

AUDITED ANNUAL REPORT

JUNE 30, 2011

R.C.S. B35177



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, 2011

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 as the case may be, 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.

CONTENTS

General Information	3
Report of the Board of Directors	5
Report of the Investment Managers	6
Audit Report	7
Fund Performance	8
Statement of Net Assets	10
Statement of Operations and Changes in Net Assets	22
Statistical Information	34
Notes to the Financial Statements	47
Franklin Templeton Investments Office Directory	75

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, 2011)

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

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.

Mark G. Holowesko

President
HOLOWESKO PARTNERS LTD
Shipston House
Box N-7776, West Bay Street, Lyford Cay,
Nassau, Bahamas

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

Gregory E. Johnson

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

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

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.

Dr J. B. Mark Mobius

Executive Chairman
TEMPLETON'S EMERGING MARKETS GROUP
7 Temasek Boulevard, # 38-03 Suntec Tower One
Singapore 038987

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.

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:

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

Franklin Templeton Investment Management Limited manages the following Funds:

Franklin Euroland Core Fund;
Franklin European Growth Fund*;
Franklin World Perspectives Fund †;
Templeton Euro Government Bond Fund;
Templeton Euro High Yield Fund**;
Templeton Euro Liquid Reserve Fund;
Templeton Euro Money Market Fund;
Templeton Euroland Fund;
Templeton European Corporate Bond Fund‡;
Templeton European Fund;
Templeton European Total Return Fund**;
Templeton Global Aggregate Bond Fund;
Templeton Global Balanced Fund**;
Templeton Global Equity Income Fund;
Templeton Global Fund; and
Templeton U.S. Value Fund.

* 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 this Fund, together with (i) Franklin Templeton Institutional LLC and (ii) Franklin Advisers, Inc.

TEMPLETON ASSET MANAGEMENT LIMITED

7 Temasek Boulevard
38-03 Suntec Tower One
Singapore 038987

Templeton Asset Management Limited manages the following Funds:

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 Balanced Fund‡;
Templeton Emerging Markets Smaller Companies Fund;
Templeton Frontier Markets Fund;
Templeton Korea Fund;
Templeton Latin America Fund; and
Templeton Thailand Fund.

* 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.

FRANKLIN ADVISERS, INC.

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

Franklin Advisers, Inc. manages the following Funds:

Franklin Asian Flex Cap Fund;
Franklin Biotechnology Discovery Fund;
Franklin Gold and Precious Metals Fund;
Franklin High Yield Fund;
Franklin Income Fund;
Franklin India Fund;
Franklin MENA Fund;
Franklin Natural Resources Fund;
Franklin Real Return 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. Dollar Liquid Reserve Fund;
Franklin U.S. Equity Fund;
Franklin U.S. Focus Fund;
Franklin U.S. Government Fund;
Franklin U.S. Opportunities Fund;
Franklin U.S. Small-Mid Cap Growth Fund;

GENERAL INFORMATION (AS AT JUNE 30, 2011)

Franklin U.S. Total Return Fund;
 Franklin U.S. Ultra Short Bond Fund;
 Templeton Asian Bond Fund;
 Templeton Emerging Markets Balanced Fund****
 Templeton Emerging Markets Bond Fund;
 Templeton Euro High Yield Fund*;
 Templeton European Corporate 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†; and
 Templeton Global Total Return Fund.

* 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 Templeton Investment Management Limited and (ii) Franklin Templeton Institutional LLC.

**** Franklin Advisers, Inc. has been appointed as Co-Investment Manager of this fund, together with Templeton Asset Management 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 Global Advisors Limited.

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

Franklin Templeton Institutional LLC manages the following Funds:
 Franklin European Growth Fund*;
 Franklin European Small-Mid Cap Growth Fund;
 Franklin Global Growth Fund;
 Franklin Global Real Estate Fund;
 Franklin Global Small-Mid Cap Growth Fund;
 Franklin Templeton Global Growth and Value Fund; and
 Templeton European Corporate Bond Fund**.

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

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

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

Templeton Global Advisors Limited manages the following Funds:
 Templeton Global Income Fund**;
 Templeton Growth (Euro) Fund;
 Franklin Templeton Global Equity Strategies Fund*; and
 Franklin Templeton Global Fundamental Strategies Fund†.

* 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 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.

FRANKLIN TEMPLETON INVESTMENTS CORP.
 200 King Street West, Suite 1500,
 Toronto Ontario M5H 3T4, Canada

Franklin Templeton Investments Corp. manages the following Funds:
 Franklin World Perspectives Fund*;
 Templeton Global (Euro) Fund; and
 Templeton Global Smaller Companies Fund.

* 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.

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

Franklin Mutual Advisers, LLC manages the following Funds:
 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 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.

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

Franklin Templeton Investments Japan Limited manages the following Funds:

Franklin World Perspectives Fund*; and
 Franklin Templeton Japan Fund.

* 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.

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

Franklin Templeton Investimentos (Brasil) Ltda manages the following Fund:
 Franklin World Perspectives Fund*.

* 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.

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

Franklin Templeton Investment Trust Management Co. Limited manages the following Fund:
 Franklin World Perspectives Fund*.

* 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

AUDITOR:
 PRICEWATERHOUSECOOPERS S.à r.l.
 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 June 30, 2011, Franklin Templeton Investment Funds (“FTIF”, or the “Company”) had assets under management of USD 149.40 billion, a 69% increase on assets under management from a year earlier (when they stood at USD 88.41 billion) and a 218% increase on the figure at June 30, 2009 (USD 47.05 billion).

The financial year was marked by the Company’s continued growth. The Company’s offer was expanded and modified in the ways detailed below.

Fund Launches

The following FTIF Funds were launched during the financial year:

- FTIF Templeton Emerging Markets Balanced Fund
- FTIF Templeton Global Aggregate Bond Fund

Share Class Launches

A number of new share-class offerings for existing Funds were launched during the financial year.

For the full list of share classes launched during the financial year please refer to Note 1 of the Financial Statements.

Fund Mergers

The following fund was merged during the financial year:

- FTIF Franklin Global Real Estate (Euro) Fund was merged into FTIF Franklin Global Real Estate Fund.

Share Class Closures

Share classes for a variety of Funds were liquidated during the course of the financial year.

For the full list of share classes liquidated during the financial year please refer to Note 1 of the Financial Statements.

Changes in Investment Objectives

The investment objectives for the following Funds were changed during the course of the year:

- FTIF Franklin Mutual Global Discovery Fund
- FTIF Franklin Templeton Global Fundamental Strategies Fund
- FTIF Templeton Asian Bond Fund
- FTIF Templeton Emerging Markets Bond Fund
- FTIF Templeton Global Balanced Fund
- FTIF Templeton Global Bond Fund
- FTIF Templeton Global Bond (Euro) Fund
- FTIF Templeton Global High Yield Fund
- FTIF Templeton Global Income Fund
- FTIF Templeton Global Total Return Fund

Eight of these investment objective changes involved standardising the language across the range, while two of the changes were deemed material by Luxembourg’s “Commission de Surveillance du Secteur Financier” (CSSF). The material changes related to FTIF Franklin Mutual Global Discovery Fund and FTIF Franklin Templeton Global Fundamental Strategies Fund. Please reference the Prospectus for details of the changes.

Other changes

The Australian dollar (AUD) and Hungarian forint (HUF) were added to FTIF currency share classes.

The Company will continue to make changes to the range of 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.

Corporate Governance

The Company is committed to high standards of corporate governance. The Board is accountable to Shareholders for good governance. The Company adheres to the ALFI (Association of the Luxembourg Fund Industry) Code of Conduct for Luxembourg Investment Funds issued in September 2009.

Thank you for investing with Franklin Templeton Investments. Please be advised that the full and simplified Prospectuses and all Funds and share classes of the Company may not be available in your jurisdiction.

If you have any queries, comments or suggestions about your investments with us please contact your financial adviser or your local Franklin Templeton Investments office using the contact details on the last page of the report.

THE BOARD OF DIRECTORS
Luxembourg, July 2011

REPORT OF THE INVESTMENT MANAGERS – 12 MONTHS TO JUNE 30, 2011

The financial year proved to be relatively buoyant for risk assets, with a gradual improvement in the fortunes of most major industrialized countries and continued strong economic growth in emerging countries. Yet the 12 months under review also proved to be unsettling ones for investors in a variety of ways.

Helped by fiscal stimulus and loose monetary policies throughout much of the western world (the Federal Reserve's second quantitative easing program ("QE2") was a prime example), money rushed into a variety of risk assets, with equities enjoying an extended rally. With so much stimulus being poured into the American economy, the euro remained strong against the U.S. dollar for most of the year. Thus, while the MSCI All Country (AC) World Index returned 10.48% in euro terms over the 12 months under review, it returned 30.77% in U.S. Dollar terms. The best-performing region for equities was Europe, with the MSCI AC Europe Index returning 15.78% in euro terms and 37.04% in U.S. dollar terms.

At the same time, the relatively high yields on investment and noninvestment-grade corporate bonds made them attractive to investors, but economic stimulus and declining fears of deflation in the West meant that core government bonds became steadily less attractive, with yields climbing somewhat during the first half of the financial year.

However, the rapid advance by equities petered out as the financial year drew to a close. Strong growth in Asia—combined with the ultra-loose monetary policies in much of the industrialized world—meant that rising commodity prices increasingly posed a threat to balanced global growth. At the same time, investors had to grapple with a growing sovereign debt crisis in Europe. The initial bailout package provided to Greece in 2010 proved to be insufficient, necessitating negotiations about a new plan toward the end of the financial year. Greece's woes were seen as posing an almost existential challenge to the eurozone authorities, who also had to step in to prop up the finances of Ireland and Portugal.

Investors likewise had to contend with the winding down of QE2, the introduction of fiscal austerity packages in much of Europe, the chaos and supply-chain disruption associated with a large earthquake and tsunami in Japan, a so-called "soft patch" in the U.S. economy, and increasingly visible signs that growth was slowing in some of the fastest-growing emerging countries as monetary authorities there slammed on the monetary brakes.

Thus, without abdicating entirely, risk assets lost some ground in the final two months of the financial year, with equities in Japan, Asia, Latin America and a range of frontier markets faring worse than their developed-market peers. After an impressive bull run, demand for corporate bonds, especially high-yield bonds, also started to wane significantly. Conversely (and, perhaps in some way paradoxically, given the U.S.'s own growing debt problems), U.S. Treasuries strengthened toward the end of the financial year.

There are some grounds for being optimistic that risk assets will regain steam in the months ahead. As the financial year ended, signs that Europe was inching toward some sort of resolution of its sovereign debt crisis helped markets to perk up. Even without the supposed benefits of QE2, the U.S. economy may well be able to rely on its own fundamental robustness to emerge quickly from the recent soft patch, and it is undoubtedly in relatively better shape to do so than it was a year ago.

The substantial rises in commodity and food inflation during early 2011 were also fading near year-end, leaving more disposable income in the pockets of consumers in developed and emerging economies alike. Japan has been recovering from the substantial demand and supply shock caused by the earthquake/tsunami. Finally, after a period of convalescence, the banking system looks stronger now than it did in early 2010.

But as we move into a new financial year, numerous uncertainties remain. Indicators have suggested that the global economy is still expanding but not at a very rapid rate. While interest rates remain on hold in Japan and the U.S., monetary policy is being tightened in the eurozone and in emerging markets. After the severe financial crisis that struck in 2008, households and companies (as well as whole countries) are still in a deleveraging mode. In any case, tighter regulations and higher capital requirements for banks mean that credit is likely to remain harder to obtain. Nor is the sovereign debt crisis in Europe over. Earnings momentum also has been slowing and would not be helped if a marked slowdown occurs in key growth economies like India and China. A slowdown in China, in particular, would have serious consequences for neighboring Asian countries as well as for commodity producers such as Australia and Brazil.

Although signs of greater financial discipline by the authorities have helped produce a revival in the U.S. municipal sector that could be replicated in other public debt markets, core government bonds undoubtedly also face headwinds. Revised perceptions about the safe-haven status of U.S. Treasuries because of the U.S.'s own fiscal deficit problems, as well as any sign of rising inflation expectations, could well lead to a period of higher yields. U.S. Treasuries must also deal with a gaping budget deficit and the threat that core inflation could rise again as a result of a long period of loose monetary policy. The Greek sovereign debt crisis continues to drive bond investors into core markets, such as Germany's, but the distinct possibility that Germany itself will end up picking up the tab makes European government bonds distinctly less attractive than alternatives. By contrast, some spread sector products such as high-quality corporate credit could remain moderately interesting as long as fundamental credit trends remain broadly positive.

Throughout the financial year, Franklin Templeton Investments (FTI) has continued to capitalize on demographic shifts, market changes, and emerging demand for its global investment products to expand the distribution of FTIF Funds. The group announced acquisitions of local fund managers in countries such as the UK and Australia. Franklin Templeton has also boosted its presence in eastern and central Europe, often by winning important fund mandates, while also taking full ownership of its joint-venture partner in the Middle East and North Africa. At the same time, the range and volume of FTIF Funds has continued to be expanded, as has the range of distribution channels.

THE INVESTMENT MANAGERS

July, 2011

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



Audit report

To the Shareholders of
Franklin Templeton Investment Funds

We have audited the accompanying financial statements of Franklin Templeton Investment Funds and of each of its Funds, which comprise the Statement of Net Assets and the Schedule of Investments as at June 30, 2011 and the Statement of Operations and Changes in Net Assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Board of Directors of the Company for the financial statements

The Board of Directors of the Company 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 and for such internal control as the Board of Directors of the Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the “Réviseur d’entreprises agréé”

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 for Luxembourg by the “Commission de Surveillance du Secteur Financier”. 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 judgment of the “Réviseur d’entreprises agréé”, 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 “Réviseur d’entreprises agréé” 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 Company, 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, the financial statements give a true and fair view of the financial position of Franklin Templeton Investment Funds and of each of its Funds as of June 30, 2011, and of the results of their operations and changes in their 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.

Luxembourg, September 15, 2011

Represented by

John Parkhouse

*PricewaterhouseCoopers S.à r.l., 400 Route d’Esch, B.P. 1443, L-1014 Luxembourg
T: +352 494848 1, F:+352 494848 2900, www.pwc.lu*

*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n° 00123693)
R.C.S. Luxembourg B 65 477 – Capital social EUR 516 950 – TVA LU17564447*

