長基金

## 1. 組織結構與重要會計政策(承續前文)

### a. 財務工具評價(承續前文)

於外國證券交易所及店頭交易市場掛牌證券的交易，可能早於東部時間下午四點時間。此外，某些外國市場的交易並不會發生在每一個基金的營業日內。有時候，在外國證券交易完畢與東部時間下午四點之間的時間裡發生的事件可能對本基金所持有之投資組合證券價值的可信度造成影響。因此，由外國市場收盤後所決定之基金組合證券價格與東部時間下午四點最近的價格間，可能會產生差異。為了最小化這些潛在的差異，VC 會利用一系列的國家特定市場工具（例如一籃子的美國存託憑證、期貨契約與指數股票型基金）來監控外國股市收盤後的價格變動。價格的變動將以各個特定市場工具設定的觸發點來協助衡量是否有可能對本基金所持有之外國證券價值的可信度造成影響的事件發生。若此類事件發生，證券將以公平價值程序來定價，包括使用獨立定價服務。截至 2022 年 2 月 28 日，部分證券已使用公平價值程序來定價，在這種情況下，這些證券被分類為公平價值衡量層級中的等級 2，稱為“市場層級公平價值”。更多說明，請參閱“公平價值衡量”附註。

當申報期間的最後一日為非營業日時，某些外國市場是在本基金的淨值未被計算時營業，此可能造成基金投資組合證券的價值在申報期間的最後營業日及最後日曆日間所有差異。任何因外國市場開市所造成之顯著證券價值變動將被基金為反映財務申報目的而進行調整和反映。

### b. 外幣轉換

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

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

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

### c. 證券借貸

本基金參與一項代理機構基礎之證券借貸計劃以賺取額外的收益。本基金收取相當於所借出證券之公平價值至少 102% 的金額之現金及/或美國政府與機構證券擔保品。在此借貸的存續期間內擔保品的金額不低於該借出證券公平價值（在基金各營業日結束時評定）的 100%，任何因證券價值變動而須追加的擔保品必須於次一營業日交付給本基金。與其他基金存入聯合現金帳戶的現金擔保品習慣被投資於富蘭克林顧問公司（本基金之關係企業）所管理的貨幣市場基金裡。此外，本基金還收到 \$2,641,036 的美國政府及機構證券作為抵押。這些證券作為抵押品存放在基金保管機構的獨立帳戶中。本基金不能再質押或轉售這些作為抵押品持有的證券。因此，非現金抵押品不包括在資產負債表中。本基金收取來自現金擔保品的投資收益，以及從借貸者收取出借費用與回扣。來自借出證券的收益，扣除支付予證券借貸機構以及/或是第三方供應商的費用，已分別記錄於經營業績表中。本基金承擔有關現金擔保品投資與證券借出的市場風險，以及代理機構違反其對本基金義務的風險。



# 富蘭克林坦伯頓中小型公司成長基金

## 1. 組織結構與重要會計政策(承續前文)

### c. 證券借貸(承續前文)

如果借貸者違反其應返還借出證券的義務，本基金有權利運用所收取的擔保品於公開市場再買回這些證券。證券借貸機構已同意賠償本基金由第三方借入者產生的違約風險。

### d. 所得稅及遞延稅

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

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

由於遍及歐盟一些國家的幾個訴訟案件結果，本基金已經為以前在這些國家所賺取股利的代扣稅款申報追加的回收稅款（歐盟回收）。已認可收益，若有的話，這些歐盟回收金額是以其他收益反映於經營業績表中，而任何相關應收款項，若有的話，是以歐盟稅款回收反映於資產負債表中。與這些申報相關的任何費用都反映在經營業績表中的其他費用中。當這些訴訟的最終裁決、取得這些回收稅款的可能性以及付款的可能時間安排尚存有不確定性時，則無金額得以被反映於財務報表中。就美國所得稅目的，基金收到的歐盟稅款回收，若有的話，基金股東能夠在其個人所得稅申報單中用為稅收抵免來減少外國稅額。

只有當稅務機關基於稅項的技術優勢進行依據美國一般公認會計原則(U.S.GAAP)審查時認為該不明確稅項低於 50%的情況下，本基金才會承認不明確稅項的賦稅利益。於截至 2022 年 2 月 28 日止及所有開放稅賦年度，本基金認為沒有因被要求於納稅申報表所揭有關不明確稅項之納稅申報（或預計在未來進行納稅申報）之未承認賦稅利益而產生的負債。開放稅賦年度為基於稅賦管轄權之法定時效限制下仍須接受審查的年度。

### e. 證券交易、投資收益、費用及配息

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

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

### f. 會計估計

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

# 富蘭克林坦伯頓中小公司成長基金

## 1. 組織結構與重要會計政策(承續前文)

### g. 保證及賠償

在本基金的組織文件規定下，本基金同意免除其主管與董事對於某些超越其職責範圍而發生的負債的責任。此外，在正常業務狀況下，本基金代表本基金與服務提供機構簽訂契約也包含責任免除條款。本基金在這些免責條款下的最大風險是未知的，因為涉及未來可能對本基金發生的被訴訟索賠。目前，本基金預期損失的風險是很小的。

## 2. 受益權股份

在截至 2022 年 2 月 28 日，經授權發行無數量管制的股份(無股票面值)。本基金股份的交易如下表：

	截至 2 月 28 日止之半年度 2022		截至 8 月 31 日止之年度 2021	
	股份	金額	股份	金額
<b>A 股：</b>				
股份銷售 <sup>a</sup>	2,777,021	\$31,699,435	6,386,138	\$73,707,801
配息轉入再投資 之股份發行	9,930,403	105,560,190	2,397,388	25,388,343
股份贖回	(5,913,112)	(67,597,031)	(14,273,428)	(157,289,865)
淨增加(減少)	6,794,312	\$69,662,594	(5,489,902)	\$(58,193,721)

<sup>a</sup> 可能包括部分 C 股，其被自動轉為 A 股。

## 3. 與關係企業的交易

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

附屬公司	與本基金的關係
Templeton Investment Counsel, LLC (TIC)	投資經理公司
Franklin Templeton Investment Corp. (FTIC)	投資經理公司
Franklin Templeton Services, LLC (FT Services)	行政經理公司
Franklin Distributors, LLC (Distributors)	主辦承銷商
Franklin Templeton Investor Services, LLC (Investor Services)	股務代理機構

### a. 管理費用

本基金按基金的平均每日淨資產價值所適用之年率標準按月支付 FTIC 投資管理費用，年率標準詳如下表：

年化費率	淨資產
0.900%	不超過(含)二億美元
0.885%	超過二億美元，不超過(含)七億美元
0.850%	超過七億美元，不超過(含)十億美元
0.830%	超過十億美元，不超過(含)十二億美元
0.805%	超過十二億美元，不超過(含)五十億美元
0.785%	超過五十億美元，不超過(含)一百億美元
0.765%	超過一百億美元，不超過(含)一百五十億美元
0.745%	超過一百五十億美元，不超過(含)二百億美元
0.725%	超過二百億美元

# 富蘭克林坦伯頓中小型公司成長基金

## 3. 與關係企業的交易(承續前文)

### a. 管理費用(承續前文)

在截至 2022 年 2 月 28 日止，實際的投資管理費用年率為本基金平均每日淨資產價值之 0.866%。

依據附屬經理公司合約，FTIC（其為 TIC 的關係企業）對本基金提供附屬顧問服務，並從 TIC 收取基於本基金平均每日淨資產的投資管理費用，並不是本基金額外的費用。

### b. 行政費用

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

### c. 配銷費用

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

按本基金的平均每日淨資產的特定比例，各股的最高年度計劃費率列示如下：

A 股	0.25%
C 股	1.00%

### d. 銷售手續費/承銷合約

前收型銷售手續費以及或有遞延銷售手續費（CDSC）不是本基金的費用。這些手續費在投資之前就從基金股份銷售款項中扣除，或是在贖回收益匯出之前被扣除（若適用）。

承銷商(Distributors)已告知本基金下列有關本期間基金股份銷售與贖回的交易佣金：

扣除支付給非關係企業的交易商/經紀商佣金後的銷售手續費	\$30,019
保留的或有遞延銷售手續費	\$2,892

### e. 股務代理機構費用

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

在截至 2022 年 2 月 28 日止，本基金支付股務代理機構的費用為 \$768,655，其中 \$290,053 是用以支付 Investor Services。

# 富蘭克林坦伯頓中小公司成長基金

## 3. 與關係企業的交易(承續前文)

### f. 投資於關係企業管理投資公司

本基金投資於一家或數家關係企業管理投資公司。根據 1940 年法案的定義，當基金直接或間接擁有附屬基金 25% 或更多的已發行股份或有權對管理行使控制權時，該投資被視為基金的“控制關係企業”。本基金的投資目的不是對管理或政策施加控制影響。本基金可減免投資於關係企業管理投資公司的資產所對應的管理費用已標示於經營業績表中，但金額不超過每一個關係企業直接或間接所支付的管理費用和行政費用。在截至 2022 年 2 月 28 日止之半年度，本基金投資在關係企業管理投資公司明細如下：

	期初 價值	申購	銷售	已實現 利得 (虧損)	未實現 溢價(折價) 淨變動	期末 價值	期末 持有股數	投資收益
<b>非控制關係上市 公司</b>								來自借出 證券收益
Institutional Fiduciary Trust- Market Portfolio, 0.01%	\$264,494	\$87,752,209	\$(83,302,855)	\$—	\$—	\$4,713,848	4,713,848	\$289
<b>關聯證券合計</b>	\$264,494	\$87,752,209	\$(83,302,855)	\$—	\$—	\$4,713,848		\$289

### g. 免除與費用償還

Investor Services 已事先簽約同意免除或是限制其收取的費用，所以 R6 股的股務代理機構費用直到 2022 年 12 月 31 日之前將不會超過 0.03%。

## 4. 所得稅

基於所得稅目的，於 2022 年 2 月 28 日，本基金之投資成本及淨未實現溢價(折價)如下表所示：

投資成本	\$851,426,189
未實現溢價	\$398,826,515
未實現折價	(63,390,356)
淨未實現溢價(折價)	\$335,436,159

收益以及/或是資本利得在帳面基礎與稅賦基礎上有所不同，主要是因為對歐盟稅款回收、被動式外國投資公司股份、轉嫁企業收益以及企業活動的處理不同而影響分配的特性所致。

## 5. 投資交易

截至 2022 年 2 月 28 日止之半年度內買入與賣出(不包括短期證券)的交易額分別為\$75,838,730 及\$107,780,835。

於 2022 年 2 月 28 日，與證券借貸有關的交易，本基金借出投資並收取\$4,713,848 現金擔保品。此類交易的確認負債總額已包括於資產負債表之「依證券借出的返還支付」項下。本協議得隨時終止。

