

JUNE 30, 2009



# FRANKLIN TEMPLETON INVESTMENT FUNDS

SOCIÉTÉ D'INVESTISSEMENT À CAPITAL VARIABLE



FRANKLIN TEMPLETON  
INVESTMENTS



# FRANKLIN TEMPLETON INVESTMENT FUNDS

société d'investissement à capital variable

## AUDITED ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2009

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This report shall not constitute an offer or a solicitation of an offer to buy shares of Franklin Templeton Investment Funds (the "Company"). Subscriptions are to be made on the basis of the current simplified prospectus accompanied by the current full prospectus and its addendum, a copy of the latest available audited report and, if published thereafter, the latest unaudited semi-annual report.

This report is an abridged version of the report of the Company which is available free of charge upon request at the registered office of the Company, at Franklin Templeton Investments' local offices or distributors as stated in the current prospectus.

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société d'investissement à capital variable  
26, boulevard Royal, L-2449 Luxembourg, Grand-Duchy of Luxembourg  
(Registered with the registre de commerce et des sociétés, Luxembourg, under number B 35 177)

## GENERAL INFORMATION (AS AT JUNE 30, 2009)

### BOARD OF DIRECTORS

#### Chairman

*The Honorable Nicholas F. Brady*  
Chairman and Chief Executive Officer  
CHOPTANK PARTNERS, INC.  
16 North Washington Street  
Easton, MD 21601, U.S.A.

#### Directors

*Gregory E. Johnson*  
President and Chief Executive Officer  
FRANKLIN RESOURCES, INC.  
One Franklin Parkway  
San Mateo, CA 94403-1906, U.S.A.

*Dr J. B. Mark Mobius*  
Director Emeritus  
TEMPLETON ASSET MANAGEMENT LTD  
7 Temasek Boulevard, # 38-03 Suntec Tower One  
Singapore 038987

*Mark G. Holowesko*  
President  
HOLOWESKO PARTNERS LTD  
Shipston House  
Box N-7776, West Bay Street, Lyford Cay,  
Nassau, Bahamas

*Gregory E. McGowan*  
Executive Vice President and General Counsel  
TEMPLETON WORLDWIDE, INC.  
500 East Broward Boulevard, Suite 2100  
Fort Lauderdale, FL 33394, U.S.A.

*Duke of Abercorn KG*  
Director  
TITANIC QUARTER  
Barons Court  
Omagh BT78 4EZ, Northern Ireland, U.K.

*Vijay C. Advani*  
Executive Vice President-Global Advisory Services  
FRANKLIN RESOURCES, INC.  
One Franklin Parkway  
San Mateo, CA 94403-1906, U.S.A.

*Richard H. Frank*  
Chief Executive Officer  
DARBY OVERSEAS INVESTMENTS, LTD  
1133 Connecticut Avenue, NW, Suite 400  
Washington DC 20036, U.S.A.

*David E. Smart*  
Director and Co-Chief Executive Officer  
FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED  
The Adelphi Building, 1-11 John Adam Street  
London WC2N 6HT, England, U.K.

*The Honourable Trevor G. Trefgarne*  
Chairman  
GARRO SECURITIES LIMITED  
30 Kimbell Gardens  
London SW6 6QQ, U.K.

*James J. K. Hung*  
President and Chief Executive Officer  
ASIA SECURITIES GLOBAL LTD  
Room 63, 21st floor, New World Tower 1  
18 Queen's Road, Central  
Hong Kong

*Geoffrey A. Langlands*  
Managing Partner  
LANGLANDS CONSULTORIA Ltda  
Avenida das Americas 500  
Bloco 6, Sala 227 (Downtown)  
Rio de Janeiro – RJ CEP 22640-100, Brazil

### CONDUCTING OFFICERS:

*William Lockwood*  
26, boulevard Royal, L-2449 Luxembourg  
Grand-Duchy of Luxembourg

*Denise Voss*  
26, boulevard Royal, L-2449 Luxembourg  
Grand-Duchy of Luxembourg

REGISTERED OFFICE:  
26, boulevard Royal, L-2449 Luxembourg  
Grand-Duchy of Luxembourg

### PRINCIPAL DISTRIBUTOR:

TEMPLETON GLOBAL ADVISORS LIMITED  
P.O. Box N-7759, Lyford Cay, Nassau, Bahamas

### INVESTMENT MANAGERS:

As to: Franklin Euroland Core Fund;  
Franklin European Growth Fund\*;  
Franklin High Yield (Euro) Fund\*;  
Franklin World Perspectives Fund †;  
Franklin Mutual Beacon Fund‡;  
Franklin Mutual Global Discovery Fund‡;  
Templeton Euroland Bond Fund;  
Templeton Euroland Fund;  
Templeton Euro Liquid Reserve Fund;  
Templeton European Fund;  
Templeton European Total Return Fund\*\*;  
Templeton Global (Euro) Fund;  
Templeton Global Balanced Fund\*\*;  
Templeton Global Equity Income Fund;  
Templeton Global Fund; and  
Templeton U.S. Value Fund.

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED  
5 Morrison Street  
Edinburgh EH3 8BH, Scotland  
U.K.

\* Franklin Templeton Investment Management Limited has been appointed as Co-Investment Manager of this Fund, together with Franklin Templeton Institutional LLC.

\*\* Franklin Templeton Investment Management Limited has been appointed as Co-Investment Manager of these Funds, together with Franklin Advisers, Inc.

† Franklin Templeton Investment Management Limited has been selected and appointed by the lead Investment Manager Franklin Advisers, Inc. as Co-Investment Manager of this Fund together with (i) Franklin Templeton Investments Corp., (ii) Franklin Templeton Investments Japan Limited, (iii) Franklin Templeton Investimentos (Brasil) Ltda. and (iv) Franklin Templeton Investment Trust Management Co. Limited.

‡ Franklin Templeton Investment Management Limited has been appointed as Co-Investment Manager for these Funds, together with Franklin Mutual Advisers, LLC.

As to: Franklin Templeton Global Equity Strategies Fund\*;  
Templeton Asian Growth Fund;  
Templeton Asian Smaller Companies Fund;  
Templeton BRIC Fund;  
Templeton China Fund;  
Templeton Eastern Europe Fund;  
Templeton Emerging Markets Fund;  
Templeton Emerging Markets Smaller Companies Fund;  
Templeton Frontier Markets Fund;  
Templeton Global Income Fund†;  
Templeton Korea Fund;  
Templeton Latin America Fund; and  
Templeton Thailand Fund.

TEMPLETON ASSET MANAGEMENT LTD  
7 Temasek Boulevard  
# 38-03 Suntec Tower One  
Singapore 038987

\* Templeton Asset Management Limited has been appointed as Co-Investment Manager of this Fund, together with (i) Franklin Advisers, Inc., (ii) Franklin Mutual Advisers, LLC and (iii) Templeton Global Advisors Limited.

† Templeton Asset Management Limited has been appointed as Co-Investment Manager of this Fund, together with Franklin Advisers, Inc.

As to: Franklin Asian Flex Cap Fund;  
Franklin Biotechnology Discovery Fund;  
Franklin High Yield Fund;  
Franklin High Yield (Euro) Fund\*;  
Franklin Income Fund;  
Franklin India Fund;  
Franklin MENA Fund;  
Franklin Natural Resources Fund;  
Franklin Strategic Income Fund;  
Franklin Technology Fund;  
Franklin Templeton Global Equity Strategies Fund\*\*;  
Franklin Templeton Global Fundamental Strategies Fund‡;  
Franklin World Perspectives Fund‡;  
Franklin U.S. Equity Fund;  
Franklin U.S. Focus Fund;  
Franklin U.S. Government Fund;  
Franklin U.S. Growth Fund;  
Franklin U.S. Opportunities Fund;  
Franklin U.S. Ultra Short Bond Fund;  
Franklin U.S. Small-Mid Cap Growth Fund;

## GENERAL INFORMATION (AS AT JUNE 30, 2009)

Franklin U.S. Total Return Fund;  
Franklin Templeton Global Growth and Value Fund;  
Templeton Asian Bond Fund;  
Templeton Emerging Markets Bond Fund;  
Templeton European Total Return Fund\*;  
Templeton Global Balanced Fund\*;  
Templeton Global Bond Fund;  
Templeton Global Bond (Euro) Fund;  
Templeton Global High Yield Fund;  
Templeton Global Income Fund†;  
Templeton Global Total Return Fund; and  
Templeton U.S. Dollar Liquid Reserve Fund.

FRANKLIN ADVISERS, INC.  
One Franklin Parkway  
San Mateo, CA 94403-1906, U.S.A.

\* Franklin Advisers, Inc. has been appointed as Co-Investment Manager of these Funds, together with Franklin Templeton Investment Management Limited.

\*\* Franklin Advisers, Inc. has been appointed as Co-Investment Manager of this Fund, together with (i) Franklin Mutual Advisers, LLC, (ii) Templeton Asset Management Limited, and (iii) Templeton Global Advisors Limited.

† Franklin Advisers, Inc. has been appointed as Co-Investment Manager of this Fund, together with (i) Franklin Mutual Advisers, LLC and (ii) Templeton Global Advisors Limited.

¶ Franklin Advisers, Inc. has been appointed as lead Investment Manager of this Fund and has selected and appointed as Co-Investment Managers (i) Franklin Templeton Investments Corp., (ii) Franklin Templeton Investments Japan Limited, (iii) Franklin Templeton Investimentos (Brasil) Ltda., (iv) Franklin Templeton Investment Management Limited and (v) Franklin Templeton Investment Trust Management Co. Limited.

‡ Franklin Advisers, Inc. has been appointed as Co-Investment Manager of this Fund, together with Templeton Asset Management Limited.

As to: Franklin European Growth Fund\*;  
Franklin European Small-Mid Cap Growth Fund;  
Franklin Global Growth Fund;  
Franklin Global Real Estate (Euro) Fund;  
Franklin Global Real Estate (USD) Fund; and  
Franklin Global Small-Mid Cap Growth Fund.

FRANKLIN TEMPLETON INSTITUTIONAL LLC  
600 Fifth Avenue,  
New York, NY 10020, U.S.A.

\* Franklin Templeton Institutional LLC has been appointed as Co-Investment Manager of this Fund, together with Franklin Templeton Investment Management Limited.

As to: Templeton Growth (Euro) Fund;  
Franklin Templeton Global Equity Strategies Fund\*; and  
Franklin Templeton Global Fundamental Strategies Fund†.

TEMPLETON GLOBAL ADVISORS LIMITED  
P.O. Box N-7759  
Lyford Cay, Nassau, Bahamas

\* Templeton Global Advisors Limited has been appointed as Co-Investment Manager of this Fund, together with (i) Franklin Mutual Advisers, LLC, (ii) Templeton Asset Management Limited and (iii) Franklin Advisers, Inc.

† Templeton Global Advisors Limited has been appointed as Co-Investment Manager of this Fund, together with (i) Franklin Mutual Advisers, LLC and (ii) Franklin Advisers, Inc.

As to: Franklin World Perspectives Fund\*;  
Templeton Global Smaller Companies Fund.

FRANKLIN TEMPLETON INVESTMENTS CORP.  
1, Adelaide Street East, Suite 2101,  
Toronto Ontario M5C 3B8, Canada

\* Franklin Templeton Investments Corp. has been selected and appointed by the lead Investment Manager Franklin Advisers, Inc. as Co-Investment Manager of this Fund together with (i) Franklin Templeton Investments Japan Limited, (ii) Franklin Templeton Investimentos (Brasil) Ltda., (iii) Franklin Templeton Investment Management Limited and (iv) Franklin Templeton Investment Trust Management Co. Limited.

As to: Franklin Mutual Beacon Fund\*;  
Franklin Mutual Euroland Fund;  
Franklin Mutual European Fund;  
Franklin Mutual Global Discovery Fund\*;  
Franklin Templeton Global Equity Strategies Fund†; and  
Franklin Templeton Global Fundamental Strategies Fund‡.

FRANKLIN MUTUAL ADVISERS, LLC  
101 John F. Kennedy Parkway  
Short Hills, NJ 07078-2789, U.S.A.

\* Franklin Mutual Advisers, LLC has been appointed as Co-Investment Manager for these Funds, together with Franklin Templeton Investment Management Limited.

† Franklin Mutual Advisers, LLC has been appointed as Co-Investment Manager of this Fund, together with (i) Franklin Advisers, Inc., (ii) Templeton Asset Management Limited and (iii) Templeton Global Advisors Limited.

‡ Franklin Mutual Advisers, LLC has been appointed as Co-Investment Manager of this Fund, together with (i) Franklin Advisers, Inc. and (ii) Templeton Global Advisors Limited.

As to: Franklin World Perspectives Fund\*;  
Franklin Templeton Japan Fund.

FRANKLIN TEMPLETON INVESTMENTS JAPAN LIMITED  
Kanematsu Building, 6th Floor  
14-1, Kyobashi 2-chome  
Chuo-Ku, Tokyo, Japan

\* Franklin Templeton Investments Japan Limited has been selected and appointed by the lead Investment Manager Franklin Advisers, Inc. as Co-Investment Manager of this Fund together with (i) Franklin Templeton Investments Corp., (ii) Franklin Templeton Investimentos (Brasil) Ltda., (iii) Franklin Templeton Investment Management Limited and (iv) Franklin Templeton Investment Trust Management Co. Limited.

As to: Franklin World Perspectives Fund\*.

FRANKLIN TEMPLETON INVESTIMENTOS (Brasil) Ltda.  
Avenue Brigadeiro Faria Lima 3311, 5o andar,  
São Paulo 04538-133, Brazil

\* Franklin Templeton Investimentos (Brasil) Ltda. has been selected and appointed by the lead Investment Manager Franklin Advisers, Inc. as Co-Investment Manager of this Fund together with (i) Franklin Templeton Investments Corp., (ii) Franklin Templeton Investments Japan Limited, (iii) Franklin Templeton Investment Management Limited and (iv) Franklin Templeton Investment Trust Management Co. Limited.

As to: Franklin World Perspectives Fund\*.

FRANKLIN TEMPLETON INVESTMENT TRUST MANAGEMENT CO. LIMITED  
12 Youido-dong, Youngdungpo-gu,  
Seoul, Korea

\* Franklin Templeton Investment Trust Management Co. Limited has been selected and appointed by the lead Investment Manager Franklin Advisers, Inc. as Co-Investment Manager of this Fund together with (i) Franklin Templeton Investments Corp., (ii) Franklin Templeton Investments Japan Limited, (iii) Franklin Templeton Investimentos (Brasil) Ltda. and (iv) Franklin Templeton Investment Management Limited.

**CUSTODIAN, LISTING AGENT AND PRINCIPAL PAYING AGENT:**  
J.P. MORGAN BANK LUXEMBOURG S.A.  
European Bank and Business Centre  
6 Route de Trèves, L-2633 Senningerberg  
Grand-Duchy of Luxembourg

**REGISTRAR AND TRANSFER, CORPORATE, DOMICILIARY AND ADMINISTRATIVE AGENT:**  
FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.A.  
26, boulevard Royal, L-2449 Luxembourg  
Grand-Duchy of Luxembourg

**AUDITORS:**  
PRICEWATERHOUSECOOPERS S.à r.l.  
Réviseur d'entreprises  
400, route d'Esch, B.P. 1443, L-1014 Luxembourg  
Grand-Duchy of Luxembourg

**LEGAL ADVISERS:**  
ELVINGER, HOSS & PRUSSEN  
2, place Winston Churchill, B.P. 425, L-2014 Luxembourg  
Grand-Duchy of Luxembourg

## REPORT OF THE BOARD OF DIRECTORS

At 30 June 2009, total assets of Franklin Templeton Investment Funds (“FTIF”, or the “Company”) stood at USD 47.05 billion. This is 23.5% lower than the figure one year ago (USD 61.53 billion).

### Fund Launches

As part of our policy of offering a wide range of opportunities to our investors, the following sub-funds of FTIF were launched during the financial year:

- FTIF Franklin Euroland Core Fund
- FTIF Franklin World Perspectives Fund
- FTIF Franklin Mutual Euroland Fund
- FTIF Templeton Asian Smaller Companies Fund
- FTIF Templeton Frontier Markets Fund

### Fund Mergers

The following mergers occurred during the financial year:

- FTIF Templeton Global Absolute Return (Euro) Fund and FTIF Templeton Global Absolute Return (USD) Fund were merged into FTIF Templeton Global Total Return Fund
- FTIF Templeton Japan Fund was merged into FTIF Franklin Templeton Japan Fund

### Share Class Launches

A number of new share class offerings for existing funds were launched during the financial year:

#### *Euro-denominated share class launches*

- FTIF Franklin MENA Fund, Class A (Ydis) EUR
- FTIF Templeton Asian Smaller Companies Fund, Class B (Acc) EUR
- FTIF Templeton Frontier Markets Fund, Class B (Acc) EUR

#### *Euro-hedged share class launch*

- FTIF Franklin Mutual Global Discovery Fund, Class I (acc) EUR-H2

#### *GBP-denominated share class launch*

- FTIF Franklin MENA Fund, Class A (Ydis) GBP

#### *U.S. dollar-denominated share class launches*

- FTIF Franklin Templeton Japan Fund, Class N (Acc)
- FTIF Franklin MENA Fund, Class A (Ydis)
- FTIF Franklin MENA Fund, Class I (Ydis)
- FTIF Franklin World Perspectives Fund, Class B (Acc)
- FTIF Franklin World Perspectives Fund, Class C (Acc)
- FTIF Templeton Asian Smaller Companies Fund, Class B (Acc)
- FTIF Templeton Frontier Markets Fund, Class B (Acc)
- FTIF Templeton Frontier Markets Fund, Class C (Acc)

#### *Share Class Liquidations*

- FTIF Franklin Global Real Estate (Euro) Fund, Class A (Ydis) GBP
- FTIF Templeton European Total Return Fund, Class A (Mdis) GBP

### Conversion

The following share classes have been converted from EUR-H1 to EUR-H2 during the financial year:

FTIF Franklin Mutual Global Discovery Fund Class A (Acc) EUR-H1 has been converted into FTIF Franklin Mutual Global Discovery Fund Class A (Acc) EUR-H2

FTIF Franklin Mutual Global Discovery Fund Class N (Acc) EUR-H1 has been converted into FTIF Franklin Mutual Global Discovery Fund Class N (Acc) EUR-H2

The Company will continue to make changes to the range of sub-funds when this is in the best interest of investors. We remain committed to retaining investment techniques that have been shown, over time, to increase shareholder value.

THE BOARD OF DIRECTORS

Luxembourg, July 2009

## REPORT OF THE INVESTMENT MANAGERS

Much of this fiscal year was a repeat of the previous one, with a continuation of the financial crisis that began in the summer of 2007 and a deepening of the economic recession that officially commenced in the U.S. in December 2007. Toward the end of the fiscal year, there were some tentative signs that both the financial sector and broader economy might be starting to stabilise, although few observers were willing to bet on a rapid return to trend growth in the developed world.

In most countries, monetary policy has been notably relaxed, and governments have introduced unprecedented fiscal measures to try to counter the impact of the deepest downturn since the 1930s. The demise of Lehman Brothers in September 2008 led to a virtual collapse in confidence in the banking sector.

The banking crisis also threatened the traditional provision of credit to the economy as well as causing depositors to worry about the safety of their deposits. Banks throughout Europe and the U.S. were forced into mergers or were more or less taken over by their governments, while central banks were obliged to step in to provide extra liquidity to unfreeze money markets.

By the end of the fiscal year, massive intervention by public authorities appeared to be having its desired effect, although investor faith in so-called “free markets” and capitalist dogma has been severely damaged in the process. By period-end, an element of confidence had returned to money markets, LIBOR rates had fallen dramatically from highs reached in the aftermath of the Lehman collapse, and average volumes in the interbank lending market were rising, raising hopes that lending conditions for corporations and households alike were starting to ease.

In common with other commodities, oil prices collapsed after reaching highs of around US\$140 per barrel at the start of the fiscal year, but prices doubled between their low point in December and the end of June 2009. Thanks to public intervention, shares of financial institutions followed a similar trend—a precipitous fall in the wake of the Lehman Brothers collapse seemed to taper off in the early part of calendar year 2009.

The annualized rate of change in U.S. GDP improved marginally from a low point of -6.3% in the final quarter of calendar-year 2008 to -5.5% in the first quarter of 2009. But large parts of the U.S. economy have taken severe hits, especially the financial, housing and auto sectors, with both Chrysler and General Motors forced into bankruptcy protection. The recession in Europe has been just as severe. Countries such as Germany that have staked much of their economic growth on exports and those such as Spain and Ireland that became caught up in an unsustainable property boom have been most severely hit.

Concerns over the financial health of certain new European Union member states rumbled on through much of the fiscal year. At the same time, a decision at the April G-20 meeting in London to provide up to US\$750 billion in new funds to the International Monetary Fund was seen as introducing an important backstop for many countries threatened by financial crisis.

The severity of the recession and the sharp rise in risk aversion brought Treasury yields to multi-decade lows by December. Yet the liquidity and credit problems affecting most other asset classes meant that long-dated government bonds significantly outperformed equities. However, as with commodities and banking sector stocks, the situation appeared to normalize in the second part of the fiscal year. Despite purchases of government bonds by central banks, long-term Treasury yields rose in the second half of the fiscal year—in part due to a belief that the recession in the U.S. was bottoming out as well as fears about commodity-driven inflation.

The turnaround in the fortunes of different asset classes between the first half of the fiscal year and the second half was also reflected in corporate bonds. Spreads over Treasuries widened considerably in the months following Lehman’s collapse, but then narrowed again as risk aversion subsided. Senior and subordinated financial sector debt benefited significantly from signs of stabilization in the banking sector, while high-yield bonds staged some of their best monthly performances ever in April and May 2009.

The developments of the past year have had a profound impact on the global ‘pecking order’, with the accelerated emergence of countries such as China and India. These developments have been having—and will continue to have—repercussions on the value of Asian currencies versus the U.S. dollar. Amazingly, despite the fall in world trade, the Chinese economy has continued to record GDP growth rates that the western world can only envy. Fresh from legislative elections that saw the ruling party solidify its power, India continues to forge ahead, while commodity-rich Brazil remains a beacon of stability and orderly growth in Latin America.

Confidence in the sustainability of growth of China and other rising powers meant that emerging market share indexes appeared to trough in October 2008—before their developed market equivalents. Finally, the panic that seemed to have grabbed hold of the markets in the first quarter of the fiscal year definitely receded, and renewed risk appetite led to a rise in equities globally toward period-end. However, at the time of this writing, the latest equity rally seemed to peter out again, and closely watched economic indicators suggested that it was too early to wager that the world’s economic and financial woes were behind it.

THE INVESTMENT MANAGERS

July, 2009

The information stated in this report represents historical data and is not an indication of future results.

## Independent Auditor's report

To the Shareholders of  
Franklin Templeton Investment Funds

PricewaterhouseCoopers  
Société à responsabilité limitée  
Réviseur d'Entreprises  
400, route d'Esch  
B.P. 1443  
L-1014 Luxembourg  
Telephone +352 494848-1  
Facsimile +352 494848-2900  
www.pwc.com/lu  
info@lu.pwc.com

Following our appointment by the General Meeting of the Shareholders dated November 28, 2008, we have audited the accompanying annual accounts of Franklin Templeton Investment Funds and of each of its sub-funds, which comprise the statement of net assets and the schedule of investments as at June 30, 2009, and the statements of operations and changes in net assets for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Board of Directors of the SICAV's responsibility for the financial statements

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the "Institut des Réviseurs d'Entreprises". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, these financial statements give a true and fair view of the financial position of Franklin Templeton Investment Funds and of each of its sub-funds as of June 30, 2009, and of the results of their operations and changes in net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

### Other matters

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

PricewaterhouseCoopers S.à r.l.  
Réviseur d'entreprises  
Represented by

Luxembourg, August 31, 2009

John Parkhouse

## FUND PERFORMANCE IN BASE CURRENCY PERCENTAGE CHANGE TO JUNE 30, 2009

	Launch Date	Base Currency	6 Months %	1 Year %	3 Year %	5 Year %	10 Year %	Since Launch
Franklin Asian Flex Cap Fund	15 Nov 06	USD	33.4	(10.7)	–	–	–	(0.5)
Franklin Biotechnology Discovery Fund	03 Apr 00	USD	2.4	(3.7)	2.7	1.1	–	(19.8)
Franklin Euroland Core Fund	28 Nov 08	EUR	4.0	–	–	–	–	4.8
Franklin European Growth Fund	29 Dec 00	EUR	23.9	(8.2)	(11.2)	15.8	–	(31.0)
Franklin European Small–Mid Cap Growth Fund	03 Dec 01	EUR	26.4	(11.6)	(14.5)	45.3	–	46.6
Franklin Global Growth Fund	29 Dec 00	USD	20.7	(30.6)	(14.8)	8.8	–	(20.8)
Franklin Global Real Estate (Euro) Fund	29 Dec 05	EUR	(13.5)	(44.9)	(52.4)	–	–	(51.1)
Franklin Global Real Estate (USD) Fund	29 Dec 05	USD	(11.4)	(41.1)	(48.1)	–	–	(46.1)
Franklin Global Small–Mid Cap Growth Fund	15 Apr 02	USD	20.5	(20.9)	(14.6)	18.8	–	49.6
Franklin High Yield Fund	01 Mar 96	USD	21.7	(9.1)	(1.9)	10.0	24.7	58.5
Franklin High Yield (Euro) Fund	17 Apr 00	EUR	28.1	(10.1)	(13.4)	2.1	–	(0.3)
Franklin Income Fund	01 Jul 99	USD	11.9	(17.1)	(10.6)	5.6	–	44.9
Franklin India Fund	25 Oct 05	USD	42.7	3.4	46.7	–	–	75.5
Franklin MENA Fund	16 Jun 08	USD	3.4	(56.9)	–	–	–	(57.6)
Franklin Natural Resources Fund	12 Jul 07	USD	24.2	(48.2)	–	–	–	(34.2)
Franklin Strategic Income Fund	12 Jul 07	USD	11.1	0.1	–	–	–	2.4
Franklin Technology Fund	03 Apr 00	USD	22.8	(16.7)	(7.2)	(1.7)	–	(54.7)
Franklin U.S. Equity Fund	01 Jul 99	USD	9.1	(19.1)	(13.7)	(11.3)	–	21.2
Franklin U.S. Focus Fund	15 May 08	USD	19.9	(20.0)	–	–	–	(27.8)
Franklin U.S. Government Fund	28 Feb 91	USD	1.6	6.4	19.1	23.2	58.8	127.0
Franklin U.S. Growth Fund	29 Aug 03	USD	7.2	(25.0)	(20.8)	(19.3)	–	(10.2)
Franklin U.S. Opportunities Fund	03 Apr 00	USD	13.7	(27.1)	(17.3)	3.8	–	(50.3)
Franklin U.S. Small–Mid Cap Growth Fund	29 Dec 00	USD	13.5	(26.6)	(24.8)	(12.4)	–	(19.2)
Franklin U.S. Total Return Fund	29 Aug 03	USD	9.3	(2.3)	4.4	10.5	–	14.5
Franklin U.S. Ultra Short Bond Fund	29 Aug 03	USD	2.9	(0.4)	6.7	12.0	–	13.5
Franklin World Perspectives Fund	14 Oct 08	USD	15.2	–	–	–	–	0.3
Franklin Mutual Beacon Fund	07 Jul 97	USD	4.1	(25.9)	(29.8)	(12.6)	15.5	46.9
Franklin Mutual Euroland Fund	14 Oct 08	EUR	3.1	–	–	–	–	(0.8)
Franklin Mutual European Fund	31 Dec 01	EUR*	2.6	(23.0)	(22.8)	6.5	–	14.4
Franklin Mutual Global Discovery Fund	25 Oct 05	USD	7.8	(11.4)	(1.1)	–	–	10.1
Franklin Templeton Global Equity Strategies Fund	15 May 08	USD	13.2	(16.7)	–	–	–	(23.8)
Franklin Templeton Global Fundamental Strategies Fund	25 Oct 07	USD	5.0	(10.7)	–	–	–	(18.0)
Franklin Templeton Global Growth and Value Fund	09 Sep 02	USD	14.0	(28.1)	(17.4)	7.8	–	37.1
Franklin Templeton Japan Fund	01 Sep 00	JPY	(4.0)	(40.2)	(53.6)	(35.9)	–	(50.1)
Templeton Asian Bond Fund	25 Oct 05	USD	10.5	6.7	21.8	–	–	35.6
Templeton Asian Growth Fund	30 Jun 91	USD	50.4	(16.4)	21.2	93.0	101.5	117.6
Templeton Asian Smaller Companies Fund	14 Oct 08	USD	46.4	–	–	–	–	53.6
Templeton BRIC Fund	25 Oct 05	USD	43.5	(35.0)	5.1	–	–	35.9
Templeton China Fund	01 Sep 94	USD	34.2	(9.9)	39.6	100.8	171.7	99.4

## FUND PERFORMANCE IN BASE CURRENCY PERCENTAGE CHANGE TO JUNE 30, 2009 (CONTINUED)

	Launch Date	Base Currency	6 Months %	1 Year %	3 Year %	5 Year %	10 Year %	Since Launch
Templeton Eastern Europe Fund	10 Nov 97	EUR	46.2	(32.6)	(34.8)	24.5	172.9	116.1
Templeton Emerging Markets Fund	28 Feb 91	USD	28.0	(27.9)	(7.1)	52.0	57.1	138.5
Templeton Emerging Markets Bond Fund	05 Jul 91	USD	25.1	1.0	23.3	53.7	156.0	438.9
Templeton Emerging Markets Smaller Companies Fund	18 Oct 07	USD	42.7	(29.1)	–	–	–	(46.2)
Templeton Euro Liquid Reserve Fund	01 Jun 94	EUR	2.0	0.4	5.8	8.1	21.5	36.7
Templeton Euroland Fund	08 Jan 99	EUR	(2.7)	(29.2)	(38.6)	(17.3)	(8.5)	2.4
Templeton Euroland Bond Fund	08 Jan 99	EUR	2.4	5.1	6.0	12.6	32.5	28.8
Templeton European Fund	03 Dec 01	EUR †	0.6	(25.3)	(37.4)	(16.7)	–	(21.6)
Templeton European Total Return Fund	29 Aug 03	EUR	7.6	(9.9)	(10.2)	(5.2)	–	(1.7)
Templeton Frontier Markets Fund	14 Oct 08	USD	23.9	–	–	–	–	19.2
Templeton Global Fund	28 Feb 91	USD	5.0	(31.1)	(27.2)	(5.7)	1.2	127.4
Templeton Global (Euro) Fund	26 Apr 91	EUR	3.6	(21.5)	(34.3)	(17.6)	(23.1)	105.9
Templeton Global Balanced Fund	01 Jun 94	USD	2.4	(19.9)	(14.4)	5.0	36.6	101.0
Templeton Global Bond Fund	28 Feb 91	USD	7.8	14.3	37.8	61.1	138.2	282.2
Templeton Global Bond (Euro) Fund	29 Aug 03	EUR	1.5	9.3	9.9	14.0	–	16.4
Templeton Global Equity Income Fund	27 May 05	USD	5.1	(26.9)	(27.4)	–	–	(16.2)
Templeton Global High Yield Fund	27 Sep 07	USD	20.8	(4.8)	–	–	–	(5.7)
Templeton Global Income Fund	27 May 05	USD	10.0	(7.0)	5.0	–	–	15.9
Templeton Global Smaller Companies Fund	08 Jul 91	USD	25.4	(31.1)	(34.5)	(13.8)	19.8	135.9
Templeton Global Total Return Fund	29 Aug 03	USD	14.7	11.5	35.0	63.8	–	78.3
Templeton Growth (Euro) Fund	09 Aug 00	EUR	3.8	(21.0)	(37.3)	(25.4)	–	(29.2)
Templeton Korea Fund	08 May 95	USD	32.0	(28.1)	(23.3)	36.7	(26.2)	(50.3)
Templeton Latin America Fund	28 Feb 91	USD ‡	43.0	(34.0)	32.3	204.7	237.5	226.5
Templeton Thailand Fund	20 Jun 97	USD	39.2	(23.4)	(2.4)	15.3	42.7	(15.5)
Templeton U.S. Dollar Liquid Reserve Fund	01 Jun 94	USD	0.0	0.5	8.2	13.3	29.1	59.9
Templeton U.S. Value Fund	29 Aug 03	USD	10.6	(27.3)	(36.3)	(27.6)	–	(15.6)

### Data source

Performance – Franklin Templeton Investments

\* The inception date is for the primary class A (Acc) EUR, however the sub-fund originally launched on April 3, 2000.

† The inception date is for the primary class A (Acc) EUR, however the sub-fund originally launched on April 17, 1991.

‡ Fund performance prior to Sept 1996 excluded from calculation because a different portfolio allocation strategy was in use.

Apart from the above mentioned exceptions, all of the figures above are for Class A distribution “A(dis)” Shares with all income reinvested (total return) in base currency. Where Class A(dis) Shares are not in issue, Class A accumulation “A(acc)” Shares are shown. Information on other Share Classes is available on request. This report does not constitute or form part of any offer of shares or an invitation to apply for shares. Subscriptions are to be made on the basis of the current simplified prospectus accompanied by the current full prospectus and its addendum, a copy of the latest available audited report and, if published thereafter, the latest unaudited semi-annual report. The price of shares and income from them can go down as well as up and you may not get back the full amount that you invested. Past performance is no guarantee of future performance. Currency fluctuations may affect the value of investments.