FUND PERFORMANCE IN BASE CURRENCY PERCENTAGE CHANGE TO JUNE 30, 2011

	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	1.5	21.2	25.8	–	–	40.3
Franklin Biotechnology Discovery Fund	03 Apr 00	USD	12.0	38.2	37.3	46.5	19.7	14.4
Franklin Euroland Core Fund	28 Nov 08	EUR	1.6	13.5	–	–	–	37.4
Franklin European Growth Fund	29 Dec 00	EUR	(3.4)	11.5	28.7	24.6	2.0	(3.2)
Franklin European Small-Mid Cap Growth Fund	03 Dec 01	EUR	(7.3)	7.2	20.1	16.2	–	99.1
Franklin Global Growth Fund	29 Dec 00	USD	6.3	30.0	3.3	26.9	38.5	18.0
Franklin Global Real Estate Fund	29 Dec 05	USD	5.7	29.0	(1.1)	(12.8)	–	(9.5)
Franklin Global Small-Mid Cap Growth Fund	15 Apr 02	USD	0.1	25.3	17.8	27.2	–	122.8
Franklin Gold and Precious Metals Fund	30 Apr 10	USD	(12.5)	16.7	–	–	–	13.8
Franklin High Yield Fund	01 Mar 96	USD	4.1	13.8	24.1	33.9	84.1	116.3
Franklin Income Fund	01 Jul 99	USD	5.5	18.8	17.5	26.7	83.3	105.3
Franklin India Fund	25 Oct 05	USD	(4.1)	15.7	59.3	126.2	–	170.5
Franklin MENA Fund	16 Jun 08	USD	(7.5)	8.3	(53.4)	–	–	(54.2)
Franklin Natural Resources Fund	12 Jul 07	USD	4.3	50.1	(11.0)	–	–	13.0
Franklin Real Return Fund	30 Apr 10	USD	2.3	9.4	–	–	–	5.8
Franklin Strategic Income Fund	12 Jul 07	USD	3.4	10.4	26.2	–	–	29.1
Franklin Technology Fund	03 Apr 00	USD	6.0	37.4	39.9	55.9	25.8	(23.9)
Franklin U.S. Dollar Liquid Reserve Fund	01 Jun 94	USD	(0.1)	(0.3)	0.0	7.7	16.0	59.2
Franklin U.S. Equity Fund	01 Jul 99	USD	2.2	21.8	8.5	15.7	10.4	62.6
Franklin U.S. Focus Fund	15 May 08	USD	4.6	27.0	18.6	–	–	7.1
Franklin U.S. Government Fund	28 Feb 91	USD	2.8	3.8	18.3	32.4	55.1	152.4
Franklin U.S. Opportunities Fund	03 Apr 00	USD	5.2	37.9	15.3	30.8	46.4	(21.4)
Franklin U.S. Small-Mid Cap Growth Fund	29 Dec 00	USD	7.9	42.2	24.8	27.9	43.3	37.4
Franklin U.S. Total Return Fund	29 Aug 03	USD	3.7	8.1	21.6	29.9	–	42.6
Franklin U.S. Ultra Short Bond Fund	29 Aug 03	USD	0.4	0.9	3.0	10.4	–	17.5
Franklin World Perspectives Fund	14 Oct 08	USD	3.5	28.6	–	–	–	48.2
Franklin Mutual Beacon Fund	07 Jul 97	USD	5.1	22.5	5.5	(0.1)	31.4	109.2
Franklin Mutual Euroland Fund	14 Oct 08	EUR	1.3	11.2	–	–	–	30.3
Franklin Mutual European Fund*	31 Dec 01	EUR	1.1	9.7	2.6	2.8	–	52.5
Franklin Mutual Global Discovery Fund	25 Oct 05	USD	7.6	29.1	15.7	29.2	–	43.8
Franklin Templeton Global Equity Strategies Fund	15 May 08	USD	4.4	27.5	15.0	–	–	5.2
Franklin Templeton Global Fundamental Strategies Fund	25 Oct 07	USD	6.6	23.5	19.0	–	–	9.2
Franklin Templeton Global Growth and Value Fund	09 Sep 02	USD	5.6	28.0	4.2	19.6	–	98.5
Franklin Templeton Japan Fund	01 Sep 00	JPY	(2.4)	4.0	(42.8)	(55.6)	(44.0)	(52.3)
Templeton Asian Bond Fund	25 Oct 05	USD	4.8	13.1	38.8	58.5	–	76.4
Templeton Asian Growth Fund	30 Jun 91	USD	1.5	30.9	49.0	116.0	447.4	287.8
Templeton Asian Smaller Companies Fund	14 Oct 08	USD	(0.9)	32.3	–	–	–	188.6
Templeton BRIC Fund	25 Oct 05	USD	(2.0)	24.9	(6.1)	51.8	–	96.3
Templeton China Fund	01 Sep 94	USD	2.0	27.3	31.5	103.8	324.5	191.0

FUND PERFORMANCE IN BASE CURRENCY PERCENTAGE CHANGE TO JUNE 30, 2011 (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	(10.3)	7.3	2.5	(0.8)	200.2	228.7
Templeton Emerging Markets Fund	28 Feb 91	USD	0.8	29.1	12.7	45.2	232.3	272.9
Templeton Emerging Markets Balanced Fund	29 Apr 11	USD	–	–	–	–	–	(0.7)
Templeton Emerging Markets Bond Fund	05 Jul 91	USD	5.4	14.6	42.4	73.9	198.1	660.0
Templeton Emerging Markets Smaller Companies Fund	18 Oct 07	USD	(3.7)	26.9	19.9	–	–	(9.0)
Templeton Euro Government Bond Fund	08 Jan 99	EUR	(0.3)	(1.7)	8.1	9.0	32.1	32.5
Templeton Euro High Yield Fund	17 Apr 00	EUR	2.9	12.7	21.1	16.6	60.3	34.3
Templeton Euro Liquid Reserve Fund	01 Jun 94	EUR	0.5	0.8	2.3	7.8	17.0	39.3
Templeton Euro Money Market Fund	23 Oct 09	EUR	0.3	0.5	–	–	–	0.7
Templeton Euroland Fund	08 Jan 99	EUR	5.5	13.6	(8.5)	(20.6)	(5.7)	32.4
Templeton European Fund†	03 Dec 01	EUR	3.8	14.4	0.3	(16.0)	–	5.3
Templeton European Corporate Bond Fund	30 Apr 10	EUR	1.1	2.1	–	–	–	0.7
Templeton European Total Return Fund	29 Aug 03	EUR	0.7	2.6	2.3	1.9	–	11.6
Templeton Frontier Markets Fund	14 Oct 08	USD	(4.4)	12.4	–	–	–	66.3
Templeton Global Fund	28 Feb 91	USD	8.8	32.6	(1.3)	4.2	52.3	225.5
Templeton Global (Euro) Fund	26 Apr 91	EUR	0.2	8.3	0.8	(15.6)	(15.2)	164.5
Templeton Global Aggregate Bond Fund	29 Oct 10	USD	4.6	–	–	–	–	1.5
Templeton Global Balanced Fund	01 Jun 94	USD	7.2	25.9	7.7	15.1	78.8	170.1
Templeton Global Bond Fund	28 Feb 91	USD	4.1	12.7	46.5	76.6	213.5	389.9
Templeton Global Bond (Euro) Fund	29 Aug 03	EUR	0.9	2.0	26.1	26.8	–	34.2
Templeton Global Equity Income Fund	27 May 05	USD	4.8	27.3	(3.4)	(3.9)	–	10.8
Templeton Global High Yield Fund	27 Sep 07	USD	4.3	13.2	27.4	–	–	26.3
Templeton Global Income Fund	27 May 05	USD	4.2	21.0	24.3	40.3	–	55.0
Templeton Global Smaller Companies Fund	08 Jul 91	USD	1.1	31.2	13.9	8.4	97.8	290.1
Templeton Global Total Return Fund	29 Aug 03	USD	5.7	16.6	58.3	91.7	–	153.2
Templeton Growth (Euro) Fund	09 Aug 00	EUR	(0.1)	10.9	7.9	(14.3)	(8.3)	(3.3)
Templeton Korea Fund	08 May 95	USD	3.4	46.2	12.5	20.0	167.1	(22.2)
Templeton Latin America Fund‡	28 Feb 91	USD	(4.9)	23.3	4.4	109.2	509.8	416.4
Templeton Thailand Fund	20 Jun 97	USD	1.7	40.4	43.8	83.2	377.7	58.6
Templeton U.S. Value Fund	29 Aug 03	USD	3.0	25.2	4.5	(8.5)	–	21.3

Data source

Performance – Franklin Templeton Investments

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

† The inception date is for the primary class A (Acc) EUR, however the 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 as the case may be, a copy of the latest available audited annual 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, 2011

	TOTAL (USD)	Franklin Asian Flex Cap Fund (USD)	Franklin Biotechnology Discovery Fund (USD)	Franklin Euroland Core Fund (EUR)	Franklin European Growth Fund (EUR)
ASSETS					
Investment in securities at market value (note 2(b))	140,971,195,324	19,136,953	125,629,296	28,686,326	374,229,213
Cash	1,684,284,666	40,880	8,462,511	–	249,081
Time deposits and repurchase agreements (note 19)	5,005,278,073	1,200,000	–	300,000	16,800,000
Amounts receivable on sale of investments	245,508,661	215,998	100,939	–	–
Amounts receivable on subscriptions	1,629,274,162	18,230	1,989,554	16,564	802,081
Interest and dividends receivable, net	1,336,682,633	130,061	–	235,344	1,501,154
Other receivables	16,585,029	1,758	–	51,624	71,051
Unrealised profit on forward foreign exchange contracts (note 4)	254,412,271	–	–	–	–
Unrealised profit on financial futures contracts (note 7)	12,977	–	–	–	–
TOTAL ASSETS	151,143,233,796	20,743,880	136,182,300	29,289,858	393,652,580
LIABILITIES					
Amounts payable on purchases of investments	322,169,978	–	806,533	–	–
Amounts payable on redemptions	528,312,035	1,102	1,033,430	6,229	1,153,303
Bank overdraft	35,170,971	–	–	163,588	–
Unrealised loss on forward foreign exchange contracts (note 4)	546,443,880	–	–	–	–
Unrealised loss on credit default swap contracts (note 5)	1,375,728	–	–	–	–
Unrealised loss on interest rate swap contracts (note 6)	48,091,059	–	–	–	–
Unrealised loss on financial futures contracts (note 7)	18,489	–	–	–	–
Investment management fees payable (note 3)	106,911,282	16,119	101,635	19,041	299,710
Taxes and expense payable	158,592,767	39,025	114,533	17,859	290,843
TOTAL LIABILITIES	1,747,086,189	56,246	2,056,131	206,717	1,743,856
TOTAL NET ASSETS	149,396,147,607	20,687,634	134,126,169	29,083,141	391,908,724
THREE YEAR ASSET SUMMARY					
June 30, 2010	88,411,687,219	29,920,224	74,572,597	20,658,937	249,493,564
June 30, 2009	47,048,939,530	29,819,379	70,628,479	17,234,474	31,894,597
June 30, 2008	61,534,169,142	36,332,132	53,201,179	–	17,635,809

The accompanying notes form an integral

STATEMENT OF NET ASSETS AT JUNE 30, 2011 (CONTINUED)

Franklin European Small-Mid Cap Growth Fund (EUR)	Franklin Global Growth Fund (USD)	Franklin Global Real Estate Fund (USD)	Franklin Global Small-Mid Cap Growth Fund (USD)	Franklin Gold and Precious Metals Fund (USD)	Franklin High Yield Fund (USD)	Franklin Income Fund (USD)
341,124,194	122,745,167	155,399,764	76,977,279	80,286,152	3,626,862,689	1,176,683,827
-	303,088	7,963	60,162	1,420,639	56,290,180	103,162,746
18,000,000	1,900,000	4,200,000	3,200,000	-	-	-
8,753,855	409,043	37,241	-	3,619	482,019	33,986
401,302	137,285	2,126,257	176,515	367,258	22,383,595	20,406,286
1,463,267	202,583	515,830	307,605	27,482	72,878,893	12,203,303
72,813	33,726	2,637	10,753	-	-	9,413
-	65,262	737,650	-	255,256	-	291,668
-	-	-	-	-	-	-
369,815,431	125,796,154	163,027,342	80,732,314	82,360,406	3,778,897,376	1,312,791,229
5,213,082	3,389	2,290,033	-	586,999	14,384,274	25,051,030
838,568	365,414	416,625	172,538	369,919	24,968,252	4,726,741
809,772	-	-	-	-	-	-
-	-	-	-	-	1,045,944	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
278,770	82,872	124,044	65,179	62,496	2,426,501	852,262
243,763	71,667	214,455	74,559	69,655	3,790,662	1,217,608
7,383,955	523,342	3,045,157	312,276	1,089,069	46,615,633	31,847,641
362,431,476	125,272,812	159,982,185	80,420,038	81,271,337	3,732,281,743	1,280,943,588
252,497,144	57,266,803	64,793,655	36,904,320	5,565,752	2,681,403,357	653,230,165
59,920,404	32,915,531	19,258,439	28,541,329	-	1,870,189,148	397,970,744
45,036,706	36,397,878	38,398,156	20,482,747	-	1,944,931,904	623,173,789

part of these financial statements

STATEMENT OF NET ASSETS AT JUNE 30, 2011 (CONTINUED)

	Franklin India Fund (USD)	Franklin MENA Fund (USD)	Franklin Natural Resources Fund (USD)	Franklin Real Return Fund (USD)	Franklin Strategic Income Fund (USD)
ASSETS					
Investment in securities at market value (note 2(b))	1,627,477,349	84,715,449	471,319,887	16,292,114	344,127,574
Cash	14,023,602	-	19,439,109	2,857,324	59,305,742
Time deposits and repurchase agreements (note 19)	142,600,000	-	-	-	-
Amounts receivable on sale of investments	8,416,571	-	1,036,086	-	576,172
Amounts receivable on subscriptions	22,141,445	671,208	8,105,180	660,873	1,927,556
Interest and dividends receivable, net	3,462,492	-	220,163	94,722	4,561,265
Other receivables	5,739	120	-	4,872	150,405
Unrealised profit on forward foreign exchange contracts (note 4)	-	97,537	43,297	93,202	-
Unrealised profit on financial futures contracts (note 7)	-	-	-	-	-
TOTAL ASSETS	1,818,127,198	85,484,314	500,163,722	20,003,107	410,648,714
LIABILITIES					
Amounts payable on purchases of investments	9,982,082	41	4,743,222	105,216	1,188,648
Amounts payable on redemptions	8,075,807	779,606	3,797,557	37,348	2,280,664
Bank overdraft	-	1,933,191	-	-	-
Unrealised loss on forward foreign exchange contracts (note 4)	149,068	-	-	-	1,510,909
Unrealised loss on credit default swap contracts (note 5)	-	-	-	19,289	1,009,187
Unrealised loss on interest rate swap contracts (note 6)	-	-	-	-	-
Unrealised loss on financial futures contracts (note 7)	-	-	-	-	-
Investment management fees payable (note 3)	1,360,689	86,396	351,894	11,555	227,972
Taxes and expense payable	1,686,373	99,972	349,352	18,432	425,702
TOTAL LIABILITIES	21,254,019	2,899,206	9,242,025	191,840	6,643,082
TOTAL NET ASSETS	1,796,873,179	82,585,108	490,921,697	19,811,267	404,005,632
THREE YEAR ASSET SUMMARY					
June 30, 2010	1,024,275,135	95,002,312	104,946,439	4,638,420	191,900,788
June 30, 2009	610,549,176	17,944,197	37,802,931	-	90,479,128
June 30, 2008	494,169,523	22,298,037	50,542,306	-	70,341,741

The accompanying notes form an integral

STATEMENT OF NET ASSETS
AT JUNE 30, 2011 (CONTINUED)

Franklin Technology Fund (USD)	Franklin U.S. Dollar Liquid Reserve Fund (USD)	Franklin U.S. Equity Fund (USD)	Franklin U.S. Focus Fund (USD)	Franklin U.S. Government Fund (USD)	Franklin U.S. Opportunities Fund (USD)	Franklin U.S. Small-Mid Cap Growth Fund (USD)
664,633,893	263,540,516	840,585,788	20,301,007	1,965,010,752	2,681,847,940	118,795,202
37,839,268	102,948,918	46,088,033	1,236,971	17,347,769	17,508,690	6,554,219
-	-	-	-	-	-	-
315,676	-	10,913,170	107,426	-	60,750,746	365,551
9,290,813	1,944,344	2,848,289	155,290	5,969,622	11,923,134	1,969,466
75,853	99,688	852,419	18,735	7,483,319	494,300	45,313
80,795	76,713	13,557	-	27,103	107,245	4,585
-	-	903,427	135,164	16,461	7,388,882	-
-	-	-	-	-	-	-
712,236,298	368,610,179	902,204,683	21,954,593	1,995,855,026	2,780,020,937	127,734,336
1,789,409	-	11,944,439	-	701,356	55,791,362	1,128,992
6,623,127	2,532,021	2,374,899	75,782	13,470,177	13,033,140	775,026
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
542,003	80,349	649,624	16,403	946,607	1,976,773	95,805
562,142	160,833	625,410	24,322	1,405,500	1,926,131	121,416
9,516,681	2,773,203	15,594,372	116,507	16,523,640	72,727,406	2,121,239
702,719,617	365,836,976	886,610,311	21,838,086	1,979,331,386	2,707,293,531	125,613,097
264,049,900	267,260,935	665,871,864	8,945,646	2,498,161,733	879,151,288	37,277,528
89,066,631	332,851,770	328,454,736	3,908,033	2,393,496,020	452,577,568	24,424,393
133,248,036	306,877,178	186,499,067	4,587,040	1,551,406,244	729,292,850	31,515,579

part of these financial statements

STATEMENT OF NET ASSETS AT JUNE 30, 2011 (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)
ASSETS					
Investment in securities at market value (note 2(b))	71,734,349	293,652,161	49,306,149	1,188,597,569	7,837,039
Cash	11,023,592	13,320,563	307,476	13,429,729	687,119
Time deposits and repurchase agreements (note 19)	–	–	1,400,000	16,073,836	–
Amounts receivable on sale of investments	518,749	979,505	297,811	1,931,587	129,000
Amounts receivable on subscriptions	345,844	244,555	94,580	1,430,325	5,073
Interest and dividends receivable, net	594,514	656,335	120,007	2,700,137	103,682
Other receivables	15,300	24,685	5,987	478,751	14,583
Unrealised profit on forward foreign exchange contracts (note 4)	–	–	–	–	–
Unrealised profit on financial futures contracts (note 7)	12,977	–	–	–	–
TOTAL ASSETS	84,245,325	308,877,804	51,532,010	1,224,641,934	8,776,496
LIABILITIES					
Amounts payable on purchases of investments	11,909,019	–	210,204	1,079,282	68,091
Amounts payable on redemptions	241,971	2,543,652	53,751	9,957,967	24,141
Bank overdraft	–	–	–	–	–
Unrealised loss on forward foreign exchange contracts (note 4)	114,152	–	–	1,443,787	–
Unrealised loss on credit default swap contracts (note 5)	77,582	–	–	–	–
Unrealised loss on interest rate swap contracts (note 6)	–	–	–	–	–
Unrealised loss on financial futures contracts (note 7)	–	–	–	–	–
Investment management fees payable (note 3)	42,545	162,081	37,174	948,472	6,979
Taxes and expense payable	64,820	231,133	43,466	2,070,861	10,103
TOTAL LIABILITIES	12,450,089	2,936,866	344,595	15,500,369	109,314
TOTAL NET ASSETS	71,795,236	305,940,938	51,187,415	1,209,141,565	8,667,182
THREE YEAR ASSET SUMMARY					
June 30, 2010	56,575,483	156,448,721	32,889,202	1,208,336,071	9,222,542
June 30, 2009	27,699,155	91,095,674	26,153,247	1,106,317,603	14,446,829
June 30, 2008	46,717,257	63,539,119	–	2,038,468,236	–