## 6. 集中風險

投資於外國證券可能含有特定風險，須考量的因素也與投資美國證券的一般相關事項不同，例如貨幣價值的波動及當地與地區經濟、政治及社會情況的變動等，該因素可能導致大幅度的市場波動。許多外國地區的政治和金融不確定性可能會增加市場波動和投資外國證券的經濟風險。此外，某些外國證券的流動性可能不如美國證券。

# 富蘭克林坦伯頓中小型公司成長基金

## 7. 地緣政治風險

2022年2月24日，俄羅斯在烏克蘭主權領土上採取軍事行動。當前圍繞俄羅斯和烏克蘭的政治和金融不確定性可能會增加市場波動和在這些國家投資證券的經濟風險，也可能對全球經濟和更廣泛的金融市場造成不確定性。這些事件的最終後果和長期影響尚不清楚。基金將繼續評估對估值和流動性的影響，並將根據董事會批准之程序採取任何必要的潛在行動。

## 8. 新型冠狀病毒大流行

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

## 9. 受管制的證券

本基金可能投資於受到 1933 年證券法案（1933 年法案）所管制的證券，或是依照法律、契約或其他規定對於證券出售有所管制的證券。受管制的證券通常在私募交易購得，在未事先完成註冊前是無法出售證券，除非此出售是符合 1933 年法案的免除規定。處置這些證券可能須花費較多的努力及費用，並且在短期間以合理價格出售可能有困難。本基金有權註冊所持有的受管制證券。證券發行公司通常需負擔所有的註冊成本。

在 2022 年 2 月 28 日，本基金持有受管制證券（不包括符合 1933 年法案的免除規定，可視同流動性證券）的投資如下表所示：

股份	發行公司	購置日	成本	價值
1,342,000	Sakari Resources Ltd.	1/18/12-2/23/12	2,478,736	\$227,258
	受管制證券總額(淨資產的 0.0%) <sup>1</sup>		\$2,478,736	\$227,258

<sup>1</sup> 四捨五入到不到淨資產的 0.1%

## 10. 信用工具

本基金與富蘭克林坦伯頓基金集團所管理的其他美國註冊以及外國投資基金（以下合稱「全體借用人」）共同簽定一項於2022年2月4日到期之貸款總額為26.75億美元的優先無擔保聯合全球信用貸款（以下稱「全球信用工具」）。全球信用工具為一項資金來源，提供基金予全體借用人以因應其暫時與緊急之資金需求，包括應付未來無預期或不尋常的大量贖回之資金需求。

依據全球信用工具條款，本基金除了應負擔所動用任何貸款的利息，以及由本基金所產生的其他成本之外，尚須依據本基金佔全體借用人淨資產總額的相對持份比例，分攤履行及維持全球信用工具所產生的費用及支出，包括全球信用工具未使用部位的 0.15% 年度承諾費用。這些費用已反映於經營業績表的其他費用裡。截至 2023 年 2 月 3 日止，本基金並未動用全球信用工具貸款。

# 富蘭克林坦伯頓中小型公司成長基金

## 11. 公平價值衡量

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

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

用以評價投資的信息或方法之等級，並非暗示該投資的投資風險或流動性。在公平價值等級間變動的情形下，本基金採用引發變動事件的日期，作為認定轉移的日期。

以下為截至 2022 年 2 月 28 日止，評估本基金資產之公平價值所包含的輸入等級概要：

	等級 1	等級 2	等級 3	合計
資產：				
證券投資：				
普通股：				
巴哈馬	\$15,285,550	\$—	\$—	\$15,285,550
比利時	—	22,828,852	—	22,828,852
巴西	—	12,445,966	—	12,445,966
加拿大	23,783,095	—	—	23,783,095
丹麥	5,026,104	—	—	5,026,104
芬蘭	—	14,992,257	—	14,992,257
德國	—	41,186,103	—	41,186,103
香港	11,513,890	16,392,392	—	27,906,282
匈牙利	8,443,680	—	—	8,443,680
印尼	—	—	227,258	227,258
愛爾蘭	11,156,005	—	—	11,156,005
以色列	8,255,863	—	—	8,255,863
義大利	—	53,441,409	—	53,441,409
日本	—	86,465,338	—	86,465,338
荷蘭	—	7,644,294	—	7,644,294
新加坡	4,313,790	—	—	4,313,790
南韓	—	18,645,410	—	18,645,410
瑞典	—	38,115,530	—	38,115,530
瑞士	9,432,257	37,939,888	—	47,372,145
台灣	—	91,961,928	—	91,961,928
英國	—	44,716,115	—	44,716,115
美國	533,386,958	—	—	533,386,958
特別股	—	3,310,638	—	3,310,638
認股權證	1,003,275	—	—	1,003,275
私募有限合夥基金	21,234,655	—	—	21,234,655
短期投資	4,713,848	39,000,000	—	43,713,848
證券投資	\$657,548,970	\$529,086,120 <sup>a</sup>	\$227,258	\$1,186,862,348
總額				

# 富蘭克林坦伯頓中小型公司成長基金

## 11. 公平價值衡量(承續前文)

<sup>a</sup> 包括價值為\$490,086,120 美元的外國證券，其因採用了市場等級的公平價值程序而被歸類為第二級。更多說明，請參閱“財務工具評價”附註。

當期初和/或期末存在重大的等級 3 資產和/或負債時，會列報使用等級 3 輸入值確定公平價值的對賬。

## 12. 期後事項

本基金已評量截至本財報公告日期間的期後事項，確定沒有發生應行揭露的事項。

SEMIANNUAL REPORT AND SHAREHOLDER LETTER

# TEMPLETON GLOBAL SMALLER COMPANIES FUND

February 28, 2022



FRANKLIN  
TEMPLETON





# SHAREHOLDER LETTER

Dear Shareholder:

During the six months ended February 28, 2022, the global economic recovery was hampered by renewed outbreaks of COVID-19, supply-chain disruptions and geopolitical tensions and conflict. Rising inflation across multiple countries caused many central banks, including the U.S. Federal Reserve, to adopt less accommodative monetary stances, putting pressure on global equity markets. New Chinese government regulations on some businesses further dampened investor sentiment in Asian and emerging market stocks. Near period-end, Russia's invasion of Ukraine increased investor uncertainty, as international sanctions on Russia constrained companies that do business with Russia and threatened to disrupt global economic activity and commodity markets. In this environment, small-capitalization stocks in global developed and emerging markets, as measured by the MSCI All Country World Index Small Cap Index-NR (net of tax withholding when dividends are paid), posted a -8.15% total return for the period.<sup>1</sup>

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

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

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

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

Sincerely,

Alan Bartlett  
Chief Investment Officer  
Templeton Global Equity Group

*This letter reflects our analysis and opinions as of February 28, 2022, unless otherwise indicated. The information is not a complete analysis of every aspect of any market, country, industry, security or fund. Statements of fact are from sources considered reliable.*

<sup>1</sup>. Source: Morningstar.  
See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

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

# SEMIANNUAL REPORT

## Templeton Global Smaller Companies Fund

This semiannual report for Templeton Global Smaller Companies Fund covers the period ended February 28, 2022.

### Your Fund's Goal and Main Investments

The Fund seeks to achieve long-term capital growth. Under normal market conditions, the Fund invests at least 80% of its net assets in securities of smaller companies located anywhere in the world. For this Fund, smaller companies are companies with market capitalizations not exceeding the lesser of the highest float-adjusted market capitalization in the Fund's benchmark, the MSCI All Country World Index (ACWI) Small Cap Index-NR, or \$10 billion, at the time of purchase. The Fund may invest a significant amount of its assets in the securities of companies located in emerging markets, will invest its assets in issuers located in at least three different countries (including the U.S.) and will invest at least 40% of its net assets in foreign securities.

### Performance Overview

For the six months under review, the Fund's Class A shares posted a -11.02% cumulative total return. In comparison, the MSCI ACWI Small Cap Index-NR, which measures performance of small capitalization companies in global developed and emerging markets, posted a -8.15% cumulative total return for the same period.<sup>1</sup> Please note index performance information is provided for reference and we do not attempt to track the index but rather undertake investments on the basis of fundamental research. You can find the Fund's long-term performance data in the Performance Summary beginning on page 7.

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

### Geographic Composition 2/28/22

	% of Total Net Assets
North America	48.7%
Europe	24.8%
Asia	19.3%
Latin America & Caribbean	2.7%
Other	0.7%
Short-Term Investments & Other Net Assets	3.8%

### Economic and Market Overview

Global developed and emerging market equities, as measured by the MSCI ACWI-NR, posted a -5.26% total return for the six months ended February 28, 2022.<sup>1</sup> The combination of increased consumer demand and persistent supply-chain disruptions contributed to higher inflation in many countries. This inflationary pressure led many of the world's central banks to adopt less accommodative stances regarding monetary policy. The Chinese government's imposition of new restrictions on some businesses also pressured Asian and global emerging market stocks. Near period-end, Russia's invasion of Ukraine increased investor uncertainty, as international sanctions on Russia constrained companies that do business with Russia and threatened to disrupt global economic activity and commodity markets.

In the U.S., the economy continued to recover amid declining unemployment, solid wage growth and strong business confidence. Gross domestic product (GDP) growth accelerated in the fourth quarter of 2021, as strong consumer and business spending supported the economy. However, investor expectations for higher interest rates and geopolitical uncertainty late in the reporting period negatively impacted U.S. equities. The U.S. Federal Reserve (Fed) kept the federal funds target rate at a record-low range of 0.00%–0.25% and continued its program of open-ended U.S. Treasury (UST) and mortgage bond purchases to help keep markets functioning. In its January 2022 meeting statement, however, the Fed noted that due to employment gains and elevated inflation, it expected conditions would soon be

1. Source: Morningstar.

The index is unmanaged and includes reinvestment of any income or distributions. It does not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Net Returns (NR) include income net of tax withholding when dividends are paid. See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 14.

appropriate for raising interest rates. Furthermore, the Fed maintained its timetable for reducing its purchases of UST and mortgage-backed securities.