## STATEMENT OF NET ASSETS AT JUNE 30, 2009

	TOTAL	Franklin Asian Flex Cap Fund	Franklin Biotechnology Discovery Fund	Franklin Euroland Core Fund*	Franklin European Growth Fund
	(USD)	(USD)	(USD)	(EUR)	(EUR)
<b>ASSETS</b>					
Investment in securities at market value (note 2(b))	44,174,792,740	29,456,381	63,820,211	17,150,106	29,596,447
Cash	903,402,459	–	5,819,929	58,865	221,725
Time deposits and repurchase agreements (note 19)	1,275,500,696	–	–	–	1,800,000
Amounts receivable on sale of investments	204,686,429	998,882	43,524	–	118
Amounts receivable on subscriptions	406,647,798	424,945	1,334,723	8,594	416,495
Interest and dividends receivable, net	409,411,929	86,734	–	9,240	44,729
Other receivables	6,759,137	3,559	23	26,368	7,377
Unrealised profit on forward foreign exchange contracts (note 4)	186,993,490	–	–	–	–
Unrealised profit on credit default swaps (note 5)	41,626	–	–	–	–
Unrealised profit on interest rate swaps (note 6)	131,719,690	–	–	–	–
Option contracts at market value (note 8)	1,460,881	–	–	–	–
<b>TOTAL ASSETS</b>	<b>47,701,416,875</b>	<b>30,970,501</b>	<b>71,018,410</b>	<b>17,253,173</b>	<b>32,086,891</b>
<b>LIABILITIES</b>					
Amounts payable on purchases of investments	344,805,615	937,685	–	–	53,667
Amounts payable on redemptions	191,663,322	6,621	260,340	–	90,832
Bank overdraft	1,127,766	139,701	–	–	–
Unrealised loss on forward foreign exchange contracts (note 4)	16,033,620	–	–	–	–
Unrealised loss on credit default swaps (note 5)	2,402	–	–	–	–
Unrealised loss on interest rate swaps (note 6)	32,676	–	–	–	–
Unrealised loss on financial future contracts (note 7)	9,638	–	–	–	–
Option contracts at market value (note 8)	6,554,749	–	–	–	–
Investment management fees payable (note 3)	37,037,265	23,073	54,209	11,617	23,058
Taxes and expense payable	55,210,292	44,042	75,382	7,082	24,737
<b>TOTAL LIABILITIES</b>	<b>652,477,345</b>	<b>1,151,122</b>	<b>389,931</b>	<b>18,699</b>	<b>192,294</b>
<b>TOTAL NET ASSETS</b>	<b>47,048,939,530</b>	<b>29,819,379</b>	<b>70,628,479</b>	<b>17,234,474</b>	<b>31,894,597</b>
<b>THREE YEAR ASSET SUMMARY</b>					
June 30, 2008	61,534,169,142	36,332,132	53,201,179	–	17,635,809
June 30, 2007	63,601,494,719	45,270,453	67,283,337	–	33,316,494
June 30, 2006	42,168,720,179	–	79,128,385	–	14,898,206

\*This Fund was launched on November 28, 2008

The accompanying notes form an integral

STATEMENT OF NET ASSETS  
AT JUNE 30, 2009 (CONTINUED)

Franklin European Small-Mid Cap Growth Fund  (EUR)	Franklin Global Growth Fund  (USD)	Franklin Global Real Estate (Euro) Fund  (EUR)	Franklin Global Real Estate (USD) Fund  (USD)	Franklin Global Small-Mid Cap Growth Fund  (USD)	Franklin High Yield Fund  (USD)	Franklin High Yield Fund (Euro) Fund  (EUR)
55,266,993	31,374,242	10,242,021	18,658,852	27,223,922	1,716,144,415	203,757,492
407,561	2,519	165,833	6,100	210,444	116,330,387	180,720
4,440,000	1,645,000	140,000	910,000	1,200,000	-	53,800,000
597	137,728	353,789	234,032	454	1,995,847	491,463
621,357	1,531,525	6,831	256,659	66,872	21,881,836	6,623,779
54,582	45,542	66,021	118,011	22,375	37,812,333	4,283,784
16,823	11,776	1,387	1,347	4,155	8,821	-
-	-	81,992	-	-	49,174	428,182
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
60,807,913	34,748,332	11,057,874	20,185,001	28,728,222	1,894,222,813	269,565,420
320,415	1,729,401	145,957	743,995	128,922	16,268,795	7,576,603
478,907	49,288	267,977	18,596	16,621	4,749,267	1,471,698
-	-	-	-	-	-	-
-	-	-	92,681	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
41,137	23,858	8,794	14,843	19,864	1,187,182	147,077
47,050	30,254	20,384	56,447	21,486	1,828,421	191,416
887,509	1,832,801	443,112	926,562	186,893	24,033,665	9,386,794
59,920,404	32,915,531	10,614,762	19,258,439	28,541,329	1,870,189,148	260,178,626
45,036,706	36,397,878	30,939,109	38,398,156	20,482,747	1,944,931,904	254,682,797
103,651,570	34,623,396	100,906,233	90,700,771	20,249,247	2,611,774,115	504,004,665
43,356,265	32,801,342	48,376,874	28,915,199	17,498,174	2,725,724,124	204,572,004

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**STATEMENT OF NET ASSETS**  
**AT JUNE 30, 2009 (CONTINUED)**

	Franklin Income Fund	Franklin India Fund	Franklin MENA Fund	Franklin Natural Resources Fund	Franklin Strategic Income Fund
	(USD)	(USD)	(USD)	(USD)	(USD)
<b>ASSETS</b>					
Investment in securities at market value (note 2(b))	385,586,022	581,851,145	14,874,757	34,822,834	79,651,869
Cash	936,551	502,368	2,445,585	2,710,000	9,960,364
Time deposits and repurchase agreements (note 19)	-	17,760,000	645,000	-	-
Amounts receivable on sale of investments	8,407,138	10,821,013	-	994,241	187,006
Amounts receivable on subscriptions	355,530	7,147,553	113,040	448,933	740,045
Interest and dividends receivable, net	5,863,835	1,297,301	-	36,466	1,050,911
Other receivables	45	23,273	-	-	25,754
Unrealised profit on forward foreign exchange contracts (note 4)	170,387	-	-	-	125,196
Unrealised profit on credit default swaps (note 5)	-	-	-	-	41,626
Unrealised profit on interest rate swaps (note 6)	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>401,319,508</b>	<b>619,402,653</b>	<b>18,078,382</b>	<b>39,012,474</b>	<b>91,782,771</b>
<b>LIABILITIES</b>					
Amounts payable on purchases of investments	1,944,198	2,532,847	-	885,226	727,735
Amounts payable on redemptions	570,964	5,229,498	75,749	159,200	432,496
Bank overdraft	-	-	-	83,676	-
Unrealised loss on forward foreign exchange contracts (note 4)	-	-	4,383	-	-
Unrealised loss on credit default swaps (note 5)	-	-	-	-	-
Unrealised loss on interest rate swaps (note 6)	-	-	-	-	-
Unrealised loss on financial future contracts (note 7)	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-
Investment management fees payable (note 3)	275,230	475,375	21,061	37,502	47,913
Taxes and expense payable	558,372	615,757	32,992	43,939	95,499
<b>TOTAL LIABILITIES</b>	<b>3,348,764</b>	<b>8,853,477</b>	<b>134,185</b>	<b>1,209,543</b>	<b>1,303,643</b>
<b>TOTAL NET ASSETS</b>	<b>397,970,744</b>	<b>610,549,176</b>	<b>17,944,197</b>	<b>37,802,931</b>	<b>90,479,128</b>
<b>THREE YEAR ASSET SUMMARY</b>					
June 30, 2008	623,173,789	494,169,523	22,298,037	50,542,306	70,341,741
June 30, 2007	929,744,618	331,219,507	-	-	-
June 30, 2006	732,325,251	106,395,612	-	-	-

The accompanying notes form an integral

**STATEMENT OF NET ASSETS**  
**AT JUNE 30, 2009 (CONTINUED)**

Franklin Technology Fund	Franklin U.S. Equity Fund	Franklin U.S. Focus Fund	Franklin U.S. Government Fund	Franklin U.S. Growth Fund	Franklin U.S. Opportunities Fund	Franklin U.S. Small-Mid Cap Growth Fund
(USD)	(USD)	(USD)	(USD)	(USD)	(USD)	(USD)
88,350,358	310,226,165	3,940,881	2,339,657,198	29,068,085	450,056,791	22,943,620
653,469	21,399,377	-	23,047,013	2,317,952	6,792,333	1,551,349
-	-	-	-	-	-	-
-	121,104	85,040	-	-	9,600,837	55,095
322,231	1,922,215	15,000	44,037,127	180,923	1,836,228	172,941
7,552	249,088	4,011	10,090,238	38,108	127,476	9,887
15,661	13,492	-	57,483	-	670	-
-	293,133	96,900	55,012	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
89,349,271	334,224,574	4,141,832	2,416,944,071	31,605,068	468,414,335	24,732,892
-	4,119,536	-	701,355	-	13,422,284	11,506
105,398	1,201,508	13,122	19,999,855	14,700	1,695,254	248,960
-	-	214,301	-	-	-	-
-	-	-	-	-	3,853	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
74,761	237,892	2,925	1,139,972	23,980	334,314	20,103
102,481	210,902	3,451	1,606,869	29,136	381,062	27,930
282,640	5,769,838	233,799	23,448,051	67,816	15,836,767	308,499
89,066,631	328,454,736	3,908,033	2,393,496,020	31,537,252	452,577,568	24,424,393
133,248,036	186,499,067	4,587,040	1,551,406,244	35,100,317	729,292,850	31,515,579
130,129,167	264,384,191	-	1,559,253,199	36,349,592	327,199,031	44,032,933
138,547,133	305,658,602	-	1,397,468,928	29,601,641	600,555,020	41,371,151

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**STATEMENT OF NET ASSETS**  
**AT JUNE 30, 2009 (CONTINUED)**

	Franklin U.S. Total Return Fund  (USD)	Franklin U.S. Ultra Short Bond Fund  (USD)	Franklin World Perspectives Fund*  (USD)	Franklin Mutual Beacon Fund  (USD)	Franklin Mutual Euroland Fund*  (EUR)
<b>ASSETS</b>					
Investment in securities at market value (note 2(b))	31,588,111	86,324,722	25,752,009	1,105,602,940	12,923,201
Cash	2,155,965	7,672,338	134,979	16,049,368	1,509,462
Time deposits and repurchase agreements (note 19)	-	-	325,000	-	-
Amounts receivable on sale of investments	411,972	591,525	357,892	6,938,646	181,379
Amounts receivable on subscriptions	156,829	1,363,669	-	1,868,275	45,744
Interest and dividends receivable, net	279,980	318,476	38,808	1,527,946	18,883
Other receivables	5,972	11,056	2,002	172,809	8,879
Unrealised profit on forward foreign exchange contracts (note 4)	-	-	-	-	-
Unrealised profit on credit default swaps (note 5)	-	-	-	-	-
Unrealised profit on interest rate swaps (note 6)	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	1,460,881	-
<b>TOTAL ASSETS</b>	<b>34,598,829</b>	<b>96,281,786</b>	<b>26,610,690</b>	<b>1,133,620,865</b>	<b>14,687,548</b>
<b>LIABILITIES</b>					
Amounts payable on purchases of investments	6,586,499	-	423,436	3,820,525	164,625
Amounts payable on redemptions	238,987	5,062,021	-	8,719,469	59,274
Bank overdraft	-	-	-	-	-
Unrealised loss on forward foreign exchange contracts (note 4)	15,602	-	-	12,556,169	-
Unrealised loss on credit default swaps (note 5)	2,402	-	-	-	-
Unrealised loss on interest rate swaps (note 6)	-	-	-	-	-
Unrealised loss on financial future contracts (note 7)	9,638	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-
Investment management fees payable (note 3)	16,843	49,452	18,712	868,300	10,521
Taxes and expense payable	29,703	74,639	15,295	1,338,799	6,299
<b>TOTAL LIABILITIES</b>	<b>6,899,674</b>	<b>5,186,112</b>	<b>457,443</b>	<b>27,303,262</b>	<b>240,719</b>
<b>TOTAL NET ASSETS</b>	<b>27,699,155</b>	<b>91,095,674</b>	<b>26,153,247</b>	<b>1,106,317,603</b>	<b>14,446,829</b>
<b>THREE YEAR ASSET SUMMARY</b>					
June 30, 2008	46,717,257	63,539,119	-	2,038,468,236	-
June 30, 2007	76,706,239	119,163,368	-	3,976,435,089	-
June 30, 2006	32,788,734	78,039,025	-	2,497,854,663	-

\*These Funds were launched on October 14, 2008

The accompanying notes form an integral

**STATEMENT OF NET ASSETS**  
**AT JUNE 30, 2009 (CONTINUED)**

Franklin Mutual European Fund  (EUR)	Franklin Mutual Global Discovery Fund  (USD)	Franklin Templeton Global Equity Strategies Fund  (USD)	Franklin Templeton Global Fundamental Strategies Fund  (USD)	Franklin Templeton Global Growth and Value Fund  (USD)	Franklin Templeton Japan Fund  (JPY)	Templeton Asian Bond Fund  (USD)
2,442,405,294	659,011,754	36,719,908	302,069,982	40,603,254	11,126,417,470	281,474,752
54,622,635	65,038,180	167,556	108,710,635	7,027	456,745,250	7,684,417
39,400,000	52,373,881	11,620,000	-	690,000	-	13,780,000
19,999,588	731,035	146	1,172,080	354,959	221,266,257	-
9,706,453	13,602,897	17,669	482,903	33,844	234,134,192	1,778,452
6,281,321	719,961	130,144	2,449,071	88,334	8,502,618	5,884,966
1,947,259	173,510	3,239	27,505	16,276	52,821	30,386
-	661,223	192,549	4,909,026	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,574,362,550	792,312,441	48,851,211	419,821,202	41,793,694	12,047,118,608	310,632,973
14,668,450	13,053,855	361,641	4,394,564	5,443	228,042,787	1,923
14,817,562	3,337,287	8,637	228,523	46,546	145,005,927	692,576
-	-	-	-	-	-	-
-	-	-	-	-	-	2,087,514
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	6,405,109	14,790	134,850	-	-	-
2,105,946	522,533	49,877	337,406	34,176	9,259,010	189,018
2,719,319	567,341	35,151	400,153	45,219	16,503,441	1,311,410
34,311,277	23,886,125	470,096	5,495,496	131,384	398,811,165	4,282,441
2,540,051,273	768,426,316	48,381,115	414,325,706	41,662,310	11,648,307,443	306,350,532
4,378,425,615	583,586,135	9,289,246	210,159,691	47,903,942	28,640,457,830	801,249,143
4,018,774,922	483,544,310	-	-	31,503,432	62,219,368,412	543,324,970
2,153,150,039	75,348,914	-	-	25,217,045	73,210,840,177	135,336,286

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**STATEMENT OF NET ASSETS**  
**AT JUNE 30, 2009 (CONTINUED)**

	Templeton Asian Growth Fund  (USD)	Templeton Asian Smaller Companies Fund*  (USD)	Templeton BRIC Fund  (USD)	Templeton China Fund  (USD)	Templeton Eastern Europe Fund  (EUR)
<b>ASSETS</b>					
Investment in securities at market value (note 2(b))	4,832,333,808	8,433,291	1,654,637,668	644,759,372	409,856,232
Cash	115,995	816,165	4,339,593	129,652	3,669,390
Time deposits and repurchase agreements (note 19)	172,920,000	-	21,970,000	22,325,000	8,820,000
Amounts receivable on sale of investments	115	-	892	233,853	1,361,533
Amounts receivable on subscriptions	52,967,541	11,306	26,449,460	10,107,019	3,728,416
Interest and dividends receivable, net	11,957,622	49,232	16,481,270	4,458,421	1,887,974
Other receivables	71,985	-	35,295	1,243	393,327
Unrealised profit on forward foreign exchange contracts (note 4)	-	-	-	-	-
Unrealised profit on credit default swaps (note 5)	-	-	-	-	-
Unrealised profit on interest rate swaps (note 6)	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>5,070,367,066</b>	<b>9,309,994</b>	<b>1,723,914,178</b>	<b>682,014,560</b>	<b>429,716,872</b>
<b>LIABILITIES</b>					
Amounts payable on purchases of investments	46,862,141	108,031	4,088,537	6,913,338	7,852,798
Amounts payable on redemptions	10,453,798	774	7,822,282	3,307,988	2,059,034
Bank overdraft	-	-	-	-	-
Unrealised loss on forward foreign exchange contracts (note 4)	100,105	-	108,937	-	-
Unrealised loss on credit default swaps (note 5)	-	-	-	-	-
Unrealised loss on interest rate swaps (note 6)	-	-	-	-	-
Unrealised loss on financial future contracts (note 7)	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-
Investment management fees payable (note 3)	5,071,149	7,532	2,224,248	839,699	542,713
Taxes and expense payable	4,598,066	3,388	1,967,689	612,727	762,800
<b>TOTAL LIABILITIES</b>	<b>67,085,259</b>	<b>119,725</b>	<b>16,211,693</b>	<b>11,673,752</b>	<b>11,217,345</b>
<b>TOTAL NET ASSETS</b>	<b>5,003,281,807</b>	<b>9,190,269</b>	<b>1,707,702,485</b>	<b>670,340,808</b>	<b>418,499,527</b>
<b>THREE YEAR ASSET SUMMARY</b>					
June 30, 2008	6,348,631,189	-	2,603,423,258	661,040,772	851,335,704
June 30, 2007	6,668,399,635	-	1,665,679,700	943,153,254	1,535,470,469
June 30, 2006	4,090,231,599	-	849,985,119	900,333,445	1,368,376,679

\*This Fund was launched on October 14, 2008

The accompanying notes form an integral

**STATEMENT OF NET ASSETS**  
**AT JUNE 30, 2009 (CONTINUED)**

Templeton Emerging Markets Fund (USD)	Templeton Emerging Markets Bond Fund (USD)	Templeton Emerging Markets Smaller Companies Fund (USD)	Templeton Euro Liquid Reserve Fund (EUR)	Templeton Euroland Fund (EUR)	Templeton Euroland Bond Fund (EUR)	Templeton European Fund (EUR)
898,030,935	895,941,710	167,699,614	89,877,809	129,930,163	15,565,301	140,725,068
6,618,722	1,532,893	3,201,722	-	176,729	656	2,186,070
17,390,000	129,400,000	-	12,485,000	7,765,000	1,440,000	2,230,000
17,474,157	5,582,792	26,675	-	-	2,145,913	2,407,664
3,184,010	24,150,591	1,106,757	360,183	172,556	25,401	444,872
4,265,389	22,128,961	484,978	92,893	227,345	256,976	570,381
101,784	2,413	12,265	-	141,275	44	100,832
-	10,088,171	-	-	-	-	-
-	-	-	-	-	-	-
-	3,823,489	-	-	-	-	-
-	-	-	-	-	-	-
947,064,997	1,092,651,020	172,532,011	102,815,885	138,413,068	19,434,291	148,664,887
4,736,965	5,679,097	1,821,087	4,935,613	1,566,644	2,554,459	2,789,796
1,857,844	2,403,029	1,574,118	2,584,343	215,756	18,148	833,545
-	-	-	8,685	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,187,628	799,276	217,692	23,314	106,888	8,329	113,450
1,035,118	1,635,975	206,600	81,518	166,839	17,231	114,086
8,817,555	10,517,377	3,819,497	7,633,473	2,056,127	2,598,167	3,850,877
938,247,442	1,082,133,643	168,712,514	95,182,412	136,356,941	16,836,124	144,814,010
1,385,750,299	1,301,111,924	337,862,226	130,874,425	258,107,008	27,728,076	159,284,716
1,547,177,640	1,050,795,188	-	89,849,196	1,155,494,126	14,715,203	384,654,156
1,269,345,014	436,919,556	-	103,611,297	1,116,961,940	15,795,963	345,140,332

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## STATEMENT OF NET ASSETS AT JUNE 30, 2009 (CONTINUED)

	Templeton European Total Return Fund (EUR)	Templeton Frontier Markets Fund* (USD)	Templeton Global Fund (USD)	Templeton Global (Euro) Fund (EUR)	Templeton Global Balanced Fund (USD)
<b>ASSETS</b>					
Investment in securities at market value (note 2(b))	86,031,979	10,363,609	993,606,488	456,535,725	626,994,776
Cash	23,825	406,022	10,825,363	2,599,907	690,278
Time deposits and repurchase agreements (note 19)	2,515,000	-	6,690,000	-	10,000,000
Amounts receivable on sale of investments	9,774,308	-	23,252	12,398,216	5,780,691
Amounts receivable on subscriptions	566,984	108,732	2,492,733	141,344	1,527,941
Interest and dividends receivable, net	2,048,446	32,047	2,213,844	1,266,756	5,125,780
Other receivables	23,703	2,416	431,841	164,525	138,027
Unrealised profit on forward foreign exchange contracts (note 4)	237,969	198,144	-	5,447	-
Unrealised profit on credit default swaps (note 5)	-	-	-	-	-
Unrealised profit on interest rate swaps (note 6)	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>101,222,214</b>	<b>11,110,970</b>	<b>1,016,283,521</b>	<b>473,111,920</b>	<b>650,257,493</b>
<b>LIABILITIES</b>					
Amounts payable on purchases of investments	10,553,396	153,929	4,148,186	1,008	-
Amounts payable on redemptions	502,511	-	7,947,109	215,146	801,458
Bank overdraft	-	-	-	-	-
Unrealised loss on forward foreign exchange contracts (note 4)	-	-	-	-	191,837
Unrealised loss on credit default swaps (note 5)	-	-	-	-	-
Unrealised loss on interest rate swaps (note 6)	-	-	-	-	-
Unrealised loss on financial future contracts (note 7)	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-
Investment management fees payable (note 3)	53,138	12,459	799,115	392,398	426,975
Taxes and expense payable	116,981	12,039	1,005,845	472,790	854,581
<b>TOTAL LIABILITIES</b>	<b>11,226,026</b>	<b>178,427</b>	<b>13,900,255</b>	<b>1,081,342</b>	<b>2,274,851</b>
<b>TOTAL NET ASSETS</b>	<b>89,996,188</b>	<b>10,932,543</b>	<b>1,002,383,266</b>	<b>472,030,578</b>	<b>647,982,642</b>
<b>THREE YEAR ASSET SUMMARY</b>					
June 30, 2008	196,656,134	-	1,635,360,447	616,563,108	993,992,609
June 30, 2007	595,582,634	-	2,053,160,206	1,002,447,135	1,130,092,032
June 30, 2006	687,965,316	-	1,261,195,083	829,359,689	592,514,252

\*This Fund was launched on October 14, 2008

The accompanying notes form an integral

**STATEMENT OF NET ASSETS**  
**AT JUNE 30, 2009 (CONTINUED)**

Templeton Global Bond Fund (USD)	Templeton Global Bond (Euro) Fund (EUR)	Templeton Global Equity Income Fund (USD)	Templeton Global High Yield Fund (USD)	Templeton Global Income Fund (USD)	Templeton Global Smaller Companies Fund (USD)	Templeton Global Total Return Fund (USD)
8,815,464,853	128,344,495	94,467,118	8,466,730	88,706,960	110,797,878	2,245,649,834
74,069,767	234,525	8,149	1,359,042	797,537	110,903	89,526,221
171,400,000	6,570,000	5,055,000	-	7,475,000	19,140,000	-
50,565,791	-	40	-	-	-	6,287,251
87,929,451	1,036,482	156,975	36,116	375,714	158,411	23,357,600
171,352,731	2,882,315	388,671	164,427	1,426,712	74,205	52,694,890
55,239	11,686	83,576	-	45,586	333	360,810
129,346,115	-	-	-	-	-	39,751,475
-	-	-	-	-	-	-
84,503,716	-	-	-	-	-	43,392,485
-	-	-	-	-	-	-
<b>9,584,687,663</b>	<b>139,079,503</b>	<b>100,159,529</b>	<b>10,026,315</b>	<b>98,827,509</b>	<b>130,281,730</b>	<b>2,501,020,566</b>
51,820,073	3,175	-	46,503	-	139,720	7,391,178
40,226,539	382,228	216,990	4,825	349,243	4,515,195	6,123,081
-	-	-	-	-	-	-
-	352,126	-	102,234	273,332	-	-
-	-	-	-	-	-	-
-	23,297	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,582,787	86,945	83,194	5,835	67,464	102,950	1,422,080
14,273,843	259,638	120,595	10,090	157,751	131,339	4,229,393
<b>111,903,242</b>	<b>1,107,409</b>	<b>420,779</b>	<b>169,487</b>	<b>847,790</b>	<b>4,889,204</b>	<b>19,165,732</b>
<b>9,472,784,421</b>	<b>137,972,094</b>	<b>99,738,750</b>	<b>9,856,828</b>	<b>97,979,719</b>	<b>125,392,526</b>	<b>2,481,854,834</b>
10,134,928,080	213,603,431	177,141,209	7,533,849	145,616,401	180,141,227	3,624,150,774
6,908,361,188	317,255,924	454,567,618	-	266,267,053	369,730,930	1,951,541,554
3,634,789,337	59,258,439	121,737,457	-	39,342,011	303,979,488	258,572,804

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**STATEMENT OF NET ASSETS**  
**AT JUNE 30, 2009 (CONTINUED)**

	Templeton Growth (Euro) Fund	Templeton Korea Fund	Templeton Latin America Fund	Templeton Thailand Fund	Templeton U.S. Dollar Liquid Reserve Fund	Templeton U.S. Value Fund
	(EUR)	(USD)	(USD)	(USD)	(USD)	(USD)
<b>ASSETS</b>						
Investment in securities at market value (note 2(b))	3,376,868,546	74,221,813	2,152,554,018	116,111,572	144,205,132	12,141,739
Cash	12,933,419	-	3,289	-	190,403,664	608,054
Time deposits and repurchase agreements (note 19)	200,183,327	-	111,675,000	-	-	-
Amounts receivable on sale of investments	1,156	267,387	1,157,432	1,859,942	-	-
Amounts receivable on subscriptions	3,891,543	376,091	22,219,204	1,914,351	383,856	4,123,167
Interest and dividends receivable, net	9,616,499	27,941	5,898,849	40,493	219,012	12,272
Other receivables	564,083	351	27,031	125	-	-
Unrealised profit on forward foreign exchange contracts (note 4)	-	-	-	-	-	-
Unrealised profit on credit default swaps (note 5)	-	-	-	-	-	-
Unrealised profit on interest rate swaps (note 6)	-	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>3,604,058,573</b>	<b>74,893,583</b>	<b>2,293,534,823</b>	<b>119,926,483</b>	<b>335,211,664</b>	<b>16,885,232</b>
<b>LIABILITIES</b>						
Amounts payable on purchases of investments	9,395,599	-	47,915,508	35,574	-	-
Amounts payable on redemptions	4,331,395	79,862	6,852,195	587,102	2,107,018	13,200
Bank overdraft	-	41,165	-	636,741	-	-
Unrealised loss on forward foreign exchange contracts (note 4)	-	-	-	-	-	3,081
Unrealised loss on credit default swaps (note 5)	-	-	-	-	-	-
Unrealised loss on interest rate swaps (note 6)	-	-	-	-	-	-
Unrealised loss on financial future contracts (note 7)	-	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-	-
Investment management fees payable (note 3)	2,954,406	98,444	2,346,648	154,713	81,631	10,423
Taxes and expense payable	3,694,357	93,466	1,980,386	135,990	171,245	14,600
<b>TOTAL LIABILITIES</b>	<b>20,375,757</b>	<b>312,937</b>	<b>59,094,737</b>	<b>1,550,120</b>	<b>2,359,894</b>	<b>41,304</b>
<b>TOTAL NET ASSETS</b>	<b>3,583,682,816</b>	<b>74,580,646</b>	<b>2,234,440,086</b>	<b>118,376,363</b>	<b>332,851,770</b>	<b>16,843,928</b>
<b>THREE YEAR ASSET SUMMARY</b>						
June 30, 2008	4,561,999,638	124,452,365	2,629,312,818	200,115,502	306,877,178	15,769,035
June 30, 2007	7,647,134,790	169,183,627	1,620,905,591	228,924,862	142,504,519	35,496,924
June 30, 2006	6,787,870,205	156,060,576	481,098,175	178,853,406	149,922,713	10,424,882

The accompanying notes form an integral part of these financial statements

## STATISTICAL INFORMATION

All classes in base currency unless otherwise stated

	Total Expense Ratio June 30, 2009 (see Note 17)	Shares Outstanding June 30, 2009	Net Asset Value per Share		
			June 30, 2009	June 30, 2008	June 30, 2007
<b>Franklin Asian Flex Cap Fund – USD</b>					
Franklin Asian Flex Cap – A (Acc)	2.00%	887,000.373	9.95	11.15	12.72
Franklin Asian Flex Cap – A (Acc) – SGD	1.95%	1,604.851	6.42	6.76	–
Franklin Asian Flex Cap – A (Ydis)	2.00%	292,238.325	9.94	11.13	12.73
Franklin Asian Flex Cap – A (Ydis) – GBP	2.00%	106,036.517	6.04	5.59	6.33
Franklin Asian Flex Cap – B (Acc)	3.25%	1,112,537.088	9.63	10.92	12.62
Franklin Asian Flex Cap – C (Acc)	2.60%	41,949.275	9.76	11.00	12.67
Franklin Asian Flex Cap – I (Acc)	1.00%	384,990.140	10.26	11.37	12.80
Franklin Asian Flex Cap – I (Ydis)	1.00%	99,700.000	10.06	11.26	12.80
Franklin Asian Flex Cap – N (Acc)	2.75%	97,393.716	9.74	11.00	12.66
<b>Franklin Biotechnology Discovery Fund – USD</b>					
Franklin Biotechnology Discovery – A (Acc)	2.12%	6,659,683.063	8.02	8.33	8.96
Franklin Biotechnology Discovery – A (Acc) – SGD	2.11%	1,624,191.992	8.46	8.26	–
Franklin Biotechnology Discovery – B (Acc)	3.43%	553,772.026	7.14	7.53	8.19
Franklin Biotechnology Discovery – C (Acc)	2.71%	21,863.028	9.97	10.44	11.28
Franklin Biotechnology Discovery – I (Acc)	0.99%	52,784.926	11.21	11.53	12.26
Franklin Biotechnology Discovery – N (Acc)	2.86%	402,781.173	7.42	7.77	8.42
<b>Franklin Euroland Core Fund – EUR *</b>					
Franklin Euroland Core – A (Acc)	1.87%	179,976.749	10.48	–	–
Franklin Euroland Core – A (Acc) – USD	1.86%	177,416.582	11.57	–	–
Franklin Euroland Core – I (Acc)	0.94%	638,569.604	10.53	–	–
Franklin Euroland Core – I (Acc) – USD	0.94%	811,047.233	11.63	–	–
Franklin Euroland Core – N (Acc)	2.60%	41,524.258	10.43	–	–
<b>Franklin European Growth Fund – EUR</b>					
Franklin European Growth – A (Acc)	2.01%	2,710,110.793	6.90	7.52	9.66
Franklin European Growth – I (Acc)	1.00%	522,644.383	12.80	13.80	17.58
Franklin European Growth – N (Acc)	2.76%	1,004,813.028	6.46	7.09	9.18
<b>Franklin European Small-Mid Cap Growth Fund – EUR</b>					
Franklin European Small-Mid Cap Growth – A (Acc)	2.07%	2,237,018.526	14.66	16.58	21.94
Franklin European Small-Mid Cap Growth – A (Acc) – USD	2.07%	44,352.816	20.57	26.12	29.69
Franklin European Small-Mid Cap Growth – B (Acc) – USD	3.37%	31,918.018	20.76	26.71	30.75
Franklin European Small-Mid Cap Growth – I (Acc)	1.00%	1,141,908.366	16.49	18.45	24.17
Franklin European Small-Mid Cap Growth – I (Acc) – USD	1.00%	14,320.583	23.13	29.04	32.71
Franklin European Small-Mid Cap Growth – N (Acc)	2.82%	482,373.622	14.35	16.35	21.80
<b>Franklin Global Growth Fund – USD</b>					
Franklin Global Growth – A (Acc)	2.00%	3,508,814.198	7.92	11.42	12.16
Franklin Global Growth – I (Acc)	1.00%	409,672.385	6.54	9.53	–
Franklin Global Growth – N (Acc)	2.73%	331,639.326	7.42	10.78	11.57
<b>Franklin Global Real Estate (Euro) Fund – EUR</b>					
Franklin Global Real Estate (Euro) – A (Acc)	1.96%	1,374,885.863	4.89	8.87	11.99
Franklin Global Real Estate (Euro) – A (Ydis)	1.96%	111,733.150	6.81	12.61	17.25
Franklin Global Real Estate (Euro) – I (Acc)	1.00%	233,463.035	5.05	9.07	12.14
Franklin Global Real Estate (Euro) – I (Ydis)	1.00%	3,565.031	4.79	8.89	12.14
Franklin Global Real Estate (Euro) – N (Acc)	2.71%	406,426.619	4.76	8.71	11.85
<b>Franklin Global Real Estate (USD) Fund – USD</b>					
Franklin Global Real Estate (USD) – A (Acc)	1.95%	1,888,099.991	5.38	9.15	12.43
Franklin Global Real Estate (USD) – A (Qdis)	1.95%	382,572.753	5.04	8.79	12.18
Franklin Global Real Estate (USD) – A (Qdis) – SGD	1.97%	1,976.089	4.33	7.10	–
Franklin Global Real Estate (USD) – B (Qdis)	3.23%	127,229.895	5.02	8.75	12.11
Franklin Global Real Estate (USD) – C (Qdis)	2.54%	565,156.059	5.03	8.77	12.16
Franklin Global Real Estate (USD) – I (Acc)	0.99%	278,311.714	5.56	9.35	12.61
Franklin Global Real Estate (USD) – I (Qdis)	0.99%	203,307.010	5.04	8.81	12.21
Franklin Global Real Estate (USD) – N (Acc)	2.70%	208,303.844	5.24	8.97	12.29
Franklin Global Real Estate (USD) – N (Qdis)	2.72%	1,886.663	5.04	8.79	12.14
<b>Franklin Global Small-Mid Cap Growth Fund – USD</b>					
Franklin Global Small-Mid Cap Growth – A (Acc)	2.01%	1,116,389.707	14.96	18.92	21.60
Franklin Global Small-Mid Cap Growth – B (Acc)	3.31%	85,199.235	13.57	17.39	20.11
Franklin Global Small-Mid Cap Growth – I (Acc)	1.00%	1,114,944.535	7.84	9.83	–
Franklin Global Small-Mid Cap Growth – N (Acc)	2.76%	138,686.553	14.05	17.90	20.59

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio June 30, 2009 (see Note 17)	Shares Outstanding June 30, 2009	Net Asset Value per Share		
			June 30, 2009	June 30, 2008	June 30, 2007
<b>Franklin High Yield Fund – USD</b>					
Franklin High Yield – A (Acc)	1.57%	3,748,029.105	10.05	11.07	11.22
Franklin High Yield – A (Mdis)	1.56%	226,304,084.140	5.79	6.93	7.52
Franklin High Yield – A (Mdis) – SGD hedged (H1)	1.57%	1,267,092.604	7.42	9.16	–
Franklin High Yield – B (Mdis)	2.99%	58,729,635.341	5.82	6.97	7.56
Franklin High Yield – C (Acc)	2.26%	1,296,370.482	13.58	15.05	15.36
Franklin High Yield – I (Acc)	0.80%	3,795,300.231	9.95	10.87	–
Franklin High Yield – I (Mdis)	0.80%	10,839,178.800	9.10	10.87	11.79
Franklin High Yield – N (Acc)	2.17%	1,858,513.493	10.91	12.09	12.32
<b>Franklin High Yield (Euro) Fund – EUR</b>					
Franklin High Yield (Euro) – A (Acc)	1.59%	3,356,891.313	9.86	10.98	12.24
Franklin High Yield (Euro) – A (Ydis)	1.59%	7,618,585.318	5.52	6.59	7.78
Franklin High Yield (Euro) – A (Mdis)	1.59%	10,654,590.903	5.06	6.22	–
Franklin High Yield (Euro) – I (Acc)	0.90%	1,536,455.236	10.25	11.33	12.55
Franklin High Yield (Euro) – I (Ydis)	0.89%	6,316,723.483	8.42	10.04	11.85
Franklin High Yield (Euro) – I (Mdis)	0.90%	455.389	7.66	9.43	–
Franklin High Yield (Euro) – N (Acc)	2.18%	6,646,447.325	9.35	10.47	11.75
<b>Franklin Income Fund – USD</b>					
Franklin Income – A (Mdis)	1.75%	16,008,094.924	9.13	11.71	13.10
Franklin Income – A (Mdis) – SGD hedged (H1)	1.75%	4,337,823.878	6.65	8.84	–
Franklin Income – B (Mdis)	3.06%	13,981,779.538	8.75	11.22	12.53
Franklin Income – C (Acc)	2.33%	4,330,091.916	13.53	16.41	17.65
Franklin Income – C (Mdis)	2.33%	800,226.950	11.74	15.05	16.86
Franklin Income – I (Acc)	0.89%	429,426.478	10.67	12.76	13.52
Franklin Income – N (Acc)	2.25%	2,957,314.725	12.51	15.16	16.29
<b>Franklin India Fund – USD</b>					
Franklin India – A (Acc)	2.00%	16,298,950.308	17.55	16.98	20.32
Franklin India – A (Acc) – EUR	2.00%	3,832,938.104	15.14	13.04	18.16
Franklin India – A (Ydis) – EUR	2.00%	63,894.394	22.32	19.23	26.78
Franklin India – A (Ydis) – GBP	2.00%	342,410.897	19.03	15.20	18.04
Franklin India – B (Acc)	3.24%	1,647,076.733	16.76	16.41	19.90
Franklin India – C (Acc)	2.59%	776,145.403	17.17	16.71	20.12
Franklin India – I (Acc)	1.00%	6,191,923.255	18.18	17.41	20.64
Franklin India – I (Acc) – EUR	1.00%	260,618.070	15.65	13.36	18.46
Franklin India – I (Ydis) – EUR	1.00%	726.511	15.68	13.38	18.46
Franklin India – N (Acc)	2.74%	1,879,777.051	17.08	16.64	20.07
Franklin India – N (Acc) – EUR	2.75%	1,882,936.219	14.78	12.83	18.01
<b>Franklin MENA Fund – USD</b>					
Franklin MENA – A (Acc)	2.59%	2,471,006.968	4.24	9.83	–
Franklin MENA – A (Acc) – EUR	2.59%	536,486.841	3.00	6.24	–
Franklin MENA – A (Acc) – EUR hedged (H1)	2.65%	144,800.405	2.57	6.35	–
Franklin MENA – A (Ydis)	2.67%	10,438.988	4.83	–	–
Franklin MENA – A (Ydis) – EUR	2.71%	5,142.707	5.10	–	–
Franklin MENA – A (Ydis) – GBP	2.65%	21,180.896	5.49	–	–
Franklin MENA – B (Acc)	3.98%	218,887.801	4.18	9.82	–
Franklin MENA – C (Acc)	3.25%	13,870.306	4.21	9.82	–
Franklin MENA – I (Acc)	1.53%	80,000.000	4.28	9.83	–
Franklin MENA – I (Acc) – EUR	1.55%	321,014.891	3.05	6.24	–
Franklin MENA – I (Acc) – EUR Hedged (H1)	1.55%	100,018.576	2.57	6.36	–
Franklin MENA – I (Ydis)	1.49%	484.420	5.04	–	–
Franklin MENA – N (Acc)	3.14%	64,855.594	4.21	9.83	–
Franklin MENA – N (Acc) – EUR hedged (H1)	3.17%	301,066.804	2.56	6.35	–
<b>Franklin Natural Resources Fund – USD</b>					
Franklin Natural Resources – A (Acc)	1.97%	2,489,441.310	6.58	12.70	–
Franklin Natural Resources – A (Acc) – EUR	1.96%	588,285.054	4.70	8.08	–
Franklin Natural Resources – A (Ydis)	1.96%	479,437.767	6.58	12.70	–
Franklin Natural Resources – C (Acc)	2.57%	274,996.144	6.24	12.12	–
Franklin Natural Resources – I (Acc)	0.99%	1,270,866.979	6.71	12.81	–
Franklin Natural Resources – I (Acc) – EUR	0.98%	131,612.141	4.79	8.14	–
Franklin Natural Resources – N (Acc) – EUR	2.73%	504,315.526	4.62	8.00	–