The accompanying notes form an integral

STATEMENT OF NET ASSETS
AT JUNE 30, 2011 (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)
2,907,081,718	1,471,748,941	69,933,809	623,517,885	106,252,666	7,270,659,200	3,520,044,062
-	13,445,742	707,517	51,436,679	-	242,076,335	9,630,130
118,056,130	48,485,299	2,300,000	-	4,900,000	-	602,600,000
54,691,109	2,007,787	32,968	390,489	89,089	117,926,946	9,386
7,177,057	37,534,993	16,144	2,112,331	41,526	119,697,741	44,377,050
23,167,584	7,175,947	264,805	3,571,541	507,316	21,392,332	48,662,555
3,007,157	540,710	21,865	193,151	33,456	-	497,009
-	4,421,797	-	3,520,301	-	-	14,871,992
-	-	-	-	-	-	-
3,113,180,755	1,585,361,216	73,277,108	684,742,377	111,824,053	7,771,752,554	4,240,692,184
1,043,431	12,474,730	536,871	6,359,608	649	214,491,675	799,568
11,769,545	35,390,027	41,664	1,624,370	63,619	12,283,048	9,687,273
17,356,295	-	-	-	272,137	-	-
35,590	-	78,517	-	-	-	-
-	-	-	-	-	-	-
-	-	-	173,409	-	-	1,759,435
-	-	-	-	-	-	-
2,309,959	1,102,172	73,095	538,721	60,508	5,823,915	2,392,728
3,036,566	1,302,960	61,699	633,070	86,131	14,098,098	5,803,823
35,551,386	50,269,889	791,846	9,329,178	483,044	246,696,736	20,442,827
3,077,629,369	1,535,091,327	72,485,262	675,413,199	111,341,009	7,525,055,818	4,220,249,357
2,591,062,545	860,956,429	55,677,687	458,235,313	64,486,472	7,225,256,114	2,279,041,816
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

part of these financial statements

STATEMENT OF NET ASSETS AT JUNE 30, 2011 (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)
ASSETS					
Investment in securities at market value (note 2(b))	16,849,601,657	200,891,276	2,924,724,641	2,242,742,522	792,026,344
Cash	1,238,890	5,454,971	100,221	2,685,443	6,287
Time deposits and repurchase agreements (note 19)	873,700,000	–	23,000,000	123,600,000	8,600,000
Amounts receivable on sale of investments	272,250	353	1,252,364	387,869	1,417,660
Amounts receivable on subscriptions	149,533,265	148,966	16,783,491	34,713,472	2,825,603
Interest and dividends receivable, net	70,499,840	875,991	21,787,066	19,146,512	4,488,255
Other receivables	63,083	706	17	2,022	641,608
Unrealised profit on forward foreign exchange contracts (note 4)	7,386,321	–	–	–	–
Unrealised profit on financial futures contracts (note 7)	–	–	–	–	–
TOTAL ASSETS	17,952,295,306	207,372,263	2,987,647,800	2,423,277,840	810,005,757
LIABILITIES					
Amounts payable on purchases of investments	998,287	–	6,462	1,799,317	–
Amounts payable on redemptions	72,605,726	574,255	8,380,967	3,140,177	2,418,771
Bank overdraft	–	–	–	–	–
Unrealised loss on forward foreign exchange contracts (note 4)	–	–	359,343	–	–
Unrealised loss on credit default swap contracts (note 5)	–	–	–	–	–
Unrealised loss on interest rate swap contracts (note 6)	–	–	–	–	–
Unrealised loss on financial futures contracts (note 7)	–	–	–	–	–
Investment management fees payable (note 3)	16,881,802	206,309	3,796,090	2,641,371	1,022,474
Taxes and expense payable	13,116,907	151,134	3,263,277	1,564,183	1,157,975
TOTAL LIABILITIES	103,602,722	931,698	15,806,139	9,145,048	4,599,220
TOTAL NET ASSETS	17,848,692,584	206,440,565	2,971,841,661	2,414,132,792	805,406,537
THREE YEAR ASSET SUMMARY					
June 30, 2010	10,393,185,887	37,740,758	2,611,189,819	936,951,071	711,325,555
June 30, 2009	5,003,281,807	9,190,269	1,707,702,485	670,340,808	418,499,527
June 30, 2008	6,348,631,189	–	2,603,423,258	661,040,772	851,335,704

*This Fund was launched on April 29, 2011

The accompanying notes form an integral

STATEMENT OF NET ASSETS AT JUNE 30, 2011 (CONTINUED)

Templeton Emerging Markets Fund (USD)	Templeton Emerging Markets Balanced Fund* (USD)	Templeton Emerging Markets Bond Fund (USD)	Templeton Emerging Markets Smaller Companies Fund (USD)	Templeton Euro Government Bond Fund (EUR)	Templeton Euro High Yield Fund (EUR)	Templeton Euro Liquid Reserve Fund (EUR)
1,257,687,393	22,945,396	6,029,265,729	442,127,000	16,792,959	522,961,026	96,860,315
48,755	1,914,913	25,106,045	1,490,150	707,552	3,016,794	6,308,875
53,900,000	-	657,400,000	-	500,000	56,600,000	15,000,000
2,470,999	76	-	1,107,337	-	2,589,404	-
10,255,048	62,559	54,466,581	220,475	18,099	9,795,599	717,223
4,630,557	145,664	92,483,957	2,128,306	255,853	11,774,193	104,509
83,131	12,649	527,726	7,269	-	230,209	-
93,943	292,257	-	-	-	3,880,794	-
-	-	-	-	-	-	-
1,329,169,826	25,373,514	6,859,250,038	447,080,537	18,274,463	610,848,019	118,990,922
3,010,862	-	11,030,148	-	-	6,252,291	4,498,093
3,647,560	-	13,867,561	1,039,695	324,071	2,906,495	6,504,274
-	-	-	-	-	-	-
-	-	39,466,886	-	-	-	-
-	-	-	-	-	17,012	-
-	-	1,232,836	-	-	-	-
-	-	-	-	-	-	-
1,658,403	15,765	4,939,545	551,292	7,334	385,718	25,709
1,529,766	39,405	5,606,293	455,558	24,843	506,446	86,436
9,846,591	55,170	76,143,269	2,046,545	356,248	10,067,962	11,114,512
1,319,323,235	25,318,344	6,783,106,769	445,033,992	17,918,215	600,780,057	107,876,410
1,007,586,053	-	4,111,146,203	295,588,749	18,498,000	400,893,844	107,927,433
938,247,442	-	1,082,133,643	168,712,514	16,836,124	260,178,626	95,182,412
1,385,750,299	-	1,301,111,924	337,862,226	27,728,076	254,682,797	130,874,425

part of these financial statements

STATEMENT OF NET ASSETS AT JUNE 30, 2011 (CONTINUED)

	Templeton Euro Money Market Fund (EUR)	Templeton Euroland Fund (EUR)	Templeton European Fund (EUR)	Templeton European Corporate Bond Fund (EUR)	Templeton European Total Return Fund (EUR)
ASSETS					
Investment in securities at market value (note 2(b))	37,143,269	123,859,327	121,463,610	13,630,319	53,136,425
Cash	2,299,739	-	-	96,613	181,791
Time deposits and repurchase agreements (note 19)	3,000,000	7,400,000	4,800,000	400,000	3,200,000
Amounts receivable on sale of investments	-	-	-	-	-
Amounts receivable on subscriptions	110,000	57,578	184,401	48,734	961,612
Interest and dividends receivable, net	13,560	1,171,187	897,174	260,765	1,018,176
Other receivables	5,373	378,190	208,737	540	14,250
Unrealised profit on forward foreign exchange contracts (note 4)	-	-	-	1,238	-
Unrealised profit on financial futures contracts (note 7)	-	-	-	-	-
TOTAL ASSETS	42,571,941	132,866,282	127,553,922	14,438,209	58,512,254
LIABILITIES					
Amounts payable on purchases of investments	1,001,327	-	415	-	-
Amounts payable on redemptions	-	712,526	1,038,045	62,169	198,109
Bank overdraft	-	919,526	559,401	-	-
Unrealised loss on forward foreign exchange contracts (note 4)	-	-	-	-	11,854
Unrealised loss on credit default swap contracts (note 5)	-	-	-	-	-
Unrealised loss on interest rate swap contracts (note 6)	-	-	-	-	-
Unrealised loss on financial futures contracts (note 7)	-	-	-	12,750	-
Investment management fees payable (note 3)	6,804	100,072	101,935	5,578	35,518
Taxes and expense payable	13,712	174,323	138,627	9,241	114,306
TOTAL LIABILITIES	1,021,843	1,906,447	1,838,423	89,738	359,787
TOTAL NET ASSETS	41,550,098	130,959,835	125,715,499	14,348,471	58,152,467
THREE YEAR ASSET SUMMARY					
June 30, 2010	24,421,190	132,622,294	117,182,884	10,850,259	70,690,229
June 30, 2009	-	136,356,941	144,814,010	-	89,996,188
June 30, 2008	-	258,107,008	159,284,716	-	196,656,134

*This fund was launched on October 29, 2010

The accompanying notes form an integral

STATEMENT OF NET ASSETS AT JUNE 30, 2011 (CONTINUED)

Templeton Frontier Markets Fund (USD)	Templeton Global Fund (USD)	Templeton Global (Euro) Fund (EUR)	Templeton Global Aggregate Bond Fund* (USD)	Templeton Global Balanced Fund (USD)	Templeton Global Bond Fund (USD)	Templeton Global Bond (Euro) Fund (EUR)
1,085,361,177	1,078,504,591	550,912,924	17,108,370	723,914,531	43,530,395,419	380,463,604
1,505,433	–	1,723,533	1,504,964	–	686,056,079	4,129,259
–	36,300,000	7,000,000	1,300,000	9,100,000	1,643,800,000	33,900,000
778,158	1,155,013	–	–	1,579	–	–
3,642,762	1,062,413	94,479	72,783	1,627,870	764,380,426	2,930,492
7,228,786	5,581,157	2,028,769	179,979	6,657,840	524,363,349	4,302,029
49,665	934,554	351,980	2,822	237,609	1,200,705	44,402
1,925,058	–	41,499	311,299	–	–	4,573,209
–	–	–	–	–	–	–
1,100,491,039	1,123,537,728	562,153,184	20,480,217	741,539,429	47,150,195,978	430,342,995
–	–	–	–	–	–	–
2,735	688,917	1,531,746	2,540,613	4,997	53,406,059	–
3,315,575	2,282,572	2,022,160	30,480	1,276,475	117,329,036	1,187,222
–	3,758,229	–	–	481,997	–	–
–	–	–	–	565,935	500,894,307	–
–	–	–	–	–	–	–
–	–	–	–	–	36,772,205	–
–	–	–	–	–	–	–
1,338,958	850,585	453,853	5,881	476,719	26,736,449	259,736
1,559,399	1,142,783	569,416	12,238	905,513	53,443,319	480,965
6,216,667	8,723,086	4,577,175	2,589,212	3,711,636	788,581,375	1,927,923
–	–	–	–	–	–	–
1,094,274,372	1,114,814,642	557,576,009	17,891,005	737,827,793	46,361,614,603	428,415,072
–	–	–	–	–	–	–
355,478,066	925,156,864	542,441,391	–	658,907,869	26,724,456,688	347,872,646
10,932,543	1,002,383,266	472,030,578	–	647,982,642	9,472,784,421	137,972,094
–	1,635,360,447	616,563,108	–	993,992,609	10,134,928,080	213,603,431

part of these financial statements

STATEMENT OF NET ASSETS AT JUNE 30, 2011 (CONTINUED)

	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)
ASSETS					
Investment in securities at market value (note 2(b))	91,386,555	130,017,975	459,364,264	252,951,122	21,463,771,779
Cash	1,777,859	12,228,268	5,273,606	60,659	289,091,883
Time deposits and repurchase agreements (note 19)	–	–	53,100,000	16,900,000	–
Amounts receivable on sale of investments	1,045,667	515,002	1,643,955	4,788,499	5,390,650
Amounts receivable on subscriptions	142,962	910,832	5,740,386	502,057	316,231,652
Interest and dividends receivable, net	1,045,941	2,237,461	3,348,680	330,260	288,342,478
Other receivables	81,518	16,968	194,261	6,340	1,671,253
Unrealised profit on forward foreign exchange contracts (note 4)	–	–	–	–	198,774,702
Unrealised profit on financial futures contracts (note 7)	–	–	–	–	–
TOTAL ASSETS	95,480,502	145,926,506	528,665,152	275,538,937	22,563,274,397
LIABILITIES					
Amounts payable on purchases of investments	–	1,136,160	4,155,372	1,583,111	42,438,561
Amounts payable on redemptions	88,874	2,177,881	679,760	1,450,272	75,080,261
Bank overdraft	–	–	–	–	–
Unrealised loss on forward foreign exchange contracts (note 4)	–	173,102	573,129	–	–
Unrealised loss on credit default swap contracts (note 5)	–	245,000	–	–	–
Unrealised loss on interest rate swap contracts (note 6)	–	21,721	–	–	8,131,453
Unrealised loss on financial futures contracts (note 7)	–	–	–	–	–
Investment management fees payable (note 3)	77,176	91,816	344,820	216,464	12,729,296
Taxes and expense payable	123,613	155,337	558,998	259,737	21,032,357
TOTAL LIABILITIES	289,663	4,001,017	6,312,079	3,509,584	159,411,928
TOTAL NET ASSETS	95,190,839	141,925,489	522,353,073	272,029,353	22,403,862,469
THREE YEAR ASSET SUMMARY					
June 30, 2010	90,904,876	57,991,912	186,043,619	237,574,862	9,247,942,075
June 30, 2009	99,738,750	9,856,828	97,979,719	125,392,526	2,481,854,834
June 30, 2008	177,141,209	7,533,849	145,616,401	180,141,227	3,624,150,774

The accompanying notes form an integral

STATEMENT OF NET ASSETS
AT JUNE 30, 2011 (CONTINUED)

Templeton Growth (Euro) Fund (EUR)	Templeton Korea Fund (USD)	Templeton Latin America Fund (USD)	Templeton Thailand Fund (USD)	Templeton U.S. Value Fund (USD)
4,618,707,515	128,797,179	3,935,628,120	178,632,491	25,229,553
5,739,999	53,075	65,199	32,953	922,681
125,792,838	8,600,000	64,800,000	2,800,000	-
11,751,250	418	18,164,706	3,603	-
2,153,277	4,778,459	17,453,437	2,554,288	55,545
24,880,433	-	4,833,372	-	15,267
1,186,762	1,522	44,976	-	-
37,248	-	384,980	-	26,252
-	-	-	-	-
4,790,249,322	142,230,653	4,041,374,790	184,023,335	26,249,298
2,983,053	-	458	-	75,528
11,724,616	268,747	10,464,829	2,728,628	19,369
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,844,274	171,784	4,132,894	234,289	18,160
4,729,339	150,834	12,988,378	208,667	25,591
23,281,282	591,365	27,586,559	3,171,584	138,648
4,766,968,040	141,639,288	4,013,788,231	180,851,751	26,110,650
4,490,061,960	82,332,757	3,000,450,731	149,863,578	30,343,326
3,583,682,816	74,580,646	2,234,440,086	118,376,363	16,843,928
4,561,999,638	124,452,365	2,629,312,818	200,115,502	15,769,035