Economic growth slowed in the eurozone, declining notably in the fourth quarter of 2021 as the spread of the Omicron variant of COVID-19 disrupted labor markets and led to renewed restrictions. Additionally, in February 2022, the annual inflation rate in the eurozone reached the highest level on record, and the prospect of energy shortages during the winter tempered investor optimism. The European Central Bank struck a less accommodative tone at its February meeting, acknowledging that inflation has been more persistent than expected and opening the possibility of an interest-rate increase in 2022. Stocks of companies with exposure to Russia, particularly banks, endured further declines late in the reporting period. Consequently, European developed market equities, as measured by the MSCI Europe Index-NR, posted a -6.70% total return for the six months under review.<sup>1</sup>

Asian developed and emerging market equities, as measured by the MSCI All Country Asia Index-NR, posted a -9.34% total return for the six-month period.<sup>1</sup> Although China's economy continued to grow, it was pressured by COVID-19 restrictions and government measures to limit real estate speculation. Unexpected regulatory changes by the Chinese government, which negatively impacted education- and technology-related businesses, and investor concerns about the solvency of several large Chinese property developers further pressured Asian stocks during the six-month period.

Global emerging market stocks, as measured by the MSCI Emerging Markets Index-NR, posted a -9.81% total return for the six months under review.<sup>1</sup> Rising interest rates and elevated inflation dampened investor enthusiasm in global emerging market equities. Geopolitical instability drove strength in the U.S. dollar, further pressuring stocks in emerging market countries, especially Russia as the ruble plunged against the U.S. dollar. Interest-rate increases to curb inflation by several central banks, including those of Brazil and Mexico, as well as the international sanctions on Russia, raised investor concerns about a slowdown in economic growth.

## Investment Strategy

When choosing equity investments for the Fund, we apply a bottom-up, value-oriented, long-term approach, focusing on the market price of a company's securities relative to our evaluation of the company's long-term earnings, asset value and cash flow potential. This includes an assessment by

the investment manager of the potential impacts of material environmental, social and governance (ESG) factors on the long-term risk and return profile of a company. We also consider the company's price/earnings ratio, profit margins and liquidation value. We may consider selling a security when we believe the security has become overvalued due to either its price appreciation or changes in the company's fundamentals, when we believe that the market capitalization of a security has become too large, or when we believe another security is a more attractive investment opportunity.

### Top 10 Countries

2/28/22

	% of Total Net Assets
United States	46.7%
Taiwan	7.7%
Japan	7.3%
Italy	4.5%
Switzerland	4.0%
United Kingdom	3.8%
Germany	3.5%
Sweden	3.2%
Hong Kong	2.3%
Canada	2.0%

### Top 10 Holdings

2/28/22

Company Industry	% of Total Net Assets
MGP Ingredients, Inc. <i>Beverages</i>	2.0%
Crown Holdings, Inc. <i>Containers &amp; Packaging</i>	2.0%
Hillenbrand, Inc. <i>Machinery</i>	2.0%
Skechers USA, Inc. <i>Textiles, Apparel &amp; Luxury Goods</i>	1.9%
Alamo Group, Inc. <i>Machinery</i>	1.9%
Huntington Bancshares, Inc. <i>Banks</i>	1.9%
NCR Corp. <i>Software</i>	1.9%
Jones Lang LaSalle, Inc. <i>Real Estate Management &amp; Development</i>	1.8%
AllianceBernstein Holding LP <i>Capital Markets</i>	1.8%
TriMas Corp. <i>Containers &amp; Packaging</i>	1.8%

## Manager's Discussion

The Fund underperformed its benchmark index for the six-month period, primarily due to an overweighting and stock selection in the consumer discretionary sector, lack of exposure to the energy sector and stock selection in the industrials sector.

In consumer discretionary, relative detractors included Sweden-based Dometic Group, which sells equipment to the recreational vehicle (RV), marine and commercial/passenger vehicle market. Travel-related stocks such as Dometic were among those most impacted by COVID-19 concerns during the period. Additionally, Dometic is perceived by the market as an RV-dependent brand and has been impacted by expectations of a decline in RV volumes. We expect continued growth in other areas to more than offset the moderately negative environment for the more cyclical RV and marine businesses.

Sweden-based Thule Group, which focuses on consumer-branded products in the outdoor segment, also hurt relative performance in consumer discretionary. Shares of the company declined due to investor concerns about higher interest rates and their impact on the global economy. Looking at the longer term, an aging, healthier and affluent population is leading to an increased demand for outdoor activities, which has driven strong revenue growth. Additionally, an increase in domestic holidays and "staycations" on the back of COVID-19 is likely supporting demand. In our view, the company has proved it can handle rising input costs, supply shortages and elevated demand better than many other manufacturing companies in the Nordic area. Thule's products are of high quality, carry premium prices and are highly rated in open consumer reviews.

In contrast, stock selection in the information technology (IT), health care and consumer staples sectors contributed to relative performance for the period.

Taiwan-based Chicony Electronics, a leading global notebook and desktop PC component maker, was a strong contributor in IT, with shares rising due to strong reported profits. The company has benefited from the work-from-home movement during COVID-19 and should, in our view, see continued growth from a hybrid working environment going forward.

In consumer staples, relative contributors included U.S.-based MGP Ingredients, a leading supplier of premium distilled spirits, whiskeys, ryes, bourbons, gins and vodkas, and wheat proteins and starches used in food products. The company experienced strong growth in the past year,

and its merger with Lux Row Distillers in January 2021 resulted in higher sales of aged whiskey and expanded MGP's branded spirits portfolio. The company's niche brands have historically been purchased more often at bars and restaurants, and we anticipate MGP will benefit as the pandemic recedes and people resume eating and drinking away from home.

Regionally, stock selection and an overweighting in Europe was the largest detractor from relative performance. Shares of German cooking equipment manufacturer Rational fell due to disappointing 2021 results, which the company attributed to worldwide COVID-19 protection measures that had a negative impact on most customer groups. Following a significant year-on-year decline in sales revenues in the second quarter of 2021, the situation recovered perceptibly in the third and fourth quarters. Looking ahead, we believe there is significant capacity for top-line growth in Europe, but we believe the real opportunity lies in further penetration into North America and Asia.

Stock selection in the U.S. was the largest contributor to relative performance for the period. Crown Holdings, a metal can manufacturing company, was a significant U.S.-based contributor. Double-digit earnings growth has been driven primarily by secular growth trends in aluminum cans, supported by the sustainability benefits of cans over plastic and glass containers. Moreover, the board is evaluating several value-enhancing changes such as exiting the European food canning business to focus more on aluminum beverage cans.

It is important to recognize the effect of currency movements on the Fund's performance. In general, if the value of the U.S. dollar goes up compared with a foreign currency, an investment traded in that foreign currency will go down in value because it will be worth fewer U.S. dollars. This can have a negative effect on Fund performance. Conversely, when the U.S. dollar weakens in relation to a foreign currency, an investment traded in that foreign currency will increase in value, which can contribute to Fund performance. For the six months ended February 28, 2022, the U.S. dollar rose in value relative to most currencies. As a result, the Fund's performance was negatively affected by the portfolio's substantial investment in securities with non-U.S. currency exposure.

Effective March 1, 2022, Kyle Denning and Katie Ylijoki were added to the Fund as portfolio managers, and Heather Waddell left the Fund.

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

Harlan B. Hodes  
Lead Portfolio Manager

David A. Tuttle, CFA  
Heather Waddell, CFA

Portfolio Management Team

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*The foregoing information reflects our analysis, opinions and portfolio holdings as of February 28, 2022, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.*

## Performance Summary as of February 28, 2022

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

### Performance as of 2/28/22

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

Share Class	Cumulative Total Return <sup>1</sup>	Average Annual Total Return <sup>2</sup>
<b>A<sup>3</sup></b>		
6-Month	-11.02%	-15.93%
1-Year	-0.67%	-6.13%
5-Year	+48.61%	+7.02%
10-Year	+109.08%	+7.05%
<b>Advisor</b>		
6-Month	-10.86%	-10.86%
1-Year	-0.32%	-0.32%
5-Year	+50.46%	+8.51%
10-Year	+114.33%	+7.92%

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

See page 8 for Performance Summary footnotes.



## Distributions (9/1/21–2/28/22)

Share Class	Net Investment Income	Short-Term Capital Gain	Long-Term Capital Gain	Total
A	\$0.0316	\$0.0165	\$1.1291	\$1.1772
C	—	\$0.0165	\$1.1291	\$1.1456
R6	\$0.0605	\$0.0165	\$1.1291	\$1.2061
Advisor	\$0.0517	\$0.0165	\$1.1291	\$1.1973

## Total Annual Operating Expenses<sup>4</sup>

Share Class	
A	1.31%
Advisor	1.06%

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

All investments involve risks, including possible loss of principal. Smaller, mid-sized and relatively new or unseasoned companies can be particularly sensitive to changing economic conditions, and their prospects for growth are less certain than those of larger, more established companies. In addition, smaller company stocks have historically exhibited greater price volatility than larger company stocks, particularly over the short term. The markets for particular securities or types of securities are or may become relatively illiquid. Reduced liquidity will have an adverse impact on the security's value and on the Fund's ability to sell such securities when necessary to meet the Fund's liquidity needs or in response to a specific market event. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments. Investments in emerging markets involve heightened risks related to the same factors, in addition to those associated with these markets' smaller size and lesser liquidity. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. The Fund's prospectus also includes a description of the main investment risks.

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

1. Cumulative total return represents the change in value of an investment over the periods indicated.
2. Average annual total return represents the average annual change in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.
3. Prior to 9/10/18 these shares were offered at a higher initial sales charge of 5.75%, thus actual returns (with sales charges) would have differed. Average annual total returns (with sales charges) have been restated to reflect the current maximum initial sales charge of 5.50%.
4. Figures are as stated in the Fund's current prospectus and may differ from the expense ratios disclosed in the Your Fund's Expenses and Financial Highlights sections in this report. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown. See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

## Your Fund's Expenses

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

### Actual Fund Expenses

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

### Hypothetical Example for Comparison with Other Funds

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

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

Share Class	Beginning Account Value 9/1/21	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
		Ending Account Value 2/28/22	Expenses Paid During Period 9/1/21–2/28/22 <sup>1,2</sup>	Ending Account Value 2/28/22	Expenses Paid During Period 9/1/21–2/28/22 <sup>1,2</sup>	
A	\$1,000	\$889.80	\$6.09	\$1,018.35	\$6.50	1.30%
C	\$1,000	\$887.50	\$9.60	\$1,014.62	\$10.24	2.05%
R6	\$1,000	\$891.90	\$4.47	\$1,020.07	\$4.77	0.95%
Advisor	\$1,000	\$891.40	\$4.92	\$1,019.59	\$5.25	1.05%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.