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio June 30, 2009 (see Note 17)	Shares Outstanding June 30, 2009	Net Asset Value per Share		
			June 30, 2009	June 30, 2008	June 30, 2007
<b>Franklin Strategic Income Fund – USD</b>					
Franklin Strategic Income – A (Acc)	1.35%	2,601,259.160	10.24	10.23	–
Franklin Strategic Income – A (Acc) – EUR	1.35%	169,513.094	7.31	6.50	–
Franklin Strategic Income – A (Mdis)	1.35%	2,329,770.367	9.41	9.87	–
Franklin Strategic Income – A (Mdis) – EUR	1.35%	144,611.247	6.71	6.27	–
Franklin Strategic Income – B (Mdis)	2.60%	1,221,735.633	9.40	9.86	–
Franklin Strategic Income – C (Mdis)	1.95%	2,195,933.670	9.40	9.86	–
Franklin Strategic Income – I (Acc)	0.79%	648,725.395	10.35	10.29	–
<b>Franklin Technology Fund – USD</b>					
Franklin Technology – A (Acc)	1.84%	16,318,816.256	4.53	5.44	5.78
Franklin Technology – A (Acc) – EUR	1.82%	237,187.202	3.23	3.46	4.27
Franklin Technology – B (Acc)	3.20%	421,834.783	4.01	4.88	5.26
Franklin Technology – C (Acc)	2.48%	60,008.837	9.27	11.20	11.98
Franklin Technology – I (Acc) – EUR	1.00%	130,954.368	5.56	5.90	–
Franklin Technology – N (Acc)	2.64%	1,209,120.397	4.08	4.94	5.29
Franklin Technology – N (Acc) – EUR	2.67%	1,443,765.060	2.91	3.14	3.91
<b>Franklin U.S. Equity Fund – USD</b>					
Franklin U.S. Equity – A (Acc)	1.89%	11,328,847.734	12.12	14.99	17.13
Franklin U.S. Equity – A (Acc) – EUR	1.90%	1,037,673.590	8.63	9.51	12.64
Franklin U.S. Equity – A (Acc) – EUR hedged (H1)	1.91%	1,149,295.927	8.75	11.06	12.86
Franklin U.S. Equity – B (Acc)	3.20%	1,433,318.202	10.62	13.31	15.40
Franklin U.S. Equity – C (Acc)	2.47%	651,645.144	10.85	13.50	15.52
Franklin U.S. Equity – I (Acc)	0.98%	9,940,685.031	9.50	11.65	13.19
Franklin U.S. Equity – I (Acc) – EUR	0.98%	984,875.413	6.27	6.85	9.02
Franklin U.S. Equity – I (Acc) – EUR hedged (H1)	0.99%	2,054,583.986	5.85	7.54	–
Franklin U.S. Equity – N (Acc)	2.64%	1,216,961.174	11.25	14.02	16.14
Franklin U.S. Equity – N (Acc) – EUR	2.66%	756,174.211	8.01	8.89	11.90
<b>Franklin U.S. Focus Fund – USD</b>					
Franklin U.S. Focus – A (Acc)	1.86%	61,529.907	7.22	9.03	–
Franklin U.S. Focus – A (Acc) – EUR hedged (H1)	1.86%	156,618.057	4.39	5.85	–
Franklin U.S. Focus – I (Acc)	1.00%	91,879.000	7.29	9.04	–
Franklin U.S. Focus – I (Acc) – EUR hedged (H1)	1.00%	133,144.706	4.45	5.86	–
Franklin U.S. Focus – N (Acc)	2.60%	6,414.479	7.16	9.02	–
Franklin U.S. Focus – N (Acc) – EUR hedged (H1)	2.62%	156,208.845	4.35	5.84	–
<b>Franklin U.S. Government Fund – USD</b>					
Franklin U.S. Government – A (Mdis)	1.31%	106,935,973.468	9.34	9.12	8.91
Franklin U.S. Government – A (Mdis) – SGD hedged (H1)	1.30%	849,646.989	10.09	9.93	–
Franklin U.S. Government – AX (Acc)	1.51%	15,859,463.646	13.22	12.43	11.68
Franklin U.S. Government – B (Acc)	2.57%	777,026.590	11.45	10.89	10.33
Franklin U.S. Government – B (Mdis)	2.58%	28,468,189.169	9.34	9.14	8.93
Franklin U.S. Government – C (Acc)	2.10%	5,340,210.389	12.01	11.36	10.73
Franklin U.S. Government – I (Acc)	0.60%	2,763,038.444	11.09	10.34	9.63
Franklin U.S. Government – I (Mdis)	0.60%	77,286,259.582	9.77	9.55	9.33
Franklin U.S. Government – N (Acc)	2.01%	2,515,513.571	12.55	11.86	11.19
Franklin U.S. Government – N (Mdis)	2.02%	2,393,565.937	9.38	9.12	8.92
<b>Franklin U.S. Growth Fund – USD</b>					
Franklin U.S. Growth – A (Acc)	1.89%	2,143,485.754	8.98	11.97	13.03
Franklin U.S. Growth – B (Acc)	3.22%	192,468.382	8.35	11.28	12.43
Franklin U.S. Growth – C (Acc)	2.48%	175,371.484	8.67	11.62	12.73
Franklin U.S. Growth – I (Acc)	0.99%	909,975.000	9.54	12.61	13.61
Franklin U.S. Growth – N (Acc)	2.64%	54,373.852	8.60	11.55	12.67

## STATISTICAL INFORMATION (CONTINUED)

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	Total Expense Ratio June 30, 2009 (see Note 17)	Shares Outstanding June 30, 2009	Net Asset Value per Share		
			June 30, 2009	June 30, 2008	June 30, 2007
<b>Franklin U.S. Opportunities Fund – USD</b>					
Franklin U.S. Opportunities – A (Acc)	1.86%	37,768,654.081	4.97	6.82	6.79
Franklin U.S. Opportunities – A (Acc) – EUR	1.88%	10,394,902.612	3.54	4.33	5.02
Franklin U.S. Opportunities – A (Acc) – EUR hedged (H1)	1.87%	838,114.586	3.53	4.94	–
Franklin U.S. Opportunities – A (Acc) – SGD	1.87%	758,730.206	6.40	8.26	–
Franklin U.S. Opportunities – A (Ydis) – EUR	1.88%	112,721.560	3.61	4.42	5.17
Franklin U.S. Opportunities – A (Ydis) – GBP	1.86%	126,162.432	3.01	3.42	3.38
Franklin U.S. Opportunities – B (Acc)	3.17%	2,456,335.956	4.40	6.13	6.18
Franklin U.S. Opportunities – C (Acc)	2.45%	742,089.695	8.39	11.60	11.61
Franklin U.S. Opportunities – I (Acc)	0.98%	8,792,662.796	11.81	16.09	15.88
Franklin U.S. Opportunities – I (Acc) – EUR	0.99%	4,840,551.836	8.42	10.22	11.73
Franklin U.S. Opportunities – I (Acc) – EUR hedged (H1)	1.01%	277,425.676	8.31	11.57	–
Franklin U.S. Opportunities – N (Acc)	2.62%	1,789,306.504	10.61	14.69	14.73
Franklin U.S. Opportunities – N (Acc) – EUR	2.63%	410,761.117	7.56	9.32	10.89
<b>Franklin U.S. Small-Mid Cap Growth Fund – USD</b>					
Franklin U.S. Small-Mid Cap Growth – A (Acc)	2.01%	2,480,577.091	8.08	11.01	12.68
Franklin U.S. Small-Mid Cap Growth – B (Acc)	3.34%	143,381.674	11.96	16.50	19.24
Franklin U.S. Small-Mid Cap Growth – C (Acc)	2.59%	67,108.354	7.79	10.67	12.36
Franklin U.S. Small-Mid Cap Growth – I (Acc)	1.00%	500.000	7.55	10.18	11.61
Franklin U.S. Small-Mid Cap Growth – N (Acc)	2.77%	281,844.516	7.55	10.36	12.03
<b>Franklin U.S. Total Return Fund – USD</b>					
Franklin U.S. Total Return – A (Acc)	1.20%	1,303,561.500	11.46	11.72	11.65
Franklin U.S. Total Return – A (Mdis)	1.20%	564,146.154	9.17	9.79	10.17
Franklin U.S. Total Return – B (Acc)	2.65%	214,688.080	10.54	10.93	11.03
Franklin U.S. Total Return – B (Mdis)	2.65%	12,268.854	9.17	9.78	10.16
Franklin U.S. Total Return – C (Mdis)	2.22%	131,208.464	9.17	9.78	10.16
Franklin U.S. Total Return – I (Acc)	0.85%	112,434.344	10.96	11.18	11.07
Franklin U.S. Total Return – I (Mdis)	0.85%	559.939	9.68	10.32	10.72
Franklin U.S. Total Return – N (Mdis)	1.90%	302,814.780	9.17	9.78	10.16
<b>Franklin U.S. Ultra Short Bond Fund – USD</b>					
Franklin U.S. Ultra Short Bond – A (Mdis)	1.15%	2,591,144.408	9.53	9.76	9.88
Franklin U.S. Ultra Short Bond – AX (Acc)	1.35%	4,051,003.794	11.23	11.30	11.03
Franklin U.S. Ultra Short Bond – B (Acc)	2.35%	196,316.593	10.59	10.76	10.61
Franklin U.S. Ultra Short Bond – B (Mdis)	2.35%	257,464.481	9.53	9.76	9.87
Franklin U.S. Ultra Short Bond – C (Mdis)	2.11%	899,891.647	9.53	9.75	9.87
Franklin U.S. Ultra Short Bond – I (Acc)	0.69%	283,614.154	11.38	11.38	11.06
Franklin U.S. Ultra Short Bond – N (Mdis)	1.85%	479,179.487	9.52	9.75	9.87
<b>Franklin World Perspectives Fund – USD *</b>					
Franklin World Perspectives – A (Acc)	1.84%	401,419.881	10.03	–	–
Franklin World Perspectives – A (Acc) – EUR	1.84%	299,926.039	9.75	–	–
Franklin World Perspectives – A (Ydis) – GBP	1.84%	143,484.375	10.62	–	–
Franklin World Perspectives – B (Acc)	3.16%	500.000	11.18	–	–
Franklin World Perspectives – C (Acc)	2.45%	2,246.725	11.23	–	–
Franklin World Perspectives – I (Acc)	0.99%	408,417.000	10.09	–	–
Franklin World Perspectives – I (Acc) – EUR	0.99%	352,509.920	9.81	–	–
Franklin World Perspectives – I (Ydis) – GBP	0.99%	143,484.375	10.68	–	–
Franklin World Perspectives – N (Acc)	2.59%	400,090.184	9.98	–	–
<b>Franklin Mutual Beacon Fund – USD</b>					
Franklin Mutual Beacon – A (Acc)	1.91%	15,895,269.727	34.74	46.87	59.69
Franklin Mutual Beacon – A (Acc) – EUR	1.90%	1,350,324.490	24.79	29.79	44.14
Franklin Mutual Beacon – A (Acc) – EUR hedged (H1)	1.96%	632,927.673	24.07	34.49	44.02
Franklin Mutual Beacon – A (Acc) – SGD	1.91%	703,417.238	6.01	7.62	–
Franklin Mutual Beacon – A (Ydis)	1.91%	282,031.516	33.92	46.23	59.09
Franklin Mutual Beacon – B (Acc)	3.22%	4,161,548.650	17.08	23.35	30.11
Franklin Mutual Beacon – B (Ydis) – EUR	3.21%	12,603.233	12.18	14.83	22.24
Franklin Mutual Beacon – C (Acc)	2.49%	4,343,651.326	10.21	13.86	17.75
Franklin Mutual Beacon – I (Acc)	1.00%	19,075,675.779	9.10	12.17	15.36
Franklin Mutual Beacon – I (Acc) – EUR	0.99%	3,572,376.816	6.48	7.72	11.34
Franklin Mutual Beacon – I (Acc) – EUR hedged (H1)	1.05%	872,700.083	6.32	8.84	–
Franklin Mutual Beacon – N (Acc)	2.66%	4,454,814.587	18.07	24.56	31.52
Franklin Mutual Beacon – N (Acc) – EUR	2.67%	3,255,319.156	12.86	15.57	23.25
Franklin Mutual Beacon – N (Acc) – EUR hedged (H1)	2.74%	252,357.271	12.57	18.08	23.34

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			June 30, 2009	June 30, 2008	June 30, 2007
<b>Franklin Mutual Euroland Fund – EUR *</b>					
Franklin Mutual Euroland – A (Acc)	1.87%	827,747.472	9.92	–	–
Franklin Mutual Euroland – A (Acc) – USD	1.86%	9,953.673	10.20	–	–
Franklin Mutual Euroland – I (Acc)	0.98%	427,931.296	9.99	–	–
Franklin Mutual Euroland – I (Acc) – USD	0.89%	236,399.725	10.27	–	–
Franklin Mutual Euroland – N (Acc)	2.63%	15,758.078	9.87	–	–
<b>Franklin Mutual European Fund – EUR</b>					
Franklin Mutual European – A (Acc)	1.87%	103,642,361.649	12.84	16.67	21.09
Franklin Mutual European – A (Acc) – USD	1.87%	21,883,485.950	18.01	26.24	28.55
Franklin Mutual European – A (Acc) – SGD	1.91%	500.000	6.07	8.29	–
Franklin Mutual European – A (Ydis)	1.88%	1,694,086.496	12.31	16.20	20.65
Franklin Mutual European – A (Ydis) – GBP	1.88%	58,151.461	10.55	12.87	14.04
Franklin Mutual European – B (Acc) – USD	3.17%	3,541,409.726	16.03	23.67	26.07
Franklin Mutual European – B (Ydis)	3.20%	57,286.973	11.31	14.96	19.26
Franklin Mutual European – C (Acc)	2.44%	295,575.238	12.05	15.73	20.03
Franklin Mutual European – C (Acc) – USD	2.45%	1,561,084.597	16.91	24.78	27.12
Franklin Mutual European – I (Acc)	0.99%	51,932,511.858	11.19	14.40	18.07
Franklin Mutual European – I (Ydis)	0.99%	2,529,883.574	10.80	14.23	18.08
Franklin Mutual European – N (Acc)	2.62%	19,221,596.292	11.23	14.69	18.73
Franklin Mutual European – N (Acc) – USD	2.62%	1,732,029.403	15.68	23.03	25.24
<b>Franklin Mutual Global Discovery Fund – USD</b>					
Franklin Mutual Global Discovery – A (Acc)	1.89%	16,331,795.622	11.01	12.43	13.90
Franklin Mutual Global Discovery – A (Acc) – EUR	1.90%	8,300,705.684	9.49	9.55	12.42
Franklin Mutual Global Discovery – A (Acc) – EUR hedged (H2)	1.91%	2,588,121.801	7.60	9.14	10.30
Franklin Mutual Global Discovery – A (Ydis) – EUR	1.90%	575,266.818	13.60	13.82	18.08
Franklin Mutual Global Discovery – A (Ydis) – GBP	1.91%	52,898.934	11.61	10.93	12.19
Franklin Mutual Global Discovery – B (Acc)	3.19%	2,566,089.395	10.51	12.02	13.61
Franklin Mutual Global Discovery – C (Acc)	2.47%	5,519,207.772	10.76	12.23	13.75
Franklin Mutual Global Discovery – I (Acc)	0.98%	8,092,989.870	11.38	12.73	14.11
Franklin Mutual Global Discovery – I (Acc) – EUR	0.99%	8,887,209.551	9.81	9.78	12.61
Franklin Mutual Global Discovery – I (Acc) – EUR hedged (H2)	0.99%	1,279,823.134	10.11	–	–
Franklin Mutual Global Discovery – I (Ydis) – EUR	1.00%	1,050,111.632	9.51	9.66	12.61
Franklin Mutual Global Discovery – N (Acc)	2.65%	2,976,630.385	10.70	12.18	13.72
Franklin Mutual Global Discovery – N (Acc) – EUR	2.66%	2,552,814.073	9.22	9.34	12.24
Franklin Mutual Global Discovery – N (Acc) – EUR hedged (H2)	2.68%	3,806,862.495	7.66	9.25	10.52
<b>Franklin Templeton Global Equity Strategies Fund – USD</b>					
Franklin Templeton Global Equity Strategies – A (Acc)	2.25%	1,064,132.224	7.62	9.15	–
Franklin Templeton Global Equity Strategies – A (Acc) – EUR	2.24%	3,876,468.286	5.43	5.81	–
Franklin Templeton Global Equity Strategies – A (Acc) – EUR hedged (H1)	2.23%	967,868.918	4.80	5.92	–
Franklin Templeton Global Equity Strategies – A (Ydis)	2.20%	51,203.497	7.61	9.15	–
Franklin Templeton Global Equity Strategies – A (Ydis) – EUR	2.21%	501,253.719	5.43	5.81	–
<b>Franklin Templeton Global Fundamental Strategies Fund – USD</b>					
Franklin Templeton Global Fundamental Strategies – A (Acc)	1.93%	7,147,796.252	8.20	9.18	–
Franklin Templeton Global Fundamental Strategies – A (Acc) – EUR	1.93%	27,488,336.809	5.85	5.83	–
Franklin Templeton Global Fundamental Strategies – A (Acc) – EUR hedged (H1)	1.92%	14,021,305.955	5.69	6.41	–
Franklin Templeton Global Fundamental Strategies – A (Ydis)	1.93%	448,615.277	8.13	9.18	–
Franklin Templeton Global Fundamental Strategies – A (Ydis) – EUR	1.94%	1,372,377.168	5.81	5.83	–
Franklin Templeton Global Fundamental Strategies – B (Acc)	3.26%	18,618.868	8.03	9.10	–
Franklin Templeton Global Fundamental Strategies – C (Acc)	2.53%	13,563.717	8.12	9.14	–
Franklin Templeton Global Fundamental Strategies – I (Acc) – EUR	0.99%	49,978.007	5.94	5.87	–
Franklin Templeton Global Fundamental Strategies – N (Acc) – EUR hedged (H1)	2.67%	353,756.042	5.39	6.12	–
<b>Franklin Templeton Global Growth and Value Fund – USD</b>					
Franklin Templeton Global Growth and Value – A (Acc)	1.95%	2,540,842.864	13.71	19.06	21.38
Franklin Templeton Global Growth and Value – B (Acc)	3.25%	75,061.261	12.56	17.69	20.10
Franklin Templeton Global Growth and Value – C (Acc)	2.52%	123,644.604	13.04	18.22	20.57
Franklin Templeton Global Growth and Value – I (Acc)	1.00%	27,784.838	14.44	19.86	22.09
Franklin Templeton Global Growth and Value – I (Acc) – EUR	1.00%	238.773	10.29	12.62	–
Franklin Templeton Global Growth and Value – N (Acc)	2.70%	296,664.498	13.00	18.20	20.57

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			June 30, 2009	June 30, 2008	June 30, 2007
<b>Franklin Templeton Japan Fund – JPY</b>					
Franklin Templeton Japan – A (Acc)	1.92%	12,679,574.080	498.62	834.46	1,258.33
Franklin Templeton Japan – A (Acc) – EUR	1.90%	902,414.549	3.69	4.99	7.55
Franklin Templeton Japan – A (Acc) – SGD	1.90%	422,827.467	5.12	7.30	–
Franklin Templeton Japan – A (Acc) – USD	1.90%	3,842,413.347	5.18	7.87	10.22
Franklin Templeton Japan – A (Ydis) – EUR	1.90%	7,340.307	3.68	5.01	7.57
Franklin Templeton Japan – A (Ydis) – GBP	1.91%	29,526.685	3.15	3.95	5.10
Franklin Templeton Japan – B (Acc) – USD	3.23%	262,752.950	5.02	7.73	10.18
Franklin Templeton Japan – C (Acc) – USD	2.49%	205,672.084	5.94	9.07	11.87
Franklin Templeton Japan – I (Acc) – EUR	0.99%	229,896.906	5.40	7.24	10.84
Franklin Templeton Japan – I (Acc) – USD	0.99%	1,112,566.762	6.27	9.43	12.16
Franklin Templeton Japan – N (Acc) – EUR	2.67%	3,260,018.959	3.43	4.68	7.13
Franklin Templeton Japan – N (Acc) – USD	2.80%	280,336.510	7.36	–	–
<b>Templeton Asian Bond Fund – USD</b>					
Templeton Asian Bond – A (Acc)	1.39%	8,629,925.912	13.55	12.70	12.76
Templeton Asian Bond – A (Acc) – EUR	1.34%	1,007,895.621	11.68	9.76	11.40
Templeton Asian Bond – A (Acc) – EUR hedged (H1)	1.47%	245,157.912	9.76	9.25	–
Templeton Asian Bond – A (Mdis)	1.39%	6,405,408.596	11.76	11.58	12.04
Templeton Asian Bond – A (Mdis) – EUR	1.38%	273,760.878	8.40	7.37	8.92
Templeton Asian Bond – A (Mdis) – SGD	1.37%	363,824.777	9.57	8.89	–
Templeton Asian Bond – B (Mdis)	2.83%	2,357,525.805	11.74	11.56	12.03
Templeton Asian Bond – C (Mdis)	2.18%	3,168,555.429	11.74	11.56	12.02
Templeton Asian Bond – I (Acc)	0.85%	155,670.915	13.83	12.89	12.88
Templeton Asian Bond – I (Acc) – EUR	0.85%	390.169	9.86	8.19	–
Templeton Asian Bond – I (Acc) – EUR hedged (H1)	0.93%	78,033.816	8.82	8.34	–
Templeton Asian Bond – I (Mdis) – EUR	0.84%	98,826.639	8.73	7.61	9.21
Templeton Asian Bond – N (Acc)	2.08%	912,260.591	13.21	12.47	12.61
Templeton Asian Bond – N (Acc) – EUR	2.08%	230,014.644	11.39	9.58	11.27
Templeton Asian Bond – N (Mdis)	2.08%	310,757.934	11.75	11.57	12.03
<b>Templeton Asian Growth Fund – USD</b>					
Templeton Asian Growth – A (Acc)	2.30%	83,563,169.235	20.31	24.28	27.46
Templeton Asian Growth – A (Acc) – EUR	2.30%	13,944,085.869	14.45	15.39	20.25
Templeton Asian Growth – A (Acc) – EUR hedged (H1)	2.31%	890,106.273	14.26	17.64	–
Templeton Asian Growth – A (Acc) – SGD	2.29%	18,461,909.072	5.59	6.27	–
Templeton Asian Growth – A (Ydis)	2.30%	61,498,518.348	19.16	23.09	26.30
Templeton Asian Growth – A (Ydis) – EUR	2.29%	2,787,754.864	13.69	14.69	19.47
Templeton Asian Growth – A (Ydis) – GBP	2.31%	429,591.577	11.66	11.60	13.11
Templeton Asian Growth – B (Acc)	3.50%	2,999,143.056	9.28	11.23	12.86
Templeton Asian Growth – C (Acc)	2.88%	4,106,201.959	17.86	21.48	24.43
Templeton Asian Growth – I (Acc)	1.20%	61,835,791.868	19.52	23.08	25.83
Templeton Asian Growth – I (Acc) – EUR	1.20%	6,757,813.026	13.91	14.65	19.08
Templeton Asian Growth – I (Acc) – EUR hedged (H1)	1.27%	365,117.254	11.96	14.93	–
Templeton Asian Growth – N (Acc)	2.80%	7,327,150.029	28.59	34.35	39.04
Templeton Asian Growth – N (Acc) – EUR	2.81%	1,003,584.360	20.39	21.82	28.85
Templeton Asian Growth – N (Acc) – EUR hedged (H1)	2.84%	345,875.058	20.09	25.02	–
<b>Templeton Asian Smaller Companies Fund – USD *</b>					
Templeton Asian Smaller Companies – A (Acc)	2.33%	15,492.310	15.36	–	–
Templeton Asian Smaller Companies – A (Acc) – EUR	2.34%	70,091.672	14.94	–	–
Templeton Asian Smaller Companies – A (Acc) – SGD	2.35%	17,032.521	15.21	–	–
Templeton Asian Smaller Companies – A (Ydis)	2.32%	10,000.000	15.36	–	–
Templeton Asian Smaller Companies – A (Ydis) – GBP	2.34%	5,750.682	16.26	–	–
Templeton Asian Smaller Companies – B (Acc)	3.64%	1,000.000	15.79	–	–
Templeton Asian Smaller Companies – B (Acc) – EUR	3.64%	784.222	14.35	–	–
Templeton Asian Smaller Companies – I (Acc)	1.25%	150,000.000	15.48	–	–
Templeton Asian Smaller Companies – I (Acc) – EUR	1.25%	109,942.470	15.06	–	–
Templeton Asian Smaller Companies – I (Ydis) – GBP	1.25%	86,090.625	16.39	–	–

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio June 30, 2009 (see Note 17)	Shares Outstanding June 30, 2009	Net Asset Value per Share		
			June 30, 2009	June 30, 2008	June 30, 2007
<b>Templeton BRIC Fund – USD</b>					
Templeton BRIC – A (Acc)	2.50%	78,087,807.320	13.59	20.91	19.40
Templeton BRIC – A (Acc) – EUR	2.50%	10,887,937.014	11.72	16.06	17.34
Templeton BRIC – A (Acc) – EUR hedged (H1)	2.59%	1,450,354.348	9.37	15.05	–
Templeton BRIC – A (Acc) – SGD	2.50%	497,576.123	5.41	7.82	–
Templeton BRIC – A (Ydis) – EUR	2.50%	165,650.958	17.14	23.49	25.47
Templeton BRIC – A (Ydis) – GBP	2.50%	313,662.491	14.63	18.59	17.16
Templeton BRIC – B (Acc)	3.75%	8,354,476.711	12.98	20.23	19.01
Templeton BRIC – C (Acc)	3.09%	5,216,576.741	13.30	20.58	19.21
Templeton BRIC – I (Acc)	1.40%	5,797,551.461	14.14	21.52	19.75
Templeton BRIC – I (Acc) – EUR	1.40%	109,178.426	10.09	13.67	–
Templeton BRIC – I (Acc) – EUR hedged (H1)	1.45%	383,790.101	8.74	13.91	–
Templeton BRIC – I (Ydis) – EUR	1.40%	322.581	10.01	13.67	–
Templeton BRIC – N (Acc)	3.00%	5,233,373.849	13.34	20.63	19.24
Templeton BRIC – N (Acc) – EUR	3.00%	6,136,426.537	11.51	15.85	17.20
<b>Templeton China Fund – USD</b>					
Templeton China – A (Acc)	2.55%	29,649,945.069	18.29	20.31	20.25
Templeton China – A (Acc) – SGD	2.54%	2,090,333.634	6.53	6.80	–
Templeton China – A (Ydis) – EUR	2.56%	669,384.484	12.89	12.80	14.90
Templeton China – A (Ydis) – GBP	2.55%	122,994.458	10.95	10.09	10.03
Templeton China – C (Acc)	3.13%	1,262,956.446	13.40	14.95	15.01
Templeton China – I (Acc)	1.40%	2,020,089.157	20.68	22.68	22.39
Templeton China – N (Acc)	3.05%	2,457,985.001	18.52	20.65	20.71
<b>Templeton Eastern Europe Fund – EUR</b>					
Templeton Eastern Europe – A (Acc)	2.73%	17,695,186.325	18.57	27.55	37.27
Templeton Eastern Europe – A (Acc) – SGD	2.77%	2,462.984	4.68	7.33	–
Templeton Eastern Europe – A (Acc) – USD	2.72%	1,718,905.224	26.04	43.38	50.43
Templeton Eastern Europe – A (Ydis)	2.73%	89,943.854	18.37	27.25	37.09
Templeton Eastern Europe – A (Ydis) – GBP	2.74%	25,127.358	15.62	21.48	25.00
Templeton Eastern Europe – B (Acc) – USD	4.03%	798,993.691	6.31	10.65	12.53
Templeton Eastern Europe – B (Ydis)	3.75%	250,924.961	4.49	6.72	9.26
Templeton Eastern Europe – C (Acc)	3.28%	5,150.987	7.53	11.25	15.31
Templeton Eastern Europe – C (Acc) – USD	3.29%	574,067.687	8.73	14.63	17.11
Templeton Eastern Europe – I (Acc)	1.40%	1,520,102.396	12.58	18.41	24.60
Templeton Eastern Europe – N (Acc)	3.22%	1,607,641.962	17.64	26.31	35.76
<b>Templeton Emerging Markets Fund – USD</b>					
Templeton Emerging Markets – A (Acc)	2.61%	12,140,052.198	25.60	35.50	37.98
Templeton Emerging Markets – A (Acc) – SGD	2.60%	3,690,909.625	5.77	7.51	–
Templeton Emerging Markets – A (Ydis)	2.61%	12,229,056.771	24.94	34.59	37.27
Templeton Emerging Markets – B (Acc)	3.91%	4,102,930.614	13.10	18.41	19.94
Templeton Emerging Markets – C (Acc)	3.18%	1,017,036.108	22.40	31.24	33.62
Templeton Emerging Markets – I (Acc)	1.40%	11,190,721.418	15.83	21.69	22.94
Templeton Emerging Markets – N (Acc)	3.11%	2,277,384.194	14.12	19.69	21.17
Templeton Emerging Markets – N (Acc) – EUR	3.12%	1,547,885.963	10.08	12.51	15.65
<b>Templeton Emerging Markets Bond Fund – USD</b>					
Templeton Emerging Markets Bond – A (Qdis)	1.97%	34,535,600.019	16.43	17.31	17.75
Templeton Emerging Markets Bond – A (Qdis) – EUR	1.98%	1,791,464.123	11.71	11.00	13.12
Templeton Emerging Markets Bond – B (Qdis)	3.28%	17,017,508.041	14.85	15.65	16.05
Templeton Emerging Markets Bond – C (Acc)	2.55%	1,231,477.005	18.29	18.23	17.78
Templeton Emerging Markets Bond – I (Acc)	1.00%	8,852,676.544	15.29	14.99	14.40
Templeton Emerging Markets Bond – I (Qdis)	1.00%	2,867,108.161	12.86	13.56	13.90
Templeton Emerging Markets Bond – N (Acc)	2.47%	1,709,924.898	22.05	21.96	21.40
<b>Templeton Emerging Markets Smaller Companies Fund – USD</b>					
Templeton Emerging Markets Smaller Companies – A (Acc)	2.49%	25,202,242.960	5.38	7.59	–
Templeton Emerging Markets Smaller Companies – A (Acc) – EUR	2.49%	2,089,163.309	5.48	6.89	–
Templeton Emerging Markets Smaller Companies – A (Ydis)	2.49%	399,497.850	5.37	7.59	–
Templeton Emerging Markets Smaller Companies – A (Ydis) – GBP	2.49%	308,021.378	6.67	7.79	–
Templeton Emerging Markets Smaller Companies – C (Acc)	3.10%	25,786.580	5.92	8.41	–
Templeton Emerging Markets Smaller Companies – I (Acc)	1.40%	1,845,709.194	5.48	7.65	–
Templeton Emerging Markets Smaller Companies – I (Acc) – EUR	1.40%	58,249.367	5.58	6.94	–
Templeton Emerging Markets Smaller Companies – N (Acc)	3.00%	168,052.852	5.33	7.57	–

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	Total Expense Ratio June 30, 2009 (see Note 17)	Shares Outstanding June 30, 2009	Net Asset Value per Share		
			June 30, 2009	June 30, 2008	June 30, 2007
<b>Templeton Euro Liquid Reserve Fund – EUR</b>					
Templeton Euro Liquid Reserve – A (Acc)	0.68%	5,735,533.212	5.48	5.46	5.32
Templeton Euro Liquid Reserve – A (Ydis)	0.68%	5,073,289.657	4.51	4.67	4.66
Templeton Euro Liquid Reserve – I (Acc)	0.42%	97,226.061	10.07	10.00	–
Templeton Euro Liquid Reserve – N (Acc)	1.58%	3,729,288.221	10.70	10.75	10.56
<b>Templeton Euroland Fund – EUR</b>					
Templeton Euroland – A (Acc)	1.94%	9,370,350.568	10.17	14.37	21.04
Templeton Euroland – A (Ydis)	1.95%	50,367.840	9.87	14.20	21.03
Templeton Euroland – B (Acc) – USD	3.25%	6,772.688	6.20	10.03	12.78
Templeton Euroland – B (Ydis)	3.25%	34,325.176	4.37	6.31	9.45
Templeton Euroland – C (Acc)	2.53%	12,975.237	6.75	9.59	14.13
Templeton Euroland – C (Acc) – USD	2.54%	2,665.372	9.47	15.11	19.13
Templeton Euroland – I (Acc)	1.00%	3,508,032.190	8.91	12.46	18.09
Templeton Euroland – I (Ydis)	0.99%	70,000.000	8.51	12.27	18.09
Templeton Euroland – N (Acc)	2.69%	1,339,729.560	6.29	8.96	13.22
<b>Templeton Euroland Bond Fund – EUR</b>					
Templeton Euroland Bond – A (Ydis)	1.38%	839,630.573	9.67	9.49	9.73
Templeton Euroland Bond – I (Acc)	0.74%	229,271.831	11.39	10.77	10.71
Templeton Euroland Bond – N (Acc)	2.07%	568,934.343	10.73	10.28	10.36
<b>Templeton European Fund – EUR</b>					
Templeton European – A (Acc)	1.92%	3,250,718.199	10.90	14.59	21.36
Templeton European – A (Acc) – SGD	1.90%	229,005.689	5.33	7.52	–
Templeton European – A (Acc) – USD	1.92%	1,804,359.997	15.27	22.95	28.87
Templeton European – A (Ydis)	1.91%	34,454.061	10.00	13.68	20.20
Templeton European – A (Ydis) – USD	1.92%	4,735,564.834	14.12	21.67	27.47
Templeton European – C (Acc)	2.47%	1,750.000	6.86	9.23	13.58
Templeton European – C (Acc) – USD	2.50%	40,655.762	9.62	14.53	18.39
Templeton European – I (Acc)	0.99%	4,084,219.987	8.97	11.87	17.26
Templeton European – N (Acc)	2.66%	251,379.557	10.37	13.98	20.62
Templeton European – N (Acc) – USD	2.65%	151,015.477	14.57	22.06	27.97
<b>Templeton European Total Return Fund – EUR</b>					
Templeton European Total Return – A (Acc)	1.10%	2,814,160.013	9.84	10.91	11.47
Templeton European Total Return – A (Mdis)	1.10%	1,931,271.285	8.02	9.33	10.19
Templeton European Total Return – A (Mdis) – USD	1.10%	451,805.848	11.27	14.73	13.81
Templeton European Total Return – A (Ydis)	1.10%	12,803.604	8.38	9.66	–
Templeton European Total Return – C (Acc)	1.90%	44,800.000	8.46	9.46	10.02
Templeton European Total Return – C (Mdis) – USD	1.90%	74,609.015	8.81	11.51	10.80
Templeton European Total Return – I (Acc)	0.85%	1,197,310.986	9.45	10.44	10.95
Templeton European Total Return – I (Mdis)	0.83%	27,640.559	8.38	9.75	10.64
Templeton European Total Return – I (Ydis)	0.85%	471.698	8.76	10.11	–
Templeton European Total Return – N (Acc)	1.80%	3,246,594.869	9.44	10.55	11.16
Templeton European Total Return – N (Mdis)	1.80%	4,666.845	9.08	10.55	–
<b>Templeton Frontier Markets Fund – USD *</b>					
Templeton Frontier Markets – A (Acc)	2.65%	24,649.394	11.92	–	–
Templeton Frontier Markets – A (Acc) – EUR	2.53%	192,553.566	11.59	–	–
Templeton Frontier Markets – A (Acc) – SGD	2.65%	14,970.442	11.80	–	–
Templeton Frontier Markets – A (Ydis)	2.65%	9,044.213	11.92	–	–
Templeton Frontier Markets – A (Ydis) – GBP	2.65%	5,919.934	12.62	–	–
Templeton Frontier Markets – B (Acc)	3.95%	1,000.000	11.17	–	–
Templeton Frontier Markets – B (Acc) – EUR	3.95%	784.222	10.15	–	–
Templeton Frontier Markets – C (Acc)	3.23%	1,000.000	11.22	–	–
Templeton Frontier Markets – I (Acc)	1.61%	130,273.624	12.01	–	–
Templeton Frontier Markets – I (Acc) – EUR	1.62%	42,360.490	11.68	–	–
Templeton Frontier Markets – I (Ydis) – GBP	1.62%	28,696.875	12.72	–	–
Templeton Frontier Markets – N (Acc) – EUR	3.15%	13,922.551	11.55	–	–
Templeton Frontier Markets – N (Acc) – EUR hedged (H1)	3.15%	249,525.138	11.54	–	–

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All classes in base currency unless otherwise stated