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2011

	TOTAL (USD)	Franklin Asian Flex Cap Fund (USD)	Franklin Biotechnology Discovery Fund (USD)	Franklin Euroland Core Fund (EUR)	Franklin European Growth Fund (EUR)
NET ASSETS AT THE BEGINNING OF THE YEAR	88,411,687,219	29,920,224	74,572,597	20,658,937	249,493,564
Currency translation adjustment	2,303,977,824	–	–	–	–
	<u>90,715,665,043</u>	<u>29,920,224</u>	<u>74,572,597</u>	<u>20,658,937</u>	<u>249,493,564</u>
INCOME					
Dividends (net of withholding taxes)	1,126,943,189	564,029	3,037	614,676	11,037,997
Interest on bonds (net of withholding taxes)	3,580,597,757	–	2,407	–	–
Bank interest	13,449,172	1,311	310	1,926	120,719
Securities lending (note 9)	78,076,161	–	–	213,542	–
Interest on swaps	1,457,623	–	–	–	–
Sundry income	9,924,826	–	45,464	107	530
TOTAL INCOME	<u>4,810,448,728</u>	<u>565,340</u>	<u>51,218</u>	<u>830,251</u>	<u>11,159,246</u>
EXPENSES					
Investment management fees (note 3)	1,107,557,911	231,321	944,042	199,771	3,305,755
Administration and transfer agency fees	277,153,400	86,274	341,707	53,147	799,576
Subscription tax (note 10)	55,585,023	10,513	48,794	5,742	143,670
Custodian fees	58,352,617	13,445	3,577	4,974	74,697
Audit, printing and publishing expenses	7,809,428	15,057	18,043	9,512	31,549
Bank charges	280,753	1,746	100	33	7,180
Interest expenses on swaps	26,228,295	–	–	–	–
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	317,058,435	50,040	393,876	34,188	968,231
Class AX(acc) shares' maintenance charges (note 13)	5,405,102	–	–	–	–
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	74,020,379	155,170	51,502	–	–
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	36,860,886	6,463	16,219	–	–
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	136,360,726	13,772	67,225	11,323	634,362
Other charges	31,388,313	6,156	23,538	6,034	85,814
TOTAL EXPENSES	<u>2,134,061,268</u>	<u>589,957</u>	<u>1,908,623</u>	<u>324,724</u>	<u>6,050,834</u>
Expenses reimbursement (note 16)	(5,727,834)	(22,564)	(55)	(4,416)	(635)
NET EXPENSES	<u>2,128,333,434</u>	<u>567,393</u>	<u>1,908,568</u>	<u>320,308</u>	<u>6,050,199</u>
NET PROFIT/(LOSS) FROM INVESTMENTS	2,682,115,294	(2,053)	(1,857,350)	509,943	5,109,047
Net realised profit/(loss) on sale of investments	2,548,702,842	5,067,471	9,253,746	1,125,646	29,239,371
Net realised profit/(loss) on forward foreign exchange contracts	2,860,478,693	–	–	–	–
Net realised profit/(loss) on financial futures contracts	23,525	–	–	–	–
Net realised profit/(loss) on credit default swap contracts	2,258,755	–	–	–	–
Net realised profit/(loss) on interest rate swap contracts	116,177,609	–	–	–	–
Net realised profit/(loss) on foreign exchange transactions	76,420,521	(5,932)	2,063	1,306	(23,575)
NET REALISED PROFIT/(LOSS) FOR THE YEAR	8,286,177,239	5,059,486	7,398,459	1,636,895	34,324,843
Change in net unrealised appreciation/(depreciation) on:					
Investments	12,707,538,261	(48,113)	22,012,089	1,165,708	(842,314)
Forward foreign exchange contracts	(1,175,474,299)	–	–	–	–
Financial futures contracts	(19,866)	–	–	–	–
Options contracts	(6,491)	–	–	–	–
Credit default swap contracts	(1,339,103)	–	–	–	–
Interest rate swap contracts	(143,946,087)	–	–	–	–
Foreign exchange transactions	(5,463,720)	(1,349)	110	–	(35,052)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS	19,667,465,934	5,010,024	29,410,658	2,802,603	33,447,477
MOVEMENT OF CAPITAL					
Issue of shares	99,338,062,399	10,516,651	112,578,728	8,061,090	324,984,845
Redemption of shares	(57,754,419,955)	(24,678,215)	(82,435,814)	(2,111,799)	(213,516,402)
Issue of shares in course of merger	21,652,823	–	–	–	–
Redemption of shares in course of merger	(24,651,496)	–	–	–	–
Equalisation (note 12)	112,993,691	(18,083)	–	(728)	(181,350)
	<u>41,693,637,462</u>	<u>(14,179,647)</u>	<u>30,142,914</u>	<u>5,948,563</u>	<u>111,287,093</u>
Dividends paid/accumulated (note 18)	(2,680,620,832)	(62,967)	–	(326,962)	(2,319,410)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL	39,013,016,630	(14,242,614)	30,142,914	5,621,601	108,967,683
NET ASSETS AT THE END OF THE YEAR	<u>149,396,147,607</u>	<u>20,687,634</u>	<u>134,126,169</u>	<u>29,083,141</u>	<u>391,908,724</u>
Portfolio Turnover Ratio (note 21)		149.93%	31.26%	45.50%	24.47%

*This Fund was merged into Franklin Global Real Estate Fund on August 27, 2010

The accompanying notes form an integral

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011 (CONTINUED)**

Franklin European Small-Mid Cap Growth Fund (EUR)	Franklin Global Growth Fund (USD)	Franklin Global Real Estate Fund (USD)	Franklin Global Real Estate (Euro) Fund* (EUR)	Franklin Global Small-Mid Cap Growth Fund (USD)	Franklin Gold and Precious Metals Fund (USD)	Franklin High Yield Fund (USD)
252,497,144	57,266,803	64,793,655	16,605,960	36,904,320	5,565,752	2,681,403,357
-	-	-	-	-	-	-
252,497,144	57,266,803	64,793,655	16,605,960	36,904,320	5,565,752	2,681,403,357
11,605,469	1,753,143	3,261,081	67,879	1,988,989	270,240	146,969
-	-	-	-	-	1,508	261,542,468
188,531	5,097	5,508	54	6,801	21	514
-	-	-	-	-	-	-
-	-	-	-	-	-	-
967	2,707	9,275	-	2,254	-	1,568,464
11,794,967	1,760,947	3,275,864	67,933	1,998,044	271,769	263,258,415
3,447,143	869,304	1,162,678	27,582	654,230	467,413	25,620,810
901,706	248,409	316,150	8,726	166,784	120,340	8,306,365
128,042	28,539	61,463	1,398	35,345	28,481	1,575,493
83,271	15,955	13,587	292	13,757	6,025	127,431
35,123	18,405	38,981	2,121	14,625	19,442	202,863
-	31	15,082	-	-	65	161
-	-	-	-	-	-	-
895,568	185,543	388,189	10,345	277,977	190,967	9,071,430
-	-	-	-	-	-	-
7,477	-	108,882	-	32,756	-	11,442,176
-	-	156,484	-	-	-	317,586
289,559	104,075	193,007	8,252	84,800	70,914	501,941
102,750	24,975	28,201	804	16,276	11,356	778,736
5,890,639	1,495,236	2,482,704	59,520	1,296,550	915,003	57,944,992
(1,712)	(66)	(2,077)	(103)	(812)	(13)	(82,245)
5,888,927	1,495,170	2,480,627	59,417	1,295,738	914,990	57,862,747
5,906,040	265,777	795,237	8,516	702,306	(643,221)	205,395,668
34,357,190	4,823,000	7,300,124	74,006	3,530,363	498,620	104,406,068
-	388,199	2,995,422	258,110	-	714,170	4,894,968
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(161,977)	72,943	27,815	(15,874)	(5,720)	55,719	80,903
40,101,253	5,549,919	11,118,598	324,758	4,226,949	625,288	314,777,607
(14,018,964)	19,889,167	16,070,920	694,138	6,805,934	(3,709,035)	77,063,658
-	43,810	737,650	19,285	-	274,303	(3,834,437)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
41,091	48,799	737,911	(8,856)	4,907	272,043	(5,479)
26,123,380	25,531,695	28,665,079	1,029,325	11,037,790	(2,537,401)	388,001,349
451,048,864	83,852,555	100,478,294	1,161,292	72,867,974	128,252,706	2,410,819,862
(363,321,068)	(41,199,021)	(54,951,929)	(1,551,988)	(40,270,726)	(50,009,720)	(1,546,970,321)
-	-	21,652,823	-	-	-	-
-	-	-	(16,999,272)	-	-	-
(1,136,726)	62,263	32,983	(129)	40,794	-	3,957,741
86,591,070	42,715,797	67,212,171	(17,390,097)	32,638,042	78,242,986	867,807,282
(2,780,118)	(241,483)	(688,720)	(245,188)	(160,114)	-	(204,930,245)
83,810,952	42,474,314	66,523,451	(17,635,285)	32,477,928	78,242,986	662,877,037
362,431,476	125,272,812	159,982,185	-	80,420,038	81,271,337	3,732,281,743
(8.02)%	21.91%	61.26%	1.71%	(40.93)%	(55.00)%	64.30%

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2011 (CONTINUED)

	Franklin Income Fund	Franklin India Fund	Franklin MENA Fund	Franklin Natural Resources Fund	Franklin Real Return Fund
	(USD)	(USD)	(USD)	(USD)	(USD)
NET ASSETS AT THE BEGINNING OF THE YEAR	653,230,165	1,024,275,135	95,002,312	104,946,439	4,638,420
Currency translation adjustment	-	-	-	-	-
	653,230,165	1,024,275,135	95,002,312	104,946,439	4,638,420
INCOME					
Dividends (net of withholding taxes)	10,244,000	16,270,156	3,566,612	2,281,962	18,492
Interest on bonds (net of withholding taxes)	37,744,730	-	-	7,025	254,981
Bank interest	76	115,402	5,237	196	-
Securities lending (note 9)	-	-	-	-	-
Interest on swaps	-	-	-	-	4,555
Sundry income	1,744,536	-	503	738	-
TOTAL INCOME	49,733,342	16,385,558	3,572,352	2,289,921	278,028
EXPENSES					
Investment management fees (note 3)	6,905,507	14,333,504	1,412,008	2,550,434	64,213
Administration and transfer agency fees	1,990,195	3,531,557	293,191	636,255	19,169
Subscription tax (note 10)	430,291	741,450	31,482	137,329	4,988
Custodian fees	36,055	1,274,365	238,260	14,727	1,017
Audit, printing and publishing expenses	58,447	97,096	23,629	28,182	12,380
Bank charges	2,065	445	7,266	341	62
Interest expenses on swaps	-	-	-	-	-
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	2,624,377	5,090,232	182,256	982,423	40,061
Class AX(acc) shares' maintenance charges (note 13)	-	-	-	-	-
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	2,598,581	894,017	17,835	24,032	-
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	896,547	242,904	589	130,373	-
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	542,667	2,583,079	77,076	290,336	5,495
Other charges	194,641	381,896	27,863	64,499	1,958
TOTAL EXPENSES	16,279,373	29,170,545	2,311,455	4,858,931	149,343
Expenses reimbursement (note 16)	(204)	(76,732)	(134)	-	(30,941)
NET EXPENSES	16,279,169	29,093,813	2,311,321	4,858,931	118,402
NET PROFIT/(LOSS) FROM INVESTMENTS	33,454,173	(12,708,255)	1,261,031	(2,569,010)	159,626
Net realised profit/(loss) on sale of investments	6,146,483	128,835,332	1,533,201	13,676,892	94,246
Net realised profit/(loss) on forward foreign exchange contracts	2,747,895	2,386,278	1,504,158	61,630	353,667
Net realised profit/(loss) on financial futures contracts	-	-	-	-	-
Net realised profit/(loss) on credit default swap contracts	-	-	-	-	(2,750)
Net realised profit/(loss) on interest rate swap contracts	-	-	-	-	-
Net realised profit/(loss) on foreign exchange transactions	93,043	(3,001,921)	189,679	30,603	9,072
NET REALISED PROFIT/(LOSS) FOR THE YEAR	42,441,594	115,511,434	4,488,069	11,200,115	613,861
Change in net unrealised appreciation/(depreciation) on:					
Investments	77,408,191	51,903,971	6,789,818	53,621,067	150,880
Forward foreign exchange contracts	383,654	(152,364)	48,676	43,297	115,657
Financial futures contracts	-	-	-	-	-
Options contracts	-	-	-	-	-
Credit default swap contracts	-	-	-	-	(19,289)
Interest rate swap contracts	-	-	-	-	-
Foreign exchange transactions	275,965	(89,701)	46,172	18,382	140,004
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS	120,509,404	167,173,340	11,372,735	64,882,861	1,001,113
MOVEMENT OF CAPITAL					
Issue of shares	1,148,915,021	2,066,111,178	104,994,938	863,094,421	15,545,084
Redemption of shares	(607,734,518)	(1,460,368,135)	(127,328,550)	(542,002,024)	(1,403,961)
Issue of shares in course of merger	-	-	-	-	-
Redemption of shares in course of merger	-	-	-	-	-
Equalisation (note 12)	2,345,193	5,143	(385,657)	-	43,793
	543,525,696	605,748,186	(22,719,269)	321,092,397	14,184,916
Dividends paid/accumulated (note 18)	(36,321,677)	(323,482)	(1,070,670)	-	(13,182)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL	507,204,019	605,424,704	(23,789,939)	321,092,397	14,171,734
NET ASSETS AT THE END OF THE YEAR	1,280,943,588	1,796,873,179	82,585,108	490,921,697	19,811,267
Portfolio Turnover Ratio (note 21)	25.63%	33.75%	134.97%	(39.12)%	(12.75)%

The accompanying notes form an integral

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2011 (CONTINUED)

Franklin Strategic Income Fund (USD)	Franklin Technology Fund (USD)	Franklin U.S. Dollar Liquid Reserve Fund (USD)	Franklin U.S. Equity Fund (USD)	Franklin U.S. Focus Fund (USD)	Franklin U.S. Government Fund (USD)	Franklin U.S. Opportunities Fund (USD)
191,900,788	264,049,900	267,260,935	665,871,864	8,945,646	2,498,161,733	879,151,288
-	-	-	-	-	-	-
191,900,788	264,049,900	267,260,935	665,871,864	8,945,646	2,498,161,733	879,151,288
920,851	825,054	-	8,266,565	154,166	-	7,504,593
14,044,366	17,448	989,421	22,882	451	109,415,383	42,748
525	1,092	167	224	183	47	1,153
-	-	-	-	-	-	-
726,170	-	-	-	-	-	-
49,185	47,970	-	1,063,067	-	-	508,376
15,741,097	891,564	989,588	9,352,738	154,800	109,415,430	8,056,870
1,992,808	4,590,632	774,877	6,641,255	120,386	13,110,030	16,238,816
715,336	1,080,333	375,157	1,665,129	32,226	5,213,090	3,951,494
146,785	249,284	28,209	289,933	5,447	861,033	796,887
51,648	22,854	9,041	27,249	680	91,439	75,974
29,836	38,196	27,926	54,827	15,156	149,744	113,617
2,969	3,049	1,415	2,741	393	14,136	13,369
-	-	-	-	-	-	-
911,946	1,777,539	172,973	2,079,710	24,130	2,693,461	5,469,652
-	-	-	-	-	1,496,877	-
573,936	75,564	263,312	307,411	-	2,170,910	482,380
655,837	60,149	98,715	267,498	-	697,500	566,061
64,599	701,746	275,372	908,030	54,758	1,361,677	1,416,520
67,886	123,015	66,357	172,141	3,129	552,802	432,978
5,213,586	8,722,361	2,093,354	12,415,924	256,305	28,412,699	29,557,748
(562,134)	(970)	(159,896)	-	(449)	(407,414)	-
4,651,452	8,721,391	1,933,458	12,415,924	255,856	28,005,285	29,557,748
11,089,645	(7,829,827)	(943,870)	(3,063,186)	(101,056)	81,410,145	(21,500,878)
5,953,540	29,005,028	-	38,055,638	1,233,004	9,926,674	45,554,659
(466,538)	-	-	6,989,652	1,293,266	732,121	10,479,444
-	-	-	-	-	-	-
1,311,475	-	-	-	-	-	-
-	-	-	-	-	-	-
54,701	85,498	(34)	661,461	951	509	274,909
17,942,823	21,260,699	(943,904)	42,643,565	2,426,165	92,069,449	34,808,134
9,318,506	82,577,315	(465,918)	88,081,337	1,027,595	(10,258,473)	372,291,956
(2,486,410)	-	-	547,445	85,264	(24,926)	7,241,388
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(999,862)	-	-	-	-	-	-
-	-	-	-	-	-	-
172,441	(1,754)	-	540,648	85,244	(24,964)	7,226,930
23,947,498	103,836,260	(1,409,822)	131,812,995	3,624,268	81,761,086	421,568,408
324,477,029	847,116,509	464,380,018	629,248,505	20,076,844	984,550,192	2,686,366,230
(125,702,351)	(512,283,052)	(364,392,205)	(539,576,970)	(10,807,716)	(1,493,968,616)	(1,279,792,395)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
454,685	-	8,472	179,504	(956)	(1,381,650)	-
199,229,363	334,833,457	99,996,285	89,851,039	9,268,172	(510,800,074)	1,406,573,835
(11,072,017)	-	(10,422)	(925,587)	-	(89,791,359)	-
188,157,346	334,833,457	99,985,863	88,925,452	9,268,172	(600,591,433)	1,406,573,835
404,005,632	702,719,617	365,836,976	886,610,311	21,838,086	1,979,331,386	2,707,293,531
22.06%	8.58%	N/A	47.08%	13.32%	8.87%	54.29%