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

# Financial Highlights

	Six Months Ended February 28, 2022 (unaudited)	Year Ended August 31,				
		2021	2020	2019	2018	2017
<b>Class A</b>						
<b>Per share operating performance</b>						
(for a share outstanding throughout the period)						
Net asset value, beginning of period . . . . .	\$12.67	\$9.16	\$8.66	\$10.39	\$9.92	\$8.63
Income from investment operations <sup>a</sup> :						
Net investment income (loss) <sup>b</sup> . . . . .	(0.01)	0.06	0.04	0.08	0.07	0.06
Net realized and unrealized gains (losses) . . . . .	(1.33)	3.72	0.67	(1.09)	0.86	1.29
Total from investment operations . . . . .	(1.34)	3.78	0.71	(1.01)	0.93	1.35
Less distributions from:						
Net investment income . . . . .	(0.03)	(0.08)	(0.09)	(0.07)	(0.07)	(0.03)
Net realized gains . . . . .	(1.15)	(0.19)	(0.12)	(0.65)	(0.39)	(0.03)
Total distributions . . . . .	(1.18)	(0.27)	(0.21)	(0.72)	(0.46)	(0.06)
Net asset value, end of period . . . . .	\$10.15	\$12.67	\$9.16	\$8.66	\$10.39	\$9.92
Total return <sup>c</sup> . . . . .	(11.02)%	41.91%	8.08%	(8.86)%	9.23%	15.73%
<b>Ratios to average net assets<sup>d</sup></b>						
Expenses before waiver and payments by affiliates . . . . .	1.30%	1.31%	1.38%	1.33%	1.33%	1.40%
Expenses net of waiver and payments by affiliates . . . . .	1.30% <sup>e</sup>	1.31% <sup>e</sup>	1.38% <sup>e</sup>	1.33% <sup>e</sup>	1.33% <sup>e,f</sup>	1.39% <sup>f</sup>
Net investment income (loss) . . . . .	(0.19)%	0.55%	0.45%	0.87%	0.72%	0.65%
<b>Supplemental data</b>						
Net assets, end of period (000's) . . . . .	\$1,033,925	\$1,203,490	\$921,018	\$998,891	\$1,177,880	\$1,049,481
Portfolio turnover rate . . . . .	6.18%	20.47%	16.81%	18.87%	32.61%	23.49%

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

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

<sup>d</sup>Ratios are annualized for periods less than one year, except for non-recurring expenses, if any.

<sup>e</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

<sup>f</sup>Benefit of expense reduction rounds to less than 0.01%.

	Six Months Ended February 28, 2022 (unaudited)	Year Ended August 31,				
		2021	2020	2019	2018	2017
<b>Class C</b>						
<b>Per share operating performance</b>						
(for a share outstanding throughout the period)						
Net asset value, beginning of period . . . . .	\$11.88	\$8.60	\$8.15	\$9.82	\$9.41	\$8.22
Income from investment operations <sup>a</sup> :						
Net investment income (loss) <sup>b</sup> . . . . .	(0.05)	(0.02)	(0.03)	0.01	(—) <sup>c</sup>	(0.01)
Net realized and unrealized gains (losses) . . . . .	(1.23)	3.49	0.63	(1.03)	0.80	1.23
Total from investment operations . . . . .	(1.28)	3.47	0.60	(1.02)	0.80	1.22
Less distributions from:						
Net investment income . . . . .	—	(—) <sup>c</sup>	(0.03)	—	—	—
Net realized gains . . . . .	(1.15)	(0.19)	(0.12)	(0.65)	(0.39)	(0.03)
Total distributions . . . . .	(1.15)	(0.19)	(0.15)	(0.65)	(0.39)	(0.03)
Net asset value, end of period . . . . .	\$9.45	\$11.88	\$8.60	\$8.15	\$9.82	\$9.41
Total return <sup>d</sup> . . . . .	(11.25)%	40.84%	7.25%	(9.60)%	8.39%	14.88%
<b>Ratios to average net assets<sup>e</sup></b>						
Expenses before waiver and payments by affiliates . . . . .	2.05%	2.06%	2.13%	2.08%	2.08%	2.15%
Expenses net of waiver and payments by affiliates . . . . .	2.05% <sup>f</sup>	2.06% <sup>f</sup>	2.13% <sup>f</sup>	2.08% <sup>f</sup>	2.08% <sup>f,g</sup>	2.14% <sup>g</sup>
Net investment income (loss) . . . . .	(0.94)%	(0.23)%	(0.32)%	0.12%	(0.03)%	(0.10)%
<b>Supplemental data</b>						
Net assets, end of period (000's) . . . . .	\$8,972	\$11,344	\$11,509	\$17,373	\$38,345	\$30,579
Portfolio turnover rate . . . . .	6.18%	20.47%	16.81%	18.87%	32.61%	23.49%

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

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Amount rounds to less than \$0.01 per share.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

<sup>e</sup>Ratios are annualized for periods less than one year, except for non-recurring expenses, if any.

<sup>f</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

<sup>g</sup>Benefit of expense reduction rounds to less than 0.01%.

	Six Months Ended February 28, 2022 (unaudited)	Year Ended August 31,				
		2021	2020	2019	2018	2017
<b>Class R6</b>						
<b>Per share operating performance</b>						
(for a share outstanding throughout the period)						
Net asset value, beginning of period . . . . .	\$12.74	\$9.22	\$8.69	\$10.44	\$9.97	\$8.68
Income from investment operations <sup>a</sup> :						
Net investment income <sup>b</sup> . . . . .	0.01	0.10	0.07	0.11	0.13	0.10
Net realized and unrealized gains (losses) . . . . .	(1.33)	3.73	0.69	(1.10)	0.84	1.29
Total from investment operations . . . . .	(1.32)	3.83	0.76	(0.99)	0.97	1.39
Less distributions from:						
Net investment income . . . . .	(0.06)	(0.12)	(0.11)	(0.11)	(0.11)	(0.07)
Net realized gains . . . . .	(1.15)	(0.19)	(0.12)	(0.65)	(0.39)	(0.03)
Total distributions . . . . .	(1.21)	(0.31)	(0.23)	(0.76)	(0.50)	(0.10)
Net asset value, end of period . . . . .	\$10.21	\$12.74	\$9.22	\$8.69	\$10.44	\$9.97
Total return <sup>c</sup> . . . . .	(10.81)%	42.37%	8.55%	(8.57)%	9.65%	16.18%
<b>Ratios to average net assets<sup>d</sup></b>						
Expenses before waiver and payments by affiliates . . . . .	0.96%	0.98%	1.00%	0.97%	0.95%	0.96%
Expenses net of waiver and payments by affiliates . . . . .	0.95%	0.97%	0.98%	0.96%	0.94% <sup>e</sup>	0.93% <sup>e</sup>
Net investment income . . . . .	0.16%	0.89%	0.84%	1.24%	1.11%	1.11%
<b>Supplemental data</b>						
Net assets, end of period (000's) . . . . .	\$92,071	\$104,097	\$78,551	\$85,377	\$101,384	\$22,318
Portfolio turnover rate . . . . .	6.18%	20.47%	16.81%	18.87%	32.61%	23.49%

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

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return is not annualized for periods less than one year.

<sup>d</sup>Ratios are annualized for periods less than one year, except for non-recurring expenses, if any.

<sup>e</sup>Benefit of expense reduction rounds to less than 0.01%.

	Six Months Ended February 28, 2022 (unaudited)	Year Ended August 31,				
		2021	2020	2019	2018	2017
<b>Advisor Class</b>						
<b>Per share operating performance</b>						
(for a share outstanding throughout the period)						
Net asset value, beginning of period . . . . .	\$12.76	\$9.23	\$8.71	\$10.45	\$9.97	\$8.67
Income from investment operations <sup>a</sup> :						
Net investment income <sup>b</sup> . . . . .	— <sup>c</sup>	0.09	0.06	0.10	0.09	0.09
Net realized and unrealized gains (losses) . . . . .	(1.33)	3.74	0.68	(1.09)	0.85	1.30
Total from investment operations . . . . .	(1.33)	3.83	0.74	(0.99)	0.94	1.39
Less distributions from:						
Net investment income . . . . .	(0.05)	(0.11)	(0.10)	(0.10)	(0.07)	(0.06)
Net realized gains . . . . .	(1.15)	(0.19)	(0.12)	(0.65)	(0.39)	(0.03)
Total distributions . . . . .	(1.20)	(0.30)	(0.22)	(0.75)	(0.46)	(0.09)
Net asset value, end of period . . . . .	\$10.23	\$12.76	\$9.23	\$8.71	\$10.45	\$9.97
Total return <sup>d</sup> . . . . .	(10.86)%	42.27%	8.32%	(8.60)%	9.50%	16.02%
<b>Ratios to average net assets<sup>e</sup></b>						
Expenses before waiver and payments by affiliates . . . . .	1.05%	1.06%	1.13%	1.08%	1.08%	1.15%
Expenses net of waiver and payments by affiliates . . . . .	1.05% <sup>f</sup>	1.06% <sup>f</sup>	1.13% <sup>f</sup>	1.08% <sup>f</sup>	1.08% <sup>f,g</sup>	1.14% <sup>g</sup>
Net investment income . . . . .	0.07%	0.80%	0.68%	1.12%	0.97%	0.90%
<b>Supplemental data</b>						
Net assets, end of period (000's) . . . . .	\$53,384	\$63,954	\$47,466	\$57,452	\$81,450	\$108,279
Portfolio turnover rate . . . . .	6.18%	20.47%	16.81%	18.87%	32.61%	23.49%

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

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Amount rounds to less than \$0.01 per share.

<sup>d</sup>Total return is not annualized for periods less than one year.

<sup>e</sup>Ratios are annualized for periods less than one year, except for non-recurring expenses, if any.

<sup>f</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

<sup>g</sup>Benefit of expense reduction rounds to less than 0.01%.