	Total Expense Ratio June 30, 2009 (see Note 17)	Shares Outstanding June 30, 2009	Net Asset Value per Share		
			June 30, 2009	June 30, 2008	June 30, 2007
<b>Templeton Global Fund – USD</b>					
Templeton Global – A (Acc)	1.92%	8,216,543.788	20.68	30.03	36.26
Templeton Global – A (Acc) – SGD	1.91%	4,598,969.750	5.63	7.68	–
Templeton Global – A (Ydis)	1.92%	23,870,638.742	19.39	28.57	34.70
Templeton Global – B (Acc)	3.22%	3,421,523.591	13.33	19.61	23.97
Templeton Global – C (Acc)	2.50%	1,349,405.492	12.24	17.87	21.71
Templeton Global – I (Acc)	0.99%	22,877,017.063	11.27	16.21	19.40
Templeton Global – N (Acc)	2.66%	2,281,145.417	14.00	20.47	24.91
<b>Templeton Global (Euro) Fund – EUR</b>					
Templeton Global (Euro) – A (Acc)	1.94%	3,156,223.778	9.66	12.30	17.48
Templeton Global (Euro) – A (Ydis)	1.94%	44,958,913.325	9.13	11.82	16.91
Templeton Global (Euro) – B (Acc) – USD	3.27%	749.252	6.65	9.64	11.92
Templeton Global (Euro) – I (Acc)	0.98%	1,678,729.287	8.90	11.22	15.80
Templeton Global (Euro) – I (Acc) – hedged (H2)	0.99%	1,427,590.411	9.30	12.06	15.85
Templeton Global (Euro) – N (Acc)	2.69%	324,145.561	8.35	10.71	15.34
<b>Templeton Global Balanced Fund – USD</b>					
Templeton Global Balanced – A (Acc)	1.78%	5,629,167.813	17.26	21.55	23.79
Templeton Global Balanced – A (Acc) – EUR	1.77%	736,376.892	12.31	13.69	17.58
Templeton Global Balanced – A (Acc) – EUR hedged (H1)	1.75%	86,151.498	12.20	15.61	–
Templeton Global Balanced – A (Acc) – SGD	1.73%	29,474,990.081	7.11	8.33	–
Templeton Global Balanced – A (Qdis)	1.78%	15,873,954.262	15.31	19.48	21.87
Templeton Global Balanced – B (Acc)	3.08%	8,466,549.999	11.85	14.98	16.75
Templeton Global Balanced – C (Qdis)	2.35%	3,675,044.620	9.01	11.45	12.86
Templeton Global Balanced – I (Acc)	0.90%	11,537.865	9.11	11.27	12.35
Templeton Global Balanced – I (Acc) – EUR hedged (H1)	0.93%	86,034.621	5.76	7.29	–
Templeton Global Balanced – N (Acc) – EUR	2.27%	1,060,892.152	8.97	10.02	12.94
Templeton Global Balanced – N (Acc) – EUR hedged (H1)	2.25%	153,877.989	6.55	8.39	–
<b>Templeton Global Bond Fund – USD</b>					
Templeton Global Bond – A (Acc)	1.46%	45,499,721.454	20.44	17.88	16.77
Templeton Global Bond – A (Acc) – EUR	1.46%	25,025,094.166	14.57	11.35	12.40
Templeton Global Bond – A (Acc) – EUR hedged (H1)	1.45%	19,320,621.866	15.02	13.04	12.39
Templeton Global Bond – A (Mdis)	1.46%	183,289,218.028	17.27	15.68	15.25
Templeton Global Bond – A (Mdis) – EUR	1.46%	20,752,807.442	12.33	9.97	11.29
Templeton Global Bond – A (Mdis) – GBP	1.47%	3,553,078.537	10.51	7.88	7.61
Templeton Global Bond – A (Mdis) – GBP hedged (H1)	1.41%	8,185,296.563	8.82	7.85	–
Templeton Global Bond – A (Mdis) – SGD	1.35%	7,620,702.607	10.82	9.23	–
Templeton Global Bond – A (Mdis) – EUR hedged (H1)	1.44%	1,701,856.700	11.27	10.13	–
Templeton Global Bond – A (Mdis) – SGD hedged (H1)	1.47%	2,128,458.897	10.86	9.97	–
Templeton Global Bond – A (Ydis) – EUR	1.35%	924,997.658	12.75	10.30	–
Templeton Global Bond – AX (Acc)	1.66%	29,869,042.643	15.62	13.69	12.87
Templeton Global Bond – B (Mdis)	2.97%	47,452,704.216	18.08	16.42	15.98
Templeton Global Bond – C (Mdis)	2.24%	51,911,712.124	13.25	12.03	11.71
Templeton Global Bond – I (Acc)	0.85%	25,560,489.841	16.40	14.27	13.31
Templeton Global Bond – I (Acc) – EUR	0.85%	14,881,782.448	11.62	9.00	9.76
Templeton Global Bond – I (Acc) – EUR hedged (H1)	0.94%	2,205,423.803	12.10	10.29	–
Templeton Global Bond – I (Mdis) – EUR	0.85%	2,327,656.619	10.33	8.35	9.45
Templeton Global Bond – I (Ydis) – EUR	0.85%	1,259,477.873	10.75	8.68	–
Templeton Global Bond – N (Acc)	2.16%	22,148,100.338	20.79	18.31	17.30
Templeton Global Bond – N (Acc) – EUR	2.18%	877,655.821	14.82	11.63	12.78
Templeton Global Bond – N (Acc) – EUR hedged (H1)	2.15%	23,989,206.147	15.29	13.38	12.78
Templeton Global Bond – N (Mdis) – EUR hedged (H1)	2.13%	2,542,613.472	13.20	11.84	–
<b>Templeton Global Bond (Euro) Fund – EUR</b>					
Templeton Global Bond (Euro) – A (Acc)	1.35%	4,823,653.464	11.64	10.65	11.19
Templeton Global Bond (Euro) – A (Ydis)	1.34%	2,203,831.782	9.69	9.37	10.25
Templeton Global Bond (Euro) – B (Acc) – USD	3.01%	31,865.403	11.21	11.70	10.72
Templeton Global Bond (Euro) – I (Acc)	0.85%	371,775.106	11.51	10.48	10.96
Templeton Global Bond (Euro) – N (Acc)	2.05%	5,004,758.084	11.18	10.30	10.90

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio June 30, 2009 (see Note 17)	Shares Outstanding June 30, 2009	Net Asset Value per Share		
			June 30, 2009	June 30, 2008	June 30, 2007
<b>Templeton Global Equity Income Fund – USD</b>					
Templeton Global Equity Income – A (Acc)	1.50%	2,471,074.243	8.36	11.46	14.78
Templeton Global Equity Income – A (Acc) – EUR	1.50%	85,617.910	7.50	9.15	13.73
Templeton Global Equity Income – A (Qdis)	1.50%	6,990,396.731	7.56	10.72	14.17
Templeton Global Equity Income – A (Qdis) – SGD	1.50%	4,434,546.855	5.34	7.11	–
Templeton Global Equity Income – B (Qdis)	2.75%	992,507.637	7.52	10.66	14.11
Templeton Global Equity Income – C (Qdis)	2.10%	69,177.556	7.53	10.67	14.14
Templeton Global Equity Income – I (Acc)	1.00%	1,015.000	8.54	11.64	14.94
Templeton Global Equity Income – I (Qdis) – JPY	1.00%	8,449.600	779.81	1,218.88	–
Templeton Global Equity Income – N (Acc)	2.25%	108,174.918	8.11	11.19	14.54
<b>Templeton Global High Yield Fund – USD</b>					
Templeton Global High Yield – A (Acc)	1.66%	157,536.261	9.43	9.91	–
Templeton Global High Yield – A (Acc) – EUR	1.66%	162,072.735	6.73	6.29	–
Templeton Global High Yield – A (Mdis)	1.66%	150,418.668	8.47	9.53	–
Templeton Global High Yield – A (Mdis) – EUR	1.66%	162,410.227	6.04	6.05	–
Templeton Global High Yield – A (Mdis) – GBP	1.66%	104,529.168	5.15	4.79	–
Templeton Global High Yield – I (Acc)	0.85%	99,929.000	9.57	9.97	–
Templeton Global High Yield – I (Acc) – EUR	0.86%	100,863.229	6.82	6.33	–
Templeton Global High Yield – N (Acc) – EUR	2.18%	148,368.971	6.66	6.27	–
<b>Templeton Global Income Fund – USD</b>					
Templeton Global Income – A (Acc)	1.50%	2,959,238.492	11.59	12.46	13.83
Templeton Global Income – A (Acc) – EUR	1.50%	191,967.182	10.39	9.96	12.86
Templeton Global Income – A (Qdis)	1.50%	3,406,874.065	10.05	11.40	13.07
Templeton Global Income – B (Qdis)	2.75%	800,804.254	10.01	11.34	12.99
Templeton Global Income – C (Qdis)	2.10%	561,446.386	10.02	11.36	13.00
Templeton Global Income – I (Acc)	0.90%	541,469.306	11.86	12.68	13.99
Templeton Global Income – N (Acc)	2.00%	581,283.973	11.33	12.25	13.66
<b>Templeton Global Smaller Companies Fund – USD</b>					
Templeton Global Smaller Companies – A (Acc)	1.96%	1,744,619.286	21.82	31.71	44.54
Templeton Global Smaller Companies – A (Acc) – SGD	1.95%	924,146.108	5.18	7.07	–
Templeton Global Smaller Companies – A (Ydis)	1.96%	3,142,062.905	21.04	30.83	43.40
Templeton Global Smaller Companies – B (Acc)	3.32%	15,457.654	6.22	9.15	13.02
Templeton Global Smaller Companies – C (Acc) – EUR	2.51%	2,471.000	6.25	8.14	13.41
Templeton Global Smaller Companies – C (Ydis)	2.54%	37,800.745	8.86	12.95	18.30
Templeton Global Smaller Companies – I (Acc)	1.00%	1,357,874.664	9.42	13.54	18.86
Templeton Global Smaller Companies – N (Acc)	2.71%	307,369.901	15.17	22.21	31.43
<b>Templeton Global Total Return Fund – USD</b>					
Templeton Global Total Return – A (Acc)	1.35%	37,327,689.867	17.82	15.99	15.45
Templeton Global Total Return – A (Acc) – EUR	1.35%	2,242,673.038	12.70	10.15	11.41
Templeton Global Total Return – A (Acc) – EUR hedged (H1)	1.45%	8,819,762.848	12.97	11.72	11.46
Templeton Global Total Return – A (Acc) – PLN hedged (H1)	1.45%	1,959,298.540	46.65	41.07	–
Templeton Global Total Return – A (Mdis)	1.35%	38,721,366.557	13.71	13.02	13.16
Templeton Global Total Return – A (Mdis) – EUR	1.35%	1,992,806.294	9.81	8.30	9.76
Templeton Global Total Return – A (Mdis) – GBP	1.35%	1,313,915.776	8.36	6.56	6.58
Templeton Global Total Return – A (Mdis) – GBP hedged (H1)	1.43%	3,995,463.337	6.87	6.52	–
Templeton Global Total Return – A (Mdis) – SGD	1.35%	1,843,916.855	10.09	9.00	–
Templeton Global Total Return – A (Mdis) – EUR hedged (H1)	1.37%	1,264,323.542	8.94	8.42	–
Templeton Global Total Return – A (Ydis) – EUR	1.35%	287,836.374	10.31	8.62	–
Templeton Global Total Return – B (Acc)	2.79%	1,890,099.134	16.38	14.92	14.62
Templeton Global Total Return – B (Mdis)	2.80%	2,684,214.240	13.68	13.00	13.14
Templeton Global Total Return – C (Mdis)	1.90%	5,645,261.369	12.20	11.59	11.71
Templeton Global Total Return – I (Acc)	0.85%	18,250,262.954	16.34	14.59	14.03
Templeton Global Total Return – I (Acc) – EUR	0.85%	1,715,404.193	11.66	9.27	10.37
Templeton Global Total Return – I (Acc) – EUR hedged (H1)	0.91%	1,910,813.828	11.53	10.43	–
Templeton Global Total Return – I (Mdis) – CHF	0.85%	1,684.000	14.62	13.05	15.77
Templeton Global Total Return – I (Mdis) – EUR	0.85%	732,662.553	9.63	8.15	9.58
Templeton Global Total Return – I (Ydis) – EUR	0.69%	1,027.813	10.21	8.53	–
Templeton Global Total Return – N (Acc)	2.05%	11,671,889.668	17.11	15.46	15.05
Templeton Global Total Return – N (Acc) – EUR	2.05%	922,672.608	12.18	9.81	11.11
Templeton Global Total Return – N (Acc) – EUR hedged (H1)	2.15%	10,522,188.264	12.39	11.24	11.07
Templeton Global Total Return – N (Mdis) – EUR hedged (H1)	2.12%	2,100,465.776	10.61	9.99	–

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio June 30, 2009 (see Note 17)	Shares Outstanding June 30, 2009	Net Asset Value per Share		
			June 30, 2009	June 30, 2008	June 30, 2007
<b>Templeton Growth (Euro) Fund – EUR</b>					
Templeton Growth (Euro) – A (Acc)	1.94%	449,369,465.988	7.08	8.96	12.95
Templeton Growth (Euro) – A (Acc) – USD	1.93%	19,711,888.270	9.94	14.12	–
Templeton Growth (Euro) – A (Ydis)	1.94%	22,067,772.237	7.57	9.67	14.03
Templeton Growth (Euro) – A (Ydis) – USD	1.94%	2,524,616.572	10.59	15.20	18.99
Templeton Growth (Euro) – B (Ydis)	3.25%	98,123.498	5.33	6.84	10.03
Templeton Growth (Euro) – C (Acc)	2.53%	3,126.263	5.95	7.57	11.00
Templeton Growth (Euro) – I (Acc)	0.98%	5,185,275.311	7.55	9.46	13.55
Templeton Growth (Euro) – I (Ydis)	0.99%	1,127,840.000	7.16	9.16	13.28
Templeton Growth (Euro) – I (Ydis) – USD	0.99%	1,358,108.127	10.08	14.48	18.04
Templeton Growth (Euro) – N (Acc)	2.69%	2,982,327.258	6.59	8.40	12.23
<b>Templeton Korea Fund – USD</b>					
Templeton Korea – A (Acc)	2.68%	11,372,496.383	4.25	5.91	7.39
Templeton Korea – A (Acc) – SGD	2.67%	5,201,774.768	5.29	6.91	–
Templeton Korea – C (Acc)	3.25%	18,432.345	7.45	10.41	13.10
Templeton Korea – I (Acc)	1.40%	548,599.152	7.83	10.75	13.29
Templeton Korea – N (Acc)	3.17%	245,559.611	11.71	16.37	20.58
<b>Templeton Latin America Fund – USD</b>					
Templeton Latin America – A (Acc)	2.36%	5,005,744.334	59.40	89.98	75.23
Templeton Latin America – A (Acc) – SGD	2.34%	2,982,204.691	7.02	9.99	–
Templeton Latin America – A (Ydis)	2.36%	20,971,850.936	55.88	84.82	71.44
Templeton Latin America – A (Ydis) – EUR	2.36%	295,294.486	39.85	53.88	52.79
Templeton Latin America – A (Ydis) – GBP	2.35%	36,428.604	34.16	42.81	35.77
Templeton Latin America – B (Acc)	3.66%	5,013,624.463	11.73	18.00	15.24
Templeton Latin America – C (Acc)	2.94%	1,062,090.613	11.95	18.21	15.32
Templeton Latin America – I (Acc)	1.29%	32,609,354.821	17.79	26.66	22.07
Templeton Latin America – N (Acc)	2.85%	2,545,321.826	31.64	48.17	40.48
<b>Templeton Thailand Fund – USD</b>					
Templeton Thailand – A (Acc)	2.59%	12,014,616.766	8.45	11.03	10.96
Templeton Thailand – A (Acc) – SGD	2.59%	1,627,321.150	6.88	8.44	–
Templeton Thailand – B (Acc)	3.88%	177,930.728	8.81	11.65	11.72
Templeton Thailand – I (Acc)	1.40%	649,044.000	7.55	9.74	–
Templeton Thailand – N (Acc)	3.08%	246,051.226	10.88	14.27	14.26
<b>Templeton U.S. Dollar Liquid Reserve Fund – USD</b>					
Templeton U.S. Dollar Liquid Reserve – A (Acc)	0.63%	13,055,417.068	11.68	11.63	11.28
Templeton U.S. Dollar Liquid Reserve – A (Mdis)	0.63%	8,829,254.195	9.77	9.78	9.81
Templeton U.S. Dollar Liquid Reserve – B (Mdis)	1.68%	3,820,823.264	9.78	9.86	9.88
Templeton U.S. Dollar Liquid Reserve – C (Acc)	1.60%	1,761,528.820	10.72	10.77	10.55
Templeton U.S. Dollar Liquid Reserve – I (Acc)	0.37%	500.000	10.08	10.01	–
Templeton U.S. Dollar Liquid Reserve – N (Acc)	1.52%	3,369,249.912	11.24	11.28	11.04
<b>Templeton U.S. Value Fund – USD</b>					
Templeton U.S. Value – A (Acc)	1.94%	911,089.934	8.44	11.61	16.30
Templeton U.S. Value – A (Acc) – EUR	1.94%	2,264.869	6.02	7.38	12.04
Templeton U.S. Value – A (Acc) – EUR hedged (H1)	1.94%	67,905.471	5.92	8.49	–
Templeton U.S. Value – A (Ydis) – EUR	1.96%	949.702	5.95	7.29	12.04
Templeton U.S. Value – A (Ydis) – GBP	2.10%	1,650.035	5.07	5.77	8.11
Templeton U.S. Value – B (Acc)	3.29%	186,878.450	7.83	10.92	15.53
Templeton U.S. Value – C (Acc)	2.52%	90,784.635	8.13	11.25	15.89
Templeton U.S. Value – I (Acc)	1.00%	553,583.786	8.29	11.30	16.78
Templeton U.S. Value – I (Acc) – EUR	1.00%	407.830	6.32	7.66	12.40
Templeton U.S. Value – I (Acc) – EUR hedged (H1)	1.01%	81,477.932	5.12	7.32	–
Templeton U.S. Value – I (Ydis) – GBP	0.99%	609.756	5.28	5.97	8.35
Templeton U.S. Value – N (Acc)	2.70%	143,782.051	8.08	11.19	15.84

\* These funds were launched during the current year.

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2009

	TOTAL	Franklin Asian Flex Cap Fund	Franklin Biotechnology Discovery Fund	Franklin Euroland Core Fund*	Franklin European Growth Fund
	(USD)	(USD)	(USD)	(EUR)	(EUR)
<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>	61,534,169,142	36,332,132	53,201,179	–	17,635,809
Currency translation adjustment	(1,998,212,998)	–	–	–	–
	<u>59,535,956,144</u>	<u>36,332,132</u>	<u>53,201,179</u>	<u>–</u>	<u>17,635,809</u>
<b>INCOME</b>					
Dividends (net of withholding taxes)	706,590,026	680,209	340,832	511,193	477,899
Interest on bonds (net of withholding taxes)	1,202,403,403	–	61,377	–	–
Bank interest	20,877,963	13,636	–	7,918	20,682
Securities lending	61,896,384	–	–	–	–
Interest on swaps	13,469,876	–	–	–	–
Sundry income	7,696,281	56	35,712	–	9,401
<b>TOTAL INCOME</b>	<u>2,012,933,933</u>	<u>693,901</u>	<u>437,921</u>	<u>519,111</u>	<u>507,982</u>
<b>EXPENSES</b>					
Investment management fees (note 3)	424,055,425	236,778	694,852	71,613	169,790
Administration and transfer agency fees	112,360,735	114,426	344,353	18,954	61,017
Subscription tax (note 10)	18,372,267	9,597	36,158	2,272	7,913
Custodian fees	21,047,878	16,788	3,907	2,695	4,867
Audit, printing and publishing expenses	10,383,225	6,039	14,253	2,166	3,568
Bank charges	2,033,168	273	–	292	–
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	134,498,188	53,050	306,755	9,053	61,605
Class AX(acc) shares' maintenance charges (note 13)	3,097,031	–	–	–	–
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	43,293,131	168,044	64,784	–	–
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	14,264,184	1,139	10,340	–	–
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	36,142,429	11,651	40,378	2,837	35,549
Other charges	32,885,753	12,281	30,129	4,537	7,333
<b>TOTAL EXPENSES</b>	<u>852,433,414</u>	<u>630,066</u>	<u>1,545,909</u>	<u>114,419</u>	<u>351,642</u>
Expenses reimbursement (note 16)	(8,611,773)	(47,942)	(130)	(4,626)	(285)
<b>NET EXPENSES</b>	<u>843,821,641</u>	<u>582,124</u>	<u>1,545,779</u>	<u>109,793</u>	<u>351,357</u>
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	1,169,112,292	111,777	(1,107,858)	409,318	156,625
Net realised profit/(loss) on sale of investments	(9,022,361,917)	(9,450,063)	351,202	109,233	(2,660,000)
Net realised profit/(loss) on forward foreign exchange contracts	1,916,540,285	–	–	–	–
Net realised profit/(loss) on financial future contracts	104,624	–	–	–	–
Net realised profit/(loss) on options contracts	244,002,855	–	–	–	–
Net realised profit/(loss) on credit default swaps	(1,294,205)	–	–	–	–
Net realised profit/(loss) on interest rate swaps	(5,845)	–	–	–	–
Net realised profit/(loss) on foreign exchange transactions	1,545,183,310	(107,760)	(12,749)	(27,952)	(24,399)
Capital gains tax paid	(4,353)	–	–	–	–
<b>NET REALISED PROFIT/(LOSS) FOR THE YEAR</b>	<u>(4,148,722,954)</u>	<u>(9,446,046)</u>	<u>(769,405)</u>	<u>490,599</u>	<u>(2,527,774)</u>
Change in net unrealised appreciation/(depreciation) on:					
Investments	(4,053,501,614)	4,788,305	(5,539,115)	352,984	2,503,407
Forward foreign exchange contracts	164,860,487	–	–	–	–
Financial future contracts	(250,248)	–	–	–	–
Options contracts	(36,459,118)	–	–	–	–
Credit default swaps	138,950	–	–	–	–
Interest rate swaps	189,907,072	–	–	–	–
Foreign exchange transactions	89,700,765	(242)	–	–	2,258
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	<u>(7,794,326,660)</u>	<u>(4,657,983)</u>	<u>(6,308,520)</u>	<u>843,583</u>	<u>(22,109)</u>
<b>MOVEMENT OF CAPITAL</b>					
Issue of shares	28,932,335,670	21,123,374	97,246,805	20,131,838	30,286,259
Redemption of shares	(32,447,068,023)	(22,911,377)	(73,384,239)	(3,740,298)	(16,097,858)
Issues of shares in course of merger	45,729,537	–	–	–	–
Redemption of shares in course of merger	(45,981,112)	–	–	–	–
Equalisation (note 12)	(6,125,366)	(4,415)	–	(649)	98,633
	<u>(3,521,109,294)</u>	<u>(1,792,418)</u>	<u>23,862,566</u>	<u>16,390,891</u>	<u>14,287,034</u>
Dividends paid/accumulated (note 18)	(1,171,580,660)	(62,352)	(126,746)	–	(6,137)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	<u>(4,692,689,954)</u>	<u>(1,854,770)</u>	<u>23,735,820</u>	<u>16,390,891</u>	<u>14,280,897</u>
<b>NET ASSETS AT THE END OF THE YEAR</b>	<u>47,048,939,530</u>	<u>29,819,379</u>	<u>70,628,479</u>	<u>17,234,474</u>	<u>31,894,597</u>
Portfolio Turnover Ratio (note 21)		44.50%	(21.13)%	16.90%	(38.14)%

\* This Fund was launched on November 28, 2008

The accompanying notes form an integral

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)

Franklin European Small-Mid Cap Growth Fund (EUR)	Franklin Global Growth Fund (USD)	Franklin Global Real Estate (Euro) Fund (EUR)	Franklin Global Real Estate (USD) Fund (USD)	Franklin Global Small-Mid Cap Growth Fund (USD)	Franklin High Yield Fund (USD)	Franklin High Yield (Euro) Fund (EUR)
45,036,706	36,397,878	30,939,109	38,398,156	20,482,747	1,944,931,904	254,682,797
-	-	-	-	-	-	-
45,036,706	36,397,878	30,939,109	38,398,156	20,482,747	1,944,931,904	254,682,797
931,460	524,052	825,403	1,179,964	361,380	76,543	20,999
-	-	-	-	-	136,204,033	20,305,004
40,275	8,840	25,419	17,931	7,498	193,882	309,352
-	-	-	-	-	-	-
-	-	-	-	-	-	-
248	4,350	10,761	422	728	567,860	17,124
971,983	537,242	861,583	1,198,317	369,606	137,042,318	20,652,479
326,794	237,714	171,005	251,067	163,119	11,239,932	1,357,353
132,664	83,082	61,529	82,508	59,921	3,396,386	422,644
14,728	9,948	7,121	10,484	7,840	651,037	67,620
9,730	6,338	2,858	4,147	4,303	93,993	22,025
7,808	6,007	5,587	6,767	3,460	319,653	43,935
1,699	315	758	34	-	4,421	1,011
119,548	97,572	63,721	90,469	63,950	4,690,844	276,292
-	-	-	-	-	-	-
9,714	-	-	16,027	20,069	2,781,896	-
-	-	-	31,308	-	82,848	-
61,600	36,265	28,012	17,117	21,940	122,753	577,642
17,535	12,288	11,809	13,836	7,052	654,709	107,032
701,820	489,529	352,400	523,764	351,654	24,038,472	2,875,554
(1,077)	(549)	(11,104)	(4,716)	(17)	(72,180)	(7,819)
700,743	488,980	341,296	519,048	351,637	23,966,292	2,867,735
271,240	48,262	520,287	679,269	17,969	113,076,026	17,784,744
(9,147,595)	(8,589,965)	(13,334,505)	(21,185,510)	(2,769,308)	(167,208,087)	(47,111,883)
-	-	(2,290,368)	2,255,924	-	-	(1,790,564)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(33,106)	11,080	(2,409,659)	2,193,202	35,291	(388,166)	(1,834,547)
-	-	-	-	-	-	-
(8,909,461)	(8,530,623)	(17,514,245)	(16,057,115)	(2,716,048)	(54,520,227)	(32,952,250)
6,174,691	(5,565,009)	4,744,861	(137,158)	(168,890)	(92,393,539)	12,649,445
-	-	(227,803)	276,619	-	5,197	160,389
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,974	(769)	(12,772)	(1,358)	1,654	5,178	6,420
(2,728,796)	(14,096,401)	(13,009,959)	(15,919,012)	(2,883,284)	(146,903,391)	(20,135,996)
43,696,900	29,995,299	4,168,678	15,707,276	16,420,489	1,123,487,470	161,539,334
(26,190,099)	(19,364,063)	(10,679,083)	(18,220,199)	(5,562,139)	(938,212,302)	(120,086,507)
-	-	-	-	-	-	-
226,042	(17,182)	(121,710)	(8,773)	83,516	665,094	1,511,157
17,732,843	10,614,054	(6,632,115)	(2,521,696)	10,941,866	185,940,262	42,963,984
(120,349)	-	(682,273)	(699,009)	-	(113,779,627)	(17,332,159)
17,612,494	10,614,054	(7,314,388)	(3,220,705)	10,941,866	72,160,635	25,631,825
59,920,404	32,915,531	10,614,762	19,258,439	28,541,329	1,870,189,148	260,178,626
5.10%	5.94%	134.67%	102.71%	55.34%	(5.93)%	37.25%

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**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)**

	Franklin Income Fund	Franklin India Fund	Franklin MENA Fund	Franklin Natural Resources Fund	Franklin Strategic Income Fund
	(USD)	(USD)	(USD)	(USD)	(USD)
<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>	623,173,789	494,169,523	22,298,037	50,542,306	70,341,741
Currency translation adjustment	-	-	-	-	-
	623,173,789	494,169,523	22,298,037	50,542,306	70,341,741
<b>INCOME</b>					
Dividends (net of withholding taxes)	5,807,784	6,019,712	775,451	368,178	393,458
Interest on bonds (net of withholding taxes)	25,164,916	-	32	13,803	4,092,579
Bank interest	53,853	127,754	26,255	82	731
Securities lending	2,252,833	-	-	-	-
Interest on swaps	-	-	-	-	84,006
Sundry income	251,196	25,220	-	-	1,100
<b>TOTAL INCOME</b>	33,530,582	6,172,686	801,738	382,063	4,571,874
<b>EXPENSES</b>					
Investment management fees (note 3)	3,610,768	4,098,745	450,477	335,857	481,466
Administration and transfer agency fees	1,172,430	1,296,993	84,817	114,452	185,853
Subscription tax (note 10)	194,037	177,932	13,908	16,181	33,322
Custodian fees	28,759	513,341	50,569	3,401	12,957
Audit, printing and publishing expenses	103,760	90,675	8,522	7,479	14,203
Bank charges	852	-	15,866	146	848
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	878,167	1,470,580	131,921	131,992	235,974
Class AX(acc) shares' maintenance charges (note 13)	-	-	-	-	-
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	2,389,645	438,286	10,613	-	142,520
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	831,214	123,024	146	7,701	149,117
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	382,053	688,406	9,219	17,836	-
Other charges	212,495	224,038	18,241	16,152	37,864
<b>TOTAL EXPENSES</b>	9,804,180	9,122,020	794,299	651,197	1,294,124
Expenses reimbursement (note 16)	(371)	(283,073)	-	(3,894)	(152,554)
<b>NET EXPENSES</b>	9,803,809	8,838,947	794,299	647,303	1,141,570
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	23,726,773	(2,666,261)	7,439	(265,240)	3,430,304
Net realised profit/(loss) on sale of investments	(83,605,703)	(110,843,163)	(44,203,550)	(11,318,468)	(4,999,185)
Net realised profit/(loss) on forward foreign exchange contracts	-	-	-	-	1,253,344
Net realised profit/(loss) on financial future contracts	-	-	-	-	-
Net realised profit/(loss) on options contracts	-	-	-	-	-
Net realised profit/(loss) on credit default swaps	-	-	-	-	(935,834)
Net realised profit/(loss) on interest rate swaps	-	-	-	-	-
Net realised profit/(loss) on foreign exchange transactions	(2,501,352)	(1,470,795)	(434,244)	(37,728)	1,177,074
Capital gains tax paid	-	-	-	-	-
<b>NET REALISED PROFIT/(LOSS) FOR THE YEAR</b>	(62,380,282)	(114,980,219)	(44,630,355)	(11,621,436)	(74,297)
Change in net unrealised appreciation/(depreciation) on:					
Investments	(54,303,530)	142,066,991	(298,683)	(13,568,110)	(1,426,511)
Forward foreign exchange contracts	(75,545)	-	(58,269)	-	174,657
Financial future contracts	-	-	-	-	-
Options contracts	-	-	-	-	-
Credit default swaps	-	-	-	-	71,676
Interest rate swaps	-	-	-	-	-
Foreign exchange transactions	(63,702)	3,636,815	(58,828)	(1,525)	14,921
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	(116,823,059)	30,723,587	(45,046,135)	(25,191,071)	(1,239,554)
<b>MOVEMENT OF CAPITAL</b>					
Issue of shares	73,860,834	478,863,284	70,925,738	48,960,296	70,015,002
Redemption of shares	(158,929,381)	(393,205,812)	(30,249,359)	(36,513,255)	(45,366,458)
Issues of shares in course of merger	-	-	-	-	-
Redemption of shares in course of merger	-	-	-	-	-
Equalisation (note 12)	(384,749)	(1,406)	15,916	5,008	71,945
	(85,453,296)	85,656,066	40,692,295	12,452,049	24,720,489
Dividends paid/accumulated (note 18)	(22,926,690)	-	-	(353)	(3,343,548)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	(108,379,986)	85,656,066	40,692,295	12,451,696	21,376,941
<b>NET ASSETS AT THE END OF THE YEAR</b>	397,970,744	610,549,176	17,944,197	37,802,931	90,479,128
Portfolio Turnover Ratio (note 21)	78.07%	94.69%	244.52%	20.81%	13.39%

The accompanying notes form an integral

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)

Franklin Technology Fund	Franklin U.S. Equity Fund	Franklin U.S. Focus Fund	Franklin U.S. Government Fund	Franklin U.S. Growth Fund	Franklin U.S. Opportunities Fund	Franklin U.S. Small-Mid Cap Growth Fund
(USD)	(USD)	(USD)	(USD)	(USD)	(USD)	(USD)
133,248,036	186,499,067	4,587,040	1,551,406,244	35,100,317	729,292,850	31,515,579
-	-	-	-	-	-	-
133,248,036	186,499,067	4,587,040	1,551,406,244	35,100,317	729,292,850	31,515,579
318,645	3,137,959	41,654	-	336,311	1,680,854	149,368
66,582	22,587	489	110,499,565	22,006	74,895	13,438
67	52,081	14	130,063	54	320	14
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,837	4,105,195	-	-	-	20,394	856
388,131	7,317,822	42,157	110,629,628	358,371	1,776,463	163,676
998,140	1,899,868	30,227	12,703,925	295,735	4,276,118	236,804
261,056	528,696	7,305	5,162,629	80,556	1,075,704	90,650
49,395	79,495	1,295	874,577	11,894	160,962	11,362
5,769	13,043	305	146,011	2,000	29,641	1,461
23,863	38,717	812	379,816	7,141	114,568	5,446
138	559	144	7,285	-	75	448
428,339	542,101	5,918	3,355,897	100,084	1,297,297	103,465
-	-	-	518,490	-	-	-
30,173	241,492	-	4,116,043	26,225	221,819	27,947
4,559	67,263	-	486,799	13,568	67,453	2,570
138,948	203,128	10,932	439,941	5,874	231,500	15,020
49,729	80,285	1,627	788,876	14,708	235,593	11,156
1,990,109	3,694,647	58,565	28,980,289	557,785	7,710,730	506,329
(41,220)	-	-	(440,487)	(186)	(9,357)	-
1,948,889	3,694,647	58,565	28,539,802	557,599	7,701,373	506,329
(1,560,758)	3,623,175	(16,408)	82,089,826	(199,228)	(5,924,910)	(342,653)
(25,031,784)	(41,534,412)	(722,041)	(2,933,430)	(5,578,017)	(179,900,401)	(5,739,885)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(43,107)	(671,966)	(405,268)	(583,028)	(1,294)	(262,240)	(2,071)
-	-	-	-	(174)	(4,179)	-
(26,635,649)	(38,583,203)	(1,143,717)	78,573,368	(5,778,713)	(186,091,730)	(6,084,609)
(3,292,508)	11,728,518	(58,507)	57,783,735	(5,230,633)	(13,611,038)	(2,363,125)
-	225,385	26,373	(3,356)	-	(168,453)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
26,510	228,710	26,388	(3,495)	(22)	(157,926)	-
(29,901,647)	(26,400,590)	(1,149,463)	136,350,252	(11,009,368)	(200,029,147)	(8,447,734)
101,561,272	461,841,164	2,317,371	2,503,039,138	21,565,093	482,030,952	9,189,968
(115,841,030)	(295,166,868)	(1,847,645)	(1,717,323,982)	(14,097,604)	(558,717,087)	(7,833,420)
-	-	-	-	-	-	-
-	1,817,460	730	4,724,736	4,682	-	-
(14,279,758)	168,491,756	470,456	790,439,892	7,472,171	(76,686,135)	1,356,548
-	(135,497)	-	(84,700,368)	(25,868)	-	-
(14,279,758)	168,356,259	470,456	705,739,524	7,446,303	(76,686,135)	1,356,548
89,066,631	328,454,736	3,908,033	2,393,496,020	31,537,252	452,577,568	24,424,393
29.91%	79.20%	134.15%	29.42%	2.06%	110.33%	88.31%

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**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)**

	Franklin U.S. Total Return Fund (USD)	Franklin U.S. Ultra Short Bond Fund (USD)	Franklin World Perspectives Fund* (USD)	Franklin Mutual Beacon Fund (USD)	Franklin Mutual Euroland Fund* (EUR)
<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>	46,717,257	63,539,119	–	2,038,468,236	–
Currency translation adjustment	–	–	–	–	–
	46,717,257	63,539,119	–	2,038,468,236	–
<b>INCOME</b>					
Dividends (net of withholding taxes)	5,787	–	287,888	19,899,095	305,108
Interest on bonds (net of withholding taxes)	1,738,707	2,419,193	–	6,495,775	5,943
Bank interest	22	–	3,177	175,482	8,828
Securities lending	–	–	–	4,491,172	–
Interest on swaps	52,042	–	–	–	–
Sundry income	1,313	606	–	394,141	–
<b>TOTAL INCOME</b>	1,797,871	2,419,799	291,065	31,455,665	319,879
<b>EXPENSES</b>					
Investment management fees (note 3)	251,825	514,695	137,370	12,551,351	53,505
Administration and transfer agency fees	89,327	188,730	32,018	3,229,354	13,243
Subscription tax (note 10)	15,496	38,938	5,411	478,550	2,332
Custodian fees	2,473	4,783	4,497	145,503	1,367
Audit, printing and publishing expenses	8,103	15,243	3,234	339,830	860
Bank charges	174	306	191	568	–
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	81,774	62,985	32,655	3,749,231	13,793
Class AX(acc) shares' maintenance charges (note 13)	–	205,205	–	–	–
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	24,707	100,100	57	1,513,147	–
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	13,238	66,414	46	572,303	–
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	34,760	28,094	30,809	2,194,747	488
Other charges	16,555	31,469	6,880	9,728,604	1,806
<b>TOTAL EXPENSES</b>	538,432	1,256,962	253,168	34,503,188	87,394
Expenses reimbursement (note 16)	(78,795)	(118,111)	(2,290)	(85,629)	(1,073)
<b>NET EXPENSES</b>	459,637	1,138,851	250,878	34,417,559	86,321
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	1,338,234	1,280,948	40,187	(2,961,894)	233,558
Net realised profit/(loss) on sale of investments	(1,850,822)	(270,094)	(1,002,096)	(396,520,047)	(145,609)
Net realised profit/(loss) on forward foreign exchange contracts	445,863	–	–	61,328,696	–
Net realised profit/(loss) on financial future contracts	113,389	–	–	–	–
Net realised profit/(loss) on options contracts	–	–	–	559,724	–
Net realised profit/(loss) on credit default swaps	(361,751)	–	–	–	–
Net realised profit/(loss) on interest rate swaps	–	–	–	–	–
Net realised profit/(loss) on foreign exchange transactions	489,685	(294)	104,841	53,228,902	4,709
Capital gains tax paid	–	–	–	–	–
<b>NET REALISED PROFIT/(LOSS) FOR THE YEAR</b>	174,598	1,010,560	(857,068)	(284,364,619)	92,658
Change in net unrealised appreciation/(depreciation) on:					
Investments	(2,382,772)	(1,324,782)	1,164,856	(217,973,671)	905,335
Forward foreign exchange contracts	66,010	–	–	(9,424,423)	–
Financial future contracts	(25,357)	–	–	–	–
Options contracts	–	–	–	(1,005,298)	–
Credit default swaps	147,464	–	–	–	–
Interest rate swaps	–	–	–	–	–
Foreign exchange transactions	(52,272)	–	(694)	2,161,817	58
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	(2,072,329)	(314,222)	307,094	(510,606,194)	998,051
<b>MOVEMENT OF CAPITAL</b>					
Issue of shares	11,246,280	130,265,368	27,478,174	689,362,797	14,241,503
Redemption of shares	(26,758,209)	(101,136,645)	(1,633,311)	(1,090,013,286)	(803,584)
Issues of shares in course of merger	–	–	–	–	–
Redemption of shares in course of merger	–	–	–	–	–
Equalisation (note 12)	(41,788)	25,168	1,290	(643,313)	10,859
	(15,553,717)	29,153,891	25,846,153	(401,293,802)	13,448,778
Dividends paid/accumulated (note 18)	(1,392,056)	(1,283,114)	–	(20,250,637)	–
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	(16,945,773)	27,870,777	25,846,153	(421,544,439)	13,448,778
<b>NET ASSETS AT THE END OF THE YEAR</b>	27,699,155	91,095,674	26,153,247	1,106,317,603	14,446,829
Portfolio Turnover Ratio (note 21)	759.29%	(131.85)%	70.62%	24.62%	51.98%