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2011 (CONTINUED)

	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)	Franklin Mutual Beacon Fund (USD)
NET ASSETS AT THE BEGINNING OF THE YEAR	37,277,528	56,575,483	156,448,721	32,889,202	1,208,336,071
Currency translation adjustment	-	-	-	-	-
	<u>37,277,528</u>	<u>56,575,483</u>	<u>156,448,721</u>	<u>32,889,202</u>	<u>1,208,336,071</u>
INCOME					
Dividends (net of withholding taxes)	292,548	474	-	770,846	35,449,211
Interest on bonds (net of withholding taxes)	2,151	2,383,712	5,533,261	-	8,966,219
Bank interest	47	94	131	2,123	60,358
Securities lending (note 9)	-	-	-	-	2,578,841
Interest on swaps	-	74,476	-	-	-
Sundry income	30,259	2,393	-	-	29,523
TOTAL INCOME	<u>325,005</u>	<u>2,461,149</u>	<u>5,533,392</u>	<u>772,969</u>	<u>47,084,152</u>
EXPENSES					
Investment management fees (note 3)	724,630	457,928	1,518,496	388,638	12,268,070
Administration and transfer agency fees	207,093	156,655	542,591	95,815	3,023,360
Subscription tax (note 10)	40,742	29,048	127,174	16,788	557,342
Custodian fees	2,862	7,635	9,155	10,372	93,880
Audit, printing and publishing expenses	15,808	20,183	24,663	15,189	93,211
Bank charges	269	1,516	957	105	1,944
Interest expenses on swaps	-	-	-	-	-
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	241,555	111,132	365,651	99,851	3,899,025
Class AX(acc) shares' maintenance charges (note 13)	-	-	191,397	-	-
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	127,192	54,944	72,724	7,061	1,094,849
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	69,641	39,048	200,014	3,502	497,242
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	96,502	82,486	438,917	92,922	2,186,034
Other charges	18,640	15,078	59,983	11,960	1,581,543
TOTAL EXPENSES	<u>1,544,934</u>	<u>975,653</u>	<u>3,551,722</u>	<u>742,203</u>	<u>25,296,500</u>
Expenses reimbursement (note 16)	(21)	(109,294)	(262,280)	(5,795)	(5,799)
NET EXPENSES	<u>1,544,913</u>	<u>866,359</u>	<u>3,289,442</u>	<u>736,408</u>	<u>25,290,701</u>
NET PROFIT/(LOSS) FROM INVESTMENTS	(1,219,908)	1,594,790	2,243,950	36,561	21,793,451
Net realised profit/(loss) on sale of investments	4,480,984	(605,597)	(2,440,267)	4,111,223	13,350,064
Net realised profit/(loss) on forward foreign exchange contracts	-	29,015	-	-	(10,472,714)
Net realised profit/(loss) on financial futures contracts	-	94,351	-	-	-
Net realised profit/(loss) on credit default swap contracts	-	105,672	-	-	-
Net realised profit/(loss) on interest rate swap contracts	-	-	-	-	-
Net realised profit/(loss) on foreign exchange transactions	(66)	26,584	-	(16,747)	1,221,787
NET REALISED PROFIT/(LOSS) FOR THE YEAR	3,261,010	1,244,815	(196,317)	4,131,037	25,892,588
Change in net unrealised appreciation/(depreciation) on:					
Investments	14,208,625	3,919,768	1,683,834	5,746,165	261,873,004
Forward foreign exchange contracts	-	(305,266)	-	-	(13,621,937)
Financial futures contracts	-	(22,149)	-	-	-
Options contracts	-	-	-	-	(6,491)
Credit default swap contracts	-	(83,532)	-	-	-
Interest rate swap contracts	-	-	-	-	-
Foreign exchange transactions	-	(1,880)	-	9,401	724,257
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS	17,469,635	4,751,756	1,487,517	9,886,603	274,861,421
MOVEMENT OF CAPITAL					
Issue of shares	163,332,935	46,024,836	289,935,979	17,586,005	627,788,030
Redemption of shares	(92,467,001)	(33,947,471)	(139,680,349)	(9,083,088)	(897,183,403)
Issue of shares in course of merger	-	-	-	-	-
Redemption of shares in course of merger	-	-	-	-	-
Equalisation (note 12)	-	47,479	166,060	(1,760)	(2,695,646)
	<u>70,865,934</u>	<u>12,124,844</u>	<u>150,421,690</u>	<u>8,501,157</u>	<u>(272,091,019)</u>
Dividends paid/accumulated (note 18)	-	(1,656,847)	(2,416,990)	(89,547)	(1,964,908)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL	70,865,934	10,467,997	148,004,700	8,411,610	(274,055,927)
NET ASSETS AT THE END OF THE YEAR	<u>125,613,097</u>	<u>71,795,236</u>	<u>305,940,938</u>	<u>51,187,415</u>	<u>1,209,141,565</u>
Portfolio Turnover Ratio (note 21)	(18.96)%	428.80%	(22.79)%	126.25%	27.06%

The accompanying notes form an integral

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011 (CONTINUED)**

Franklin Mutual Euroland Fund (EUR)	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)
9,222,542	2,591,062,545	860,956,429	55,677,687	458,235,313	64,486,472	7,225,256,114
-	-	-	-	-	-	-
9,222,542	2,591,062,545	860,956,429	55,677,687	458,235,313	64,486,472	7,225,256,114
216,761	61,022,888	24,189,283	1,549,202	8,699,362	1,746,444	114,224,391
3,523	233,812	1,186,589	27,417	11,091,887	-	-
17	965,850	197,679	3,375	1,237	11,406	-
108,859	22,232,767	5,207,575	-	-	235,351	-
-	-	-	-	-	-	-
-	407,131	435	-	-	1,338	-
329,160	84,862,448	30,781,561	1,579,994	19,792,486	1,994,539	114,224,391
95,960	27,193,207	10,669,860	853,872	5,675,989	725,757	68,161,691
23,908	6,665,175	2,739,962	229,139	1,545,026	233,188	21,931,675
3,989	1,160,792	473,980	34,753	294,794	36,827	3,219,547
1,876	479,038	130,973	20,144	150,673	14,099	1,157,999
8,729	182,598	83,180	15,725	46,777	17,943	1,525,439
56	505	618	150	86	-	-
-	-	-	-	67,273	-	-
29,115	8,949,485	2,494,484	341,549	2,750,647	281,104	26,312,102
-	-	-	-	-	-	-
-	603,034	574,948	-	4,182	27,306	965,363
-	230,952	956,028	-	2,123	39,627	1,235,250
11,141	3,632,417	2,699,126	-	206,811	66,871	15,471,307
2,779	706,021	285,642	16,951	135,415	23,066	1,776,671
177,553	49,803,224	21,108,801	1,512,283	10,879,796	1,465,788	141,757,044
(971)	(1,899)	(55)	-	-	(111)	(15,051)
176,582	49,801,325	21,108,746	1,512,283	10,879,796	1,465,677	141,741,993
152,578	35,061,123	9,672,815	67,711	8,912,690	528,862	(27,517,602)
1,524,463	16,249,673	43,432,825	4,526,044	21,684,111	2,824,148	(456,022,384)
-	245,061	11,997,101	1,550,372	21,060,748	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,192	(863,135)	1,178,278	(62,221)	424,770	(59,905)	6,838,873
1,680,233	50,692,722	66,281,019	6,081,906	52,082,319	3,293,105	(476,701,113)
(572,403)	207,649,930	201,827,841	10,971,772	76,716,024	17,172,370	704,832,373
-	(71,156)	4,648,396	(230,302)	768,139	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(173,409)	-	-
(6,213)	(666,635)	5,163,603	(195,853)	6,410,909	9,322	303,436
1,101,617	257,604,861	277,920,859	16,627,523	135,803,982	20,474,797	228,434,696
16,351,078	1,607,041,229	989,781,288	13,446,644	165,807,310	70,006,102	7,673,954,821
(17,858,915)	(1,353,675,519)	(591,612,187)	(13,266,592)	(77,401,134)	(43,467,852)	(7,601,388,199)
-	-	-	-	-	-	-
(76,136)	(674,819)	1,738,429	-	535,193	33,390	(136,655)
(1,583,973)	252,690,891	399,907,530	180,052	88,941,369	26,571,640	72,429,967
(73,004)	(23,728,928)	(3,693,491)	-	(7,567,465)	(191,900)	(1,064,959)
(1,656,977)	228,961,963	396,214,039	180,052	81,373,904	26,379,740	71,365,008
8,667,182	3,077,629,369	1,535,091,327	72,485,262	675,413,199	111,341,009	7,525,055,818
(42.65)%	31.64%	18.44%	26.18%	33.87%	(9.40)%	174.78%

part of these financial statements

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2011 (CONTINUED)

	Templeton Asian Bond Fund (USD)	Templeton Asian Growth Fund (USD)	Templeton Asian Smaller Companies Fund (USD)	Templeton BRIC Fund (USD)	Templeton China Fund (USD)
NET ASSETS AT THE BEGINNING OF THE YEAR	2,279,041,816	10,393,185,887	37,740,758	2,611,189,819	936,951,071
Currency translation adjustment	-	-	-	-	-
	<u>2,279,041,816</u>	<u>10,393,185,887</u>	<u>37,740,758</u>	<u>2,611,189,819</u>	<u>936,951,071</u>
INCOME					
Dividends (net of withholding taxes)	-	346,454,331	3,309,815	67,107,190	43,244,433
Interest on bonds (net of withholding taxes)	132,612,269	-	237	-	-
Bank interest	1,008,701	1,476,028	1,894	176,473	110,028
Securities lending (note 9)	-	-	-	-	-
Interest on swaps	-	-	-	-	-
Sundry income	-	-	169	-	-
TOTAL INCOME	<u>133,620,970</u>	<u>347,930,359</u>	<u>3,312,115</u>	<u>67,283,663</u>	<u>43,354,461</u>
EXPENSES					
Investment management fees (note 3)	24,170,486	181,210,848	1,857,484	47,787,149	23,676,805
Administration and transfer agency fees	7,302,395	33,453,398	358,961	7,496,847	3,610,480
Subscription tax (note 10)	1,575,958	5,865,342	68,593	1,513,525	710,346
Custodian fees	1,644,628	10,167,744	91,325	1,620,563	609,990
Audit, printing and publishing expenses	207,040	866,586	21,511	189,983	97,595
Bank charges	2,965	18,740	1,667	248	1,236
Interest expenses on swaps	734,047	-	-	-	-
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	7,375,070	42,314,734	544,088	11,816,977	5,764,103
Class AX(acc) shares' maintenance charges (note 13)	-	-	-	-	-
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	904,024	2,362,159	32,244	2,780,479	32,903
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	1,072,811	1,868,154	-	1,203,886	379,952
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	1,560,742	8,876,732	54	2,722,546	770,550
Other charges	1,092,456	3,594,541	35,568	1,203,693	374,882
TOTAL EXPENSES	<u>47,642,622</u>	<u>290,598,978</u>	<u>3,011,495</u>	<u>78,335,896</u>	<u>36,028,842</u>
Expenses reimbursement (note 16)	(42,123)	(487,858)	(17)	(38,890)	(1,257)
NET EXPENSES	<u>47,600,499</u>	<u>290,111,120</u>	<u>3,011,478</u>	<u>78,297,006</u>	<u>36,027,585</u>
NET PROFIT/(LOSS) FROM INVESTMENTS	86,020,471	57,819,239	300,637	(11,013,343)	7,326,876
Net realised profit/(loss) on sale of investments	43,734,301	125,827,270	10,290,301	122,541,728	9,622,760
Net realised profit/(loss) on forward foreign exchange contracts	33,385,031	74,531,412	-	10,166,099	-
Net realised profit/(loss) on financial futures contracts	(2,187)	-	-	-	-
Net realised profit/(loss) on credit default swap contracts	-	-	-	-	-
Net realised profit/(loss) on interest rate swap contracts	-	-	-	-	-
Net realised profit/(loss) on foreign exchange transactions	2,016,512	(5,645,610)	149,882	(1,222,179)	(604,013)
NET REALISED PROFIT/(LOSS) FOR THE YEAR	165,154,128	252,532,311	10,740,820	120,472,305	16,345,623
Change in net unrealised appreciation/(depreciation) on:					
Investments	219,328,179	3,297,371,552	7,713,401	538,231,387	268,629,126
Forward foreign exchange contracts	27,812,478	5,077,944	-	(802,335)	-
Financial futures contracts	2,891	-	-	-	-
Options contracts	-	-	-	-	-
Credit default swap contracts	-	-	-	-	-
Interest rate swap contracts	(1,759,435)	-	-	-	-
Foreign exchange transactions	10,901,532	4,691,173	326	(907,715)	3,738
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS	421,439,773	3,559,672,980	18,454,547	656,993,642	284,978,487
MOVEMENT OF CAPITAL					
Issue of shares	3,006,996,491	11,572,543,535	299,910,069	1,292,391,385	2,279,720,896
Redemption of shares	(1,405,404,931)	(7,634,827,891)	(149,651,683)	(1,587,219,713)	(1,088,857,525)
Issue of shares in course of merger	-	-	-	-	-
Redemption of shares in course of merger	-	-	-	-	-
Equalisation (note 12)	2,513,038	7,515,874	217,635	(415,950)	1,883,638
	<u>1,604,104,598</u>	<u>3,945,231,518</u>	<u>150,476,021</u>	<u>(295,244,278)</u>	<u>1,192,747,009</u>
Dividends paid/accumulated (note 18)	(84,336,830)	(49,397,801)	(230,761)	(1,097,522)	(543,775)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL	1,519,767,768	3,895,833,717	150,245,260	(296,341,800)	1,192,203,234
NET ASSETS AT THE END OF THE YEAR	<u>4,220,249,357</u>	<u>17,848,692,584</u>	<u>206,440,565</u>	<u>2,971,841,661</u>	<u>2,414,132,792</u>
Portfolio Turnover Ratio (note 21)	(5.08)%	(14.59)%	(79.64)%	12.01%	(32.66)%

*This Fund was launched on April 29, 2011

The accompanying notes form an integral

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2011 (CONTINUED)