# Statement of Investments (unaudited), February 28, 2022

	Industry	Shares	Value
<b>Common Stocks 94.0%</b>			
<b>Bahamas 1.3%</b>			
<sup>a</sup> OneSpaWorld Holdings Ltd. ....	Diversified Consumer Services	1,478,293	\$15,285,550
<b>Belgium 1.9%</b>			
Barco NV .....	Electronic Equipment, Instruments & Components	520,224	11,868,408
Fagron .....	Health Care Providers & Services	630,232	10,960,444
			22,828,852
<b>Brazil 1.0%</b>			
<sup>a</sup> Camil Alimentos SA. ....	Food Products	5,051,600	8,944,769
<sup>a</sup> M Dias Branco SA. ....	Food Products	794,100	3,501,197
			12,445,966
<b>Canada 2.0%</b>			
<sup>a</sup> Canada Goose Holdings, Inc. ....	Textiles, Apparel & Luxury Goods	209,400	5,480,923
Canadian Western Bank .....	Banks	432,616	12,664,679
North West Co., Inc. (The) .....	Food & Staples Retailing	198,400	5,637,493
			23,783,095
<b>Denmark 0.4%</b>			
Matas A/S .....	Specialty Retail	345,894	5,026,104
<b>Finland 1.3%</b>			
Huhtamaki OYJ. ....	Containers & Packaging	411,460	14,992,257
<b>Germany 3.5%</b>			
Adesso SE .....	IT Services	27,178	6,151,047
<sup>a,b</sup> flatexDEGIRO AG .....	Capital Markets	265,054	5,487,213
Jenoptik AG .....	Electronic Equipment, Instruments & Components	368,495	13,127,786
<sup>a,c</sup> Montana Aerospace AG, 144A, Reg S. ....	Aerospace & Defense	162,183	4,299,257
Rational AG .....	Machinery	16,473	12,120,800
			41,186,103
<b>Hong Kong 2.3%</b>			
Johnson Electric Holdings Ltd. ....	Auto Components	3,091,735	5,135,385
Techtronic Industries Co. Ltd. ....	Machinery	978,290	16,392,392
VTech Holdings Ltd. ....	Communications Equipment	775,800	6,378,505
			27,906,282
<b>Hungary 0.7%</b>			
Richter Gedeon Nyrt. ....	Pharmaceuticals	402,078	8,443,680
<b>Indonesia 0.0%<sup>†</sup></b>			
<sup>d,e</sup> Sakari Resources Ltd. ....	Oil, Gas & Consumable Fuels	1,342,000	227,258
<b>Ireland 0.9%</b>			
<sup>a</sup> ICON plc. ....	Life Sciences Tools & Services	46,872	11,156,005
<b>Israel 0.7%</b>			
<sup>a</sup> RADA Electronic Industries Ltd. ....	Aerospace & Defense	630,700	8,255,863
<b>Italy 4.5%</b>			
Brembo SpA .....	Auto Components	436,393	5,149,998
<sup>a</sup> Brunello Cucinelli SpA. ....	Textiles, Apparel & Luxury Goods	243,755	13,668,284
Interpump Group SpA .....	Machinery	361,995	19,538,746
<sup>c</sup> Technogym SpA, 144A, Reg S .....	Leisure Products	1,912,931	15,084,381
			53,441,409

	Industry	Shares	Value
<b>Common Stocks</b> (continued)			
<b>Japan 7.3%</b>			
Asics Corp. ....	Textiles, Apparel & Luxury Goods	932,400	\$18,676,295
Bunka Shutter Co. Ltd. ....	Building Products	760,000	7,199,925
en Japan, Inc. ....	Professional Services	201,800	5,331,112
Idec Corp. ....	Electrical Equipment	335,200	7,443,836
IDOM, Inc. ....	Specialty Retail	1,432,500	8,206,189
Meitec Corp. ....	Professional Services	165,300	9,756,083
Nihon Parkerizing Co. Ltd. ....	Chemicals	265,400	2,282,997
TechnoPro Holdings, Inc. ....	Professional Services	332,700	9,660,976
Tsumura & Co. ....	Pharmaceuticals	644,700	17,907,925
			86,465,338
<b>Netherlands 0.6%</b>			
<sup>c</sup> Flow Traders, 144A, Reg S. ....	Capital Markets	222,759	7,644,294
<b>Singapore 0.4%</b>			
<sup>a</sup> Wheels Up Experience, Inc. ....	Airlines	1,229,000	4,313,790
<b>South Korea 1.6%</b>			
BNK Financial Group, Inc. ....	Banks	1,415,028	9,315,705
DGB Financial Group, Inc. ....	Banks	1,178,608	9,329,705
			18,645,410
<b>Sweden 3.2%</b>			
BillerdKorsnas AB. ....	Containers & Packaging	315,734	4,427,161
Cloetta AB, B. ....	Food Products	925,347	2,317,153
<sup>c</sup> Dometic Group AB, 144A. ....	Auto Components	1,482,092	14,249,329
<sup>c</sup> Thule Group AB, 144A, Reg S. ....	Leisure Products	436,184	17,121,887
			38,115,530
<b>Switzerland 4.0%</b>			
Bucher Industries AG. ....	Machinery	42,624	18,817,528
<sup>a</sup> Landis+Gyr Group AG. ....	Electronic Equipment, Instruments & Components	120,862	7,894,023
<sup>b</sup> Logitech International SA. ....	Technology Hardware, Storage & Peripherals	126,370	9,432,257
<sup>a</sup> Siegfried Holding AG. ....	Life Sciences Tools & Services	14,855	11,228,337
			47,372,145
<b>Taiwan 7.7%</b>			
Catcher Technology Co. Ltd. ....	Technology Hardware, Storage & Peripherals	1,089,000	5,593,024
Chicony Electronics Co. Ltd. ....	Technology Hardware, Storage & Peripherals	5,455,432	17,559,025
Giant Manufacturing Co. Ltd. ....	Leisure Products	1,287,311	13,372,714
King Yuan Electronics Co. Ltd. ....	Semiconductors & Semiconductor Equipment	11,061,000	17,435,797
Merida Industry Co. Ltd. ....	Leisure Products	1,401,000	14,277,708
Nien Made Enterprise Co. Ltd. ....	Household Durables	764,000	9,910,325
Tripod Technology Corp. ....	Electronic Equipment, Instruments & Components	3,011,000	13,813,335
			91,961,928
<b>United Kingdom 3.8%</b>			
Greggs plc. ....	Hotels, Restaurants & Leisure	336,674	11,574,612
<sup>a</sup> Johnson Service Group plc. ....	Commercial Services & Supplies	3,345,013	7,083,485
Man Group plc. ....	Capital Markets	6,590,521	16,969,577
Oxford Instruments plc. ....	Electronic Equipment, Instruments & Components	258,403	9,088,441
			44,716,115
<b>United States 44.9%</b>			
<sup>a</sup> Acadia Healthcare Co., Inc. ....	Health Care Providers & Services	223,800	12,691,698



TEMPLETON GLOBAL SMALLER COMPANIES FUND  
STATEMENT OF INVESTMENTS (UNAUDITED)

	Industry	Shares	Value
<b>Common Stocks (continued)</b>			
<b>United States (continued)</b>			
Alamo Group, Inc. ....	Machinery	162,210	\$22,565,033
Avnet, Inc. ....	Electronic Equipment, Instruments & Components	161,800	6,806,926
<sup>a</sup> BrightView Holdings, Inc. ....	Commercial Services & Supplies	579,900	7,834,449
Columbia Sportswear Co. ....	Textiles, Apparel & Luxury Goods	223,250	20,699,740
Crown Holdings, Inc. ....	Containers & Packaging	195,300	23,957,451
Deluxe Corp. ....	Commercial Services & Supplies	267,800	8,331,258
<sup>a</sup> Ferro Corp. ....	Chemicals	155,302	3,374,712
<sup>a</sup> Freshpet, Inc. ....	Food Products	147,400	14,036,902
Hillenbrand, Inc. ....	Machinery	500,410	23,874,561
Huntington Bancshares, Inc. ....	Banks	1,452,599	22,544,336
<sup>a</sup> Integer Holdings Corp. ....	Health Care Equipment & Supplies	176,700	14,819,829
Janus Henderson Group plc ....	Capital Markets	355,733	11,941,957
<sup>a</sup> Jones Lang LaSalle, Inc. ....	Real Estate Management & Development	86,500	21,298,030
<sup>a</sup> Knowles Corp. ....	Electronic Equipment, Instruments & Components	896,610	19,528,166
LCI Industries ....	Auto Components	85,380	10,631,518
Lear Corp. ....	Auto Components	76,400	12,020,776
Levi Strauss & Co., A ....	Textiles, Apparel & Luxury Goods	868,100	19,662,465
<sup>a</sup> LivaNova plc. ....	Health Care Equipment & Supplies	153,400	12,090,988
ManpowerGroup, Inc. ....	Professional Services	57,400	6,100,472
MGP Ingredients, Inc. ....	Beverages	304,500	24,241,245
<sup>a</sup> Middleby Corp. (The) ....	Machinery	47,600	8,454,712
MillerKnoll, Inc. ....	Commercial Services & Supplies	346,500	13,471,920
<sup>a</sup> NCR Corp. ....	Software	542,900	21,998,308
Patrick Industries, Inc. ....	Auto Components	110,235	7,864,165
<sup>a,b</sup> Sabre Corp. ....	IT Services	1,438,000	15,717,340
Sealed Air Corp. ....	Containers & Packaging	260,500	17,487,365
<sup>a</sup> Skechers USA, Inc., A ....	Textiles, Apparel & Luxury Goods	497,200	22,861,256
<sup>a</sup> Sonos, Inc. ....	Household Durables	606,100	16,601,079
Spirit AeroSystems Holdings, Inc., A . .	Aerospace & Defense	120,600	6,030,000
<sup>a</sup> Texas Capital Bancshares, Inc. ....	Banks	153,070	10,194,462
<sup>a,b</sup> Traeger, Inc. ....	Household Durables	623,600	6,154,932
TriMas Corp. ....	Containers & Packaging	646,250	21,009,587
TrustCo Bank Corp. ....	Thriffs & Mortgage Finance	612,340	20,923,658
<sup>a</sup> US Ecology, Inc. ....	Commercial Services & Supplies	152,500	7,234,600
Voya Financial, Inc. ....	Diversified Financial Services	175,800	11,840,130
Winnebago Industries, Inc. ....	Automobiles	101,310	6,490,932
			533,386,958
<b>Total Common Stocks (Cost \$794,358,408) .....</b>			<b>1,117,599,932</b>
<b>Preferred Stocks 0.3%</b>			
<b>Brazil 0.3%</b>			
<sup>1</sup> Alpargatas SA, 0.16% .....	Textiles, Apparel & Luxury Goods	665,987	3,310,638
<b>Total Preferred Stocks (Cost \$1,823,143) .....</b>			<b>3,310,638</b>
<b>Warrants</b>			
<b>Warrants 0.1%</b>			
<b>Bahamas 0.1%</b>			
<sup>a</sup> OneSpaWorld Holdings Ltd., 3/19/24. .	Diversified Consumer Services	314,014	1,003,275
<b>Total Warrants (Cost \$-) .....</b>			<b>1,003,275</b>