\* These Funds were launched on October 14, 2008

The accompanying notes form an integral

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)**

Franklin Mutual European Fund  (EUR)	Franklin Mutual Global Discovery Fund  (USD)	Franklin Templeton Global Equity Strategies Fund  (USD)	Franklin Templeton Global Fundamental Strategies Fund  (USD)	Franklin Templeton Global Growth and Value Fund  (USD)	Franklin Templeton Japan Fund  (JPY)	Templeton Asian Bond Fund  (USD)
4,378,425,615	583,586,135	9,289,246	210,159,691	47,903,942	28,640,457,830	801,249,143
-	-	-	-	-	-	-
4,378,425,615	583,586,135	9,289,246	210,159,691	47,903,942	28,640,457,830	801,249,143
81,746,531	6,751,525	543,844	3,118,488	1,027,182	259,066,041	-
8,625,829	3,496,308	12,450	6,290,432	-	-	28,982,366
3,091,125	408,677	25,651	44,169	17,692	113,812	73,715
8,287,163	166,120	-	-	-	-	-
-	-	-	-	-	-	-
-	33,369	-	9,012	445	413,617	990
101,750,648	10,855,999	581,945	9,462,101	1,045,319	259,593,470	29,057,071
30,870,237	5,055,125	348,180	3,188,556	410,263	154,243,779	2,974,826
7,442,040	1,383,517	97,936	935,827	127,075	45,600,397	943,492
1,275,267	207,733	17,260	175,280	18,575	5,980,175	140,878
751,125	72,157	7,721	82,123	10,537	1,002,282	340,454
808,742	111,847	3,397	53,121	9,145	4,491,216	111,366
913	552	308	36,105	-	591,681	102,954
11,029,023	1,237,274	139,273	1,585,219	168,204	58,634,893	809,162
-	-	-	-	-	-	-
1,022,138	416,118	-	2,061	18,728	2,061,299	480,236
324,729	601,447	-	564	20,024	1,848,245	431,531
3,434,964	762,534	-	16,512	50,590	28,563,721	219,548
1,661,789	231,287	7,130	112,704	19,560	9,175,754	478,170
58,620,967	10,079,591	621,205	6,188,072	852,701	312,193,442	7,032,617
(107,326)	(2,031)	-	-	(126)	(306,502)	(396,709)
58,513,641	10,077,560	621,205	6,188,072	852,575	311,886,940	6,635,908
43,237,007	778,439	(39,260)	3,274,029	192,744	(52,293,470)	22,421,163
(1,301,850,220)	(97,311,131)	(548,275)	(17,284,108)	(6,271,088)	(12,491,228,934)	(166,496,716)
(24,431)	25,586,564	-	4,560,454	-	-	57,834,804
-	-	-	-	-	-	-
163,968,444	13,482,070	773	8,196	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(1,899,577)	21,619,255	(27,828)	(4,358,340)	(12,614)	4,943,009	52,605,502
-	-	-	-	-	-	-
(1,096,568,777)	(35,844,803)	(614,590)	(13,799,769)	(6,090,958)	(12,538,579,395)	(33,635,247)
154,085,551	(25,192,197)	3,307,995	(19,693,436)	(12,272,346)	1,916,355,778	37,858,929
14,355	1,958,187	174,442	3,569,796	-	-	(21,136,516)
-	-	-	-	-	-	-
(22,582,433)	(3,785,355)	(2,142)	(19,091)	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
61,026	950,063	185,175	2,152,719	546	1,521,236	285,810
(964,990,278)	(61,914,105)	3,050,880	(27,789,781)	(18,362,758)	(10,620,702,381)	(16,627,024)
2,153,369,817	767,888,035	37,668,395	272,445,307	34,144,745	9,635,500,671	139,401,740
(2,956,166,117)	(515,941,765)	(1,619,117)	(39,422,635)	(21,746,231)	(18,472,487,892)	(595,825,240)
-	-	-	-	-	2,473,024,223	-
-	-	-	-	-	-	-
(8,084,231)	663,765	281	819,028	(6,692)	(2,975,261)	(1,470,023)
(810,880,531)	252,610,035	36,049,559	233,841,700	12,391,822	(6,366,938,259)	(457,893,523)
(62,503,533)	(5,855,749)	(8,570)	(1,885,904)	(270,696)	(4,509,747)	(20,378,064)
(873,384,064)	246,754,286	36,040,989	231,955,796	12,121,126	(6,371,448,006)	(478,271,587)
2,540,051,273	768,426,316	48,381,115	414,325,706	41,662,310	11,648,307,443	306,350,532
41.33%	(74.16)%	(9.84)%	8.92%	(8.91)%	299.86%	23.69%

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**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)**

	Templeton Asian Growth Fund  (USD)	Templeton Asian Smaller Companies Fund*  (USD)	Templeton BRIC Fund  (USD)	Templeton China Fund  (USD)	Templeton Eastern Europe Fund  (EUR)
<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>	6,348,631,189	–	2,603,423,258	661,040,772	851,335,704
Currency translation adjustment	–	–	–	–	–
	6,348,631,189	–	2,603,423,258	661,040,772	851,335,704
<b>INCOME</b>					
Dividends (net of withholding taxes)	153,546,524	124,384	47,459,338	21,012,566	8,969,086
Interest on bonds (net of withholding taxes)	–	3,519	–	–	–
Bank interest	303,439	107	311,614	59,913	268,601
Securities lending	–	–	–	–	–
Interest on swaps	–	–	–	–	–
Sundry income	617,977	–	5,775	–	180
<b>TOTAL INCOME</b>	154,467,940	128,010	47,776,727	21,072,479	9,237,867
<b>EXPENSES</b>					
Investment management fees (note 3)	48,167,786	40,373	22,452,105	7,573,918	6,954,060
Administration and transfer agency fees	8,954,919	8,884	4,204,460	1,317,087	1,342,416
Subscription tax (note 10)	1,343,137	697	601,756	213,762	182,356
Custodian fees	3,580,315	3,275	834,998	254,951	723,307
Audit, printing and publishing expenses	942,493	734	358,202	109,128	135,092
Bank charges	1,169,475	–	18,316	7,897	11,301
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	13,620,081	2,834	5,191,731	2,082,085	1,882,212
Class AX(acc) shares' maintenance charges (note 13)	–	–	–	–	–
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	314,609	275	1,766,362	–	70,562
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	633,764	–	718,929	115,734	50,908
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	2,060,394	–	1,513,383	322,419	314,954
Other charges	1,917,925	1,645	763,071	386,992	368,296
<b>TOTAL EXPENSES</b>	82,704,898	58,717	38,423,313	12,383,973	12,035,464
Expenses reimbursement (note 16)	(660,180)	–	(1,147,931)	(7,596)	(48,282)
<b>NET EXPENSES</b>	82,044,718	58,717	37,275,382	12,376,377	11,987,182
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	72,423,222	69,293	10,501,345	8,696,102	(2,749,315)
Net realised profit/(loss) on sale of investments	98,740,026	(12,800)	(432,043,120)	1,126,113	(176,898,781)
Net realised profit/(loss) on forward foreign exchange contracts	4,670	–	–	–	–
Net realised profit/(loss) on financial future contracts	–	–	–	–	–
Net realised profit/(loss) on options contracts	–	–	–	–	–
Net realised profit/(loss) on credit default swaps	–	–	–	–	–
Net realised profit/(loss) on interest rate swaps	–	–	–	–	–
Net realised profit/(loss) on foreign exchange transactions	(6,346,064)	46,088	(2,036,688)	91,065	(560,625)
Capital gains tax paid	–	–	–	–	–
<b>NET REALISED PROFIT/(LOSS) FOR THE YEAR</b>	164,821,854	102,581	(423,578,463)	9,913,280	(180,208,721)
Change in net unrealised appreciation/(depreciation) on:					
Investments	(1,197,503,573)	2,772,535	(466,718,040)	(71,378,987)	(84,887,099)
Forward foreign exchange contracts	(434,190)	–	(262,826)	–	–
Financial future contracts	–	–	–	–	–
Options contracts	–	–	–	–	–
Credit default swaps	–	–	–	–	–
Interest rate swaps	–	–	–	–	–
Foreign exchange transactions	(262,333)	(67)	(918,435)	(40,650)	79,974
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	(1,033,378,242)	2,875,049	(891,477,764)	(61,506,357)	(265,015,846)
<b>MOVEMENT OF CAPITAL</b>					
Issue of shares	2,346,109,893	6,391,151	837,444,755	514,962,306	135,914,425
Redemption of shares	(2,601,621,586)	(77,147)	(841,209,434)	(441,924,229)	(303,734,756)
Issues of shares in course of merger	–	–	–	–	–
Redemption of shares in course of merger	–	–	–	–	–
Equalisation (note 12)	5,072,067	1,216	474,608	889,215	–
	(250,439,626)	6,315,220	(3,290,071)	73,927,292	(167,820,331)
Dividends paid/accumulated (note 18)	(61,531,514)	–	(952,938)	(3,120,899)	–
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	(311,971,140)	6,315,220	(4,243,009)	70,806,393	(167,820,331)
<b>NET ASSETS AT THE END OF THE YEAR</b>	5,003,281,807	9,190,269	1,707,702,485	670,340,808	418,499,527
Portfolio Turnover Ratio (note 21)	(8.56)%	3.24%	56.23%	(52.68)%	36.51%

\* This Fund was launched on October 14, 2008

The accompanying notes form an integral

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)**

Templeton Emerging Markets Fund (USD)	Templeton Emerging Markets Bond Fund (USD)	Templeton Emerging Markets Smaller Companies Fund (USD)	Templeton Euro Liquid Reserve Fund (EUR)	Templeton Euroland Fund (EUR)	Templeton Euroland Bond Fund (EUR)	Templeton European Fund (EUR)
1,385,750,299	1,301,111,924	337,862,226	130,874,425	258,107,008	27,728,076	159,284,716
-	-	-	-	-	-	-
1,385,750,299	1,301,111,924	337,862,226	130,874,425	258,107,008	27,728,076	159,284,716
32,473,940	-	7,067,785	-	4,404,425	-	3,975,364
-	71,566,786	26,584	3,730,438	-	885,965	-
1,114,938	249,984	4,426	294,305	150,533	41,516	115,088
-	-	-	-	2,283,013	-	1,957,715
-	769,506	-	-	-	-	-
18,044	153,952	-	-	-	-	6,935
33,606,922	72,740,228	7,098,795	4,024,743	6,837,971	927,481	6,055,102
13,213,458	8,295,475	2,688,621	312,566	1,527,176	117,690	1,353,523
2,357,933	2,420,419	388,046	193,945	442,507	52,303	374,745
325,983	353,172	68,810	9,691	57,683	7,235	58,126
921,072	523,591	163,966	12,846	36,695	2,514	36,744
214,905	205,269	47,029	25,397	48,935	5,147	32,639
3,189	115,437	4,632	10,174	8,894	-	6,984
2,929,959	2,569,221	823,066	67,412	574,540	23,139	564,497
-	-	-	-	-	-	-
883,092	3,525,259	-	-	5,935	-	-
223,677	224,618	195	-	1,252	-	3,699
476,567	382,470	5,279	367,301	138,304	54,626	70,440
454,283	427,744	96,032	52,717	99,130	10,513	67,345
22,004,118	19,042,675	4,285,676	1,052,049	2,941,051	273,167	2,568,742
(162,262)	(40,923)	(98,380)	-	(9,298)	(465)	(4,375)
21,841,856	19,001,752	4,187,296	1,052,049	2,931,753	272,702	2,564,367
11,765,066	53,738,476	2,911,499	2,972,694	3,906,218	654,779	3,490,735
(274,790,494)	(96,551,583)	(137,347,381)	(4,268,454)	(66,660,228)	(1,244,348)	(57,535,964)
-	23,231,357	-	-	-	34	-
-	-	-	-	-	-	-
-	(3,750)	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(2,522,877)	22,856,950	(556,214)	-	27,650	240	(8,015)
-	-	-	-	-	-	-
(265,548,305)	3,271,450	(134,992,096)	(1,295,760)	(62,726,360)	(589,295)	(54,053,244)
(129,330,789)	(83,361,622)	30,912,998	582,961	(68,830)	1,441,218	16,032,838
-	13,905,815	-	-	-	-	-
-	-	-	-	-	(13,400)	-
-	3,348	-	-	-	-	-
-	-	-	-	-	-	-
-	3,823,489	-	-	-	-	-
31,207	(588,371)	100,529	-	327,499	-	59,393
(394,847,887)	(62,945,891)	(103,978,569)	(712,799)	(62,467,691)	838,523	(37,961,013)
383,310,823	711,544,147	18,039,238	137,573,574	41,514,879	14,760,343	106,954,695
(432,033,361)	(814,093,303)	(82,470,597)	(167,357,146)	(95,973,522)	(25,438,353)	(80,274,213)
-	-	-	-	-	-	-
(434,395)	(1,066,430)	(204,552)	(490,013)	(248,371)	(168,451)	31,408
(49,156,933)	(103,615,586)	(64,635,911)	(30,273,585)	(54,707,014)	(10,846,461)	26,711,890
(3,498,037)	(52,416,804)	(535,232)	(4,705,629)	(4,575,362)	(884,014)	(3,221,583)
(52,654,970)	(156,032,390)	(65,171,143)	(34,979,214)	(59,282,376)	(11,730,475)	23,490,307
938,247,442	1,082,133,643	168,712,514	95,182,412	136,356,941	16,836,124	144,814,010
165.58%	(14.53)%	65.20%	N/A	67.96%	(14.79)%	85.67%

part of these financial statements

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)**

	Templeton European Total Return Fund  (EUR)	Templeton Frontier Markets Fund*  (USD)	Templeton Global Fund  (USD)	Templeton Global (Euro) Fund  (EUR)	Templeton Global Absolute Return (Euro) Fund**  (EUR)
<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>	196,656,134	–	1,635,360,447	616,563,108	34,242,182
Currency translation adjustment	–	–	–	–	–
	196,656,134	–	1,635,360,447	616,563,108	34,242,182
<b>INCOME</b>					
Dividends (net of withholding taxes)	2,749	153,748	24,403,883	11,876,584	93,672
Interest on bonds (net of withholding taxes)	6,757,841	3,768	–	–	669,544
Bank interest	88,490	105	504,567	453,977	22,613
Securities lending	–	–	6,109,897	2,118,594	–
Interest on swaps	–	–	–	–	–
Sundry income	–	–	270,217	209,592	113,023
<b>TOTAL INCOME</b>	6,849,080	157,621	31,288,564	14,658,747	898,852
<b>EXPENSES</b>					
Investment management fees (note 3)	883,236	64,882	9,983,910	4,877,835	51,371
Administration and transfer agency fees	300,018	10,560	2,802,025	1,449,298	30,970
Subscription tax (note 10)	53,241	1,733	389,875	226,147	5,261
Custodian fees	8,170	13,087	198,188	88,140	–
Audit, printing and publishing expenses	35,385	788	262,929	120,309	4,038
Bank charges	–	82	778	12,441	–
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	194,936	4,279	3,518,638	2,295,905	16,222
Class AX(acc) shares' maintenance charges (note 13)	–	–	–	–	–
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	–	213	921,830	70	–
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	11,901	64	207,330	–	–
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	494,852	21,459	492,969	33,165	44,709
Other charges	82,252	1,637	623,838	247,223	189,234
<b>TOTAL EXPENSES</b>	2,063,991	118,784	19,402,310	9,350,533	341,805
Expenses reimbursement (note 16)	(412,046)	(5,432)	(29,088)	(7,517)	(1,055)
<b>NET EXPENSES</b>	1,651,945	113,352	19,373,222	9,343,016	340,750
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	5,197,135	44,269	11,915,342	5,315,731	558,102
Net realised profit/(loss) on sale of investments	(36,164,109)	(33,783)	(199,242,567)	(147,183,951)	(629,486)
Net realised profit/(loss) on forward foreign exchange contracts	(2,866,105)	–	–	–	(3,162,383)
Net realised profit/(loss) on financial future contracts	–	–	–	–	(789,643)
Net realised profit/(loss) on options contracts	–	–	–	–	–
Net realised profit/(loss) on credit default swaps	–	–	–	–	304,514
Net realised profit/(loss) on interest rate swaps	–	–	–	–	(526,565)
Net realised profit/(loss) on foreign exchange transactions	(2,813,407)	(201,174)	(2,910,168)	(810,738)	(2,894,011)
Capital gains tax paid	–	–	–	–	–
<b>NET REALISED PROFIT/(LOSS) FOR THE YEAR</b>	(36,646,486)	(190,688)	(190,237,393)	(142,678,958)	(7,139,472)
Change in net unrealised appreciation/(depreciation) on:					
Investments	15,202,014	1,549,076	(284,816,792)	11,716,963	(88,772)
Forward foreign exchange contracts	1,228,522	198,144	–	(69,887)	(244,391)
Financial future contracts	(147,400)	–	–	–	3,161
Options contracts	–	–	–	–	–
Credit default swaps	–	–	–	–	(68,965)
Interest rate swaps	–	–	–	–	–
Foreign exchange transactions	(517)	197,486	(150,079)	767,558	(101,127)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	(20,363,867)	1,754,018	(475,204,264)	(130,264,324)	(7,639,566)
<b>MOVEMENT OF CAPITAL</b>					
Issue of shares	27,469,556	9,561,976	410,435,743	78,463,455	2,467,332
Redemption of shares	(108,195,480)	(397,541)	(542,237,070)	(82,394,939)	(16,713,686)
Issues of shares in course of merger	–	–	–	–	–
Redemption of shares in course of merger	–	–	–	–	(10,240,750)
Equalisation (note 12)	(172,768)	14,090	(274,043)	(178,264)	(222,630)
	(80,898,692)	9,178,525	(132,075,370)	(4,109,748)	(24,709,734)
Dividends paid/accumulated (note 18)	(5,397,387)	–	(25,697,547)	(10,158,458)	(1,892,882)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	(86,296,079)	9,178,525	(157,772,917)	(14,268,206)	(26,602,616)
<b>NET ASSETS AT THE END OF THE YEAR</b>	89,996,188	10,932,543	1,002,383,266	472,030,578	–
Portfolio Turnover Ratio (note 21)	63.28%	34.70%	27.46%	49.15%	22.36%

\* This Fund was launched on October 14, 2008

\*\*These Funds were merged into Templeton Global Total Return Fund effective on December 19, 2008

The accompanying notes form an integral

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)**

Templeton Global Absolute Return (USD) Fund** (USD)	Templeton Global Balanced Fund (USD)	Templeton Global Bond Fund (USD)	Templeton Global Bond (Euro) Fund (EUR)	Templeton Global Equity Income Fund (USD)	Templeton Global High Yield Fund (USD)	Templeton Global Income Fund (USD)
7,508,179	993,992,609	10,134,928,080	213,603,431	177,141,209	7,533,849	145,616,401
-	-	-	-	-	-	-
7,508,179	993,992,609	10,134,928,080	213,603,431	177,141,209	7,533,849	145,616,401
13,392	13,393,596	-	-	4,451,175	28,747	2,057,889
150,958	10,133,686	519,408,180	12,117,653	100	574,130	5,252,543
33	51,723	2,963,045	86,369	17,721	133	10,409
-	2,270,682	-	-	1,064,924	-	-
-	-	9,008,158	12,553	-	-	-
24,696	36,568	62,577	-	3,740	250	1,000
189,079	25,886,255	531,441,960	12,216,575	5,537,660	603,260	7,321,841
15,256	5,594,742	67,090,776	1,226,838	1,113,363	50,819	885,045
7,189	2,247,774	20,945,003	376,881	304,739	15,658	248,522
1,506	316,220	4,003,376	72,902	48,047	2,620	45,300
1,222	257,276	6,003,423	121,797	44,305	1,956	66,411
561	167,921	1,922,805	41,286	29,177	1,362	25,417
44	-	219,347	5,713	4,399	71	2,176
14,041	2,561,277	16,190,836	260,612	498,575	24,545	396,167
-	-	2,373,336	-	-	-	-
1,447	2,339,593	15,703,476	2,320	176,362	-	139,699
2,949	413,737	6,467,193	-	9,551	-	68,395
-	164,265	9,745,618	635,447	11,258	2,843	67,668
29,192	423,127	5,544,644	131,643	65,744	2,864	52,495
73,407	14,485,932	156,209,833	2,875,439	2,305,520	102,738	1,997,295
-	(55,784)	(453,506)	(192,917)	(491,147)	-	(273,934)
73,407	14,430,148	155,756,327	2,682,522	1,814,373	102,738	1,723,361
115,672	11,456,107	375,685,633	9,534,053	3,723,287	500,522	5,598,480
(505,637)	(46,229,397)	(1,665,749,312)	(26,536,975)	(41,276,110)	(452,340)	(26,399,686)
197,883	7,062,260	1,375,586,011	13,157,435	-	9,257	6,728,617
(76,176)	-	-	-	-	-	-
-	(3,750)	(3,750)	(2,539)	-	(3,750)	(3,750)
(35,749)	-	-	-	-	-	-
(123,062)	-	-	-	-	-	-
184,326	8,483,169	1,167,694,478	12,696,669	(139,898)	16,123	6,461,913
-	-	-	-	-	-	-
(242,743)	(19,231,611)	1,253,213,060	8,848,643	(37,692,721)	69,812	(7,614,426)
(1,090,074)	(171,467,450)	(571,041,599)	11,045,816	(6,601,992)	(164,216)	(5,646,335)
9,109	(4,604,892)	140,098,713	(6,384,471)	-	(71,077)	1,296,485
(3,787)	-	-	-	-	-	-
-	3,348	3,348	2,284	-	3,348	3,348
16,540	-	-	-	-	-	-
-	-	127,234,659	(23,297)	-	-	-
(19,521)	(183,078)	50,670,197	(14,672)	(40,313)	5,275	14,877
(1,330,476)	(195,483,683)	1,000,178,378	13,474,303	(44,335,026)	(156,858)	(11,946,051)
255,276	126,581,678	6,250,572,073	94,473,104	13,501,339	4,789,384	14,723,235
(463,574)	(263,057,205)	(7,585,759,498)	(170,455,832)	(41,973,235)	(1,838,000)	(44,282,842)
-	-	-	-	-	-	-
(5,815,106)	-	-	-	-	-	-
(1,350)	(197,842)	(3,142,482)	(1,981,535)	(217,733)	12,633	(227,871)
(6,024,754)	(136,673,369)	(1,338,329,907)	(77,964,263)	(28,689,629)	2,964,017	(29,787,478)
(152,949)	(13,852,915)	(323,992,130)	(11,141,377)	(4,377,804)	(484,180)	(5,903,153)
(6,177,703)	(150,526,284)	(1,662,322,037)	(89,105,640)	(33,067,433)	2,479,837	(35,690,631)
-	647,982,642	9,472,784,421	137,972,094	99,738,750	9,856,828	97,979,719
23.67%	30.66%	45.16%	6.79%	28.69%	(5.16)%	17.67%

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)

	Templeton Global Smaller Companies Fund (USD)	Templeton Global Total Return Fund (USD)	Templeton Growth (Euro) Fund (EUR)	Templeton Japan Fund* (USD)	Templeton Korea Fund (USD)
<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>	180,141,227	3,624,150,774	4,561,999,638	36,600,268	124,452,365
Currency translation adjustment	-	-	-	-	-
	180,141,227	3,624,150,774	4,561,999,638	36,600,268	124,452,365
<b>INCOME</b>					
Dividends (net of withholding taxes)	3,241,664	1,214,659	85,298,345	203,515	1,190,548
Interest on bonds (net of withholding taxes)	-	189,600,822	1,798,886	170	-
Bank interest	57,574	94,768	4,277,976	10,723	35,858
Securities lending	117,092	-	17,738,843	-	-
Interest on swaps	-	3,538,557	-	-	-
Sundry income	251,357	28,945	173,884	-	-
<b>TOTAL INCOME</b>	3,667,687	194,477,751	109,287,934	214,408	1,226,406
<b>EXPENSES</b>					
Investment management fees (note 3)	1,166,874	18,515,653	36,496,604	124,662	1,147,431
Administration and transfer agency fees	352,064	5,599,409	11,031,740	49,733	268,086
Subscription tax (note 10)	49,785	1,015,647	1,731,017	5,516	31,707
Custodian fees	43,152	1,448,619	680,261	2,903	58,555
Audit, printing and publishing expenses	29,328	600,307	901,780	2,358	18,845
Bank charges	-	168,327	26,102	-	1,366
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	536,148	4,883,375	17,419,699	56,645	321,485
Class AX(acc) shares' maintenance charges (note 13)	-	-	-	-	-
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	593	1,285,912	2,913	-	-
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	3,691	637,864	211	-	1,955
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	60,018	4,270,652	267,639	11,371	29,228
Other charges	60,374	981,970	1,850,543	4,514	39,000
<b>TOTAL EXPENSES</b>	2,302,027	39,407,735	70,408,509	257,702	1,917,658
Expenses reimbursement (note 16)	(2,086)	(2,008,501)	(43,840)	-	(3,597)
<b>NET EXPENSES</b>	2,299,941	37,399,234	70,364,669	257,702	1,914,061
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	1,367,746	157,078,517	38,923,265	(43,294)	(687,655)
Net realised profit/(loss) on sale of investments	(38,458,215)	(671,363,816)	(763,387,740)	(6,341,172)	(40,079,829)
Net realised profit/(loss) on forward foreign exchange contracts	-	346,213,654	-	-	-
Net realised profit/(loss) on financial future contracts	-	1,174,964	-	-	-
Net realised profit/(loss) on options contracts	-	(7,750)	-	-	-
Net realised profit/(loss) on credit default swaps	-	(387,982)	-	-	-
Net realised profit/(loss) on interest rate swaps	-	855,777	-	-	-
Net realised profit/(loss) on foreign exchange transactions	(57,022)	234,951,273	2,490,451	(35,162)	(737,022)
Capital gains tax paid	-	-	-	-	-
<b>NET REALISED PROFIT/(LOSS) FOR THE YEAR</b>	(37,147,491)	68,514,637	(721,974,024)	(6,419,628)	(41,504,506)
Change in net unrealised appreciation/(depreciation) on:					
Investments	(14,461,293)	(132,297,606)	(195,896,047)	(1,812,517)	2,295,037
Forward foreign exchange contracts	-	46,914,207	-	-	-
Financial future contracts	-	-	-	-	-
Options contracts	-	6,946	-	-	-
Credit default swaps	-	-	-	-	-
Interest rate swaps	-	58,881,599	-	-	-
Foreign exchange transactions	(5,860)	26,755,848	2,010,063	49,922	(14,526)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	(51,614,644)	68,775,631	(915,860,008)	(8,182,223)	(39,223,995)
<b>MOVEMENT OF CAPITAL</b>					
Issue of shares	56,615,711	1,172,360,572	1,050,032,223	2,788,206	107,213,389
Redemption of shares	(58,326,639)	(2,254,908,750)	(1,062,533,456)	(5,398,882)	(117,665,723)
Issues of shares in course of merger	-	20,065,110	-	-	-
Redemption of shares in course of merger	-	-	-	(25,802,329)	-
Equalisation (note 12)	96,668	(3,423,737)	(858,420)	(33)	(87,644)
	(1,614,260)	(1,065,906,805)	(13,359,653)	(28,413,038)	(10,539,978)
Dividends paid/accumulated (note 18)	(1,519,797)	(145,164,766)	(49,097,161)	(5,007)	(107,746)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	(3,134,057)	(1,211,071,571)	(62,456,814)	(28,418,045)	(10,647,724)
<b>NET ASSETS AT THE END OF THE YEAR</b>	125,392,526	2,481,854,834	3,583,682,816	-	74,580,646
Portfolio Turnover Ratio (note 21)	21.32%	22.99%	5.22%	241.10%	(114.23)%

\*This Fund was merged into Franklin Templeton Japan Fund effective on November 21, 2008

The accompanying notes form an integral

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)

Templeton Latin America Fund	Templeton Thailand Fund	Templeton U.S. Dollar Liquid Reserve Fund	Templeton U.S. Value Fund
(USD)	(USD)	(USD)	(USD)
2,629,312,818	200,115,502	306,877,178	15,769,035
-	-	-	-
2,629,312,818	200,115,502	306,877,178	15,769,035
53,158,011	4,935,702	-	211,372
-	-	3,005,539	6,404
647,340	8,219	-	-
-	-	-	-
-	-	-	-
1,530	35	-	510
53,806,881	4,943,956	3,005,539	218,286
22,068,238	1,661,955	956,521	133,659
4,094,696	304,445	467,380	41,958
660,772	41,903	32,709	5,521
1,392,345	79,906	22,440	829
379,461	27,446	62,876	3,286
3,550	11,096	2,815	450
6,159,303	494,175	205,087	44,221
-	-	-	-
747,906	29,989	600,189	22,188
106,595	-	265,022	8,323
850,523	32,684	374,250	15,524
777,139	56,282	132,042	6,757
37,240,528	2,739,881	3,121,331	282,716
(231,137)	(125)	-	(51)
37,009,391	2,739,756	3,121,331	282,665
16,797,490	2,204,200	(115,792)	(64,379)
(154,084,464)	(16,866,493)	5,431	(8,545,113)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(2,596,310)	(105,723)	-	(223,144)
-	-	-	-
(139,883,284)	(14,768,016)	(110,361)	(8,832,636)
(663,484,079)	(32,624,398)	462,238	1,533,474
-	-	-	(52,144)
-	-	-	-
-	-	-	-
-	-	-	-
320,434	3,224	-	(52,146)
(803,046,929)	(47,389,190)	351,877	(7,403,452)
1,693,931,610	75,456,879	536,443,070	26,670,956
(1,283,781,344)	(108,085,728)	(509,481,233)	(18,224,470)
-	-	-	-
5,183,520	18,280	(602)	37,858
415,333,786	(32,610,569)	26,961,235	8,484,344
(7,159,589)	(1,739,380)	(1,338,520)	(5,999)
408,174,197	(34,349,949)	25,622,715	8,478,345
2,234,440,086	118,376,363	332,851,770	16,843,928
(5.35)%	(37.22)%	N/A	(35.36)%

part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009

### Note 1 — The Company

Franklin Templeton Investment Funds (“FTIF” or the “Company”) is a collective investment undertaking pursuant to Part 1 of the Luxembourg law of December 20, 2002 relating to collective investment undertakings, as amended, and qualifies as a société d’investissement à capital variable. The Company was incorporated in Luxembourg on November 6, 1990, for an undetermined period. At the date of this report, it offers shares in 65 sub-funds of the Company (the “Funds”). The Board of Directors of the Company may authorise the creation of additional Funds in the future with different investment objectives.

The Company aims to provide investors with a choice of funds investing in a wide range of eligible assets on a worldwide basis and featuring a diverse array of investment objectives, including capital growth and income. The overall objective of the Company is to seek to minimise investment exposure through diversification and to provide Shareholders with the benefit of a portfolio managed by Franklin Templeton Investments, according to its successful time-tested investment selection methods.

A number of Funds/share classes were launched during the year ended June 30, 2009. For a full disclosure of these, please refer to the report of the Board of Directors disclosed on page 5.

For a full list of Funds and share classes offered as at June 30, 2009 please refer to note 13.

### Note 2 — Significant accounting policies

#### (a) General

The financial statements are prepared in accordance with the regulations of the Grand-Duchy of Luxembourg relating to investment funds.

#### (b) Investment in securities

Securities which are listed on a stock exchange or traded on any other organised market are valued at the last available price on such exchange or market which is normally the principal market for each security, and those securities dealt in on an over-the-counter market are valued in a manner as near as possible to that for quoted securities.

Securities not listed on any stock exchange nor traded on any organised market are valued at the last available price, or if such price is not representative of their fair value, they are valued prudently and in good faith on the basis of their reasonably foreseeable sales prices.

The Fund has procedures to determine the fair value of individual securities and other assets for which market prices are not readily available or which may not be reliably priced. In such circumstances, the price of such investment shall be adjusted in accordance with the procedures adopted, as determined by or under the direction of the Board of Directors.

During the accounting year under review, gains and losses on investment securities sold were computed on the average cost basis for all Funds with the exception of the Franklin High Yield Fund, the Franklin Income Fund and the Franklin U.S. Government Fund which were computed on the first-in, first-out basis.

During the accounting year under review, discounts and premiums were amortised to income over the period to maturity, or date sold, if earlier.

For mortgage-backed and other similar holdings with scheduled debt paydowns, the Funds record estimates, based on their historical experience, for anticipated paydowns. Such estimates are recorded as a reduction or increase to the related holdings as disclosed on the Schedule of Investments and are included in the related unrealised appreciation/depreciation on investments shown on the “Statement of Operations and Changes in Net Assets”.

#### (c) Foreign exchange transactions

Transactions expressed in currencies other than each Fund’s currency are translated into each Fund’s currency at the exchange rates applicable on the transaction dates.

Assets and liabilities designated in currencies other than each Fund’s currency are translated into each Fund’s currency at the appropriate exchange rates ruling at the period-end. Gains and losses on foreign exchange transactions are recognised in the “Statement of Operations and Changes in Net Assets” in determining the results for the accounting year.

#### (d) Forward foreign exchange contracts

Forward exchange contracts are valued at the forward rate applicable at the “Statement of Net Assets” date for the remaining period, until maturity. Gains or losses resulting from forward exchange contracts are recognised in the “Statement of Operations and Changes in Net Assets”.

#### (e) Income

Dividends are credited to income on their ex-dividend date.

Interest income is accrued on a daily basis.

#### (f) Formation expenses

Formation expenses associated with the launch of the new Funds are expensed as incurred.

#### (g) Future contracts

The Company may enter into financial future contracts to gain exposure to market changes. A financial future contract is an agreement between two parties to buy or sell a security for a set price on a future date. Required initial margin deposits of cash or securities are maintained by a broker in a segregated account. Subsequent payments, known as variation margin, are made or received by the Company depending on the fluctuations in the value of the underlying securities. Such variation margin is accounted for as unrealised gains or losses until the contract is closed, at which time the gains or losses are reclassified to realised gains or losses. Realised and unrealised gains and losses are included in the “Statement of Operations and Changes in Net Assets”.

## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 2 — Significant accounting policies (continued)

#### (h) Option contracts

Options are contracts entitling the holder to purchase or sell a specified number of shares or units of a particular security at a specified price at any time until the contract-stated expiration date. Options purchased are recorded as investments; options written (sold) are recorded as liabilities. When the exercise of an option results in a cash settlement, the difference between the premium (original option value) and the settlement proceeds is accounted for as a realised gain or loss. When securities are acquired or delivered upon exercise of an option, the acquisition cost or sale proceeds are adjusted by the amount of the premium. When an option is closed, the difference between the premium and the cost to close the position is accounted for as a realised gain or loss. When an option expires, the premium is accounted for as a realised gain or loss for options written or as a realised loss for options purchased. The risks include price movements in the underlying securities, the possibility there may be an illiquid options market, or the inability of the counterparties to fulfill their obligations under the contract.

#### (i) Interest Rate Swaps

Interest Rate Swap contracts are used to hedge the risk of changes in interest rates and are agreements between two parties to exchange cash flows based on a notional principal amount. The net interest received or paid on interest rate swap agreements is accrued daily as interest income/expense. Interest rate swaps are marked to market daily based upon quotations from the market makers and the change, if any, is recorded as an unrealized gain or loss in the Statement of Operations. When the swap contract is terminated early, the fund records a realized gain or loss equal to the difference between the current net present value and the executed net present value. Any outstanding interest accrual will be recorded as either a net receivable or net payable.

The risks of interest rate swaps include changes in market conditions and the possible inability of the counterparty to fulfill its obligations under the agreement.

#### (j) Credit Default Swaps

A Credit Default Swap is a credit derivative transaction in which two parties enter into an agreement, whereby one party pays the other a fixed periodic payment for the specified life of the agreement. The other party makes no payments unless a credit event, relating to a predetermined reference asset, occurs. If such an event occurs, the party will then make a payment to the first party, and the swap will terminate. The value of the underlying securities shall be taken into account for the calculation of the investment and borrowing powers applicable to individual users.

Credit default swaps are marked to market daily based upon quotations from the market makers and the change in value, if any, is recorded as an unrealized gain or loss in the Statement of Operations. Any payment received or paid to initiate a contract is recorded as a liability or asset in the Statement of Assets and Liabilities. When the swap contract is terminated early, the Fund records a realized gain or loss for any payments received or paid.

The risks of credit default swaps include unfavorable changes in interest rates, an illiquid secondary market and the possible inability of the counterparty to fulfill its obligations under the agreement, which may be in excess of the amount reflected in the Statement of Assets and Liabilities.

#### (k) Mortgage Dollar Rolls

In a mortgage dollar roll, a Fund sells mortgage-backed securities for delivery in the current month and simultaneously contracts to repurchase substantially similar (name, type, coupon, and maturity) securities on a specified future date. During the period between the sale and repurchase, the Fund foregoes principal and interest paid on the mortgage-backed securities. The Fund is compensated by the difference between the current sales price and the lower forward price for the future purchase, as well as by the interest earned on the cash proceeds of the initial sale.

The difference between the current sales price and the lower forward price is treated as realized gain.