Templeton Eastern Europe Fund (EUR)	Templeton Emerging Markets Fund (USD)	Templeton Emerging Markets Balanced Fund* (USD)	Templeton Emerging Markets Bond Fund (USD)	Templeton Emerging Markets Smaller Companies Fund (USD)	Templeton Euro Government Bond Fund (EUR)	Templeton Euro High Yield Fund (EUR)
711,325,555	1,007,586,053	–	4,111,146,203	295,588,749	18,498,000	400,893,844
–	–	–	–	–	–	–
711,325,555	1,007,586,053	–	4,111,146,203	295,588,749	18,498,000	400,893,844
14,862,705	31,635,162	42,884	–	11,204,738	–	24,994
434,618	32,245	83,452	387,734,132	9,754	573,506	36,680,452
102,570	60,090	–	659,077	167	2,688	250,583
–	–	–	–	–	–	–
–	–	–	–	–	–	359,026
–	99	–	–	–	24	178,419
15,399,893	31,727,596	126,336	388,393,209	11,214,659	576,218	37,493,474
13,533,906	19,656,665	32,534	51,895,586	6,326,812	98,161	3,862,883
2,285,598	3,119,104	8,817	13,572,977	975,955	51,413	1,104,396
394,781	628,085	1,228	2,379,066	193,225	9,620	235,802
1,264,492	897,668	2,680	3,642,465	368,141	1,524	37,752
62,071	83,782	22,141	332,597	37,596	13,298	42,056
34,774	37	–	11,111	1,819	–	20
–	–	–	345,076	–	–	–
3,321,821	4,892,580	8,422	14,928,133	1,548,820	22,950	1,423,923
–	–	–	–	–	–	–
701,264	1,223,733	10	13,906,285	–	–	187,246
62,793	542,083	6	1,067,171	144,437	–	–
543,597	998,750	3,404	2,940,858	248,612	60,986	749,755
241,324	315,043	645	1,318,223	98,387	4,621	129,148
22,446,421	32,357,530	79,887	106,339,548	9,943,804	262,573	7,772,981
(143,841)	(14,921)	(20,723)	(53,149)	(72,527)	(13)	(182)
22,302,580	32,342,609	59,164	106,286,399	9,871,277	262,560	7,772,799
(6,902,687)	(615,013)	67,172	282,106,810	1,343,382	313,658	29,720,675
44,581,600	51,063,896	(59,538)	8,614,422	19,337,260	(288,241)	12,131,522
–	14,400	(506,563)	36,601,543	–	–	8,829,182
–	–	–	(2,187)	–	–	–
–	–	–	–	–	–	481,260
–	–	–	13,418,987	–	–	–
(965,625)	40,752	45,202	10,071,364	180,042	–	(114,720)
36,713,288	50,504,035	(453,727)	350,810,939	20,860,684	25,417	51,047,919
4,800,527	244,120,852	(480,483)	434,533,152	55,341,905	(496,918)	(5,367,410)
–	93,943	292,257	(50,064,740)	–	–	6,860,484
–	–	–	2,891	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	(17,012)
–	–	–	(12,515,029)	–	–	–
(155,256)	225,575	278,706	4,257,260	10,608	–	(295,522)
41,358,559	294,944,405	(363,247)	727,024,473	76,213,197	(471,501)	52,228,459
821,426,674	541,705,189	25,681,065	5,503,700,735	322,923,733	17,265,854	449,278,843
(768,356,453)	(524,621,468)	–	(3,301,533,016)	(248,338,988)	(16,936,448)	(272,974,248)
–	–	–	–	–	–	–
(226,290)	58,022	526	20,722,365	166,638	(19,586)	86,595
52,843,931	17,141,743	25,681,591	2,222,890,084	74,751,383	309,820	176,391,190
(121,508)	(348,966)	–	(277,953,991)	(1,519,337)	(418,104)	(28,733,436)
52,722,423	16,792,777	25,681,591	1,944,936,093	73,232,046	(108,284)	147,657,754
805,406,537	1,319,323,235	25,318,344	6,783,106,769	445,033,992	17,918,215	600,780,057
(24.94)%	14.49%	(10.33)%	(11.58)%	(8.09)%	98.26%	65.14%

part of these financial statements

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2011 (CONTINUED)

	Templeton Euro Liquid Reserve Fund (EUR)	Templeton Euro Money Market Fund (EUR)	Templeton Euroland Fund (EUR)	Templeton European Fund (EUR)	Templeton European Corporate Bond Fund (EUR)
NET ASSETS AT THE BEGINNING OF THE YEAR	107,927,433	24,421,190	132,622,294	117,182,884	10,850,259
Currency translation adjustment	-	-	-	-	-
	<u>107,927,433</u>	<u>24,421,190</u>	<u>132,622,294</u>	<u>117,182,884</u>	<u>10,850,259</u>
INCOME					
Dividends (net of withholding taxes)	-	-	3,184,744	3,408,554	-
Interest on bonds (net of withholding taxes)	1,596,724	220,369	-	-	475,309
Bank interest	46,785	19,306	19,308	16,629	2,040
Securities lending (note 9)	-	-	1,610,750	670,449	-
Interest on swaps	-	-	-	-	-
Sundry income	-	-	2,015	22,696	1,288
TOTAL INCOME	<u>1,643,509</u>	<u>239,675</u>	<u>4,816,817</u>	<u>4,118,328</u>	<u>478,637</u>
EXPENSES					
Investment management fees (note 3)	307,343	59,683	1,239,594	1,234,388	54,588
Administration and transfer agency fees	170,817	33,248	345,094	318,193	24,968
Subscription tax (note 10)	10,514	2,900	53,444	60,242	2,553
Custodian fees	8,522	2,724	25,951	22,536	1,029
Audit, printing and publishing expenses	14,656	8,772	17,540	17,033	9,401
Bank charges	2,537	-	-	883	-
Interest expenses on swaps	-	-	-	-	-
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	63,297	3,968	487,535	586,378	3,397
Class AX(acc) shares' maintenance charges (note 13)	-	-	-	-	-
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	-	-	3,483	-	-
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	-	-	2,165	3,410	-
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	369,055	-	93,887	60,326	16,597
Other charges	25,431	7,227	32,069	31,665	2,801
TOTAL EXPENSES	<u>972,172</u>	<u>118,522</u>	<u>2,300,762</u>	<u>2,335,054</u>	<u>115,334</u>
Expenses reimbursement (note 16)	-	(51,076)	-	-	(8,999)
NET EXPENSES	<u>972,172</u>	<u>67,446</u>	<u>2,300,762</u>	<u>2,335,054</u>	<u>106,335</u>
NET PROFIT/(LOSS) FROM INVESTMENTS	671,337	172,229	2,516,055	1,783,274	372,302
Net realised profit/(loss) on sale of investments	(111,497)	(165)	2,203,312	5,498,875	(73,137)
Net realised profit/(loss) on forward foreign exchange contracts	-	-	-	-	16,086
Net realised profit/(loss) on financial futures contracts	-	-	-	-	(37,783)
Net realised profit/(loss) on credit default swap contracts	-	-	-	-	-
Net realised profit/(loss) on interest rate swap contracts	-	-	-	-	-
Net realised profit/(loss) on foreign exchange transactions	-	-	(13,489)	(16,540)	(1,653)
NET REALISED PROFIT/(LOSS) FOR THE YEAR	559,840	172,064	4,705,878	7,265,609	275,815
Change in net unrealised appreciation/(depreciation) on:					
Investments	111,157	-	12,143,098	8,851,780	(11,883)
Forward foreign exchange contracts	-	-	-	-	6,761
Financial futures contracts	-	-	-	-	(12,750)
Options contracts	-	-	-	-	-
Credit default swap contracts	-	-	-	-	-
Interest rate swap contracts	-	-	-	-	-
Foreign exchange transactions	-	-	-	(17,272)	(94)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS	670,997	172,064	16,848,976	16,100,117	257,849
MOVEMENT OF CAPITAL					
Issue of shares	248,231,613	28,687,819	34,845,477	31,326,761	3,978,945
Redemption of shares	(248,803,642)	(11,732,558)	(51,562,971)	(37,498,857)	(744,788)
Issue of shares in course of merger	-	-	-	-	-
Redemption of shares in course of merger	-	-	-	-	-
Equalisation (note 12)	96,092	60,345	(34,186)	(25,830)	57,106
	<u>(475,937)</u>	<u>17,015,606</u>	<u>(16,751,680)</u>	<u>(6,197,926)</u>	<u>3,291,263</u>
Dividends paid/accumulated (note 18)	(246,083)	(58,762)	(1,759,755)	(1,369,576)	(50,900)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL	<u>(722,020)</u>	<u>16,956,844</u>	<u>(18,511,435)</u>	<u>(7,567,502)</u>	<u>3,240,363</u>
NET ASSETS AT THE END OF THE YEAR	<u>107,876,410</u>	<u>41,550,098</u>	<u>130,959,835</u>	<u>125,715,499</u>	<u>14,348,471</u>
Portfolio Turnover Ratio (note 21)	N/A	N/A	(0.26)%	18.48%	50.22%

*This Fund was launched on October 29, 2010

The accompanying notes form an integral

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2011 (CONTINUED)

Templeton European Total Return Fund (EUR)	Templeton Frontier Markets Fund (USD)	Templeton Global Fund (USD)	Templeton Global (Euro) Fund (EUR)	Templeton Global Aggregate Bond Fund* (USD)	Templeton Global Balanced Fund (USD)	Templeton Global Bond Fund (USD)
70,690,229	355,478,066	925,156,864	542,441,391	-	658,907,869	26,724,456,688
-	-	-	-	-	-	-
70,690,229	355,478,066	925,156,864	542,441,391	-	658,907,869	26,724,456,688
3,643	30,316,631	21,085,676	9,721,477	26,040	10,816,109	-
2,766,655	2,587	-	-	188,965	9,463,374	1,686,162,386
12,410	7,054	26,834	48,392	943	26,240	5,389,462
-	-	4,175,945	1,796,717	-	2,664,251	-
-	-	-	-	-	-	-
6,752	-	65,875	30,604	-	42,639	1,796,444
2,789,460	30,326,272	25,354,330	11,597,190	215,948	23,012,613	1,693,348,292
499,236	12,516,292	10,146,514	5,594,983	35,654	5,757,578	261,839,120
163,008	1,940,922	2,656,541	1,497,083	16,791	2,067,590	78,695,528
31,685	372,552	460,209	271,584	2,114	364,997	17,553,016
12,442	1,703,071	157,884	78,918	1,195	162,875	19,456,549
16,680	62,112	73,518	42,212	21,094	56,996	2,000,475
-	15,012	132	1,746	-	2,462	38,820
-	-	-	-	-	-	20,614,907
108,777	2,387,747	3,922,060	2,725,666	5,994	2,904,675	67,122,092
-	-	-	-	-	-	3,716,828
-	7,877	768,806	74	-	1,427,615	20,204,639
6,220	21,437	184,489	-	-	398,100	16,689,483
286,878	1,370,757	386,139	52,487	6,815	212,646	58,071,223
16,445	200,023	258,505	140,869	1,775	184,071	8,679,184
1,141,371	20,597,802	19,014,797	10,405,622	91,432	13,539,605	574,681,864
(203,171)	(41,947)	-	(21)	(22,116)	(225)	(75,763)
938,200	20,555,855	19,014,797	10,405,601	69,316	13,539,380	574,606,101
1,851,260	9,770,417	6,339,533	1,191,589	146,632	9,473,233	1,118,742,191
(51,649)	15,849,746	56,178,380	20,488,743	(121,751)	28,851,284	637,997,023
743,134	20,220,132	-	220,885	102,038	(531,935)	2,071,812,869
-	-	-	-	-	-	(2,187)
-	-	-	-	-	-	-
-	-	-	-	-	-	61,607,737
1,887	(839,748)	294,097	(341,248)	(49,932)	575,453	55,146,385
2,544,632	45,000,547	62,812,010	21,559,969	76,987	38,368,035	3,945,304,018
(1,201,382)	17,924,052	230,218,471	22,611,143	(79,985)	122,237,139	3,285,944,346
153,868	1,412,132	-	42,902	311,299	1,895,161	(1,260,476,378)
-	-	-	-	-	-	2,891
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(85,896,626)
2,425	975,750	91,528	(345,384)	275,691	386,841	(239,067,939)
1,499,543	65,312,481	293,122,009	43,868,630	583,992	162,887,176	5,645,810,312
29,181,481	1,289,228,831	281,186,786	51,949,076	17,396,809	144,700,383	28,811,954,327
(41,277,920)	(613,788,284)	(379,029,033)	(78,322,328)	(142,258)	(220,037,043)	(13,741,257,375)
-	-	-	-	-	-	-
(24,066)	121,059	(102,908)	(28,882)	72,421	(123,160)	45,392,299
(12,120,505)	675,561,606	(97,945,155)	(26,402,134)	17,326,972	(75,459,820)	15,116,089,251
(1,916,800)	(2,077,781)	(5,519,076)	(2,331,878)	(19,959)	(8,507,432)	(1,124,741,648)
(14,037,305)	673,483,825	(103,464,231)	(28,734,012)	17,307,013	(83,967,252)	13,991,347,603
58,152,467	1,094,274,372	1,114,814,642	557,576,009	17,891,005	737,827,793	46,361,614,603
93.18%	(4.59)%	34.10%	38.10%	218.32%	38.38%	22.22%

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2011 (CONTINUED)

	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)
NET ASSETS AT THE BEGINNING OF THE YEAR	347,872,646	90,904,876	57,991,912	186,043,619	237,574,862
Currency translation adjustment	-	-	-	-	-
	347,872,646	90,904,876	57,991,912	186,043,619	237,574,862
INCOME					
Dividends (net of withholding taxes)	-	3,411,434	209,261	6,512,589	5,615,907
Interest on bonds (net of withholding taxes)	15,676,849	-	6,437,026	5,832,819	-
Bank interest	251,475	2,280	151	70,989	54,060
Securities lending (note 9)	-	627,867	-	-	-
Interest on swaps	-	-	131,780	-	-
Sundry income	-	5,639	12,956	7,731	346,426
TOTAL INCOME	15,928,324	4,047,220	6,791,174	12,424,128	6,016,393
EXPENSES					
Investment management fees (note 3)	3,158,342	990,516	761,070	2,634,173	2,898,055
Administration and transfer agency fees	923,461	254,910	219,525	731,836	720,459
Subscription tax (note 10)	215,799	49,202	48,210	167,775	139,429
Custodian fees	162,228	20,931	27,741	77,870	74,345
Audit, printing and publishing expenses	35,645	19,272	18,771	30,074	29,848
Bank charges	6,999	659	385	97	-
Interest expenses on swaps	-	-	-	-	-
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	880,384	450,507	320,969	872,755	1,241,817
Class AX(acc) shares' maintenance charges (note 13)	-	-	-	-	-
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	3,078	130,226	-	374,675	70,143
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	-	6,255	-	652,079	20,804
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	1,192,176	14,362	205,068	421,610	131,012
Other charges	99,538	24,444	23,050	74,707	72,690
TOTAL EXPENSES	6,677,650	1,961,284	1,624,789	6,037,651	5,398,602
Expenses reimbursement (note 16)	(43,128)	(318,501)	-	(496,726)	-
NET EXPENSES	6,634,522	1,642,783	1,624,789	5,540,925	5,398,602
NET PROFIT/(LOSS) FROM INVESTMENTS	9,293,802	2,404,437	5,166,385	6,883,203	617,791
Net realised profit/(loss) on sale of investments	(265,786)	(1,824,628)	1,590,835	1,893,054	24,836,900
Net realised profit/(loss) on forward foreign exchange contracts	(6,750,632)	-	(779,721)	366,576	-
Net realised profit/(loss) on financial futures contracts	(2,009)	-	(2,187)	(2,187)	-
Net realised profit/(loss) on credit default swap contracts	-	-	146,459	-	-
Net realised profit/(loss) on interest rate swap contracts	-	-	-	-	-
Net realised profit/(loss) on foreign exchange transactions	(257,515)	(12,163)	43,125	(668,857)	113,882
NET REALISED PROFIT/(LOSS) FOR THE YEAR	2,017,860	567,646	6,164,896	8,471,789	25,568,573
Change in net unrealised appreciation/(depreciation) on:					
Investments	(11,535,397)	23,110,163	4,801,231	35,717,429	47,516,850
Forward foreign exchange contracts	16,503,206	-	(454,204)	(209,802)	-
Financial futures contracts	2,363	-	2,891	2,891	-
Options contracts	-	-	-	-	-
Credit default swap contracts	-	-	(211,750)	-	-
Interest rate swap contracts	-	-	(21,721)	-	-
Foreign exchange transactions	(237,315)	21,377	7,574	72,768	3,138
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS	6,750,717	23,699,186	10,288,917	44,055,075	73,088,561
MOVEMENT OF CAPITAL					
Issue of shares	320,103,377	18,735,623	151,037,319	393,711,136	228,148,950
Redemption of shares	(232,489,782)	(36,049,976)	(72,571,412)	(96,482,910)	(266,322,877)
Issue of shares in course of merger	-	-	-	-	-
Redemption of shares in course of merger	-	-	-	-	-
Equalisation (note 12)	201,147	(23,143)	270,191	867,131	(137,185)
	87,814,742	(17,337,496)	78,736,098	298,095,357	(38,311,112)
Dividends paid/accumulated (note 18)	(14,023,033)	(2,075,727)	(5,091,438)	(5,840,978)	(322,958)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL	73,791,709	(19,413,223)	73,644,660	292,254,379	(38,634,070)
NET ASSETS AT THE END OF THE YEAR	428,415,072	95,190,839	141,925,489	522,353,073	272,029,353
Portfolio Turnover Ratio (note 21)	(5.96)%	(1.19)%	(1.61)%	25.28%	(18.44)%