	Industry	Units	Value
<b>Private Limited Partnership Funds 1.8%</b>			
<b>United States 1.8%</b>			
AllianceBernstein Holding LP . . . . .	Capital Markets	473,565	\$21,234,655
<b>Total Private Limited Partnership Funds (Cost \$6,164,831) . . . . .</b>			<b>21,234,655</b>
<b>Total Long Term Investments (Cost \$802,346,382) . . . . .</b>			<b>1,143,148,500</b>
<b>Short Term Investments 3.7%</b>			
		Principal Amount <sup>*</sup>	Value
<b>U.S. Government and Agency Securities 3.3%</b>			
<b>United States 3.3%</b>			
<sup>g</sup> FFCB, 3/01/22 . . . . .		700,000	700,000
<sup>g</sup> FHLB, 3/01/22 . . . . .		38,300,000	38,300,000
			39,000,000
<b>Total U.S. Government and Agency Securities (Cost \$39,000,000) . . . . .</b>			<b>39,000,000</b>
		Shares	
<b><sup>h</sup>Investments from Cash Collateral Received for Loaned Securities 0.4%</b>			
<b>Money Market Funds 0.4%</b>			
<sup>i,j</sup> Institutional Fiduciary Trust - Money Market Portfolio, 0.01% . . . . .		4,713,848	4,713,848
<b>Total Investments from Cash Collateral Received for Loaned Securities (Cost \$4,713,848) . . . . .</b>			<b>4,713,848</b>
<b>Total Short Term Investments (Cost \$43,713,848) . . . . .</b>			<b>43,713,848</b>
<b>Total Investments (Cost \$846,060,230) 99.9% . . . . .</b>			<b>\$1,186,862,348</b>
<b>Other Assets, less Liabilities 0.1% . . . . .</b>			<b>1,490,109</b>
<b>Net Assets 100.0% . . . . .</b>			<b>\$1,188,352,457</b>

See Abbreviations on page 30.

<sup>\*</sup>The principal amount is stated in U.S. dollars unless otherwise indicated.

<sup>†</sup>Rounds to less than 0.1% of net assets.

<sup>g</sup>Non-income producing.

<sup>h</sup>A portion or all of the security is on loan at February 28, 2022. See Note 1(c).

<sup>c</sup>Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. Regulation S securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At February 28, 2022, the aggregate value of these securities was \$58,399,148, representing 4.9% of net assets.

<sup>d</sup>Fair valued using significant unobservable inputs. See Note 11 regarding fair value measurements.

<sup>e</sup>See Note 9 regarding restricted securities.

<sup>f</sup>Variable rate security. The rate shown represents the yield at period end.

<sup>g</sup>The security was issued on a discount basis with no stated coupon rate.

<sup>h</sup>See Note 1(c) regarding securities on loan.

<sup>i</sup>See Note 3(f) regarding investments in affiliated management investment companies.

<sup>j</sup>The rate shown is the annualized seven-day effective yield at period end.

## Statement of Assets and Liabilities

February 28, 2022 (unaudited)

	<b>Templeton Global Smaller Companies Fund</b>
<b>Assets:</b>	
Investments in securities:	
Cost - Unaffiliated issuers . . . . .	\$841,346,382
Cost - Non-controlled affiliates (Note 3f) . . . . .	4,713,848
Value - Unaffiliated issuers (Includes securities loaned of \$7,081,843) . . . . .	\$1,182,148,500
Value - Non-controlled affiliates (Note 3f) . . . . .	4,713,848
Cash . . . . .	3,253,311
Receivables:	
Investment securities sold . . . . .	2,204,712
Capital shares sold . . . . .	622,191
Dividends . . . . .	3,160,814
European Union tax reclaims (Note 1d) . . . . .	1,543,981
Total assets . . . . .	1,197,647,357
<b>Liabilities:</b>	
Payables:	
Investment securities purchased . . . . .	1,876,540
Capital shares redeemed . . . . .	823,263
Management fees . . . . .	802,212
Distribution fees . . . . .	207,708
Transfer agent fees . . . . .	143,117
Trustees' fees and expenses . . . . .	71,993
Payable upon return of securities loaned (Note 1c) . . . . .	4,713,848
Accrued expenses and other liabilities . . . . .	656,219
Total liabilities . . . . .	9,294,900
Net assets, at value . . . . .	\$1,188,352,457
<b>Net assets consist of:</b>	
Paid-in capital . . . . .	\$830,176,364
Total distributable earnings (losses) . . . . .	358,176,093
Net assets, at value . . . . .	\$1,188,352,457

# Statement of Assets and Liabilities (continued)

February 28, 2022 (unaudited)

**Templeton  
Global Smaller  
Companies  
Fund**

**Class A:**

Net assets, at value	\$1,033,924,909
Shares outstanding	101,815,823
Net asset value per share <sup>a</sup>	\$10.15
Maximum offering price per share (net asset value per share ÷ 94.50%)	\$10.74

**Class C:**

Net assets, at value	\$8,972,221
Shares outstanding	949,765
Net asset value and maximum offering price per share <sup>a</sup>	\$9.45

**Class R6:**

Net assets, at value	\$92,070,842
Shares outstanding	9,015,089
Net asset value and maximum offering price per share	\$10.21

**Advisor Class:**

Net assets, at value	\$53,384,485
Shares outstanding	5,217,462
Net asset value and maximum offering price per share	\$10.23

<sup>a</sup>Redemption price is equal to net asset value less contingent deferred sales charges, if applicable.

## Statement of Operations

for the six months ended February 28, 2022 (unaudited)

	Templeton Global Smaller Companies Fund
Investment income:	
Dividends: (net of foreign taxes of \$655,715)	
Unaffiliated issuers	\$6,966,428
Interest:	
Unaffiliated issuers	3,249
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	37,256
Non-controlled affiliates (Note 3f)	289
Other income (Note 1d)	134,918
Total investment income	7,142,140
Expenses:	
Management fees (Note 3a)	5,555,732
Distribution fees: (Note 3c)	
Class A	1,396,258
Class C	51,175
Transfer agent fees: (Note 3e)	
Class A	706,801
Class C	6,477
Class R6	18,364
Advisor Class	37,013
Custodian fees	39,385
Reports to shareholders fees	107,235
Registration and filing fees	44,148
Trustees' fees and expenses	51,545
Other	119,351
Total expenses	8,133,484
Expenses waived/paid by affiliates (Note 3f and 3g)	(4,783)
Net expenses	8,128,701
Net investment income (loss)	(986,561)
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	36,408,649
Foreign currency transactions	(5,043)
Net realized gain (loss)	36,403,606
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(183,618,671)
Translation of other assets and liabilities denominated in foreign currencies	(199,120)
Net change in unrealized appreciation (depreciation)	(183,817,791)
Net realized and unrealized gain (loss)	(147,414,185)
Net increase (decrease) in net assets resulting from operations	\$(148,400,746)

## Statements of Changes in Net Assets

	Templeton Global Smaller Companies Fund	
	Six Months Ended February 28, 2022 (unaudited)	Year Ended August 31, 2021
Increase (decrease) in net assets:		
Operations:		
Net investment income (loss) . . . . .	\$(986,561)	\$7,231,775
Net realized gain (loss) . . . . .	36,403,606	133,613,078
Net change in unrealized appreciation (depreciation) . . . . .	(183,817,791)	281,569,261
Net increase (decrease) in net assets resulting from operations . . . . .	(148,400,746)	422,414,114
Distributions to shareholders:		
Class A . . . . .	(109,936,819)	(26,537,916)
Class C . . . . .	(1,038,272)	(239,297)
Class R6 . . . . .	(9,983,983)	(2,496,084)
Advisor Class . . . . .	(5,790,108)	(1,498,643)
Total distributions to shareholders . . . . .	(126,749,182)	(30,771,940)
Capital share transactions: (Note 2)		
Class A . . . . .	69,662,594	(58,193,721)
Class C . . . . .	(120,291)	(4,205,285)
Class R6 . . . . .	9,234,943	(3,226,018)
Advisor Class . . . . .	1,839,821	(1,675,007)
Total capital share transactions . . . . .	80,617,067	(67,300,031)
Net increase (decrease) in net assets . . . . .	(194,532,861)	324,342,143
Net assets:		
Beginning of period . . . . .	1,382,885,318	1,058,543,175
End of period . . . . .	\$1,188,352,457	\$1,382,885,318

# Notes to Financial Statements (unaudited)

## 1. Organization and Significant Accounting Policies

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

The following summarizes the Fund's significant accounting policies.

### a. Financial Instrument Valuation

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

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

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

Debt securities generally trade in the OTC market rather than on a securities exchange. The Fund's pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value.

Investments in open-end mutual funds are valued at the closing NAV.

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

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at

## 1. Organization and Significant Accounting Policies

(continued)

### a. Financial Instrument Valuation (continued)

4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's portfolio securities to the latest indications of fair value at 4 p.m. Eastern time. At February 28, 2022, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy (referred to as "market level fair value"). See the Fair Value Measurements note for more information.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

### b. Foreign Currency Translation

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

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

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

### c. Securities Lending

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Fund. Additionally, the Fund held \$2,641,036 in U.S. Government and Agency securities as collateral. These securities are held as collateral in segregated accounts with the Fund's custodian. The Fund cannot repledge or resell these securities held as collateral. As such, the non-cash collateral is excluded from the Statement of Assets and Liabilities. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statement of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.



## **1. Organization and Significant Accounting Policies** (continued)

### **d. Income and Deferred Taxes**

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

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply, the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

As a result of several court cases, in certain countries across the European Union, the Fund filed additional tax reclaims for previously withheld taxes on dividends earned in those countries (EU reclaims). Income recognized, if any, for EU reclaims is reflected as other income in the Statement of Operations and any related receivable, if any, is reflected as European Union tax reclaims in the Statement of Assets and Liabilities. Any fees associated with these filings are reflected in other expenses in the Statement of Operations. When uncertainty exists as to the ultimate resolution of these proceedings, the likelihood of receipt of these EU reclaims, and the potential timing of payment, no amounts are reflected in the financial statements. For U.S. income tax purposes, EU reclaims received by the Fund, if any, reduce the amount of foreign taxes Fund shareholders can use as tax deductions or credits on their income tax returns.

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of February 28, 2022, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open

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

### **e. Security Transactions, Investment Income, Expenses and Distributions**

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

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

### **f. Accounting Estimates**

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

### **g. Guarantees and Indemnifications**

Under the Fund's organizational documents, its officers and trustees are indemnified by the Fund against certain liabilities arising out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund's maximum

## 1. Organization and Significant Accounting Policies

(continued)

### g. Guarantees and Indemnifications (continued)

exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. Currently, the Fund expects the risk of loss to be remote.