#### (l) Securities Lending

The Company may lend selected sub-funds' portfolio securities to specialised banks, credit institutions and other financial institutions of high standing, or through recognised clearing institutions such as Clearstream or Euroclear. The lending of securities will be made for periods not exceeding 30 calendar days provided, however, that this limit is not applicable where the Company has the right to terminate the lending contract at any time and obtain restitution of the securities lent. Loans will be secured continuously by collateral which must at least equal the value of the global valuation of the securities lent. Lending transactions may not be carried out on more than 50% of the aggregate market value of the securities of each sub-fund's portfolio except where the Company has the right to terminate the lending contract at any time and obtain restitution of the securities lent. The dividends earned on the collateral are included in the "Statement of Operations and Changes in Net Assets". Any transaction expenses in connection with the loans are charged to the concerned Fund.

## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 3 — Investment management fees

The Investment Managers, as noted on pages 3 and 4, receive from the Company a monthly fee equivalent to a certain percentage per annum (as detailed below) of each Fund's average daily net assets during the year. The following percentages apply in respect of the different Funds as at June 30, 2009.

	All classes except Class I	Class I
Franklin Asian Flex Cap Fund	1.00%	0.70%
Franklin Biotechnology Discovery Fund	1.00%	0.70%
Franklin Euroland Core Fund	1.00%	0.70%
Franklin European Growth Fund	1.00%	0.70%
Franklin European Small-Mid Cap Growth Fund	1.00%	0.70%
Franklin Global Growth Fund	1.00%	0.70%
Franklin Global Real Estate (Euro) Fund	1.00%	0.70%
Franklin Global Real Estate (USD) Fund	1.00%	0.70%
Franklin Global Small-Mid Cap Growth Fund	1.00%	0.70%
Franklin High Yield Fund	0.80%	0.60%
Franklin High Yield (Euro) Fund	0.80%	0.60%
Franklin Income Fund	0.85%	0.60%
Franklin India Fund	1.00%	0.70%
Franklin MENA Fund	1.50%	1.05%
Franklin Natural Resources Fund	1.00%	0.70%
Franklin Strategic Income Fund	0.75%	0.55%
Franklin Technology Fund	1.00%	0.70%
Franklin U.S. Equity Fund	1.00%	0.70%
Franklin U.S. Focus Fund	1.00%	0.70%
Franklin U.S. Government Fund	0.65%	0.40%
Franklin U.S. Growth Fund	1.00%	0.70%
Franklin U.S. Opportunities Fund	1.00%	0.70%
Franklin U.S. Small-Mid Cap Growth Fund	1.00%	0.70%
Franklin U.S. Total Return Fund	0.75%	0.55%
Franklin U.S. Ultra Short Bond Fund	0.65%	0.40%
Franklin World Perspectives Fund	1.00%	0.70%
Franklin Mutual Beacon Fund	1.00%	0.70%
Franklin Mutual Euroland Fund	1.00%	0.70%
Franklin Mutual European Fund	1.00%	0.70%
Franklin Mutual Global Discovery Fund	1.00%	0.70%
Franklin Templeton Global Equity Strategies Fund	1.25%	
Franklin Templeton Global Fundamental Strategies Fund	1.00%	0.70%
Franklin Templeton Global Growth and Value Fund	1.00%	0.70%
Franklin Templeton Japan Fund	1.00%	0.70%
Templeton Asian Bond Fund	0.75%	0.55%
Templeton Asian Growth Fund	1.35%	0.90%
Templeton Asian Smaller Companies Fund	1.35%	0.90%
Templeton BRIC Fund	1.60%	1.10%
Templeton China Fund	1.60%	1.10%
Templeton Eastern Europe Fund	1.60%	1.10%
Templeton Emerging Markets Fund	1.60%	1.10%
Templeton Emerging Markets Bond Fund	1.00%	0.70%
Templeton Emerging Markets Smaller Companies Fund	1.60%	1.10%
Templeton Euro Liquid Reserve Fund	0.30%	0.20%
Templeton Euroland Fund	1.00%	0.70%
Templeton Euroland Bond Fund	0.65%	0.45%
Templeton European Fund	1.00%	0.70%
Templeton European Total Return Fund	0.75%	0.55%
Templeton Frontier Markets Fund	1.60%	1.10%
Templeton Global Fund	1.00%	0.70%
Templeton Global (Euro) Fund	1.00%	0.70%
Templeton Global Absolute Return (Euro) Fund*	0.50%	0.35%
Templeton Global Absolute Return (USD) Fund*	0.50%	
Templeton Global Balanced Fund	0.80%‡	0.60%
Templeton Global Bond Fund	0.75%	0.55%
Templeton Global Bond (Euro) Fund	0.75%	0.55%
Templeton Global Equity Income Fund	1.00%	0.70%
Templeton Global High Yield Fund	0.85%	0.60%
Templeton Global Income Fund	0.85%	0.60%
Templeton Global Smaller Companies Fund	1.00%	0.70%
Templeton Global Total Return Fund	0.75%	0.55%
Templeton Growth (Euro) Fund	1.00%	0.70%
Templeton Japan Fund†	1.00%	
Templeton Korea Fund	1.60%	1.10%
Templeton Latin America Fund	1.40%	1.00%
Templeton Thailand Fund	1.60%	1.10%
Templeton U.S. Dollar Liquid Reserve Fund	0.30%	0.20%
Templeton U.S. Value Fund	1.00%	0.70%

\*These Funds were merged into Templeton Global Total Return Fund effective on December 19, 2008

†This Fund was merged into Franklin Templeton Japan Fund effective on November 21, 2008

‡Except A (Acc) – EUR hedged (H1) and N (Acc) – EUR hedged (H1): 0.75%

In addition, investment management fees are charged on the underlying target funds as detailed in note 22.

## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 4 — Forward foreign exchange contracts

As at June 30, 2009, the Company had entered into the following outstanding contracts:

#### (a) Franklin Global Real Estate (Euro) Fund

Number of contracts	Purchases		Sales		Unrealised profit/(loss) EUR
9	EUR	6,009,892	USD	8,333,363	67,474
4	EUR	1,568,698	AUD	2,772,634	(13,421)
4	EUR	992,339	JPY	131,570,112	17,647
3	USD	839,328	EUR	600,000	(1,485)
3	EUR	208,030	SGD	421,601	611
2	EUR	813,261	GBP	691,823	1,680
2	EUR	233,218	CAD	369,027	6,822
1	EUR	125,017	NZD	277,776	(2,083)
1	AUD	135,611	EUR	76,000	1,380
1	EUR	256,552	HKD	2,749,618	3,367
					81,992

#### (b) Franklin Global Real Estate (USD) Fund

Number of contracts	Purchases		Sales		Unrealised profit/(loss) USD
4	USD	1,727,021	JPY	165,314,588	9,625
2	USD	2,672,806	AUD	3,418,414	(62,579)
2	USD	1,840,967	EUR	1,329,131	(22,940)
2	USD	1,367,895	GBP	840,729	(15,190)
2	USD	257,202	NZD	412,485	(7,476)
2	USD	365,833	SGD	533,362	(2,148)
2	USD	484,008	HKD	3,748,498	(28)
1	EUR	89,510	USD	126,000	(476)
1	AUD	159,706	USD	126,000	1,795
1	USD	392,565	CAD	448,467	6,736
					(92,681)

#### (c) Franklin High Yield Fund

Number of contracts	Purchases		Sales		Unrealised profit/(loss) USD
15	SGD	9,424,552	USD	6,451,291	51,584
2	USD	270,137	SGD	395,000	(2,410)
					49,174

#### (d) Franklin High Yield (Euro) Fund

Number of contracts	Purchases		Sales		Unrealised profit/(loss) EUR
5	EUR	28,383,014	USD	39,000,000	577,787
4	EUR	4,958,243	GBP	4,354,342	(149,605)
					428,182

#### (e) Franklin Income Fund

Number of contracts	Purchases		Sales		Unrealised profit/(loss) USD
11	SGD	28,864,344	USD	19,738,796	177,401
2	USD	932,757	SGD	1,362,000	(7,014)
					170,387

#### (f) Franklin MENA Fund

Number of contracts	Purchases		Sales		Unrealised profit/(loss) USD
30	EUR	1,531,609	USD	2,150,804	(2,885)
10	USD	248,129	EUR	178,000	(1,498)
					(4,383)

## NOTES TO THE FINANCIAL STATEMENTS

### AT JUNE 30, 2009 (CONTINUED)

**Note 4 — Forward foreign exchange contracts (continued)**

As at June 30, 2009, the Company had entered into the following outstanding contracts:

**(g) Franklin Strategic Income Fund**

Number of contracts	Purchases		Sales		Unrealised profit/(loss) USD
25	USD	807,247	NZD	1,363,103	(67,475)
22	INR	21,132,000	USD	419,675	13,680
7	USD	2,310,972	EUR	1,659,087	(15,857)
5	CNY	4,337,169	USD	632,367	4,297
4	USD	800,213	SGD	1,201,750	(28,722)
4	RUB	12,624,319	MXN	5,447,174	(10,848)
4	KRW	598,431,800	CHF	498,531	11,688
4	USD	426,052	MXN	5,541,802	13,835
4	CLP	156,520,000	USD	266,274	28,047
4	CHF	591,061	KRW	598,431,800	73,501
3	RUB	9,356,159	NZD	560,520	(64,840)
3	EUR	284,000	USD	386,019	12,237
3	EUR	429,000	JPY	50,042,890	82,276
3	JPY	68,436,720	EUR	429,000	108,643
2	RUB	4,863,365	AUD	233,038	(34,071)
2	CNY	575,834	AUD	123,477	(14,175)
2	CHF	125,770	USD	121,005	(5,246)
2	MXN	2,093,309	RUB	4,978,856	(126)
2	SGD	412,502	EUR	203,000	(84)
2	EUR	203,000	SGD	390,279	15,418
1	USD	107,312	BRL	242,000	(15,384)
1	VND	978,730,438	AUD	79,477	(9,377)
1	CHF	252,000	EUR	170,847	(7,309)
1	USD	99,681	AUD	133,926	(5,614)
1	MYR	1,008,297	EUR	207,000	(4,126)
1	USD	112,798	CHF	125,770	(2,962)
1	NZD	168,610	IDR	1,120,000,000	(302)
1	MXN	1,053,802	USD	79,263	705
1	NZD	82,825	RUB	1,630,000	1,577
1	VND	1,538,778,167	NZD	126,978	4,286
1	AUD	139,910	RUB	3,392,560	5,676
1	EUR	169,869	CHF	252,000	5,936
1	MYR	312,550	GBP	50,000	6,573
1	EUR	209,277	MYR	1,008,297	7,319
1	IDR	4,807,414,737	NZD	713,764	7,714
1	GBP	59,043	MYR	312,550	8,306
					125,196

**(h) Franklin U.S. Equity Fund**

Number of contracts	Purchases		Sales		Unrealised profit/(loss) USD
21	EUR	21,770,627	USD	30,234,354	298,260
2	USD	457,698	EUR	330,000	(5,127)
					293,133

**(i) Franklin U.S. Focus Fund**

Number of contracts	Purchases		Sales		Unrealised profit/(loss) USD
36	EUR	2,689,374	USD	3,666,929	105,072
13	USD	1,116,679	EUR	802,000	(8,172)
					96,900

**(j) Franklin U.S. Government Fund**

Number of contracts	Purchases		Sales		Unrealised profit/(loss) USD
4	SGD	8,495,207	USD	5,805,879	55,754
1	USD	122,077	SGD	178,000	(742)
					55,012

## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 4 — Forward foreign exchange contracts (continued)

As at June 30, 2009, the Company had entered into the following outstanding contracts:

#### (k) Franklin U.S. Opportunities Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
26	EUR 8,475,570	USD 11,896,286	(10,207)
10	USD 4,773,979	EUR 3,399,636	6,354
			(3,853)

#### (l) Franklin U.S. Total Return Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
22	INR 3,650,000	USD 72,488	2,365
6	MYR 477,206	USD 136,097	(391)
5	CNY 350,687	EUR 36,634	25
5	CLP 33,339,000	USD 56,757	5,934
3	USD 277,170	MXN 3,770,469	(1,888)
2	RUB 2,652,026	AUD 126,955	(18,474)
2	USD 357,141	SGD 538,000	(13,959)
2	CNY 244,118	AUD 52,318	(5,985)
1	USD 50,996	BRL 115,000	(7,311)
1	VND 391,492,101	AUD 31,791	(3,751)
1	EUR 439,845	USD 611,604	5,302
1	USD 611,604	EUR 420,000	22,531
			(15,602)

#### (m) Franklin Mutual Beacon Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
67	EUR 31,589,968	USD 42,314,047	1,993,984
56	USD 122,694,153	EUR 92,957,949	(7,675,181)
24	USD 8,789,667	DKK 50,461,695	(698,247)
15	USD 67,815,535	GBP 44,504,215	(5,408,053)
13	USD 22,355,039	CHF 25,855,869	(1,446,603)
11	USD 2,564,658	KRW 3,364,351,124	(75,789)
11	USD 1,755,426	AUD 2,231,666	(30,858)
11	DKK 18,339,618	USD 3,150,068	298,185
10	USD 3,622,361	SGD 5,438,633	(129,876)
8	USD 9,207,207	JPY 904,545,127	(193,851)
7	GBP 4,170,000	USD 6,020,404	840,581
6	USD 18,860,230	NOK 122,669,423	(183,597)
5	CAD 802,150	USD 667,209	22,807
4	USD 50,075	SEK 428,135	(5,399)
2	USD 1,779,013	CAD 2,207,484	(119,886)
2	NOK 20,516,087	USD 3,170,380	14,642
2	JPY 67,849,600	USD 688,219	16,951
1	AUD 9,300	USD 7,402	42
1	SEK 33,800	USD 4,279	101
1	KRW 270,000,000	USD 211,433	471
1	SGD 302,618	USD 206,452	2,331
1	CHF 3,988,811	USD 3,450,827	221,076
			(12,556,169)

#### (n) Franklin Mutual Global Discovery Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
28	EUR 39,943,286	USD 55,064,750	958,014
21	EUR 4,497,506	GBP 3,991,200	(258,450)
17	USD 11,985,550	EUR 8,576,539	(43,540)
9	GBP 503,600	EUR 587,029	5,199
			661,223

## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 4 — Forward foreign exchange contracts (continued)

As at June 30, 2009, the Company had entered into the following outstanding contracts:

#### (o) Franklin Templeton Global Equity Strategies Fund

Number of contracts	Purchases		Sales		Unrealised profit/(loss) USD
11	EUR	4,801,976	USD	6,536,442	198,607
3	USD	428,735	EUR	310,000	(6,058)
					192,549

#### (p) Franklin Templeton Global Fundamental Strategies Fund

Number of contracts	Purchases		Sales		Unrealised profit/(loss) USD
32	EUR	86,087,046	USD	117,209,399	3,532,199
28	USD	14,499,575	NZD	25,265,277	(1,713,144)
26	USD	20,799,603	EUR	14,602,580	319,194
23	CLP	5,157,431,000	USD	8,536,722	1,161,587
22	INR	264,680,000	USD	5,256,469	171,343
21	USD	18,068,005	SGD	27,333,200	(785,893)
19	MYR	18,227,059	USD	5,168,341	7,290
16	CNY	36,516,794	USD	5,184,841	186,842
15	USD	8,600,381	MXN	114,672,115	95,116
8	CNY	20,424,658	EUR	2,153,424	(25,382)
8	MYR	9,092,983	EUR	1,844,293	(4,253)
7	MXN	77,921,140	USD	5,363,765	405,383
6	SGD	2,363,717	EUR	1,156,259	9,394
6	EUR	1,156,259	SGD	2,279,836	48,491
5	RUB	64,648,121	MXN	28,059,807	(65,564)
5	TWD	58,395,174	EUR	1,302,882	(50,304)
5	EUR	1,326,441	TWD	58,395,174	83,348
4	PEN	1,464,744	USD	477,107	4,387
4	IDR	61,669,472,962	NZD	9,121,743	122,646
3	RUB	54,768,548	AUD	2,615,176	(375,877)
3	PLN	3,855,000	EUR	842,626	10,812
3	SEK	54,952,452	USD	6,928,614	198,884
3	JPY	962,791,660	EUR	6,368,000	1,068,473
2	RUB	16,009,852	NZD	954,925	(106,528)
2	CNY	3,016,185	AUD	644,596	(72,453)
1	USD	577,358	BRL	1,302,000	(82,771)
1	SEK	11,194,245	EUR	1,084,136	(69,658)
1	USD	223,504	AUD	328,610	(35,824)
1	VND	3,360,307,748	AUD	272,872	(32,193)
1	USD	575,000	JPY	57,635,125	(24,311)
1	INR	39,958,050	EUR	610,000	(23,326)
1	JPY	54,682,500	USD	575,000	(6,392)
1	INR	409,167	NZD	14,863	(1,026)
1	RUB	6,842,000	USD	204,544	7,614
1	MXN	1,283,816	TWD	2,908,036	8,578
1	TWD	2,908,036	MXN	1,041,709	9,729
1	VND	3,586,174,990	NZD	295,926	9,990
1	EUR	508,000	JPY	67,411,600	11,364
1	CHF	959,317	EUR	610,000	27,959
1	KRW	3,414,790,000	CHF	2,834,745	75,590
1	PEN	4,607,405	MXN	16,864,587	257,765
1	CHF	3,514,243	KRW	3,414,790,000	549,947
					4,909,026

## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 4 — Forward foreign exchange contracts (continued)

As at June 30, 2009, the Company had entered into the following outstanding contracts:

#### (q) Templeton Asian Bond Fund

Number of contracts	Purchases		Sales		Unrealised profit/(loss) USD
26	USD	28,764,796	NZD	49,687,477	(3,137,785)
21	USD	72,293,765	SGD	109,059,330	(2,943,956)
17	EUR	5,554,088	USD	7,805,814	(16,805)
5	MYR	208,871,352	USD	59,808,321	(646,676)
5	USD	3,650,978	EUR	2,600,601	3,914
5	JPY	1,292,677,800	EUR	8,291,605	1,794,432
5	EUR	11,130,070	JPY	1,292,677,800	2,186,628
4	CNY	177,537,000	USD	24,716,430	1,690,791
3	CNY	45,021,000	EUR	4,674,650	42,059
3	INR	365,725,000	USD	7,296,237	225,762
3	EUR	4,974,148	CNY	45,021,000	377,938
2	USD	1,825,663	JPY	180,000,000	(45,159)
2	JPY	180,000,000	USD	1,829,255	41,568
1	SGD	46,455,130	USD	33,889,065	(1,834,685)
1	USD	18,338,748	MYR	64,910,000	(122,921)
1	IDR	89,109,714,342	NZD	13,230,252	142,985
1	KRW	4,200,800,000	USD	3,146,667	154,396
					(2,087,514)

#### (r) Templeton Asian Growth Fund

Number of contracts	Purchases		Sales		Unrealised Profit/(Loss) USD
33	EUR	24,933,184	USD	35,044,126	(78,014)
8	USD	2,091,313	EUR	1,507,000	(22,091)
					(100,105)

#### (s) Templeton BRIC Fund

Number of contracts	Purchases		Sales		Unrealised Profit/(Loss) USD
21	EUR	19,863,137	USD	27,932,652	(76,738)
8	USD	4,686,852	EUR	3,365,000	(32,199)
					(108,937)

#### (t) Templeton Emerging Markets Bond Fund

Number of contracts	Purchases		Sales		Unrealised Profit/(Loss) USD
28	CLP	32,305,708,565	USD	53,620,327	7,129,498
23	INR	1,208,642,000	USD	24,491,455	281,333
14	USD	48,159,565	MXN	613,967,355	2,536,203
8	MXN	338,587,278	USD	24,642,148	565,268
7	PLN	169,681,000	EUR	37,662,610	(284,042)
5	MYR	122,971,207	USD	35,011,274	(123,543)
4	PEN	46,521,979	USD	15,273,498	12,781
4	USD	8,392,175	EUR	5,960,485	33,120
3	RUB	176,457,566	MXN	76,344,245	(198,720)
3	EUR	7,164,483	JPY	934,925,600	339,601
3	JPY	934,925,600	EUR	5,998,336	1,295,964
2	CNY	54,396,000	USD	7,712,198	296,911
1	USD	14,153,696	BRL	31,918,000	(2,029,094)
1	KRW	4,304,000,000	USD	3,164,706	232,891
					10,088,171

## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 4 — Forward foreign exchange contracts (continued)

As at June 30, 2009, the Company had entered into the following outstanding contracts:

#### (u) Templeton European Total Return Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) EUR
2	GBP 7,500,000	EUR 8,435,070	362,615
1	NOK 57,000,000	EUR 6,434,861	(125,383)
1	SEK 70,000,000	EUR 6,522,671	(55,532)
1	EUR 2,491,506	NOK 22,000,000	56,269
			237,969

#### (v) Templeton Frontier Markets Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
21	EUR 2,802,478	USD 3,732,091	198,701
1	USD 76,587	EUR 55,000	(557)
			198,144

#### (w) Templeton Global (Euro) Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) EUR
2	EUR 2,033,342	GBP 1,743,100	(11,516)
2	USD 438,700	EUR 312,829	9
2	EUR 5,552,381	USD 7,775,500	7,650
2	EUR 712,719	CHF 1,070,600	9,468
1	GBP 43,500	EUR 51,195	(164)
			5,447

#### (x) Templeton Global Balanced Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
31	EUR 2,678,232	USD 3,761,645	(5,712)
29	CLP 8,581,641,000	USD 14,258,389	1,878,992
25	INR 560,396,000	USD 11,150,358	337,288
7	USD 24,272,301	MXN 330,063,350	(164,994)
5	USD 317,996	EUR 229,000	(3,152)
3	RUB 246,388,045	MXN 106,979,911	(307,965)
3	CNY 18,524,000	USD 2,622,904	104,305
3	MXN 244,315,350	USD 17,274,785	802,349
2	USD 10,220,744	NZD 20,436,258	(2,779,370)
2	USD 26,011,473	JPY 2,584,928,427	(853,209)
2	MYR 13,730,000	EUR 2,725,266	82,266
2	JPY 2,584,928,427	USD 26,331,045	533,636
1	EUR 2,153,062	MYR 10,640,000	(6,326)
1	CNY 862,000	EUR 93,593	(4,584)
1	MYR 10,640,000	USD 2,998,450	7,992
1	PEN 7,265,000	USD 2,372,245	13,861
1	SGD 2,420,000	EUR 1,163,182	38,843
1	IDR 38,021,178,276	NZD 5,645,061	61,009
1	EUR 1,242,874	SGD 2,420,000	72,934
			(191,837)

## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 4 — Forward foreign exchange contracts (continued)

As at June 30, 2009, the Company had entered into the following outstanding contracts:

(y) Templeton Global Bond Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
71	EUR 894,520,134	USD 1,191,185,743	63,454,829
35	USD 662,183,429	EUR 453,760,838	25,785,247
31	CLP 297,989,624,034	USD 485,667,037	74,697,567
30	USD 989,991,458	NZD 1,726,013,082	(117,449,531)
26	INR 20,563,967,310	USD 408,867,047	12,733,821
23	USD 1,291,062,383	SGD 1,952,971,600	(56,059,038)
23	GBP 74,394,203	USD 112,946,369	9,455,961
21	MYR 2,863,118,405	USD 809,339,680	2,998,697
17	CNY 4,463,605,615	USD 634,953,669	20,971,151
16	USD 700,527,915	MXN 9,461,998,535	706,747
13	MYR 1,062,136,870	EUR 212,381,283	4,069,353
11	JPY 75,386,421,616	EUR 542,191,764	22,938,520
11	MXN 8,002,673,748	USD 541,645,387	48,897,938
10	SGD 24,191,570	USD 16,679,845	10,827
8	CNY 2,264,982,026	EUR 239,112,007	(3,215,492)
7	RUB 2,713,187,984	MXN 1,171,754,936	(2,516,820)
7	IDR 1,216,533,000,000	USD 88,984,006	26,374,834
6	SGD 268,243,453	EUR 129,104,855	4,052,260
6	EUR 132,000,949	SGD 260,663,201	5,241,333
5	PEN 233,062,355	USD 76,242,986	325,246
4	TWD 1,107,011,586	EUR 23,921,112	136,663
4	EUR 25,149,505	TWD 1,107,011,586	1,586,298
3	RUB 3,268,245,080	AUD 156,056,831	(22,429,524)
3	RUB 1,723,807,320	EUR 41,927,595	(5,921,593)
3	PLN 262,349,500	EUR 57,344,270	735,888
2	CNY 179,586,997	AUD 38,382,183	(4,315,751)
2	CHF 84,044,265	EUR 56,945,652	(2,390,167)
2	USD 7,945,737	GBP 4,883,000	(88,364)
2	RUB 1,339,490,000	USD 40,925,890	512,557
2	PEN 101,226,782	MXN 374,291,587	5,434,183
2	EUR 291,616,248	JPY 36,381,350,570	30,809,081
1	USD 59,035,519	BRL 133,131,000	(8,463,414)
1	SEK 425,000,000	EUR 44,187,521	(6,897,441)
1	KZT 5,071,000,000	USD 39,234,043	(5,783,873)
1	USD 13,323,275	AUD 19,588,730	(2,135,508)
1	VND 202,000,000,000	AUD 16,393,505	(1,934,074)
1	EUR 46,290,825	MYR 228,760,000	(136,009)
1	INR 510,000,000	NZD 16,693,944	(102,870)
1	JPY 335,000,000	USD 3,578,295	(94,965)
1	USD 3,399,462	JPY 335,000,000	(83,868)
1	IDR 467,000,000,000	NZD 70,310,221	80,021
1	MXN 61,689,690	TWD 139,736,401	412,167
1	TWD 139,736,401	MXN 50,056,025	467,508
1	VND 185,000,000,000	USD 9,629,000	560,370
1	VND 247,000,000,000	MXN 147,006,772	2,673,601
1	KRW 59,910,000,000	USD 44,051,471	3,241,749
			129,346,115

## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 4 — Forward foreign exchange contracts (continued)

As at June 30, 2009, the Company had entered into the following outstanding contracts:

#### (z) Templeton Global Bond (Euro) Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) EUR
14	EUR 34,289,410	MXN 598,281,811	2,332,423
10	EUR 12,563,022	NZD 28,708,724	(572,305)
9	EUR 19,802,563	USD 27,232,729	381,841
8	EUR 13,036,435	PLN 58,860,728	(92,145)
7	EUR 14,145,268	IDR 220,714,018,136	(859,253)
4	EUR 8,454,777	BRL 26,351,765	(1,000,398)
3	RUB 58,129,653	AUD 2,775,674	(284,493)
3	EUR 12,098,713	KRW 21,972,684,920	(255,826)
3	USD 2,902,425	MXN 43,200,453	(209,686)
3	EUR 892,437	CNY 8,575,000	(3,641)
3	CNY 8,575,000	EUR 890,365	5,713
3	MXN 43,200,453	USD 3,054,571	101,180
2	EUR 515,253	AUD 1,034,767	(67,253)
2	AUD 2,276,475	RUB 58,129,653	(267)
2	EUR 1,222,700	JPY 156,242,800	65,879
2	JPY 156,242,800	EUR 1,002,735	154,085
1	MYR 4,059,278	EUR 902,549	(82,431)
1	KRW 2,850,000,000	EUR 1,629,568	(28,544)
1	VND 3,588,678,191	AUD 291,417	(24,518)
1	CNY 1,184,807	AUD 255,992	(21,941)
1	USD 408,471	CNY 2,787,000	(235)
1	CNY 2,787,000	USD 402,600	4,422
1	MXN 15,000,000	EUR 798,446	9,569
1	CLP 575,000,000	EUR 754,593	16,495
1	AUD 262,602	CNY 1,184,807	25,707
1	SEK 24,284,109	EUR 2,191,707	53,496
			(352,126)

#### (aa) Templeton Global High Yield Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
24	USD 796,249	NZD 1,368,149	(82,514)
8	USD 287,123	MXN 3,881,772	96
7	CNY 1,478,958	EUR 155,772	(1,632)
6	USD 454,237	EUR 335,240	(15,846)
5	MXN 3,606,772	USD 250,398	15,977
2	RUB 9,432,105	MXN 4,095,864	(11,807)
1	USD 75,385	BRL 170,000	(10,807)
1	CNY 165,000	USD 23,835	367
1	EUR 28,711	USD 36,328	3,932
			(102,234)

## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 4 — Forward foreign exchange contracts (continued)

As at June 30, 2009, the Company had entered into the following outstanding contracts:

(ab) Templeton Global Income Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
28	USD 6,732,022	NZD 11,734,722	(797,252)
26	INR 88,420,000	USD 1,755,465	58,525
26	MYR 39,126,063	USD 10,987,824	78,702
23	CLP 1,917,550,000	USD 3,144,718	461,175
21	USD 10,426,478	SGD 15,802,500	(473,716)
11	CNY 38,222,409	USD 5,416,840	202,947
10	EUR 3,943,268	USD 5,497,169	33,292
10	USD 5,963,421	EUR 3,943,268	432,960
9	EUR 1,471,310	MYR 7,260,257	(368)
9	MYR 7,260,257	EUR 1,452,878	26,220
6	USD 3,135,305	MXN 42,690,478	(29,731)
5	SGD 2,235,412	EUR 1,076,919	32,272
5	EUR 1,076,919	SGD 2,127,409	42,266
4	SEK 48,158,723	EUR 4,599,512	(206,619)
4	PEN 2,595,973	USD 853,100	137
4	TWD 15,772,655	EUR 340,827	1,947
4	EUR 358,329	TWD 15,772,655	22,602
3	EUR 757,628	JPY 100,170,600	22,368
3	MXN 31,449,478	USD 2,223,696	103,282
3	JPY 100,170,600	EUR 642,679	138,853
2	RUB 48,648,960	EUR 1,229,298	(217,269)
2	RUB 13,683,644	NZD 816,175	(91,050)
1	USD 1,090,861	BRL 2,460,000	(156,387)
1	INR 3,500,000	NZD 114,566	(706)
1	VND 3,065,106,877	NZD 252,928	8,538
1	IDR 8,728,362,425	NZD 1,295,913	14,006
1	NOK 2,555,000	USD 375,393	19,674
			(273,332)

## NOTES TO THE FINANCIAL STATEMENTS

### AT JUNE 30, 2009 (CONTINUED)

#### Note 4 — Forward foreign exchange contracts (continued)

As at June 30, 2009, the Company had entered into the following outstanding contracts:

##### (ac) Templeton Global Total Return Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
72	EUR 402,817,900	USD 542,369,778	22,610,386
29	CLP 66,908,112,000	USD 109,673,108	16,145,674
28	INR 5,340,177,711	USD 106,076,895	3,413,070
27	USD 241,553,284	NZD 419,607,225	(27,746,526)
21	USD 318,746,912	SGD 482,147,600	(13,829,006)
20	USD 169,273,548	EUR 113,296,446	10,372,858
15	USD 260,226,030	MXN 3,534,715,589	(762,541)
14	GBP 27,394,158	USD 40,756,194	4,315,984
13	PLN 98,113,347	USD 29,735,477	1,151,306
11	EUR 121,909,650	JPY 15,707,298,920	7,811,251
11	JPY 16,111,263,920	EUR 109,706,794	13,497,852
11	MXN 3,258,271,708	USD 218,814,531	21,233,092
8	CNY 710,430,109	EUR 74,863,518	(832,380)
7	SEK 2,131,003,073	EUR 213,762,622	(23,615,634)
7	PLN 282,524,769	EUR 66,693,845	(5,793,514)
7	MYR 1,209,088,694	USD 329,560,629	12,396,650
6	MYR 445,165,891	EUR 91,851,013	(2,450,726)
6	RUB 694,663,541	MXN 307,394,033	(1,200,455)
6	EUR 93,308,959	MYR 445,165,891	4,495,520
5	PEN 158,809,756	USD 52,106,381	82,579
5	SGD 55,796,808	EUR 26,880,342	805,520
5	EUR 26,880,342	SGD 50,416,693	2,907,569
4	TWD 393,692,127	EUR 8,507,186	48,603
4	EUR 8,944,046	TWD 393,692,127	564,143
3	RUB 1,149,609,445	AUD 54,893,231	(7,889,647)
3	USD 3,163,304	PLN 10,418,000	(116,357)
3	CNY 198,854,000	USD 28,148,163	1,127,732
2	RUB 897,054,550	EUR 22,222,622	(3,589,149)
2	MXN 97,613,910	TWD 220,273,272	656,669
2	TWD 220,273,272	MXN 77,192,965	882,922
2	BRL 25,239,660	USD 10,398,804	1,817,683
2	KRW 167,344,000,000	USD 126,967,198	5,159,007
1	USD 22,944,880	BRL 51,743,000	(3,289,410)
1	KZT 1,521,300,000	USD 11,770,213	(1,735,162)
1	USD 4,686,308	AUD 6,890,110	(751,140)
1	USD 1,574,139	GBP 963,000	(10,305)
1	INR 35,000,000	NZD 1,145,663	(7,060)
1	IDR 214,000,000,000	NZD 32,009,247	186,253
1	NOK 30,855,000	USD 4,533,367	237,585
1	IDR 52,330,500,159	MXN 57,816,091	713,041
1	MYR 17,933,031	MXN 57,816,091	737,538
			39,751,475

##### (ad) Templeton U.S. Value Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
18	EUR 940,751	USD 1,321,218	(1,916)
7	USD 206,165	EUR 147,841	(1,165)
			(3,081)

#### CURRENCY ABBREVIATIONS

AUD	Australian Dollar	EUR	Euro	KZT	Kazakhstan Tenge	RUB	Russian Rubble
BRL	Brazilian Real	GBP	British Pound	MXN	Mexican Peso	SEK	Swedish Krona
CAD	Canadian Dollar	HKD	Hong Kong Dollar	MYR	Malaysian Ringgit	SGD	Singapore Dollar
CHF	Swiss Franc	IDR	Indonesian Rupiah	NOK	Norwegian Krone	TWD	Taiwan Dollar
CLP	Chilean Peso	INR	Indian Rupee	NZD	New-Zealand Dollar	USD	U.S. Dollar
CNY	Chinese Yuan	JPY	Japanese Yen	PEN	Peruvian Nuevo Sol	VND	Vietnamese Dong
DKK	Danish Krone	KRW	Korean Won	PLN	Polish Zloty		

## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 5 — Open positions on credit default swap contracts

As at June 30, 2009, the Company had entered into the following outstanding contracts:

#### Franklin Strategic Income Fund

Nominal	Description	Counterparty	Buy/Sell protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
768,000	LCDX.NA.12, JUN. 2014	JPMorgan Chase Bank	Sell	USD	(97,382)	41,626

#### Franklin U.S. Total Return Fund

Nominal	Description	Counterparty	Buy/Sell protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
(300,000)	Cox Communications, Inc., Jun. 2013	JPMorgan Chase Bank	Buy	USD	(4,419)	(4,419)
300,000	Time Warner Cable, Inc., Jun. 2013	JPMorgan Chase Bank	Sell	USD	2,017	2,017
						(2,402)

### Note 6 — Open positions on interest rate swap contracts

As at June 30, 2009, the Company had entered into the following outstanding contracts:

#### Templeton Emerging Markets Bond Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
30,900,000	Receiving fixed rate 7.6973%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	11-Jan-19	MXN	(79,396)
40,300,000	Receiving fixed rate 7.666%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	12-Jan-19	MXN	(109,553)
26,900,000	Receiving fixed rate 7.835%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	15-Jan-19	MXN	(49,583)
34,900,000	Receiving fixed rate 7.869%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	16-Jan-19	MXN	(58,254)
408,600,000	Receiving fixed rate 9.30%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	20-Sep-28	MXN	1,474,343
220,000,000	Receiving fixed rate 9.144%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	3-Oct-18	MXN	1,111,056
238,500,000	Receiving fixed rate 9.69%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	26-Sep-28	MXN	1,534,876
					3,823,489

#### Templeton Global Bond Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
46,650,000	Receiving fixed rate 6.315%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	15-Feb-13	CLP	7,745
46,650,000	Receiving fixed rate 6.34%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	15-Feb-18	CLP	7,188
4,640,000,000	Receiving fixed rate 6.25%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	19-Feb-13	CLP	735,117
9,280,000,000	Receiving fixed rate 6.22%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	19-Feb-13	CLP	1,452,253
4,640,000,000	Receiving fixed rate 6.28%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	19-Feb-18	CLP	648,438

## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 6 — Open positions on interest rate swap contracts (continued)

As at June 30, 2009, the Company had entered into the following outstanding contracts:

#### Templeton Global Bond Fund (continued)

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
9,280,000,000	Receiving fixed rate 6.24%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	19-Feb-18	CLP	1,247,347
4,650,000,000	Receiving fixed rate 6.23%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	20-Feb-13	CLP	731,074
6,975,000,000	Receiving fixed rate 6.21%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	20-Feb-13	CLP	1,087,592
34,875,000,000	Receiving fixed rate 6.26%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	20-Feb-18	CLP	4,813,364
8,225,000,000	Receiving fixed rate 6.30%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	22-Feb-13	CLP	1,338,330
24,675,000,000	Receiving fixed rate 6.31%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	22-Feb-18	CLP	3,580,750
3,498,750,000	Receiving fixed rate 6.35%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	28-Feb-18	CLP	516,662
3,498,750,000	Receiving fixed rate 6.32%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	28-Feb-13	CLP	565,487
12,245,625,000	Receiving fixed rate 6.34%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	28-Feb-18	CLP	1,791,965
24,491,250,000	Receiving fixed rate 6.30%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	28-Feb-13	CLP	3,770,173
30,125,000,000	Receiving fixed rate 6.36%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	4-Mar-13	CLP	4,990,667
11,943,750,000	Receiving fixed rate 6.37%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	4-Mar-13	CLP	1,986,445
22,181,250,000	Receiving fixed rate 6.40%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	5-Mar-18	CLP	3,449,597
6,660,000,000	Receiving fixed rate 6.37%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	12-Mar-18	CLP	1,011,853
10,065,600,000	Receiving fixed rate 6.51%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	8-May-18	CLP	1,748,995
5,032,800,000	Receiving fixed rate 6.50%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	8-May-18	CLP	867,646
10,152,000,000	Receiving fixed rate 6.62%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	14-May-18	CLP	1,904,837
5,076,000,000	Receiving fixed rate 6.61%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	14-May-18	CLP	945,508
20,034,300,000	Receiving fixed rate 6.68%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	15-May-18	CLP	3,949,340
6,325,200,000	Receiving fixed rate 7.85%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	11-Jul-18	CLP	2,280,003
6,350,400,000	Receiving fixed rate 7.855%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	17-Jul-18	CLP	2,281,842
50,120,000	Receiving fixed rate 7.16%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	31-Jul-13	NZD	2,552,786
50,330,000	Receiving fixed rate 7.12%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	1-Aug-13	NZD	2,515,987
50,330,000	Receiving fixed rate 7.055%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	4-Aug-13	NZD	2,438,627
100,660,000	Receiving fixed rate 7.035%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	5-Aug-13	NZD	4,831,282
25,165,000	Receiving fixed rate 7.05%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	6-Aug-13	NZD	1,216,145
25,165,000	Receiving fixed rate 7.05%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	7-Aug-13	NZD	1,215,144

## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 6 — Open positions on interest rate swap contracts (continued)

As at June 30, 2009, the Company had entered into the following outstanding contracts:

#### Templeton Global Bond Fund (continued)

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
26,647,200	Receiving fixed rate 7.00%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	14-Aug-13	NZD	1,256,184
103,600,000	Receiving fixed rate 7.00%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	26-Aug-13	NZD	4,892,974
103,600,000	Receiving fixed rate 7.00%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	29-Aug-13	NZD	4,892,974
53,790,000	Receiving fixed rate 5.3075%				
	Paying floating rate NZD-BBR-FRA	Citigroup	5-Dec-13	NZD	230,351
107,580,000	Receiving fixed rate 5.60%				
	Paying floating rate NZD-BBR-FRA	Citigroup	5-Dec-18	NZD	(1,682,966)
281,880,000	Receiving fixed rate 8.3167%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	9-Jan-29	MXN	(1,010,484)
430,900,000	Receiving fixed rate 7.6973%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	11-Jan-19	MXN	(1,107,175)
562,100,000	Receiving fixed rate 7.666%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	12-Jan-19	MXN	(1,528,035)
374,700,000	Receiving fixed rate 7.835%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	15-Jan-19	MXN	(690,655)
487,100,000	Receiving fixed rate 7.869%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	16-Jan-19	MXN	(813,057)
118,110,000	Receiving fixed rate 8.00%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	18-Jan-19	MXN	(117,338)
187,910,000	Receiving fixed rate 8.06%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	22-Jan-19	MXN	(129,515)
590,530,000	Receiving fixed rate 8.07%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	22-Jan-19	MXN	(376,329)
3,458,000,000	Receiving fixed rate 9.144%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	3-Oct-18	MXN	17,463,779
286,875,000	Receiving fixed rate 8.6748%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	29-Nov-18	MXN	742,819
					84,503,716

#### Templeton Global Bond (Euro) Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) EUR
1,210,000	Receiving fixed rate 5.3075%				
	Paying floating rate NZD-BBR-FRA	Citigroup	5-Dec-13	NZD	3,694
2,420,000	Receiving fixed rate 5.60%				
	Paying floating rate NZD-BBR-FRA	Citigroup	5-Dec-18	NZD	(26,991)
					(23,297)

## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 6 — Open positions on interest rate swap contracts (continued)

As at June 30, 2009, the Company had entered into the following outstanding contracts:

#### Templeton Global Total Return Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
50,000,000	Receiving fixed rate 6.34%				
16,794,000,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 6.315%	JPMorgan Chase Bank	12-Feb-18	CLP	7,404
16,794,000,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 6.34%	JPMorgan Chase Bank	15-Feb-13	CLP	2,788,121
3,525,000,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 6.30%	JPMorgan Chase Bank	15-Feb-18	CLP	2,587,751
10,575,000,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 6.31%	JPMorgan Chase Bank	22-Feb-13	CLP	573,570
1,166,250,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 6.35%	JPMorgan Chase Bank	22-Feb-18	CLP	1,534,607
1,166,250,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 6.32%	JPMorgan Chase Bank	28-Feb-18	CLP	172,221
4,081,875,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 6.34%	JPMorgan Chase Bank	28-Feb-13	CLP	188,496
8,163,750,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 6.30%	JPMorgan Chase Bank	28-Feb-18	CLP	597,322
10,825,000,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 6.36%	JPMorgan Chase Bank	28-Feb-13	CLP	1,256,724
3,981,250,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 6.37%	JPMorgan Chase Bank	4-Mar-13	CLP	1,793,327
7,393,750,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 6.40%	JPMorgan Chase Bank	4-Mar-13	CLP	662,148
2,220,000,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 6.37%	JPMorgan Chase Bank	5-Mar-18	CLP	1,149,866
3,308,600,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 6.51%	JPMorgan Chase Bank	12-Mar-18	CLP	337,284
1,631,000,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 6.50%	JPMorgan Chase Bank	8-May-18	CLP	574,901
3,337,000,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 6.62%	JPMorgan Chase Bank	8-May-18	CLP	281,182
1,645,000,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 6.61%	JPMorgan Chase Bank	14-May-18	CLP	626,127
6,678,100,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 6.68%	JPMorgan Chase Bank	14-May-18	CLP	306,414
2,259,000,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 7.85%	JPMorgan Chase Bank	15-May-18	CLP	1,316,447
2,268,000,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 7.855%	JPMorgan Chase Bank	11-Jul-18	CLP	814,287
2,447,010,000	Paying floating rate Indice Camara Promedio Receiving fixed rate 7.50%	JPMorgan Chase Bank	17-Jul-18	CLP	814,944
2,442,240,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 7.50%	JPMorgan Chase Bank	7-Aug-18	CLP	762,298
4,307,700,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 7.67%	JPMorgan Chase Bank	13-Aug-18	CLP	756,475
17,840,000	Paying floating rate TNA Indice Camara Promedio Receiving fixed rate 7.16%	JPMorgan Chase Bank	29-Aug-18	CLP	1,423,999
17,900,000	Paying floating rate NZD-BBR-FRA Receiving fixed rate 7.12%	JPMorgan Chase Bank	31-Jul-13	NZD	908,653
17,900,000	Paying floating rate NZD-BBR-FRA Receiving fixed rate 7.055%	JPMorgan Chase Bank	1-Aug-13	NZD	894,818
35,800,000	Paying floating rate NZD-BBR-FRA Receiving fixed rate 7.035%	JPMorgan Chase Bank	4-Aug-13	NZD	867,304
8,950,000	Paying floating rate NZD-BBR-FRA Receiving fixed rate 7.05%	JPMorgan Chase Bank	5-Aug-13	NZD	1,718,258
8,950,000	Paying floating rate NZD-BBR-FRA Receiving fixed rate 7.05%	JPMorgan Chase Bank	6-Aug-13	NZD	432,525
9,475,200	Paying floating rate NZD-BBR-FRA Receiving fixed rate 7.00%	JPMorgan Chase Bank	7-Aug-13	NZD	432,169
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	14-Aug-13	NZD	446,673

## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 6 — Open positions on interest rate swap contracts (continued)

As at June 30, 2009, the Company had entered into the following outstanding contracts:

#### Templeton Global Total Return Fund (continued)

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
36,400,000	Receiving fixed rate 7.00%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	26-Aug-13	NZD	1,719,153
36,400,000	Receiving fixed rate 7.00%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	29-Aug-13	NZD	1,719,153
108,800,000	Receiving fixed rate 7.6973%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	11-Jan-19	MXN	(279,556)
141,900,000	Receiving fixed rate 7.666%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	12-Jan-19	MXN	(385,747)
94,600,000	Receiving fixed rate 7.835%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	15-Jan-19	MXN	(174,369)
123,000,000	Receiving fixed rate 7.869%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	16-Jan-19	MXN	(205,309)
985,000,000	Receiving fixed rate 9.16%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	27-Sep-18	MXN	5,074,610
406,400,000	Receiving fixed rate 9.30%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	20-Sep-28	MXN	1,466,405
907,700,000	Receiving fixed rate 9.50%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	21-Sep-28	MXN	4,589,272
401,000,000	Receiving fixed rate 9.78%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	28-Sep-28	MXN	2,842,558
					43,392,485

### Note 7 — Open positions on future contracts

As at June 30, 2009, the Company had entered into the following outstanding contracts:

#### Franklin U.S. Total Return Fund

Number of contracts	Description	Trading currency	Market value USD	Unrealised profit/(loss) USD
15	U.S. Treasury Note 2 years, Sep. 2009	USD	3,243,281	(4,544)
9	U.S. Treasury Note 5 years, Sep. 2009	USD	1,032,469	(2,742)
(7)	U.S. Treasury Note 10 years, Sep. 2009	USD	(813,859)	(2,352)
				(9,638)

### Note 8 — Open positions on options contracts

As at June 30, 2009, the Company had entered into the following outstanding contracts:

#### Franklin Mutual Beacon Fund

Purchase/Sale position	Description	Trading currency	Number of contracts purchased/(sold)	Market value USD	Unrealised profit/(loss) USD
Purchases	Abovenet Inc., 20.95 Calls, Sep. 2013	USD	40	2,401	2,401
	S&P 500 Index, 775 Puts, Dec. 2009	USD	664	1,726,400	(2,193,192)
Sale	Microsoft Corp., 22 Calls, Jul. 2009	USD	(1,360)	(267,920)	(164,269)
				1,460,881	(2,355,060)

## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 8 — Open positions on options contracts (continued)

As at June 30, 2009, the Company had entered into the following outstanding contracts:

#### Franklin Mutual Global Discovery Fund

Purchase/Sale position	Description	Trading currency	Number of contracts purchased/(sold)	Market value USD	Unrealised profit/(loss) USD
Sales	BP PLC, 4.40 Calls, Sep. 2009	GBP	(409,000)	(314,603)	(107,180)
	British American Tobacco Plc, 15 Calls, Sep. 2009	GBP	(180,000)	(549,382)	24,566
	Carrefour SA, 22 Calls, Sep. 2009	EUR	(75,000)	(907,833)	(610,570)
	E.on AG, 19 Calls, Sep. 2009	EUR	(167,000)	(1,499,099)	(1,123,258)
	GDF Suez, 23.30 Calls, Sep. 2009	EUR	(70,000)	(402,487)	(103,655)
	Groupe Danone, 32.08 Calls, Sep. 2009	EUR	(56,000)	(312,612)	(89,535)
	Imperial Tobacco Group Plc, 16 Calls, Sep. 2009	GBP	(90,000)	(96,253)	77,198
	Koninklijke KPN NV, 10 Calls, Sep. 2009	EUR	(97,000)	(34,013)	38,764
	Lorillard Inc, 60 Calls, Sep. 2009	USD	(628)	(546,360)	(91,108)
	Pernod Ricard SA, 37.73 Calls, Sep. 2009	EUR	(48,000)	(526,833)	(241,410)
	Royal Dutch Shell, 16 Calls, Sep. 2009	EUR	(124,000)	(356,541)	(115,987)
	RWE AG, 48 Calls, Sep. 2009	EUR	(70,000)	(859,093)	(601,618)
				<u>(6,405,109)</u>	<u>(2,943,793)</u>

#### Franklin Templeton Global Equity Strategies Fund

Purchase/Sale position	Description	Trading currency	Number of contracts purchased/(sold)	Market value USD	Unrealised profit/(loss) USD
Sale	Lorillard Inc, 60 Calls, Sep. 2009	USD	(17)	(14,790)	(2,142)
				<u>(14,790)</u>	<u>(2,142)</u>

#### Franklin Templeton Global Fundamental Strategies Fund

Purchase/Sale position	Description	Trading currency	Number of contracts purchased/(sold)	Market value USD	Unrealised profit/(loss) USD
Sale	Lorillard Inc, 60 Calls, Sep. 2009	USD	(155)	(134,850)	(22,439)
				<u>(134,850)</u>	<u>(22,439)</u>

## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 9 — Securities lending

As at June 30, 2009, the Fund was not involved in any loan program.

### Note 10 — Taxation

Under current tax laws and practice, the Company is not liable in the Grand-Duchy of Luxembourg to any taxes on income or on realised or unrealised capital gains.

The Company is liable in the Grand-Duchy of Luxembourg to a tax of 0.05% per annum, such tax being accrued monthly and paid quarterly, and calculated on the net asset value of each Fund at the end of each relevant quarter (except the Templeton Euro Liquid Reserve Fund and the Templeton U.S. Dollar Liquid Reserve Fund for which the rate is 0.01%). This tax is not applicable for the portion of the assets of a Fund invested in other undertakings for collective investment that have already been subject to such tax. Class I shares may benefit from a reduced rate of 0.01% per annum if all shareholders of this Class of Shares are institutional investors.

Investment income received or capital gains realised by the Company may be subject to tax in the countries of origin. All liabilities in respect of taxes payable on unrealised capital gains on investments are provided for as soon as there is a reasonable certainty that a liability will crystallise.

No stamp duty or other tax is payable in the Grand-Duchy of Luxembourg on the issue of shares in the Company.

The Company is registered for Value Added Tax in the Grand-Duchy of Luxembourg and subject to account for Value Added Tax in accordance with current laws.

The Company shall apply to the U.K. tax authorities for certification as a “distributing fund” within the meaning of schedule 27 of the U.K. Income and Corporation Taxes Act 1988 in respect of certain distribution share classes offered by the Company and for the accounting year ending June 30, 2009.

### Note 11 — Statement of changes in the investment portfolio

A list, specifying for each Fund total purchases and sales transacted during the year under review, may be obtained, upon request, at the registered office of the Company.

### Note 12 — Equalisation

The Funds use an accounting practice known as equalisation, by which a portion of the proceeds from sales and costs of redemption of shares, equivalent on a per share basis to the amount of undistributed net investment income on the date of the transaction, is credited or charged to undistributed income. As a result, undistributed net investment income per share is unaffected by sales or redemptions of shares. However, the Board of Directors reserves the right not to apply equalisation in respect of accumulation shares available for the following Funds:

Franklin Biotechnology Discovery Fund	Franklin Euroland Core Fund
Franklin European Growth Fund	Franklin European Small-Mid Cap Growth Fund
Franklin Global Growth Fund	Franklin Global Small-Mid Cap Growth Fund
Franklin Technology Fund	Franklin U.S. Equity Fund
Franklin U.S. Focus Fund	Franklin U.S. Growth Fund
Franklin U.S. Small-Mid Cap Growth Fund	Franklin Mutual Euroland Fund
Franklin Templeton Global Growth and Value Fund	Templeton Korea Fund
Templeton Thailand Fund	

## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### **Note 13 — Classes of shares: A(acc), A(dis), AX(acc), B(acc), B(dis), C(acc), C(dis), I(acc), I(dis), N(acc), N(dis), alternative currency class and alternative currency hedged class of shares**

The below mentioned distributing share classes may have different frequencies: Mdis share classes distribute monthly, Qdis share classes distribute quarterly and Ydis share classes distribute annually.

**Class A(acc) Shares:** No distribution of dividends will be made in respect of Class A(acc) shares but the net income attributable will be reflected in the increased value of the shares. All other terms and conditions are the same as those which apply for Class A(dis) shares.

**Class A(dis) Shares:** are offered at the applicable net asset value, plus an initial sales charge of up to 6.50% of the total amount invested. In addition, a maintenance charge of up to 0.50% per annum of the applicable average net asset value is deducted and paid to the Principal Distributor. This charge is accrued daily and is deducted and paid monthly to the Principal Distributor. A contingent deferred sales charge of 1% applies to certain redemptions on qualified investments of USD 1 million or more within 18 months after repurchase.

**Class AX(acc) Shares:** are offered at the applicable net asset value, plus an initial sales charge of up to 6.50% of the total amount invested. In addition, a maintenance charge of up to 0.50% per annum of the applicable average net asset value is deducted and paid to the Principal Distributor. This charge is accrued daily and is deducted and paid monthly to the Principal Distributor. No distribution of dividends will be made in respect of Class AX(acc) shares but the net income attributable will be reflected in the increased value of the shares. A contingent deferred sales charge of 1% applies to certain redemptions on qualified investments of USD 1 million or more within 18 months after repurchase.

**Class B(acc) Shares:** No distribution of dividends will be made in respect of Class B(acc) shares but the net income attributable will be reflected in the increased value of the shares. All other terms and conditions are the same as those which apply for Class B(dis) shares.

**Class B(dis) Shares:** are not subject to an initial sales charge but are subject to a contingent deferred sales charge if an investor redeems shares within four years of purchase. In addition, a maintenance charge of up to 0.75% per annum of the applicable average net asset value and a servicing charge of up to 1.06% per annum of the applicable average net asset value are applied. These charges are accrued daily and are deducted and paid monthly to the Principal Distributor and/or other parties. Shares purchased from February 1, 2004 forward shall be automatically converted into Class A shares of the same fund eight years after their purchase as more fully disclosed in the Prospectus. Shares purchased by January 31, 2004 will be automatically converted into the same fund's Class A shares on January 31, 2011.

**Class C(acc) Shares:** No distribution of dividends will be made but the net income attributable will be reflected in the increased value of the shares. All other terms and conditions are the same as the those which apply for Class C(dis) Shares.

**Class C(dis) Shares:** are not subject to an initial sales charge but are subject to a contingent deferred sales charge of 1.00% if an investor redeems shares within one year of purchase. In addition, a servicing charge (during the first year of investment) and a maintenance charge (from the second and subsequent years of investment) of 1.08% per annum of the applicable average net asset value is deducted. These charges are accrued daily and are deducted and paid monthly to the Principal Distributor and/or other party.

**Class I(acc) Shares:** No distribution of dividends will be made but the net income attributable will be reflected in the increased value of the shares. All other terms and conditions are the same as those which apply for Class I(dis) shares.

**Class I(dis) Shares:** are offered to institutional investors as more fully described in the current Prospectus and addendums of the Company. Purchases of Class I(dis) shares are not subject to an initial sales charge, nor a contingent deferred sales charge or any maintenance, distribution or servicing charges. Class I(dis) shares benefit from a reduced Investment Management fee (note 3).

**Class N(acc) Shares:** No distribution of dividends will be made but the net income attributable will be reflected in the increased value of the shares. All other terms and conditions are the same as these which apply for Class N(dis) shares.

**Class N(dis) Shares:** are subject to an initial sales charge of up to 3% of the total amount invested. In addition, a distribution charge of up to 1.25% per annum of the applicable average net asset value is accrued daily and is deducted and paid monthly to the Principal Distributor. Class N(dis) shares may be offered in certain limited circumstances as more fully described in the current prospectus and addendum of the Company.

**Alternative currency hedged class of shares:** In respect of Hedged Share Classes, either the base currency exposure of the Hedged Share Class may be hedged into the Fund Hedged Share Class' alternative currency to reduce exchange rate fluctuations and to reduce return fluctuations (H1), or a hedging strategy may be applied in order to reduce the risk of currency movements between the currency of the Hedged Share Class and other material currencies of the securities held by said Fund (H2). Hedged Share Classes using the first methodology will contain the abbreviation H1 in their denomination whereas Hedged Share Classes using the second methodology will contain the abbreviation H2.

## NOTES TO THE FINANCIAL STATEMENTS

### AT JUNE 30, 2009 (CONTINUED)

#### Note 13 — Classes of shares: A(acc), A(dis), AX(acc), B(acc), B(dis), C(acc), C(dis), I(acc), I(dis), N(acc), N(dis), alternative currency class and alternative currency hedged class of shares (continued)

Franklin Templeton Investment Funds	Base urrency	Alternative Currency	Alternative Currency Hedged	A(acc)	A(mdis)	A(qdis)	A(ydis)	AX(acc)	B(acc)	B(mdis)	B(qdis)	B(ydis)	C(acc)	C(mdis)	C(qdis)	C(ydis)	I(acc)	I(mdis)	I(qdis)	I(ydis)	N(acc)	N(mdis)	N(qdis)
Franklin Asian Flex Cap Fund	USD			✓			✓		✓								✓			✓	✓		
		GBP					✓																
		SGD		✓																			
Franklin Biotechnology Discovery Fund	USD			✓					✓						✓		✓						✓
		SGD		✓																			
Franklin Euroland Core Fund	EUR			✓													✓						✓
		USD		✓													✓						✓
Franklin European Growth Fund	EUR			✓													✓						✓
Franklin European Small-Mid Cap Growth Fund	EUR			✓													✓						✓
		USD		✓					✓								✓						✓
Franklin Global Growth Fund	USD			✓													✓						✓
Franklin Global Real Estate (Euro) Fund	EUR			✓				✓									✓				✓		✓
Franklin Global Real Estate (USD) Fund	USD			✓		✓						✓			✓		✓			✓		✓	✓
		SGD		✓		✓									✓		✓			✓		✓	✓
Franklin Global Small-Mid Cap Growth Fund	USD			✓					✓								✓						✓
Franklin High Yield Fund	USD			✓	✓					✓					✓		✓						✓
		SGD (H1)		✓	✓												✓						✓
Franklin High Yield (Euro) Fund	EUR			✓	✓			✓									✓				✓		✓
Franklin Income Fund	USD			✓						✓				✓	✓		✓						✓
		SGD (H1)		✓													✓						✓
Franklin India Fund	USD			✓					✓								✓						✓
		EUR		✓				✓									✓				✓		✓
		GBP		✓				✓									✓				✓		✓
Franklin MENA Fund	USD			✓					✓						✓		✓						✓
		EUR		✓					✓								✓						✓
		GBP		✓					✓								✓						✓
		EUR (H1)		✓													✓						✓
Franklin Natural Resources Fund	USD			✓				✓							✓		✓						✓
		EUR		✓													✓						✓
Franklin Strategic Income Fund	USD			✓	✓					✓					✓		✓						✓
		EUR		✓	✓												✓						✓
Franklin Technology Fund	USD			✓					✓						✓		✓						✓
		EUR		✓					✓						✓		✓						✓
Franklin U.S. Equity Fund	USD			✓					✓						✓		✓						✓
		EUR		✓					✓						✓		✓						✓
		EUR (H1)		✓					✓						✓		✓						✓
Franklin U.S. Focus Fund	USD			✓													✓						✓
		EUR (H1)		✓					✓						✓		✓						✓
Franklin U.S. Government Fund	USD			✓				✓	✓	✓					✓		✓						✓
		SGD (H1)		✓					✓	✓					✓		✓						✓
Franklin U.S. Growth Fund	USD			✓					✓						✓		✓						✓
Franklin U.S. Opportunities Fund	USD			✓					✓						✓		✓						✓
		EUR		✓				✓							✓		✓						✓
		EUR (H1)		✓					✓						✓		✓						✓
		GBP		✓					✓						✓		✓						✓
		SGD		✓					✓						✓		✓						✓
Franklin U.S. Small-Mid Cap Growth Fund	USD			✓					✓						✓		✓						✓
Franklin U.S. Total Return Fund	USD			✓	✓				✓	✓					✓		✓			✓			✓
Franklin U.S. Ultra Short Bond Fund	USD			✓				✓	✓	✓					✓		✓						✓
Franklin World Perspectives Fund	USD			✓					✓						✓		✓						✓
		EUR		✓					✓						✓		✓						✓
		GBP		✓					✓						✓		✓						✓
Franklin Mutual Beacon Fund	USD			✓				✓	✓						✓		✓						✓
		EUR		✓					✓						✓		✓						✓
		SGD		✓					✓						✓		✓						✓
		EUR (H1)		✓					✓						✓		✓						✓
Franklin Mutual Euroland Fund	EUR			✓													✓						✓
		USD		✓													✓						✓
Franklin Mutual European Fund	EUR			✓									✓	✓			✓						✓
		GBP		✓				✓									✓						✓
		SGD		✓					✓								✓						✓
		USD		✓					✓								✓						✓
Franklin Mutual Global Discovery Fund	USD			✓					✓						✓		✓						✓
		EUR		✓					✓						✓		✓						✓
		GBP		✓					✓						✓		✓						✓
		EUR (H2)		✓					✓						✓		✓						✓
Franklin Templeton Global Equity Strategies Fund	USD			✓				✓									✓						✓
		EUR		✓				✓									✓						✓
		EUR (H1)		✓				✓									✓						✓
Franklin Templeton Global Fundamental Strategies Fund	USD			✓					✓						✓		✓						✓
		EUR		✓					✓								✓						✓
		EUR (H1)		✓					✓								✓						✓
Franklin Templeton Global Growth and Value Fund	USD			✓					✓						✓		✓						✓
		EUR		✓					✓								✓						✓
Franklin Templeton Japan Fund	JPY			✓													✓						✓
		EUR		✓				✓									✓						✓
		GBP		✓				✓									✓						✓
		SGD		✓					✓								✓						✓
		USD		✓					✓								✓						✓
Templeton Asian Bond Fund	USD			✓	✓				✓						✓		✓						✓
		EUR		✓	✓				✓						✓		✓						✓
		SGD		✓	✓				✓						✓		✓						✓
		EUR (H1)		✓	✓				✓						✓		✓						✓
Templeton Asian Growth Fund	USD			✓				✓	✓						✓		✓						



## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 14 — Soft commission

Consistent with obtaining best execution, brokerage commissions on portfolio transactions for the Company may be directed by the Investment Managers to broker-dealers in recognition of research services furnished by them as well as for services rendered in the execution of orders by such broker-dealers.

The receipt of investment research and information and related services permits the Investment Managers to supplement their own research and analysis and makes available to them the views and information of individuals and research staffs of other firms.

Such services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payment, which are paid by the Investment Managers.

### Note 15 — Connected party transactions

Certain directors of the Company are or may also be officers and/or directors of one or more of the various Investment Managers of the Funds, among others Franklin Advisers, Inc., Franklin Mutual Advisers L.L.C., Franklin Templeton Investment Management Limited, Franklin Templeton Investments Corp., Franklin Templeton Investments Japan Limited, Templeton Asset Management Limited and Templeton Global Advisors Limited and the Registrar and Transfer, Corporate, Domiciliary and Administrative Agent, Franklin Templeton International Services S.A., and the Commission Payer, Lightning Finance Limited/SG Constellation One Inc. All transactions with connected parties were entered into in the ordinary course of business and under normal commercial terms.

The investment management fees that are paid by the Company to the Investment Managers are detailed in note 3 to the financial statements.

There are no connected brokers in Franklin Templeton Investments, and no transactions were entered into with connected brokers during the year ended June 30, 2009.

The Company paid the following fees to Franklin Templeton International Services S.A. as the Registrar and Transfer, Corporate, Domiciliary and Administrative Agent for the year ended June 30, 2009:

➤ Administration and Transfer Agency Fees	USD	106,707,726
➤ Servicing charge	USD	104,738

The Company paid the following fees to Templeton Global Advisors Limited as the Principal Distributor of the Funds for the year ended June 30, 2009:

➤ Maintenance and Distribution charge	USD	204,382,452
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The Company paid the following fees to Lightning Finance Limited/SG Constellation One, Inc. as the Commission Payer to the Funds for the year ended June 30, 2009:

➤ Servicing charge	USD	32,106,900
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### Note 16 — Expenses reimbursement

For the year ended June 30, 2009, the following expenses will be reimbursed in the first instance by the Administrative Agent “Franklin Templeton International Services S.A.” and in the event that the expense exceeds the Administration fee, they will be reimbursed by the Fund’s Investment Managers as detailed on pages 3 and 4.

Fund	Currency	Amount	Fund*	Class	Currency	Amount
Franklin Asian Flex Cap Fund	USD	47,942	Franklin Biotechnology Discovery Fund	I(acc)	USD	130
Franklin Global Real Estate (Euro) Fund	EUR	11,104	Franklin Euroland Core Fund	I(acc)	EUR	4,626
Franklin Global Real Estate (USD) Fund	USD	4,716	Franklin European Growth Fund	I(acc)	EUR	285
Franklin High Yield (Euro) Fund	EUR	7,819	Franklin European Small-Mid Cap Growth Fund	I(acc)	EUR	1,077
Franklin India Fund	USD	283,073	Franklin Global Growth Fund	I(acc)	USD	549
Franklin Natural Resources Fund	USD	3,894	Franklin Global Small-Mid Cap Growth Fund	I(acc)	USD	17
Franklin Strategic Income Fund	USD	152,554	Franklin High Yield Fund	I(acc)	USD	5,216
Franklin Technology Fund	USD	41,220	Franklin High Yield Fund	I(dis)	USD	66,964
Franklin U.S. Total Return Fund	USD	78,795	Franklin Income Fund	I(acc)	USD	371
Franklin U.S. Ultra Short Bond Fund	USD	118,111	Franklin U.S. Government Fund	I(acc)	USD	18,807
Franklin World Perspectives Fund	USD	2,290	Franklin U.S. Government Fund	I(dis)	USD	421,680
Franklin Mutual Beacon Fund	USD	85,629	Franklin U.S. Growth Fund	I(acc)	USD	186
Franklin Mutual Global Discovery Fund	USD	2,031	Franklin U.S. Opportunities Fund	I(acc)	USD	9,357
Franklin Templeton Japan Fund	JPY	306,502	Franklin Mutual Euroland Fund	I(acc)	EUR	1,073
Templeton Asian Bond Fund	USD	396,709	Franklin Mutual European Fund	I(acc)	EUR	102,322
Templeton Asian Growth Fund	USD	660,180	Franklin Mutual European Fund	I(dis)	EUR	5,004
Templeton BRIC Fund	USD	1,147,931	Franklin Templeton Global Growth and Value Fund	I(acc)	USD	126
Templeton Eastern Europe Fund	EUR	48,282	Templeton China Fund	I(acc)	USD	7,596
Templeton Emerging Markets Smaller Companies Fund	USD	98,380	Templeton Emerging Markets Fund	I(acc)	USD	162,262
Templeton Euroland Fund	EUR	9,298	Templeton Emerging Markets Bond Fund	I(acc)	USD	30,338
Templeton European Total Return Fund	EUR	412,046	Templeton Emerging Markets Bond Fund	I(dis)	USD	10,585
Templeton Frontier Markets Fund	USD	5,432	Templeton Euroland Bond Fund	I(acc)	EUR	465
Templeton Global Fund	USD	29,088	Templeton European Fund	I(acc)	EUR	4,375
Templeton Global Absolute Return (Euro) Fund	EUR	1,055	Templeton Global (Euro) Fund	I(acc)	EUR	7,517
Templeton Global Balanced Fund	USD	55,784	Templeton Global Smaller Companies Fund	I(acc)	USD	2,086
Templeton Global Bond Fund	USD	453,506	Templeton Korea Fund	I(acc)	USD	3,597
Templeton Global Bond (Euro) Fund	EUR	192,917	Templeton Latin America Fund	I(acc)	USD	231,137
Templeton Global Equity Income Fund	USD	491,147	Templeton Thailand Fund	I(acc)	USD	125
Templeton Global Income Fund	USD	273,934	Templeton U.S. Value Fund	I(acc)	USD	51
Templeton Global Total Return Fund	USD	2,008,501				
Templeton Growth (Euro) Fund	EUR	43,840				

\*The reimbursement applies only to the class disclosed.

### Note 17 — Total expense ratio

The Total Expense Ratio (“TER”), expressed as a percentage, represents how the total expenses of the Funds relate to the average net assets of the Funds for the year ended June 30, 2009. The total expenses comprise the investment management fees, the administration and transfer agency fees, the custodian fees and other expenses as summarised in the Statement of Operations and Changes in Net Assets.

## NOTES TO THE FINANCIAL STATEMENTS

### AT JUNE 30, 2009 (CONTINUED)

#### Note 18 — Annual and interim dividends distributed for the year ended June 30, 2009

Accumulated dividends have not been paid out and are reflected as an increase in the Issue of shares in the Statement of Operations and Changes in Net Assets.

	A (mdis) USD	A (qdis) USD	A (ydis) USD	A (mdis) EUR	A (qdis) EUR	A (Ydis) EUR	A (mdis) GBP	A (qdis) GBP	A (Ydis) GBP	A (mdis) SGD	A (qdis) SGD	A (mdis) EUR Hdg (H1)	A (mdis) GBP Hdg (H1)
<b>Franklin Asian Flex Cap Fund</b>													
Jul-08	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Franklin Global Real Estate (Euro) Fund</b>													
Jul-08	-	-	-	-	-	0.239	-	-	0.205	-	-	-	-
Dec-08	-	-	-	-	-	-	-	-	0.082	-	-	-	-
<b>Franklin Global Real Estate (USD) Fund</b>													
Jul-08	-	0.049	-	-	-	-	-	-	-	-	0.040	-	-
Oct-08	-	0.036	-	-	-	-	-	-	-	-	0.031	-	-
Jan-09	-	0.046	-	-	-	-	-	-	-	-	0.039	-	-
Apr-09	-	0.037	-	-	-	-	-	-	-	-	0.033	-	-
<b>Franklin High Yield Fund</b>													
Jul-08	0.042	-	-	-	-	-	-	-	-	-	-	-	-
Aug-08	0.042	-	-	-	-	-	-	-	-	-	-	-	-
Sep-08	0.043	-	-	-	-	-	-	-	-	-	-	-	-
Oct-08	0.040	-	-	-	-	-	-	-	-	-	-	-	-
Nov-08	0.044	-	-	-	-	-	-	-	-	-	-	-	-
Dec-08	0.045	-	-	-	-	-	-	-	-	-	-	-	-
Jan-09	0.046	-	-	-	-	-	-	-	-	-	-	-	-
Feb-09	0.039	-	-	-	-	-	-	-	-	-	-	-	-
Mar-09	0.036	-	-	-	-	-	-	-	-	-	-	-	-
Apr-09	0.032	-	-	-	-	-	-	-	-	-	-	-	-
May-09	0.023	-	-	-	-	-	-	-	-	-	-	-	-
Jun-09	0.033	-	-	-	-	-	-	-	-	-	-	-	-
<b>Franklin High Yield (Euro) Fund</b>													
Jul-08	-	-	-	0.039	-	0.450	-	-	-	-	-	-	-
Aug-08	-	-	-	0.040	-	-	-	-	-	-	-	-	-
Sep-08	-	-	-	0.042	-	-	-	-	-	-	-	-	-
Oct-08	-	-	-	0.042	-	-	-	-	-	-	-	-	-
Nov-08	-	-	-	0.046	-	-	-	-	-	-	-	-	-
Dec-08	-	-	-	0.043	-	-	-	-	-	-	-	-	-
Jan-09	-	-	-	0.044	-	-	-	-	-	-	-	-	-
Feb-09	-	-	-	0.034	-	-	-	-	-	-	-	-	-
Mar-09	-	-	-	0.017	-	-	-	-	-	-	-	-	-
Apr-09	-	-	-	0.045	-	-	-	-	-	-	-	-	-
May-09	-	-	-	0.050	-	-	-	-	-	-	-	-	-
Jun-09	-	-	-	0.040	-	-	-	-	-	-	-	-	-
<b>Franklin Income Fund</b>													
Jul-08	0.031	-	-	-	-	-	-	-	-	-	-	-	-
Aug-08	0.040	-	-	-	-	-	-	-	-	-	-	-	-
Sep-08	0.040	-	-	-	-	-	-	-	-	-	-	-	-
Oct-08	0.043	-	-	-	-	-	-	-	-	-	-	-	-
Nov-08	0.050	-	-	-	-	-	-	-	-	-	-	-	-
Dec-08	0.050	-	-	-	-	-	-	-	-	-	-	-	-
Jan-09	0.050	-	-	-	-	-	-	-	-	-	-	-	-
Feb-09	0.055	-	-	-	-	-	-	-	-	-	-	-	-
Mar-09	0.060	-	-	-	-	-	-	-	-	-	-	-	-
Apr-09	0.050	-	-	-	-	-	-	-	-	-	-	-	-
May-09	0.023	-	-	-	-	-	-	-	-	-	-	-	-
Jun-09	0.046	-	-	-	-	-	-	-	-	-	-	-	-
<b>Franklin India Fund</b>													
Jul-08	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Franklin Natural Resources Fund</b>													
Jul-08	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Franklin Strategic Income Fund</b>													
Jul-08	0.033	-	-	0.021	-	-	-	-	-	-	-	-	-
Aug-08	0.036	-	-	0.023	-	-	-	-	-	-	-	-	-
Sep-08	0.038	-	-	0.027	-	-	-	-	-	-	-	-	-
Oct-08	0.040	-	-	0.028	-	-	-	-	-	-	-	-	-
Nov-08	0.033	-	-	0.028	-	-	-	-	-	-	-	-	-
Dec-08	0.039	-	-	0.030	-	-	-	-	-	-	-	-	-
Jan-09	0.041	-	-	0.030	-	-	-	-	-	-	-	-	-
Feb-09	0.036	-	-	0.029	-	-	-	-	-	-	-	-	-
Mar-09	0.039	-	-	0.030	-	-	-	-	-	-	-	-	-
Apr-09	0.039	-	-	0.029	-	-	-	-	-	-	-	-	-
May-09	0.035	-	-	0.026	-	-	-	-	-	-	-	-	-
Jun-09	0.036	-	-	0.025	-	-	-	-	-	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### AT JUNE 30, 2009 (CONTINUED)

#### Note 18 — Annual and interim dividends distributed for the year ended June 30, 2009 (continued)

Accumulated dividends have not been paid out and are reflected as an increase in the Issue of shares in the Statement of Operations and Changes in Net Assets.