The accompanying notes form an integral

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2011 (CONTINUED)

Templeton Global Total Return Fund (USD)	Templeton Growth (Euro) Fund (EUR)	Templeton Korea Fund (USD)	Templeton Latin America Fund (USD)	Templeton Thailand Fund (USD)	Templeton U.S. Value Fund (USD)
9,247,942,075	4,490,061,960	82,332,757	3,000,450,731	149,863,578	30,343,326
-	-	-	-	-	-
9,247,942,075	4,490,061,960	82,332,757	3,000,450,731	149,863,578	30,343,326
92,988	96,526,314	1,205,985	98,433,652	5,875,649	322,450
810,997,972	1,857,780	-	-	-	988
154,750	469,272	7,314	135,996	8,025	19
-	16,525,436	-	-	-	-
-	-	-	-	-	-
1,588,031	-	-	-	-	8,959
812,833,741	115,378,802	1,213,299	98,569,648	5,883,674	332,416
105,503,416	47,269,684	1,769,564	48,990,125	2,776,522	279,870
31,539,146	12,676,204	319,360	8,763,121	443,046	80,770
7,259,380	2,328,312	56,850	1,576,335	87,908	9,473
8,377,245	665,670	74,921	2,339,294	95,000	1,282
816,963	285,587	18,058	226,862	21,799	16,405
10,559	8,519	45	1,751	9,677	525
4,466,992	-	-	-	-	-
27,681,557	23,497,626	493,422	12,306,085	760,387	51,869
-	-	-	-	-	-
4,195,135	4,474	-	2,127,935	94,294	13,621
5,903,179	222	4,327	307,248	-	16,090
27,782,492	290,665	88,659	1,977,273	108,192	42,026
3,376,467	1,138,610	27,046	1,210,824	42,244	8,452
226,912,531	88,165,573	2,852,252	79,826,853	4,439,069	520,383
(1,631,800)	-	(366)	(11,072)	(272)	(22)
225,280,731	88,165,573	2,851,886	79,815,781	4,438,797	520,361
587,553,010	27,213,229	(1,638,587)	18,753,867	1,444,877	(187,945)
166,051,266	227,531,322	14,859,283	109,169,908	25,514,534	4,620,235
544,882,218	165,371	-	5,353,624	-	217,121
(2,187)	-	-	-	-	-
-	-	-	-	-	-
41,150,885	-	-	-	-	-
32,037,340	(5,279,616)	(184,043)	(4,829,856)	8,954	1,892
1,371,672,532	249,630,306	13,036,653	128,447,543	26,968,365	4,651,303
1,080,247,132	241,684,503	24,526,176	595,412,549	23,464,135	3,019,507
71,193,314	36,770	-	(6,061)	-	14,547
2,891	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(43,579,867)	-	-	-	-	-
205,421,504	(2,158,436)	473	(9,069,506)	1,721	14,556
2,684,957,506	489,193,143	37,563,302	714,784,525	50,434,221	7,699,913
17,453,624,914	346,771,341	208,243,276	2,636,205,005	315,271,714	41,091,825
(6,431,614,732)	(538,982,168)	(186,488,978)	(2,319,481,459)	(333,700,256)	(52,962,544)
-	-	-	-	-	-
-	-	-	-	-	-
31,774,758	(298,699)	(729)	104,170	181,541	(1,973)
11,053,784,940	(192,509,526)	21,753,569	316,827,716	(18,247,001)	(11,872,692)
(582,822,052)	(19,777,537)	(10,340)	(18,274,741)	(1,199,047)	(59,897)
10,470,962,888	(212,287,063)	21,743,229	298,552,975	(19,446,048)	(11,932,589)
22,403,862,469	4,766,968,040	141,639,288	4,013,788,231	180,851,751	26,110,650
16.38%	24.02%	(102.12)%	(14.86)%	(41.63)%	(5.06)%

part of these financial statements

STATISTICAL INFORMATION

All classes in base currency unless otherwise stated

	Total Expense Ratio June 30, 2011 (see Note 17)	Shares Outstanding June 30, 2011	Net Asset Value per Share		
			June 30, 2011	June 30, 2010	June 30, 2009
Franklin Asian Flex Cap Fund – USD					
Franklin Asian Flex Cap – A (Acc)	2.00%	461,463.015	14.03	11.58	9.95
Franklin Asian Flex Cap – A (Acc) – SGD	1.96%	548.355	7.68	7.22	6.42
Franklin Asian Flex Cap – A (Ydis)	2.00%	144,696.888	13.92	11.50	9.94
Franklin Asian Flex Cap – B (Acc)	3.25%	554,603.920	13.24	11.07	9.63
Franklin Asian Flex Cap – C (Acc)	2.60%	42,436.991	13.59	11.29	9.76
Franklin Asian Flex Cap – I (Acc)	1.00%	209,313.325	14.74	12.05	10.26
Franklin Asian Flex Cap – N (Acc)	2.75%	88,207.914	13.53	11.26	9.74
Franklin Biotechnology Discovery Fund – USD					
Franklin Biotechnology Discovery – A (Acc)	1.97%	8,056,552.721	11.44	8.28	8.02
Franklin Biotechnology Discovery – A (Acc) – SGD	1.97%	1,277,047.594	10.24	8.44	8.46
Franklin Biotechnology Discovery – B (Acc)	3.28%	232,356.537	9.93	7.28	7.14
Franklin Biotechnology Discovery – C (Acc)	2.54%	180,737.354	14.08	10.25	9.97
Franklin Biotechnology Discovery – I (Acc)	1.00%	1,212,775.469	16.28	11.67	11.21
Franklin Biotechnology Discovery – N (Acc)	2.71%	645,548.317	10.43	7.61	7.42
Franklin Euroland Core Fund – EUR					
Franklin Euroland Core – A (Acc)	1.87%	570,024.244	13.74	12.11	10.48
Franklin Euroland Core – A (Acc) – USD	1.86%	193,220.875	15.68	11.66	11.57
Franklin Euroland Core – I (Acc)	0.97%	638,569.604	14.06	12.28	10.53
Franklin Euroland Core – I (Acc) – USD	0.97%	811,047.233	16.06	11.83	11.63
Franklin Euroland Core – N (Acc)	2.62%	89,273.301	13.47	11.96	10.43
Franklin European Growth Fund – EUR					
Franklin European Growth – A (Acc)	1.83%	23,446,849.867	9.68	8.68	6.90
Franklin European Growth – A (Ydis) – GBP	1.85%	14,163.775	12.16	9.93	–
Franklin European Growth – I (Acc)	0.97%	5,613,051.730	18.27	16.24	12.80
Franklin European Growth – N (Acc)	2.58%	6,977,011.176	8.92	8.06	6.46
Franklin European Small-Mid Cap Growth Fund – EUR					
Franklin European Small-Mid Cap Growth – A (Acc)	1.84%	9,300,857.004	19.91	18.58	14.66
Franklin European Small-Mid Cap Growth – A (Acc) – USD	1.85%	214,850.515	28.89	22.74	20.57
Franklin European Small-Mid Cap Growth – A (Ydis) – GBP	1.86%	27,193.149	11.77	9.98	–
Franklin European Small-Mid Cap Growth – B (Acc) – USD	3.14%	19,225.980	28.41	22.65	20.76
Franklin European Small-Mid Cap Growth – I (Acc)	0.97%	2,917,011.181	22.80	21.09	16.49
Franklin European Small-Mid Cap Growth – I (Acc) – USD	0.98%	3,515,266.118	33.05	25.79	23.13
Franklin European Small-Mid Cap Growth – N (Acc)	2.60%	1,332,959.994	19.20	18.05	14.35
Franklin Global Growth Fund – USD					
Franklin Global Growth – A (Acc)	1.87%	2,903,352.680	11.80	9.08	7.92
Franklin Global Growth – A (Acc) – EUR	1.93%	30,866.676	10.35	9.45	–
Franklin Global Growth – A (Acc) – EUR hedged (H1)	1.88%	265,952.127	12.01	9.35	–
Franklin Global Growth – A (Acc) – GBP	1.89%	574.221	10.99	9.08	–
Franklin Global Growth – A (Acc) – SGD	1.90%	15,909.782	10.20	8.95	–
Franklin Global Growth – I (Acc)	0.98%	7,403,652.890	9.93	7.57	6.54
Franklin Global Growth – I (Acc) – EUR	1.00%	52,690.821	10.46	9.46	–
Franklin Global Growth – I (Acc) – EUR hedged (H1)	0.97%	213,821.177	12.13	9.36	–
Franklin Global Growth – I (Acc) – GBP	1.57%	409.067	10.11	–	–
Franklin Global Growth – N (Acc)	2.63%	681,309.315	10.89	8.44	7.42
Franklin Global Growth – N (Acc) – EUR	2.68%	20,470.851	10.27	9.44	–
Franklin Global Growth – Z (Acc)	1.43%	500.000	10.80	–	–
Franklin Global Real Estate Fund – USD					
Franklin Global Real Estate – A (Acc)	1.90%	5,718,390.614	9.04	7.01	5.38
Franklin Global Real Estate – A (Acc) – EUR hedged (H1)	1.88%	1,049,457.076	12.00	–	–
Franklin Global Real Estate – A (Qdis)	1.90%	3,512,251.982	8.22	6.43	5.04
Franklin Global Real Estate – A (Qdis) – SGD	1.91%	7,195.275	5.98	5.34	4.33
Franklin Global Real Estate – A (Ydis) – EUR hedged (H1)	1.88%	128,361.785	11.99	–	–
Franklin Global Real Estate – A (Ydis) – EUR hedged (H2)	1.90%	236,099.640	11.38	–	–
Franklin Global Real Estate – B (Qdis)	3.21%	1,007,758.692	8.15	6.40	5.02
Franklin Global Real Estate – C (Qdis)	2.49%	2,529,303.016	8.20	6.42	5.03
Franklin Global Real Estate – I (Acc)	1.05%	411,586.665	9.50	7.30	5.56
Franklin Global Real Estate – N (Acc)	2.66%	1,610,994.974	8.68	6.78	5.24
Franklin Global Real Estate – N (Acc) – EUR hedged (H1)	2.63%	411,705.877	11.92	–	–
Franklin Global Real Estate – N (Qdis)	2.66%	124,975.898	8.22	6.44	5.04

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio June 30, 2011 (see Note 17)	Shares Outstanding June 30, 2011	Net Asset Value per Share		
			June 30, 2011	June 30, 2010	June 30, 2009
Franklin Global Small-Mid Cap Growth Fund – USD					
Franklin Global Small-Mid Cap Growth – A (Acc)	1.88%	3,110,732.668	22.28	17.78	14.96
Franklin Global Small-Mid Cap Growth – B (Acc)	3.18%	85,489.404	19.70	15.92	13.57
Franklin Global Small-Mid Cap Growth – I (Acc)	1.03%	235,415.598	11.89	9.40	7.84
Franklin Global Small-Mid Cap Growth – N (Acc)	2.63%	321,051.075	20.61	16.57	14.05
Franklin Gold and Precious Metals Fund – USD					
Franklin Gold and Precious Metals – A (Acc)	1.91%	2,053,087.537	11.38	9.75	–
Franklin Gold and Precious Metals – A (Acc) – CHF hedged (H1)	1.88%	551,103.825	9.83	–	–
Franklin Gold and Precious Metals – A (Acc) – EUR	1.90%	337,450.722	10.45	10.61	–
Franklin Gold and Precious Metals – A (Acc) – EUR hedged (H1)	1.89%	368,084.421	11.30	9.72	–
Franklin Gold and Precious Metals – A (Acc) – HKD	1.90%	3,570,904.772	11.41	9.77	–
Franklin Gold and Precious Metals – A (Acc) – SEK hedged (H1)	1.88%	1,023,239.719	8.93	–	–
Franklin Gold and Precious Metals – A (Acc) – SGD	1.91%	1,996,667.769	10.20	9.95	–
Franklin Gold and Precious Metals – A (Ydis) – EUR	1.89%	3,323.048	10.46	10.61	–
Franklin Gold and Precious Metals – A (Ydis) – EUR hedged (H1)	1.88%	79,690.657	11.32	9.72	–
Franklin Gold and Precious Metals – I (Acc)	1.01%	266,106.823	11.50	9.76	–
Franklin Gold and Precious Metals – I (Ydis)	0.99%	125,000.000	11.50	9.76	–
Franklin Gold and Precious Metals – N (Acc)	2.67%	579,570.061	11.28	9.73	–
Franklin Gold and Precious Metals – N (Acc) – EUR	2.67%	310,471.380	10.36	10.60	–
Franklin High Yield Fund – USD					
Franklin High Yield – A (Acc)	1.54%	11,411,164.549	13.74	12.07	10.05
Franklin High Yield – A (Mdis)	1.54%	343,005,933.827	6.91	6.48	5.79
Franklin High Yield – A (Mdis) – SGD hedged (H1)	1.55%	8,754,960.258	8.77	8.29	7.42
Franklin High Yield – B (Mdis)	2.96%	101,602,749.419	6.96	6.52	5.82
Franklin High Yield – C (Acc)	2.23%	2,153,790.673	18.31	16.19	13.58
Franklin High Yield – I (Acc)	0.83%	15,780,675.718	13.81	12.04	9.95
Franklin High Yield – I (Mdis)	0.83%	7,565,905.457	10.86	10.20	9.10
Franklin High Yield – N (Acc)	2.16%	6,440,776.176	14.74	13.03	10.91
Franklin High Yield – Z (Mdis)	1.17%	16,297.780	10.20	–	–
Franklin Income Fund – USD					
Franklin Income – A (Mdis)	1.69%	76,604,297.282	11.74	10.38	9.13
Franklin Income – A (Mdis) – SGD hedged (H1)	1.67%	4,318,382.100	8.48	7.53	6.65
Franklin Income – B (Mdis)	3.00%	14,879,424.209	11.28	9.95	8.75
Franklin Income – C (Acc)	2.26%	3,949,372.313	18.95	16.04	13.53
Franklin Income – C (Mdis)	2.27%	1,737,185.550	15.15	13.37	11.74
Franklin Income – I (Acc)	0.90%	723,482.283	15.37	12.84	10.67
Franklin Income – N (Acc)	2.19%	4,060,330.591	17.54	14.84	12.51
Franklin Income – Z (Acc)	1.20%	48,255.944	11.93	10.00	–
Franklin Income – Z (Mdis)	1.21%	500.000	10.63	–	–
Franklin India Fund – USD					
Franklin India – A (Acc)	1.92%	31,180,387.084	27.05	23.37	17.55
Franklin India – A (Acc) – EUR	1.91%	9,963,330.331	22.56	23.11	15.14
Franklin India – A (Acc) – SEK	2.00%	3,116.675	10.48	–	–
Franklin India – A (Acc) – SGD	1.95%	11,803.089	9.04	–	–
Franklin India – A (Ydis) – EUR	1.92%	287,433.052	33.27	34.09	22.32
Franklin India – A (Ydis) – GBP	1.91%	852,138.001	30.06	27.89	19.03
Franklin India – B (Acc)	3.22%	2,408,119.508	25.16	22.03	16.76
Franklin India – C (Acc)	2.49%	899,477.913	26.16	22.74	17.17
Franklin India – I (Acc)	1.00%	7,922,886.153	28.54	24.44	18.18
Franklin India – I (Acc) – EUR	1.00%	1,274,998.434	23.77	24.14	15.65
Franklin India – I (Ydis) – EUR	1.00%	4,954.550	23.68	24.11	15.68
Franklin India – N (Acc)	2.66%	3,014,175.394	25.92	22.57	17.08
Franklin India – N (Acc) – EUR	2.66%	4,084,803.831	21.71	22.41	14.78
Franklin India – N (Acc) – PLN hedged (H1)	2.67%	2,489,715.853	12.64	10.91	–
Franklin India – Z (Acc)	1.47%	500.000	10.69	–	–
Franklin MENA Fund – USD					
Franklin MENA – A (Acc)	2.63%	4,712,098.080	4.58	4.23	4.24
Franklin MENA – A (Acc) – EUR	2.63%	2,680,967.174	3.14	3.44	3.00
Franklin MENA – A (Acc) – EUR hedged (H1)	2.61%	1,191,047.490	2.77	2.57	2.57
Franklin MENA – A (Ydis)	2.63%	13,989.137	5.13	4.74	4.83
Franklin MENA – A (Ydis) – GBP	2.62%	43,109.749	5.95	5.97	5.49
Franklin MENA – B (Acc)	3.92%	89,468.462	4.40	4.11	4.18
Franklin MENA – C (Acc)	3.21%	12,185.414	4.50	4.18	4.21
Franklin MENA – I (Acc)	1.54%	33,893.857	4.73	4.32	4.28
Franklin MENA – I (Acc) – EUR	1.53%	3,067,732.048	3.27	3.54	3.05