## 2. Shares of Beneficial Interest

At February 28, 2022, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended February 28, 2022		Year Ended August 31, 2021	
	Shares	Amount	Shares	Amount
<b>Class A Shares:</b>				
Shares sold <sup>a</sup>	2,777,021	\$31,699,435	6,386,138	\$73,707,801
Shares issued in reinvestment of distributions	9,930,403	105,560,190	2,397,388	25,388,343
Shares redeemed	(5,913,112)	(67,597,031)	(14,273,428)	(157,289,865)
Net increase (decrease)	6,794,312	\$69,662,594	(5,489,902)	\$(58,193,721)
<b>Class C Shares:</b>				
Shares sold	64,879	\$718,567	292,762	\$3,133,784
Shares issued in reinvestment of distributions	104,131	1,030,896	23,870	238,225
Shares redeemed <sup>a</sup>	(174,236)	(1,869,754)	(699,209)	(7,577,294)
Net increase (decrease)	(5,226)	\$(120,291)	(382,577)	\$(4,205,285)
<b>Class R6 Shares:</b>				
Shares sold	1,102,439	\$12,696,388	1,624,498	\$18,932,535
Shares issued in reinvestment of distributions	698,035	7,455,014	182,145	1,936,198
Shares redeemed	(955,591)	(10,916,459)	(2,160,012)	(24,094,751)
Net increase (decrease)	844,883	\$9,234,943	(353,369)	\$(3,226,018)
<b>Advisor Class Shares:</b>				
Shares sold	351,499	\$4,056,686	1,120,091	\$12,827,889
Shares issued in reinvestment of distributions	517,319	5,540,487	134,085	1,427,997
Shares redeemed	(664,364)	(7,757,352)	(1,386,387)	(15,930,893)
Net increase (decrease)	204,454	\$1,839,821	(132,211)	\$(1,675,007)

<sup>a</sup>May include a portion of Class C shares that were automatically converted to Class A.

## 3. Transactions with Affiliates

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

Subsidiary	Affiliation
Templeton Investment Counsel, LLC (TIC)	Investment manager
Franklin Templeton Investments Corp. (FTIC)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Distributors, LLC (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

### 3. Transactions with Affiliates (continued)

#### a. Management Fees

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

Annualized Fee Rate	Net Assets
0.900%	Up to and including \$200 million
0.885%	Over \$200 million, up to and including \$700 million
0.850%	Over \$700 million, up to and including \$1 billion
0.830%	Over \$1 billion, up to and including \$1.2 billion
0.805%	Over \$1.2 billion, up to and including \$5 billion
0.785%	Over \$5 billion, up to and including \$10 billion
0.765%	Over \$10 billion, up to and including \$15 billion
0.745%	Over \$15 billion, up to and including \$20 billion
0.725%	In excess of \$20 billion

For the period ended February 28, 2022, the annualized gross effective investment management fee rate was 0.866% of the Fund's average daily net assets.

Under a subadvisory agreement, FTIC, an affiliate of TIC, provides subadvisory services to the Fund. The subadvisory fee is paid by TIC based on the Fund's average daily net assets, and is not an additional expense of the Fund.

#### b. Administrative Fees

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

#### c. Distribution Fees

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

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

Class A. ....	0.25%
Class C. ....	1.00%

#### d. Sales Charges/Underwriting Agreements

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

### 3. Transactions with Affiliates (continued)

#### d. Sales Charges/Underwriting Agreements (continued)

Sales charges retained net of commissions paid to unaffiliated brokers/dealers . . . . .	\$30,019
CDSC retained . . . . .	\$2,892

#### e. Transfer Agent Fees

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

For the period ended February 28, 2022, the Fund paid transfer agent fees of \$768,655, of which \$290,053 was retained by Investor Services.

#### f. Investments in Affiliated Management Investment Companies

The Fund invests in one or more affiliated management investment companies. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Fund does not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended February 28, 2022, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
<b>Templeton Global Smaller Companies Fund</b>								
<b>Non-Controlled Affiliates</b>								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%.	\$264,494	\$87,752,209	\$(83,302,855)	\$—	\$—	\$4,713,848	4,713,848	\$289
<b>Total Affiliated Securities . . .</b>	<b>\$264,494</b>	<b>\$87,752,209</b>	<b>\$(83,302,855)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$4,713,848</b>		<b>\$289</b>

#### g. Waiver and Expense Reimbursements

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

#### 4. Income Taxes

At February 28, 2022, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	\$851,426,189
Unrealized appreciation	\$398,826,515
Unrealized depreciation	(63,390,356)
Net unrealized appreciation (depreciation)	\$335,436,159

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of EU reclaims, passive foreign investment company shares, pass-through entity income and corporate actions.

#### 5. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended February 28, 2022, aggregated \$75,838,730 and \$107,780,835, respectively.

At February 28, 2022, in connection with securities lending transactions, the Fund loaned equity investments and received \$4,713,848 of cash collateral. The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statement of Assets and Liabilities. The agreements can be terminated at any time.

#### 6. Concentration of Risk

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

#### 7. Geopolitical Risk

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

#### 8. Novel Coronavirus Pandemic

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

## 9. Restricted Securities

The Fund invests in securities that are restricted under the Securities Act of 1933 (1933 Act). Restricted securities are often purchased in private placement transactions, and cannot be sold without prior registration unless the sale is pursuant to an exemption under the 1933 Act. Disposal of these securities may require greater effort and expense, and prompt sale at an acceptable price may be difficult. The Fund may have registration rights for restricted securities. The issuer generally incurs all registration costs.

At February 28, 2022, investments in restricted securities, excluding securities exempt from registration under the 1933 Act, were as follows:

Shares	Issuer	Acquisition Date	Cost	Value
<b>Templeton Global Smaller Companies Fund</b>				
1,342,000	Sakari Resources Ltd . . . . .	1/18/12 - 2/23/12	\$2,478,736	\$227,258
	<b>Total Restricted Securities</b> (Value is 0.0% <sup>†</sup> of Net Assets) . . . . .		<b>\$2,478,736</b>	<b>\$227,258</b>

<sup>†</sup> Rounds to less than 0.1% of net assets.

## 10. Credit Facility

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

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended February 28, 2022, the Fund did not use the Global Credit Facility.

## 11. Fair Value Measurements

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

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

## 11. Fair Value Measurements (continued)

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

A summary of inputs used as of February 28, 2022, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
<b>Templeton Global Smaller Companies Fund</b>				
<b>Assets:</b>				
Investments in Securities:				
Common Stocks:				
Bahamas	\$15,285,550	\$—	\$—	\$15,285,550
Belgium	—	22,828,852	—	22,828,852
Brazil	—	12,445,966	—	12,445,966
Canada	23,783,095	—	—	23,783,095
Denmark	5,026,104	—	—	5,026,104
Finland	—	14,992,257	—	14,992,257
Germany	—	41,186,103	—	41,186,103
Hong Kong	11,513,890	16,392,392	—	27,906,282
Hungary	8,443,680	—	—	8,443,680
Indonesia	—	—	227,258	227,258
Ireland	11,156,005	—	—	11,156,005
Israel	8,255,863	—	—	8,255,863
Italy	—	53,441,409	—	53,441,409
Japan	—	86,465,338	—	86,465,338
Netherlands	—	7,644,294	—	7,644,294
Singapore	4,313,790	—	—	4,313,790
South Korea	—	18,645,410	—	18,645,410
Sweden	—	38,115,530	—	38,115,530
Switzerland	9,432,257	37,939,888	—	47,372,145
Taiwan	—	91,961,928	—	91,961,928
United Kingdom	—	44,716,115	—	44,716,115
United States	533,386,958	—	—	533,386,958
Preferred Stocks	—	3,310,638	—	3,310,638
Warrants	1,003,275	—	—	1,003,275
Private Limited Partnership Funds	21,234,655	—	—	21,234,655
Short Term Investments	4,713,848	39,000,000	—	43,713,848
Total Investments in Securities	\$657,548,970	\$529,086,120 <sup>a</sup>	\$227,258	\$1,186,862,348

<sup>a</sup> Includes foreign securities valued at \$490,086,120, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

A reconciliation in which Level 3 inputs are used in determining fair value is presented when there are significant Level 3 assets and/or liabilities at the beginning and/or end of the period.

## 12. Subsequent Events

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

## Abbreviations

### Selected Portfolio

<b>FFCB</b>	Federal Farm Credit Banks Funding Corp.
<b>FHLB</b>	Federal Home Loan Banks



## Shareholder Information

### Board Approval of Investment Management Agreements

#### TEMPLETON GLOBAL SMALLER COMPANIES FUND (Fund)

At an in-person meeting held on February 28, 2022 (Meeting), the Board of Trustees (Board) of the Fund, including a majority of the trustees who are not “interested persons” as defined in the Investment Company Act of 1940 (Independent Trustees), reviewed and approved the continuance of the investment management agreement between Templeton Investment Counsel, LLC (TICL) and the Fund and the investment sub-advisory agreement between TICL and Franklin Templeton Investments Corp. (Sub-Adviser), an affiliate of TICL, on behalf of the Fund (each a Management Agreement) for an additional one-year period. The Independent Trustees received advice from and met separately with Independent Trustee counsel in considering whether to approve the continuation of each Management Agreement. TICL and the Sub-Adviser are each referred to herein as a Manager.

In considering the continuation of each Management Agreement, the Board reviewed and considered information provided by each Manager at the Meeting and throughout the year at meetings of the Board and its committees. The Board also reviewed and considered information provided in response to a detailed set of requests for information submitted to each Manager by Independent Trustee counsel on behalf of the Independent Trustees in connection with the annual contract renewal process. In addition, prior to the Meeting, the Independent Trustees held a virtual contract renewal meeting at which the Independent Trustees first conferred amongst themselves and Independent Trustee counsel about contract renewal matters; then met with senior leadership regarding the performance of the global equity funds, as well as expected enhancements to the Templeton Global Equity Group leadership; and last met with management to request additional information that the Independent Trustees reviewed and considered at the Meeting. The Board later had an opportunity for an expanded discussion with the leadership of the Templeton Global Equity Group to hear about strategies to deliver improved investment returns to shareholders. The Board reviewed and considered all of the factors it deemed relevant in approving the continuance of each Management Agreement, including, but not limited to: (i) the nature, extent and quality of the services provided by each Manager; (ii) the investment performance of the Fund; (iii) the costs of

the services provided and profits realized by each Manager and its affiliates from the relationship with the Fund; (iv) the extent to which economies of scale are realized as the Fund grows; and (v) whether fee levels reflect these economies of scale for the benefit of Fund investors.