A (mdis) SGD Hdg (H1)	B (mdis) USD	B (qdis) USD	B (ydis) EUR	C (mdis) USD	C (qdis) USD	I (ydis) USD	I (mdis) USD	I (qdis) USD	I (ydis) USD	I (mdis) CHF	I (mdis) EUR	I (ydis) EUR	I (qdis) JPY	N (ydis) GBP	N (mdis) USD	N (qdis) USD	N (mdis) EUR	N (mdis) EUR Hdg (H1)
-	-	-	-	-	-	-	-	-	0.105	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.277	-	-	-	-	-	-
-	-	0.019	-	-	0.034	-	-	0.071	-	-	-	-	-	-	-	0.030	-	-
-	-	0.007	-	-	0.023	-	-	0.056	-	-	-	-	-	-	-	0.019	-	-
-	-	0.026	-	-	0.036	-	-	0.060	-	-	-	-	-	-	-	0.034	-	-
-	-	0.023	-	-	0.031	-	-	0.049	-	-	-	-	-	-	-	0.029	-	-
0.055	0.033	-	-	-	-	-	0.071	-	-	-	-	-	-	-	-	-	-	-
0.056	0.035	-	-	-	-	-	0.073	-	-	-	-	-	-	-	-	-	-	-
0.060	0.035	-	-	-	-	-	0.075	-	-	-	-	-	-	-	-	-	-	-
0.054	0.033	-	-	-	-	-	0.069	-	-	-	-	-	-	-	-	-	-	-
0.062	0.037	-	-	-	-	-	0.074	-	-	-	-	-	-	-	-	-	-	-
0.062	0.040	-	-	-	-	-	0.076	-	-	-	-	-	-	-	-	-	-	-
0.056	0.040	-	-	-	-	-	0.077	-	-	-	-	-	-	-	-	-	-	-
0.053	0.034	-	-	-	-	-	0.066	-	-	-	-	-	-	-	-	-	-	-
0.044	0.029	-	-	-	-	-	0.041	-	-	-	-	-	-	-	-	-	-	-
0.044	0.027	-	-	-	-	-	0.060	-	-	-	-	-	-	-	-	-	-	-
0.028	0.017	-	-	-	-	-	0.040	-	-	-	-	-	-	-	-	-	-	-
0.040	0.026	-	-	-	-	-	0.058	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	0.048	0.752	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	0.066	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	0.068	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	0.068	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	0.072	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	0.068	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	0.070	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	0.054	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	0.061	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	0.070	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	0.065	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	0.052	-	-	-	-	-	-	-
0.034	0.022	-	-	0.032	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.029	0.030	-	-	0.040	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.030	0.030	-	-	0.040	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.037	0.027	-	-	0.044	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.030	0.035	-	-	0.050	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.030	0.035	-	-	0.050	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.030	0.035	-	-	0.050	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.040	0.040	-	-	0.055	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.050	0.050	-	-	0.070	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.045	0.040	-	-	0.070	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.030	0.025	-	-	0.059	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.033	0.035	-	-	0.063	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	0.023	-	-	0.028	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	0.026	-	-	0.032	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	0.027	-	-	0.033	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	0.030	-	-	0.035	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	0.024	-	-	0.029	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	0.030	-	-	0.034	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	0.032	-	-	0.037	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	0.027	-	-	0.031	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	0.030	-	-	0.035	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	0.030	-	-	0.034	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	0.026	-	-	0.031	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	0.025	-	-	0.031	-	-	-	-	-	-	-	-	-	-	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 18 — Annual and interim dividends distributed for the year ended June 30, 2009 (continued)

Accumulated dividends have not been paid out and are reflected as an increase in the Issue of shares in the Statement of Operations and Changes in Net Assets.

	A (mdis) USD	A (qdis) USD	A (ydis) USD	A (mdis) EUR	A (qdis) EUR	A (Ydis) EUR	A (mdis) GBP	A (qdis) GBP	A (Ydis) GBP	A (mdis) SGD	A (qdis) SGD	A (mdis) EUR Hdg (H1)	A (mdis) GBP Hdg (H1)
<b>Franklin U.S. Government Fund</b>													
Jul-08	0.031	-	-	-	-	-	-	-	-	-	-	-	-
Aug-08	0.031	-	-	-	-	-	-	-	-	-	-	-	-
Sep-08	0.031	-	-	-	-	-	-	-	-	-	-	-	-
Oct-08	0.031	-	-	-	-	-	-	-	-	-	-	-	-
Nov-08	0.031	-	-	-	-	-	-	-	-	-	-	-	-
Dec-08	0.031	-	-	-	-	-	-	-	-	-	-	-	-
Jan-09	0.031	-	-	-	-	-	-	-	-	-	-	-	-
Feb-09	0.031	-	-	-	-	-	-	-	-	-	-	-	-
Mar-09	0.028	-	-	-	-	-	-	-	-	-	-	-	-
Apr-09	0.028	-	-	-	-	-	-	-	-	-	-	-	-
May-09	0.027	-	-	-	-	-	-	-	-	-	-	-	-
Jun-09	0.027	-	-	-	-	-	-	-	-	-	-	-	-
<b>Franklin U.S. Opportunities Fund</b>													
Jul-08	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Franklin U.S. Ultra Short Bond Fund</b>													
Jul-08	0.018	-	-	-	-	-	-	-	-	-	-	-	-
Aug-08	0.017	-	-	-	-	-	-	-	-	-	-	-	-
Sep-08	0.017	-	-	-	-	-	-	-	-	-	-	-	-
Oct-08	0.016	-	-	-	-	-	-	-	-	-	-	-	-
Nov-08	0.013	-	-	-	-	-	-	-	-	-	-	-	-
Dec-08	0.024	-	-	-	-	-	-	-	-	-	-	-	-
Jan-09	0.014	-	-	-	-	-	-	-	-	-	-	-	-
Feb-09	0.012	-	-	-	-	-	-	-	-	-	-	-	-
Mar-09	0.012	-	-	-	-	-	-	-	-	-	-	-	-
Apr-09	0.013	-	-	-	-	-	-	-	-	-	-	-	-
May-09	0.013	-	-	-	-	-	-	-	-	-	-	-	-
Jun-09	0.015	-	-	-	-	-	-	-	-	-	-	-	-
<b>Franklin U.S. Total Return Fund</b>													
Jul-08	0.046	-	-	-	-	-	-	-	-	-	-	-	-
Aug-08	0.029	-	-	-	-	-	-	-	-	-	-	-	-
Sep-08	0.035	-	-	-	-	-	-	-	-	-	-	-	-
Oct-08	0.031	-	-	-	-	-	-	-	-	-	-	-	-
Nov-08	0.032	-	-	-	-	-	-	-	-	-	-	-	-
Dec-08	0.036	-	-	-	-	-	-	-	-	-	-	-	-
Jan-09	0.029	-	-	-	-	-	-	-	-	-	-	-	-
Feb-09	0.022	-	-	-	-	-	-	-	-	-	-	-	-
Mar-09	0.025	-	-	-	-	-	-	-	-	-	-	-	-
Apr-09	0.029	-	-	-	-	-	-	-	-	-	-	-	-
May-09	0.029	-	-	-	-	-	-	-	-	-	-	-	-
Jun-09	0.031	-	-	-	-	-	-	-	-	-	-	-	-
<b>Franklin Mutual Beacon Fund</b>													
Jul-08	-	-	0.465	-	-	-	-	-	-	-	-	-	-
<b>Franklin Mutual European Fund</b>													
Jul-08	-	-	-	-	-	0.221	-	-	0.171	-	-	-	-
<b>Franklin Mutual Global Discovery Fund</b>													
Jul-08	-	-	-	-	-	0.127	-	-	0.100	-	-	-	-
<b>Franklin Templeton Global Equity Strategies Fund</b>													
Jul-08	-	-	0.009	-	-	0.006	-	-	-	-	-	-	-
<b>Franklin Templeton Global Fundamental Strategies Fund</b>													
Jul-08	-	-	0.083	-	-	0.037	-	-	-	-	-	-	-
<b>Franklin Templeton Japan Fund</b>													
Jul-08	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Templeton Asian Bond Fund</b>													
Jul-08	0.039	-	-	0.024	-	-	-	-	0.030	-	-	-	-
Aug-08	0.053	-	-	0.034	-	-	-	-	0.041	-	-	-	-
Sep-08	0.053	-	-	0.037	-	-	-	-	0.044	-	-	-	-
Oct-08	0.050	-	-	0.036	-	-	-	-	0.040	-	-	-	-
Nov-08	0.055	-	-	0.045	-	-	-	-	0.049	-	-	-	-
Dec-08	0.048	-	-	0.037	-	-	-	-	0.039	-	-	-	-
Jan-09	0.040	-	-	0.030	-	-	-	-	0.033	-	-	-	-
Feb-09	0.039	-	-	0.032	-	-	-	-	0.033	-	-	-	-
Mar-09	0.036	-	-	0.029	-	-	-	-	0.034	-	-	-	-
Apr-09	0.021	-	-	0.017	-	-	-	-	0.018	-	-	-	-
May-09	0.048	-	-	0.037	-	-	-	-	0.039	-	-	-	-
Jun-09	0.050	-	-	0.034	-	-	-	-	0.040	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### AT JUNE 30, 2009 (CONTINUED)

#### Note 18 — Annual and interim dividends distributed for the year ended June 30, 2009 (continued)

Accumulated dividends have not been paid out and are reflected as an increase in the Issue of shares in the Statement of Operations and Changes in Net Assets.

A (mdis) SGD Hdg (H1)	B (mdis) USD	B (qdis) USD	B (ydis) EUR	C (mdis) USD	C (qdis) USD	I (ydis) USD	I (mdis) USD	I (qdis) USD	I (ydis) USD	I (mdis) CHF	I (mdis) EUR	I (ydis) EUR	I (qdis) JPY	N (ydis) GBP	N (mdis) USD	N (qdis) USD	N (mdis) EUR	N (mdis) EUR Hdg (H1)
0.090	0.023	-	-	-	-	-	0.039	-	-	-	-	-	-	-	0.025	-	-	-
0.071	0.023	-	-	-	-	-	0.039	-	-	-	-	-	-	-	0.025	-	-	-
0.037	0.023	-	-	-	-	-	0.039	-	-	-	-	-	-	-	0.025	-	-	-
0.034	0.023	-	-	-	-	-	0.039	-	-	-	-	-	-	-	0.025	-	-	-
0.020	0.023	-	-	-	-	-	0.039	-	-	-	-	-	-	-	0.025	-	-	-
0.020	0.023	-	-	-	-	-	0.039	-	-	-	-	-	-	-	0.025	-	-	-
0.020	0.023	-	-	-	-	-	0.039	-	-	-	-	-	-	-	0.025	-	-	-
0.020	0.023	-	-	-	-	-	0.039	-	-	-	-	-	-	-	0.025	-	-	-
0.020	0.023	-	-	-	-	-	0.037	-	-	-	-	-	-	-	0.017	-	-	-
0.020	0.019	-	-	-	-	-	0.036	-	-	-	-	-	-	-	0.017	-	-	-
0.020	0.019	-	-	-	-	-	0.036	-	-	-	-	-	-	-	0.017	-	-	-
0.020	0.019	-	-	-	-	-	0.036	-	-	-	-	-	-	-	0.017	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	0.009	-	-	0.010	-	-	-	-	-	-	-	-	-	-	0.012	-	-	-
-	0.007	-	-	0.010	-	-	-	-	-	-	-	-	-	-	0.012	-	-	-
-	0.007	-	-	0.009	-	-	-	-	-	-	-	-	-	-	0.011	-	-	-
-	0.007	-	-	0.009	-	-	-	-	-	-	-	-	-	-	0.011	-	-	-
-	0.003	-	-	0.005	-	-	-	-	-	-	-	-	-	-	0.006	-	-	-
-	0.015	-	-	0.017	-	-	-	-	-	-	-	-	-	-	0.019	-	-	-
-	0.005	-	-	0.007	-	-	-	-	-	-	-	-	-	-	0.009	-	-	-
-	0.002	-	-	0.004	-	-	-	-	-	-	-	-	-	-	0.007	-	-	-
-	0.003	-	-	0.004	-	-	-	-	-	-	-	-	-	-	0.007	-	-	-
-	0.003	-	-	0.006	-	-	-	-	-	-	-	-	-	-	0.008	-	-	-
-	0.004	-	-	0.005	-	-	-	-	-	-	-	-	-	-	0.006	-	-	-
-	0.005	-	-	0.007	-	-	-	-	-	-	-	-	-	-	0.010	-	-	-
-	0.034	-	-	0.037	-	-	0.053	-	-	-	-	-	-	-	0.040	-	-	-
-	0.017	-	-	0.021	-	-	0.034	-	-	-	-	-	-	-	0.023	-	-	-
-	0.024	-	-	0.027	-	-	0.036	-	-	-	-	-	-	-	0.030	-	-	-
-	0.018	-	-	0.023	-	-	0.035	-	-	-	-	-	-	-	0.025	-	-	-
-	0.021	-	-	0.024	-	-	0.035	-	-	-	-	-	-	-	0.027	-	-	-
-	0.026	-	-	0.030	-	-	0.041	-	-	-	-	-	-	-	0.031	-	-	-
-	0.019	-	-	0.021	-	-	0.033	-	-	-	-	-	-	-	0.024	-	-	-
-	0.011	-	-	0.015	-	-	0.026	-	-	-	-	-	-	-	0.017	-	-	-
-	0.015	-	-	0.018	-	-	0.029	-	-	-	-	-	-	-	0.017	-	-	-
-	0.018	-	-	0.021	-	-	0.033	-	-	-	-	-	-	-	0.023	-	-	-
-	0.020	-	-	0.022	-	-	0.033	-	-	-	-	-	-	-	0.025	-	-	-
-	0.019	-	-	0.023	-	-	0.034	-	-	-	-	-	-	-	0.025	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	0.083	-	-	-	-	-	-	-	0.334	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.180	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	0.025	-	-	0.032	-	-	-	-	-	0.029	-	-	-	-	0.033	-	-	-
-	0.038	-	-	0.044	-	-	-	-	-	0.038	-	-	-	-	0.045	-	-	-
-	0.039	-	-	0.046	-	-	-	-	-	0.042	-	-	-	-	0.047	-	-	-
-	0.036	-	-	0.042	-	-	-	-	-	0.041	-	-	-	-	0.043	-	-	-
-	0.043	-	-	0.048	-	-	-	-	-	0.050	-	-	-	-	0.049	-	-	-
-	0.036	-	-	0.041	-	-	-	-	-	0.043	-	-	-	-	0.042	-	-	-
-	0.028	-	-	0.034	-	-	-	-	-	0.033	-	-	-	-	0.035	-	-	-
-	0.026	-	-	0.032	-	-	-	-	-	0.036	-	-	-	-	0.032	-	-	-
-	0.026	-	-	0.030	-	-	-	-	-	0.036	-	-	-	-	0.032	-	-	-
-	0.010	-	-	0.016	-	-	-	-	-	0.021	-	-	-	-	0.017	-	-	-
-	0.036	-	-	0.041	-	-	-	-	-	0.041	-	-	-	-	0.042	-	-	-
-	0.035	-	-	0.041	-	-	-	-	-	0.040	-	-	-	-	0.042	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 18 — Annual and interim dividends distributed for the year ended June 30, 2009 (continued)

Accumulated dividends have not been paid out and are reflected as an increase in the Issue of shares in the Statement of Operations and Changes in Net Assets.

	A (mdis) USD	A (qdis) USD	A (ydis) USD	A (mdis) EUR	A (qdis) EUR	A (Ydis) EUR	A (mdis) GBP	A (qdis) GBP	A (Ydis) GBP	A (mdis) SGD	A (qdis) SGD	A (mdis) EUR Hdg (H1)	A (mdis) GBP Hdg (H1)
<b>Templeton Asian Growth Fund</b>													
Jul-08	-	-	0.177	-	-	0.113	-	-	0.088	-	-	-	-
<b>Templeton BRIC Fund</b>													
Jul-08	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Templeton China Fund</b>													
Jul-08	-	-	-	-	-	0.057	-	-	0.042	-	-	-	-
Dec-08	-	-	-	-	-	0.008	-	-	0.011	-	-	-	-
<b>Templeton Eastern Europe Fund</b>													
Jul-08	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Templeton Emerging Markets Fund</b>													
Jul-08	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Templeton Emerging Markets Bond Fund</b>													
Jul-08	-	0.246	-	-	0.156	-	-	-	-	-	-	-	-
Oct-08	-	0.273	-	-	0.190	-	-	-	-	-	-	-	-
Jan-09	-	0.190	-	-	0.147	-	-	-	-	-	-	-	-
Apr-09	-	0.209	-	-	0.164	-	-	-	-	-	-	-	-
<b>Templeton Emerging Markets Smaller Companies Fund</b>													
Jul-08	-	-	0.013	-	-	-	-	-	0.016	-	-	-	-
<b>Templeton Euro Liquid Reserve Fund</b>													
Jul-08	-	-	-	-	-	0.179	-	-	-	-	-	-	-
<b>Templeton Euroland Fund</b>													
Jul-08	-	-	-	-	-	0.263	-	-	-	-	-	-	-
<b>Templeton Euroland Bond Fund</b>													
Jul-08	-	-	-	-	-	0.291	-	-	-	-	-	-	-
<b>Templeton European Fund</b>													
Jul-08	-	-	0.457	-	-	0.290	-	-	-	-	-	-	-
<b>Templeton European Total Return Fund</b>													
Jul-08	0.057	-	-	0.034	-	0.367	0.028	-	-	-	-	-	-
Aug-08	0.055	-	-	0.036	-	-	0.028	-	-	-	-	-	-
Sep-08	0.051	-	-	0.035	-	-	0.029	-	-	-	-	-	-
Oct-08	0.045	-	-	0.032	-	-	0.026	-	-	-	-	-	-
Nov-08	0.043	-	-	0.035	-	-	0.026	-	-	-	-	-	-
Dec-08	0.041	-	-	0.034	-	-	0.034	-	-	-	-	-	-
Jan-09	0.046	-	-	0.032	-	-	-	-	-	-	-	-	-
Feb-09	0.039	-	-	0.032	-	-	-	-	-	-	-	-	-
Mar-09	0.036	-	-	0.026	-	-	-	-	-	-	-	-	-
Apr-09	0.041	-	-	0.031	-	-	-	-	-	-	-	-	-
May-09	0.038	-	-	0.029	-	-	-	-	-	-	-	-	-
Jun-09	0.039	-	-	0.027	-	-	-	-	-	-	-	-	-
<b>Templeton Global Fund</b>													
Jul-08	-	-	0.423	-	-	-	-	-	-	-	-	-	-
<b>Templeton Global (Euro) Fund</b>													
Jul-08	-	-	-	-	-	0.187	-	-	-	-	-	-	-
<b>Templeton Global Absolute Return (Euro) Fund*</b>													
Jul-08	-	-	-	-	-	0.437	-	-	-	-	-	-	-
Dec-08	-	-	-	-	-	0.197	-	-	-	-	-	-	-
<b>Templeton Global Absolute Return (USD) Fund*</b>													
Jul-08	-	0.077	-	-	-	-	0.039	-	-	-	-	-	-
Oct-08	-	0.076	-	-	-	-	0.043	-	-	-	-	-	-
Dec-08	-	0.050	-	-	-	-	0.035	-	-	-	-	-	-
<b>Templeton Global Balanced Fund</b>													
Jul-08	-	0.183	-	-	-	-	-	-	-	-	-	-	-
Oct-08	-	0.077	-	-	-	-	-	-	-	-	-	-	-
Jan-09	-	0.036	-	-	-	-	-	-	-	-	-	-	-
Apr-09	-	0.036	-	-	-	-	-	-	-	-	-	-	-
<b>Templeton Global Bond Fund</b>													
Jul-08	0.049	-	-	0.030	-	0.372	0.025	-	-	0.029	-	0.017	0.024
Aug-08	0.067	-	-	0.044	-	-	0.033	-	-	0.040	-	0.043	0.034
Sep-08	0.061	-	-	0.042	-	-	0.034	-	-	0.040	-	0.042	0.033
Oct-08	0.049	-	-	0.035	-	-	0.029	-	-	0.031	-	0.034	0.029
Nov-08	0.043	-	-	0.036	-	-	0.027	-	-	0.029	-	0.033	0.025



## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 18 — Annual and interim dividends distributed for the year ended June 30, 2009 (continued)

Accumulated dividends have not been paid out and are reflected as an increase in the Issue of shares in the Statement of Operations and Changes in Net Assets.

	A (mdis) USD	A (qdis) USD	A (ydis) USD	A (mdis) EUR	A (qdis) EUR	A (Ydis) EUR	A (mdis) GBP	A (qdis) GBP	A (Ydis) GBP	A (mdis) SGD	A (qdis) SGD	A (mdis) EUR Hdg (H1)	A (mdis) GBP Hdg (H1)
<b>Templeton Global Bond Fund (Continue)</b>													
Dec-08	0.046	—	—	0.036	—	—	0.032	—	—	0.032	—	0.031	0.027
Jan-09	0.027	—	—	0.020	—	—	0.020	—	—	0.017	—	0.017	0.016
Feb-09	0.031	—	—	0.025	—	—	0.020	—	—	0.023	—	0.022	0.017
Mar-09	0.047	—	—	0.035	—	—	0.032	—	—	0.030	—	0.033	0.023
Apr-09	0.046	—	—	0.036	—	—	0.034	—	—	0.031	—	0.030	0.025
May-09	0.062	—	—	0.046	—	—	0.040	—	—	0.039	—	0.039	0.030
Jun-09	0.071	—	—	0.050	—	—	0.044	—	—	0.047	—	0.043	0.033
<b>Templeton Global Bond (Euro) Fund</b>													
Jul-08	—	—	—	—	—	0.505	—	—	—	—	—	—	—
<b>Templeton Global Equity Income Fund</b>													
Jul-08	—	0.059	—	—	—	—	—	—	—	—	0.064	—	—
Oct-08	—	0.120	—	—	—	—	—	—	—	—	0.098	—	—
Jan-09	—	0.080	—	—	—	—	—	—	—	—	0.031	—	—
Apr-09	—	0.022	—	—	—	—	—	—	—	—	0.017	—	—
<b>Templeton Global High Yield Fund</b>													
Jul-08	0.046	—	—	0.029	—	—	0.024	—	—	—	—	—	—
Aug-08	0.050	—	—	0.031	—	—	0.025	—	—	—	—	—	—
Sep-08	0.047	—	—	0.033	—	—	0.026	—	—	—	—	—	—
Oct-08	0.055	—	—	0.039	—	—	0.032	—	—	—	—	—	—
Nov-08	0.054	—	—	0.045	—	—	0.033	—	—	—	—	—	—
Dec-08	0.030	—	—	0.023	—	—	0.021	—	—	—	—	—	—
Jan-09	0.047	—	—	0.034	—	—	0.034	—	—	—	—	—	—
Feb-09	0.041	—	—	0.033	—	—	0.027	—	—	—	—	—	—
Mar-09	0.043	—	—	0.034	—	—	0.030	—	—	—	—	—	—
Apr-09	0.046	—	—	0.034	—	—	0.032	—	—	—	—	—	—
May-09	0.039	—	—	0.030	—	—	0.026	—	—	—	—	—	—
Jun-09	0.049	—	—	0.034	—	—	0.029	—	—	—	—	—	—
<b>Templeton Global Income Fund</b>													
Jul-08	—	0.185	—	—	—	—	—	—	—	—	—	—	—
Oct-08	—	0.149	—	—	—	—	—	—	—	—	—	—	—
Jan-09	—	0.104	—	—	—	—	—	—	—	—	—	—	—
Apr-09	—	0.092	—	—	—	—	—	—	—	—	—	—	—
<b>Templeton Global Smaller Companies Fund</b>													
Jul-08	—	—	0.272	—	—	—	—	—	—	—	—	—	—
<b>Templeton Global Total Return Fund</b>													
Jul-08	0.051	—	—	0.032	—	0.379	0.026	—	—	0.035	—	0.018	0.025
Aug-08	0.070	—	—	0.045	—	—	0.035	—	—	0.049	—	0.044	0.035
Sep-08	0.065	—	—	0.046	—	—	0.037	—	—	0.048	—	0.044	0.036
Oct-08	0.055	—	—	0.039	—	—	0.032	—	—	0.040	—	0.037	0.030
Nov-08	0.049	—	—	0.040	—	—	0.030	—	—	0.038	—	0.036	0.029
Dec-08	0.056	—	—	0.045	—	—	0.039	—	—	0.044	—	0.040	0.032
Jan-09	0.048	—	—	0.035	—	—	0.035	—	—	0.036	—	0.024	0.028
Feb-09	0.046	—	—	0.036	—	—	0.030	—	—	0.035	—	0.031	0.022
Mar-09	0.062	—	—	0.049	—	—	0.051	—	—	0.083	—	—	0.039
Apr-09	0.061	—	—	0.045	—	—	0.034	—	—	0.013	—	0.076	0.022
May-09	0.071	—	—	0.054	—	—	0.047	—	—	0.053	—	0.045	0.034
Jun-09	0.085	—	—	0.060	—	—	0.052	—	—	0.063	—	0.050	0.038
<b>Templeton Growth (Euro) Fund</b>													
Jul-08	—	—	0.156	—	—	0.091	—	—	—	—	—	—	—
<b>Templeton Latin America Fund</b>													
Jul-08	—	—	0.176	—	—	0.111	—	—	0.088	—	—	—	—
<b>Templeton U.S. Dollar Liquid Reserve Fund</b>													
Jul-08	0.013	—	—	—	—	—	—	—	—	—	—	—	—
Aug-08	0.013	—	—	—	—	—	—	—	—	—	—	—	—
Sep-08	0.012	—	—	—	—	—	—	—	—	—	—	—	—
Oct-08	0.012	—	—	—	—	—	—	—	—	—	—	—	—
Nov-08	0.005	—	—	—	—	—	—	—	—	—	—	—	—
Dec-08	0.001	—	—	—	—	—	—	—	—	—	—	—	—
Jan-09	—	—	—	—	—	—	—	—	—	—	—	—	—
Feb-09	—	—	—	—	—	—	—	—	—	—	—	—	—
Mar-09	—	—	—	—	—	—	—	—	—	—	—	—	—
Apr-09	—	—	—	—	—	—	—	—	—	—	—	—	—
May-09	—	—	—	—	—	—	—	—	—	—	—	—	—
Jun-09	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Templeton U.S. Value Fund</b>													
Jul-08	—	—	—	—	—	—	—	—	—	—	—	—	—

\* These Funds were merged into Templeton Global Total Return Fund effective on December 19, 2008.



## NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2009 (CONTINUED)

### Note 19 — Time deposits and cash repurchase agreements (“repos”)

As at June 30, 2009, the Company had the following cash on time deposit and repos held with highly rated financial institutions:

TIME DEPOSITS					
SubFund	Currency	Amount	SubFund	Currency	Amount
Franklin European Growth Fund	EUR	1,800,000	Templeton Eastern Europe Fund	EUR	8,820,000
Franklin European Small-Mid Cap Growth Fund	EUR	4,440,000	Templeton Emerging Markets Fund	USD	17,390,000
Franklin Global Growth Fund	USD	1,645,000	Templeton Emerging Markets Bond Fund	USD	129,400,000
Franklin Global Real Estate (Euro) Fund	EUR	140,000	Templeton Euro Liquid Reserve Fund	EUR	12,485,000
Franklin Global Real Estate (USD) Fund	USD	910,000	Templeton Euroland Fund	EUR	7,765,000
Franklin Global Small-Mid Cap Growth Fund	USD	1,200,000	Templeton Euroland Bond Fund	EUR	1,440,000
Franklin High Yield (Euro) Fund	EUR	53,800,000	Templeton European Fund	EUR	2,230,000
Franklin India Fund	USD	17,760,000	Templeton European Total Return Fund	EUR	2,515,000
Franklin MENA Fund	USD	645,000	Templeton Global Fund	USD	6,690,000
Franklin World Perspectives Fund	USD	325,000	Templeton Global Balanced Fund	USD	10,000,000
Franklin Mutual European Fund	EUR	39,400,000	Templeton Global Bond Fund	USD	171,400,000
Franklin Mutual Global Discovery Fund	USD	52,373,881	Templeton Global Bond (Euro) Fund	EUR	6,570,000
Franklin Templeton Global Equity Strategies Fund	USD	11,620,000	Templeton Global Equity Income Fund	USD	5,055,000
Franklin Templeton Global Growth and Value Fund	USD	690,000	Templeton Global Income Fund	USD	7,475,000
Templeton Asian Bond Fund	USD	13,780,000	Templeton Global Smaller Companies Fund	USD	19,140,000
Templeton Asian Growth Fund	USD	172,920,000	Templeton Growth (Euro) Fund	EUR	200,183,327
Templeton BRIC Fund	USD	21,970,000	Templeton Latin America Fund	USD	111,675,000
Templeton China Fund	USD	22,325,000			

As at June 30, 2009, the Company had no outstanding cash repos.

### Note 20 — Audited and unaudited semi-annual reports

The abridged audited annual reports will be distributed to all June 30 registered shareholders. The audited annual report is available, free of charge, upon request from the registered office of the company. The abridged unaudited semi-annual reports will be available on the Franklin Templeton web-site, [www.franklintempleton.lu](http://www.franklintempleton.lu), and only distributed to registered shareholders in those countries where local regulation requires. The unaudited semi-annual report is available, free of charge, upon request from the registered office of the company.

### Note 21 — Portfolio Turnover Ratio

The portfolio turnover ratio, expressed as a percentage, is equal to the total of purchases and sales of securities netted against the absolute value of subscriptions and redemptions, over average net assets of the fund for the year. It is effectively a measure of how frequently a fund buys or sells securities.

The portfolio turnover ratio calculation is not applicable for Money Market Funds, as such a ratio is not relevant to such Funds due to the short-term nature of the investments.

### Note 22 — Management fees of the underlying target funds

The Management fees are included in the Total Expense Ratios summarised in the Statement of Operations and Changes in Net Assets.

The Management fees below are for the funds held by FTIF on June 30, 2009.

Franklin Strategic Income Fund	
Franklin Templeton Series II Funds – Franklin Floating Rate II Fund - Class I	0.40%
Templeton Emerging Markets Fund	
Franklin India Blue Chip Offshore Fund	–
Templeton Global High Yield Fund	
Franklin Templeton Series II Funds – Franklin Floating Rate II Fund – Class I	0.40%

### Note 23 — Global Credit Facility

Effective January 23, 2009, the Company, together with other European and U.S. registered investment funds managed by Franklin Templeton Investments (individually, “Borrower”; collectively “Borrowers”), entered into a joint syndicated senior unsecured credit facility totaling USD725 million (Global Credit Facility) to provide 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 Company shall, in addition to interest charged on any borrowings made by the Company and other costs incurred by the Company, 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 based upon the unused portion of the Global Credit Facility.

During the year ended June 30, 2009, the Company did not utilize the Global Credit Facility.

### Note 24 — Subsequent events

On July 31, 2009 FTIF Franklin U.S. Growth Fund was merged into FTIF Franklin U.S. Equity Fund.

## FRANKLIN TEMPLETON INVESTMENTS OFFICE DIRECTORY

Further information regarding Franklin Templeton Investment Funds is available from the following Franklin Templeton Investments offices:

**EUROPE****AUSTRIA**

FRANKLIN TEMPLETON INVESTMENT SERVICES GMBH  
Mainzer Landstr. 16  
Postfach 11 18 03  
60325 Frankfurt, Germany  
Freefone: 08 00 29 59 11 Fax: 49 69 272 23 120  
www.franklintempleton.at

**BELGIUM**

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.A.  
26, boulevard Royal, L-2449 Luxembourg  
B.P. 169, L-2011 Luxembourg  
Grand-Duchy of Luxembourg  
Tel: +352 46 66 67-1 Fax: +352 46 66 76  
www.franklintempleton.be

**FRANCE**

FRANKLIN TEMPLETON FRANCE S.A.  
16-18, Avenue George V  
F-75008 Paris, France  
Tel: +33 (0)1 40 73 86 00 Fax: +33 (0)1 40 73 86 10  
www.franklintempleton.fr

**GERMANY**

FRANKLIN TEMPLETON INVESTMENT SERVICES GMBH  
Mainzer Landstr. 16  
Postfach 11 18 03  
60325 Frankfurt, Germany  
Tel: +49 (0) 69 272 23 0 Fax: +49 (0) 69 272 23 120  
Germany Freefone: 08 00 0 73 80 02  
Austria Freefone: 08 00 29 59 11  
www.franklintempleton.de

**ITALY**

FRANKLIN TEMPLETON ITALIA Sim.  
C.so Italia n.1  
20122 Milan, Italy  
Tel: +39 02 854 591 Fax: +39 02 854 59222  
www.franklintempleton.it

**LUXEMBOURG**

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.A.  
26, boulevard Royal, L-2449 Luxembourg  
B.P. 169, L-2011 Luxembourg  
Grand-Duchy of Luxembourg  
Tel: +352 46 66 67 1 Fax: +352 46 66 76  
www.franklintempleton.lu

**THE NETHERLANDS**

FRANKLIN TEMPLETON INVESTMENT  
MANAGEMENT LIMITED  
Netherlands Branch Office  
World Trade Center Amsterdam  
H-Toren 16e verdieping  
Zuidplein 134  
1077 XV Amsterdam, The Netherlands  
Tel: +31 (0) 20 575 2890 Fax: +31(0)20 575 2892  
Netherlands Freefone: 0800 256 8049  
www.franklintempleton.nl

**POLAND**

FRANKLIN TEMPLETON INVESTMENT POLAND Sp. Z.o.o.  
Rondo ONZ 1, Floor 29th  
00-124 Warsaw, Poland  
Tel +48 22 337 13 50 Fax +48 22 337 13 70  
www.franklintempleton.pl

**SPAIN**

FRANKLIN TEMPLETON INVESTMENT  
MANAGEMENT LIMITED  
Sucursal en España  
José Ortega y Gasset, 29-6°  
28006 Madrid, Spain  
Tel: +34 91 426 3600 Fax: +34 91 577 1857  
www.franklintempleton.com.es  
www.franklintempleton.com.pt

**SWEDEN**

FRANKLIN TEMPLETON INVESTMENTS  
MANAGEMENT LIMITED  
Birger Jarlsgatan 4  
SE-114 34 Stockholm, Sweden  
Tel: +46 8 545 012 30 Fax: +46 8 545 012 39  
www.franklintempletonnordic.com

**SWITZERLAND**

Franklin Templeton Switzerland Ltd  
Bahnhofstrasse 22, P.O. Box  
CH-8022 Zurich, Switzerland  
Tel: +41 (0)44 217 81 81 Fax: +41 (0) 44 217 81 82  
www.franklintempleton.ch

**UNITED KINGDOM****London**

FRANKLIN TEMPLETON INVESTMENT  
MANAGEMENT LIMITED  
The Adelphi, 1-11 John Adam Street  
London WC2N 6HT, U.K.  
Tel: +44 (0) 20 7073 8500 Fax: +44 (0) 20 7073 8700  
U.K. Freefone: 0800 305 306  
www.franklintempleton.co.uk

**Edinburgh**

FRANKLIN TEMPLETON INVESTMENT  
MANAGEMENT LIMITED  
5 Morrison Street, Edinburgh EH3 8BH.  
Tel: +44 (0)131 242 4000 Fax: +44 (0)131 242 4533  
U.K. Freefone: 0800 305 306  
www.franklintempleton.co.uk

**AFRICA****SOUTH AFRICA**

TEMPLETON ASSET MANAGEMENT LIMITED  
Rosebank Office Park, Block D,  
181 Jan Smuts Avenue, Parktown North, 2193  
South Africa  
Tel: +27 11 341 2300 Fax: +27 11 484 3311  
www.franklintempleton.co.za

**ASIA****HONG KONG**

FRANKLIN TEMPLETON INVESTMENTS  
(ASIA) LIMITED  
17/F Chater House, No. 8 Connaught Road Central  
Hong Kong  
Tel: 852-2877-7733 Fax: 852-2877-5401  
www.franklintempleton.com.hk

**SINGAPORE**

TEMPLETON ASSET MANAGEMENT LTD  
7 Temasek Boulevard  
#38-03 Suntec Tower One  
Singapore 038987  
Tel: (65) 6241 2662 Fax: (65) 6332 2295  
www.franklintempleton.sg

**TAIWAN**

FRANKLIN TEMPLETON SECURITIES INVESTMENT  
CONSULTING (SINOAM) INC.  
8th Floor, #87, Sec. 4  
Chung Hsiao East Road  
Taipei, Taiwan, R.O.C.  
Tel: 886-2-2781-0088 Fax: 886-2-2781-7788  
www.franklinsinoam.com.tw

**NORTH AMERICA****USA**

FRANKLIN TEMPLETON INVESTMENTS  
International Transfer Agency (STP CDS)  
100 Fountain Parkway  
St. Petersburg, FL 33716  
Tel. 1 800 239 3894 Fax: 727 299 8736  
Email. stpcds@templeton.com

**SOUTH AMERICA****ARGENTINA**

TEMPLETON ASSET MANAGEMENT LTD  
Ingeniero Butty 220, 11th Floor  
(C1001 AFB) Buenos Aires, Argentina  
Tel: 54-11-4313-0848 Fax: 54-11-4313-0885

Please note that the websites mentioned above are directed at residents within the country stated on these websites. (Please refer to the website disclaimers).



**FRANKLIN TEMPLETON INTERNATIONAL  
SERVICES S.A.**

26, boulevard Royal  
L-2449 Luxembourg

**Tel:** (352) 46 66 67 1

**Fax:** (352) 46 66 76