In approving the continuance of each Management Agreement, the Board, including a majority of the Independent Trustees, determined that the terms of each Management Agreement are fair and reasonable and that the continuance of such Management Agreement is in the best interests of the Fund and its shareholders. While attention was given to all information furnished, the following discusses some primary factors relevant to the Board’s determination.

#### Nature, Extent and Quality of Services

The Board reviewed and considered information regarding the nature, extent and quality of investment management services provided by each Manager and its affiliates to the Fund and its shareholders. This information included, among other things, the qualifications, background and experience of the senior management and investment personnel of each Manager, as well as information on succession planning where appropriate; the structure of investment personnel compensation; oversight of third-party service providers; investment performance reports and related financial information for the Fund; reports on expenses and shareholder services; legal and compliance matters; risk controls; pricing and other services provided by each Manager and its affiliates; and management fees charged by each Manager and its affiliates to US funds and other accounts, including management’s explanation of differences among accounts where relevant. The Board also reviewed and considered an annual report on payments made by Franklin Templeton (FT) or the Fund to financial intermediaries, as well as a memorandum relating to third-party servicing arrangements, which included discussion of the changing distribution landscape for the Fund. The Board noted management’s continued focus on enhancing the leadership of the Templeton Global Equity Group and commitment to providing the resources important to delivering sustainable returns. The Board also acknowledged the ongoing integration of the Legg Mason family of funds into the FT family of funds and developing strategies to address areas of heightened concern in the mutual fund industry, including various regulatory initiatives and recent geopolitical concerns.



The Board also reviewed and considered the benefits provided to Fund shareholders of investing in a fund that is part of the FT family of funds. The Board noted the financial position of Franklin Resources, Inc. (FRI), the Managers' parent, and its commitment to the mutual fund business as evidenced by its reassessment of the fund offerings in response to the market environment and project initiatives and capital investments relating to the services provided to the Fund by the FT organization. The Board specifically noted FT's commitment to being a global leader in stewardship and sustainability and the recent addition of a senior executive focused on environmental, social and governance and climate control initiatives.

Following consideration of such information, the Board was satisfied with the nature, extent and quality of services provided by each Manager and its affiliates to the Fund and its shareholders.

### **Fund Performance**

The Board reviewed and considered the performance results of the Fund over various time periods ended November 30, 2021. The Board considered the performance returns for the Fund in comparison to the performance returns of mutual funds deemed comparable to the Fund included in a universe (Performance Universe) selected by Broadridge Financial Solutions, Inc. (Broadridge), an independent provider of investment company data. The Board received a description of the methodology used by Broadridge to select the mutual funds included in a Performance Universe. The Board also considered the performance returns for the Fund in comparison to the performance returns of a customized peer group (Performance Customized Peer Group) selected by the Manager. The Board further reviewed and considered Fund performance reports provided and discussions that occurred with portfolio managers at Board meetings throughout the year. A summary of the Fund's performance results is below.

The Performance Universe for the Fund included the Fund and all retail and institutional global small-/mid-cap funds. The Performance Customized Peer Group also provided for the Board's consideration included funds that are value style and invest only in stocks that have total market capitalizations not exceeding the lesser of: (1) the highest float-adjusted market capitalization in the Fund's benchmark (MSCI All Country World Small Cap Index-NR), or (2) \$10 billion, at the time of purchase. The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median of its Performance Universe, however, was above the median of its Performance Customized Peer Group for the three-, five-, and 10-year periods, and below the median for the one-year

period. The Board further noted the small size of the Fund's Performance Customized Peer Group for the five- and 10-year periods and that therefore no quintile information was provided for the Fund for those periods.

The Board discussed the performance of the Fund with management and management explained that the Performance Universe for the Fund was not directly comparable to the Fund as the Performance Universe is not comprised solely of small-capitalization funds, and includes mid-capitalization funds and a few large-capitalization funds. Management also explained that the Fund is limited to purchasing securities with market capitalizations that do not exceed the lesser of (i) the highest float-adjusted market capitalization in the Fund's benchmark, or (2) \$10 billion, at the time of purchase, whereas other funds in the Performance Universe can purchase securities with higher market capitalizations. Management further explained that the Fund has a small-capitalization value strategy, whereas certain peers in the Performance Universe have growth and blend strategies. Management also explained that the foregoing are the reasons management asked Broadridge to include the Performance Customized Peer Group which is comprised of two world small-capitalization funds and five world mid- and all-capitalization funds. Management further explained that the Fund's underweight position to the information technology sector was a material detractor of the Fund's performance versus the Performance Universe over the one-, three- and five-year periods and that the Fund's lack of exposure to the energy sector was a material detractor of the Fund's performance versus the Performance Customized Peer Group over the one-year period. Management reported that the Fund's performance had recently improved, ranking in the 24th percentile of the Performance Universe for the one-month period ended January 31, 2022. Management then discussed with the Board the actions that are being taken in an effort to improve the performance of the Fund and the global equity funds as a whole. Management specifically highlighted the strategic initiatives being undertaken in the Templeton Global Equity Group, including enhancements to the leadership of the group and the commitment of additional resources important to delivering sustainable returns. The Board concluded that the Fund's Management Agreement should be continued for an additional one-year period, while management's efforts continue to be closely monitored.

### **Comparative Fees and Expenses**

The Board reviewed and considered information regarding the Fund's actual total expense ratio and its various components, including, as applicable, management fees; transfer agent expenses; underlying fund expenses; Rule

12b-1 and non-Rule 12b-1 service fees; and other non-management fees. The Board also noted the quarterly and annual reports it receives on all marketing support payments made by FT to financial intermediaries. The Board considered the actual total expense ratio and, separately, the contractual management fee rate, without the effect of fee waivers, if any (Management Rate) of the Fund in comparison to the median expense ratio and median Management Rate, respectively, of other mutual funds deemed comparable to and with a similar expense structure as the Fund selected by Broadridge (Expense Group). Broadridge fee and expense data is based upon information taken from each fund's most recent annual or semi-annual report, which reflects historical asset levels that may be quite different from those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios and Management Rates generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by Broadridge to be an appropriate measure of comparative fees and expenses. The Broadridge Management Rate includes administrative charges, and the actual total expense ratio, for comparative consistency, was shown for Class A shares for the Fund and for each other fund in the Expense Group. The Board received a description of the methodology used by Broadridge to select the mutual funds included in an Expense Group.

The Expense Group for the Fund included the Fund, one other global small-/mid-cap fund, five global multi-cap value funds, seven global multi-cap core funds, one global multi-cap growth fund and one global large-cap growth fund. The Board noted that the Management Rate and actual total expense ratio for the Fund were above the medians of its Expense Group. The Board discussed with management the composition of the Fund's Expense Group and management explained that the Expense Group is not directly comparable to the Fund, as only one of the other 15 funds in the Expense Group focused on investments in smaller capitalization companies similar to the Fund. Management also explained that the Fund's quintile rankings improved to the first quintile for the Management Rate and the actual total expense ratio when the Fund's expenses were compared to those of a customized expense group, which was comprised of funds that are value style funds that invest only in stocks that have total market capitalizations that do not exceed the lesser of: (i) the highest float-adjusted market capitalization in the Fund's benchmark, or (2) \$10 billion, at the time of purchase. The Board noted that the Fund's Sub-Adviser is paid by TICL out of the management fee TICL receives from the Fund and that the allocation of the fee between TICL and the Sub-Adviser reflected the

services provided by each to the Fund. After consideration of the above, the Board concluded that the Management Rate charged to the Fund and the sub-advisory fee paid to the Sub-Adviser are reasonable.

### Profitability

The Board reviewed and considered information regarding the profits realized by each Manager and its affiliates in connection with the operation of the Fund. In this respect, the Board considered the Fund profitability analysis that addresses the overall profitability of FT's US fund business, as well as its profits in providing investment management and other services to each of the individual funds during the 12-month period ended September 30, 2021, being the most recent fiscal year-end for FRI. The Board noted that although management continually makes refinements to its methodologies used in calculating profitability in response to organizational and product-related changes, the overall methodology has remained consistent with that used in the Fund's profitability report presentations from prior years. The Board also noted that PricewaterhouseCoopers LLP, auditor to FRI and certain FT funds, has been engaged by the Manager to periodically review and assess the allocation methodologies to be used solely by the Fund's Board with respect to the profitability analysis.

The Board noted management's belief that costs incurred in establishing the infrastructure necessary for the type of mutual fund operations conducted by each Manager and its affiliates may not be fully reflected in the expenses allocated to the Fund in determining its profitability, as well as the fact that the level of profits, to a certain extent, reflected operational cost savings and efficiencies initiated by management. As part of this evaluation, the Board considered management's outsourcing of certain operations, which effort has required considerable up-front expenditures by the Manager but, over the long run is expected to result in greater efficiencies. The Board also noted management's expenditures in improving shareholder services provided to the Fund, as well as the need to implement systems and meet additional regulatory and compliance requirements resulting from recent US Securities and Exchange Commission and other regulatory requirements.

The Board also considered the extent to which each Manager and its affiliates might derive ancillary benefits from fund operations, including revenues generated from transfer agent services, potential benefits resulting from personnel and systems enhancements necessitated by fund growth, as well as increased leverage with service providers and counterparties. Based upon its consideration of all these

factors, the Board concluded that the level of profits realized by each Manager and its affiliates from providing services to the Fund was not excessive in view of the nature, extent and quality of services provided to the Fund.

### **Economies of Scale**

The Board reviewed and considered the extent to which each Manager may realize economies of scale, if any, as the Fund grows larger and whether the Fund's management fee structure reflects any economies of scale for the benefit of shareholders. With respect to possible economies of scale, the Board noted the existence of management fee breakpoints, which operate generally to share any economies of scale with the Fund's shareholders by reducing the Fund's effective management fees as the Fund grows in size. The Board considered management's view that any analyses of potential economies of scale in managing a particular fund are inherently limited in light of the joint and common costs and investments each Manager incurs across the FT family of funds as a whole. The Board concluded that to the extent economies of scale may be realized by each Manager and its affiliates, the Fund's management fee structure provided a sharing of benefits with the Fund and its shareholders as the Fund grows.

### **Conclusion**

Based on its review, consideration and evaluation of all factors it believed relevant, including the above-described factors and conclusions, the Board unanimously approved the continuation of each Management Agreement for an additional one-year period.

## **Proxy Voting Policies and Procedures**

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

## **Quarterly Statement of Investments**

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

## **Householding of Reports and Prospectuses**

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

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

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



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