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio June 30, 2011 (see Note 17)	Shares Outstanding June 30, 2011	Net Asset Value per Share		
			June 30, 2011	June 30, 2010	June 30, 2009
Franklin MENA – I (Acc) – EUR hedged (H1)	1.52%	259,091.611	2.83	2.60	2.57
Franklin MENA – I (Ydis)	1.51%	2,202,861.578	5.33	4.94	5.04
Franklin MENA – N (Acc)	3.14%	517,723.553	4.51	4.18	4.21
Franklin MENA – N (Acc) – EUR hedged (H1)	3.11%	1,650,710.580	2.73	2.54	2.56
Franklin MENA – X (Acc)	0.30%	635,014.733	10.52	–	–
Franklin Natural Resources Fund – USD					
Franklin Natural Resources – A (Acc)	1.85%	24,194,856.619	11.30	7.53	6.58
Franklin Natural Resources – A (Acc) – CHF hedged (H1)	1.85%	105,563.000	9.90	–	–
Franklin Natural Resources – A (Acc) – EUR	1.85%	4,798,409.615	7.81	6.16	4.70
Franklin Natural Resources – A (Ydis)	1.85%	1,167,353.199	11.31	7.53	6.58
Franklin Natural Resources – A (Ydis) – EUR hedged (H1)	1.87%	89,991.250	9.84	–	–
Franklin Natural Resources – B (Acc)	3.22%	502,068.049	12.91	8.72	–
Franklin Natural Resources – C (Acc)	2.43%	2,038,772.423	10.60	7.10	6.24
Franklin Natural Resources – I (Acc)	0.99%	5,579,321.484	11.73	7.75	6.71
Franklin Natural Resources – I (Acc) – EUR	0.97%	1,634,513.366	8.11	6.34	4.79
Franklin Natural Resources – N (Acc) – EUR	2.60%	3,155,660.394	7.56	6.01	4.62
Franklin Real Return Fund – USD					
Franklin Real Return – A (Acc)	1.34%	1,023,880.093	10.58	9.67	–
Franklin Real Return – A (Ydis) – EUR hedged (H1)	1.30%	306,102.496	10.51	9.67	–
Franklin Real Return – N (Acc)	1.85%	427,838.925	10.07	–	–
Franklin Strategic Income Fund – USD					
Franklin Strategic Income – A (Acc)	1.35%	6,481,929.667	12.91	11.69	10.24
Franklin Strategic Income – A (Acc) – EUR	1.35%	536,287.046	8.92	9.58	7.31
Franklin Strategic Income – A (Acc) – EUR hedged (H1)	1.35%	329,800.401	10.21	–	–
Franklin Strategic Income – A (Mdis)	1.35%	13,584,597.556	10.86	10.26	9.41
Franklin Strategic Income – A (Mdis) – EUR	1.35%	753,293.689	7.49	8.40	6.71
Franklin Strategic Income – B (Mdis)	2.60%	3,302,467.471	10.85	10.25	9.40
Franklin Strategic Income – C (Mdis)	1.95%	7,737,608.562	10.85	10.25	9.40
Franklin Strategic Income – I (Acc)	0.82%	609,808.542	13.18	11.88	10.35
Franklin Strategic Income – N (Acc)	2.08%	2,279,387.137	10.36	–	–
Franklin Strategic Income – N (Acc) – EUR hedged (H1)	2.06%	70,554.200	10.19	–	–
Franklin Strategic Income – Z (Acc)	1.00%	23,206.218	11.28	10.18	–
Franklin Technology Fund – USD					
Franklin Technology – A (Acc)	1.83%	62,524,921.672	7.61	5.54	4.53
Franklin Technology – A (Acc) – EUR	1.83%	8,990,347.051	5.27	4.54	3.23
Franklin Technology – B (Acc)	3.14%	869,179.749	6.57	4.84	4.01
Franklin Technology – C (Acc)	2.42%	794,091.221	15.41	11.28	9.27
Franklin Technology – I (Acc)	1.38%	260,500.000	9.92	–	–
Franklin Technology – I (Acc) – EUR	0.96%	4,782,659.362	9.21	7.87	5.56
Franklin Technology – N (Acc)	2.58%	4,473,337.525	6.76	4.96	4.08
Franklin Technology – N (Acc) – EUR	2.58%	6,398,862.458	4.67	4.06	2.91
Franklin Technology – Z (Acc)	1.41%	2,472.000	10.61	–	–
Franklin U.S. Dollar Liquid Reserve Fund – USD					
Franklin U.S. Dollar Liquid Reserve – A (Acc)	0.25%	12,356,961.621	11.63	11.67	11.68
Franklin U.S. Dollar Liquid Reserve – A (Mdis)	0.25%	6,694,802.893	9.73	9.76	9.77
Franklin U.S. Dollar Liquid Reserve – B (Mdis)	1.33%	1,815,125.169	9.53	9.67	9.78
Franklin U.S. Dollar Liquid Reserve – C (Acc)	1.24%	955,328.819	10.46	10.60	10.72
Franklin U.S. Dollar Liquid Reserve – I (Acc)	0.25%	9,858,734.188	10.07	10.09	10.08
Franklin U.S. Dollar Liquid Reserve – N (Acc)	1.15%	2,766,681.329	10.99	11.12	11.24
Franklin U.S. Equity Fund – USD					
Franklin U.S. Equity – A (Acc)	1.83%	24,512,752.726	16.26	13.35	12.12
Franklin U.S. Equity – A (Acc) – EUR	1.82%	5,278,834.913	11.20	10.90	8.63
Franklin U.S. Equity – A (Acc) – EUR hedged (H1)	1.81%	1,551,985.292	11.55	9.54	8.75
Franklin U.S. Equity – A (Acc) – SGD	1.85%	6,038.176	9.54	8.93	–
Franklin U.S. Equity – B (Acc)	3.13%	944,875.655	13.88	11.54	10.62
Franklin U.S. Equity – C (Acc)	2.41%	2,039,362.020	14.39	11.87	10.85
Franklin U.S. Equity – I (Acc)	0.96%	12,498,785.253	12.97	10.55	9.50
Franklin U.S. Equity – I (Acc) – EUR	0.96%	5,697,184.777	8.28	7.98	6.27
Franklin U.S. Equity – I (Acc) – EUR hedged (H1)	0.92%	1,008,377.307	7.88	6.46	5.85
Franklin U.S. Equity – N (Acc)	2.58%	4,510,161.312	14.86	12.29	11.25
Franklin U.S. Equity – N (Acc) – EUR	2.56%	1,658,275.638	10.23	10.03	8.01
Franklin U.S. Focus Fund – USD					
Franklin U.S. Focus – A (Acc)	1.94%	272,895.170	10.71	8.43	7.22
Franklin U.S. Focus – A (Acc) – EUR hedged (H1)	1.94%	417,510.285	6.42	5.09	4.39

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio June 30, 2011 (see Note 17)	Shares Outstanding June 30, 2011	Net Asset Value per Share		
			June 30, 2011	June 30, 2010	June 30, 2009
Franklin U.S. Focus – I (Acc)	1.07%	193,375.092	11.01	8.59	7.29
Franklin U.S. Focus – I (Acc) – EUR hedged (H1)	1.06%	342,712.536	6.60	5.19	4.45
Franklin U.S. Focus – N (Acc) – EUR hedged (H1)	2.70%	1,057,151.014	6.28	5.01	4.35
Franklin U.S. Government Fund – USD					
Franklin U.S. Government – A (Acc)	1.30%	648,794.508	10.31	–	–
Franklin U.S. Government – A (Acc) – HKD	1.27%	5,425.529	10.63	10.26	–
Franklin U.S. Government – A (Mdis)	1.27%	86,745,216.276	9.64	9.67	9.34
Franklin U.S. Government – A (Mdis) – HKD	1.29%	3,796.784	10.27	10.24	–
Franklin U.S. Government – A (Mdis) – SGD hedged (H1)	1.26%	567,169.340	10.33	10.56	10.09
Franklin U.S. Government – AX (Acc)	1.47%	16,724,275.852	14.63	14.13	13.22
Franklin U.S. Government – B (Acc)	2.53%	1,014,340.932	12.42	12.12	11.45
Franklin U.S. Government – B (Mdis)	2.52%	8,898,100.372	9.66	9.68	9.34
Franklin U.S. Government – C (Acc)	2.05%	4,237,254.191	13.14	12.76	12.01
Franklin U.S. Government – I (Acc)	0.60%	2,181,696.931	12.50	11.96	11.09
Franklin U.S. Government – I (Mdis)	0.60%	57,023,427.476	10.09	10.09	9.77
Franklin U.S. Government – N (Acc)	1.97%	6,323,627.020	13.75	13.34	12.55
Franklin U.S. Government – N (Mdis)	1.97%	3,956,017.446	9.68	9.70	9.38
Franklin U.S. Government – Z (Acc)	0.98%	429,117.869	10.73	10.31	–
Franklin U.S. Government – Z (Mdis)	0.99%	2,300.000	10.19	–	–
Franklin U.S. Opportunities Fund – USD					
Franklin U.S. Opportunities – A (Acc)	1.82%	156,544,850.519	7.86	5.70	4.97
Franklin U.S. Opportunities – A (Acc) – CHF hedged (H1)	1.82%	1,942,828.798	11.77	–	–
Franklin U.S. Opportunities – A (Acc) – EUR	1.82%	18,085,007.045	5.43	4.67	3.54
Franklin U.S. Opportunities – A (Acc) – EUR hedged (H1)	1.83%	32,165,936.766	5.54	4.03	3.53
Franklin U.S. Opportunities – A (Acc) – SEK hedged (H1)	1.83%	6,316,620.828	10.62	–	–
Franklin U.S. Opportunities – A (Acc) – SGD	1.84%	5,532,910.667	8.59	7.10	6.40
Franklin U.S. Opportunities – A (Ydis) – EUR	1.83%	718,630.422	5.52	4.75	3.61
Franklin U.S. Opportunities – A (Ydis) – GBP	1.82%	523,192.909	4.89	3.81	3.01
Franklin U.S. Opportunities – B (Acc)	3.13%	4,863,569.394	6.78	4.99	4.40
Franklin U.S. Opportunities – C (Acc)	2.42%	7,842,552.297	13.13	9.58	8.39
Franklin U.S. Opportunities – I (Acc)	0.96%	26,372,966.895	19.03	13.69	11.81
Franklin U.S. Opportunities – I (Acc) – EUR	0.96%	5,490,047.480	13.12	11.19	8.42
Franklin U.S. Opportunities – I (Acc) – EUR hedged (H1)	0.95%	1,985,109.365	13.24	9.57	8.31
Franklin U.S. Opportunities – N (Acc)	2.58%	8,435,979.412	16.55	12.10	10.61
Franklin U.S. Opportunities – N (Acc) – EUR	2.58%	3,235,540.903	11.40	9.88	7.56
Franklin U.S. Opportunities – N (Acc) – EUR hedged (H1)	2.58%	85,222.870	10.48	–	–
Franklin U.S. Opportunities – N (Acc) – PLN hedged (H1)	2.55%	869,421.326	13.52	9.75	–
Franklin U.S. Opportunities – Z (Acc)	1.33%	793,681.645	13.15	9.49	–
Franklin U.S. Small-Mid Cap Growth Fund – USD					
Franklin U.S. Small-Mid Cap Growth – A (Acc)	1.90%	5,775,765.679	13.74	9.66	8.08
Franklin U.S. Small-Mid Cap Growth – B (Acc)	3.22%	522,055.197	19.80	14.10	11.96
Franklin U.S. Small-Mid Cap Growth – C (Acc)	2.48%	650,162.782	13.09	9.25	7.79
Franklin U.S. Small-Mid Cap Growth – I (Acc)	0.99%	828,458.738	13.10	9.15	7.55
Franklin U.S. Small-Mid Cap Growth – N (Acc)	2.66%	1,312,167.449	12.64	8.95	7.55
Franklin U.S. Total Return Fund – USD					
Franklin U.S. Total Return – A (Acc)	1.20%	1,966,229.614	14.25	13.19	11.46
Franklin U.S. Total Return – A (Mdis)	1.20%	1,555,097.126	10.75	10.22	9.17
Franklin U.S. Total Return – B (Acc)	2.60%	143,891.713	12.73	11.96	10.54
Franklin U.S. Total Return – B (Mdis)	2.60%	17,702.186	10.73	10.21	9.17
Franklin U.S. Total Return – C (Mdis)	2.20%	345,562.397	10.74	10.21	9.17
Franklin U.S. Total Return – I (Acc)	0.85%	39,215.000	13.93	12.85	10.96
Franklin U.S. Total Return – I (Mdis)	0.84%	1,060,897.459	11.33	10.78	9.68
Franklin U.S. Total Return – N (Mdis)	1.90%	816,008.427	10.73	10.21	9.17
Franklin U.S. Ultra Short Bond Fund – USD					
Franklin U.S. Ultra Short Bond – A (Acc)	1.15%	7,976.072	10.04	–	–
Franklin U.S. Ultra Short Bond – A (Mdis)	1.15%	21,052,813.992	9.57	9.61	9.53
Franklin U.S. Ultra Short Bond – AX (Acc)	1.35%	2,255,321.249	11.56	11.48	11.23
Franklin U.S. Ultra Short Bond – B (Acc)	2.34%	97,050.114	10.68	10.72	10.59
Franklin U.S. Ultra Short Bond – B (Mdis)	2.35%	254,582.560	9.55	9.60	9.53
Franklin U.S. Ultra Short Bond – C (Mdis)	2.05%	1,588,022.693	9.56	9.60	9.53
Franklin U.S. Ultra Short Bond – I (Acc)	0.67%	911,020.704	11.88	11.71	11.38
Franklin U.S. Ultra Short Bond – N (Mdis)	1.85%	5,120,848.337	9.55	9.59	9.52
Franklin World Perspectives Fund – USD					
Franklin World Perspectives – A (Acc)	1.85%	689,972.528	14.82	11.52	10.03
Franklin World Perspectives – A (Acc) – EUR	1.85%	487,785.495	13.95	12.85	9.75

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio June 30, 2011 (see Note 17)	Shares Outstanding June 30, 2011	Net Asset Value per Share		
			June 30, 2011	June 30, 2010	June 30, 2009
Franklin World Perspectives – A (Ydis) – GBP	1.85%	143,484.375	16.09	13.43	10.62
Franklin World Perspectives – B (Acc)	3.16%	15,645.028	16.10	12.68	11.18
Franklin World Perspectives – C (Acc)	2.45%	21,242.457	16.40	12.83	11.23
Franklin World Perspectives – I (Acc)	1.00%	661,405.903	15.17	11.69	10.09
Franklin World Perspectives – I (Acc) – EUR	1.00%	293,179.920	14.27	13.04	9.81
Franklin World Perspectives – N (Acc)	2.60%	736,105.580	14.52	11.38	9.98
Franklin Mutual Beacon Fund – USD					
Franklin Mutual Beacon – A (Acc)	1.92%	12,470,981.273	49.47	40.37	34.74
Franklin Mutual Beacon – A (Acc) – EUR	1.93%	1,431,814.364	34.15	33.04	24.79
Franklin Mutual Beacon – A (Acc) – EUR hedged (H1)	1.92%	1,405,880.027	34.01	28.02	24.07
Franklin Mutual Beacon – A (Acc) – SGD	1.92%	632,576.650	7.26	6.75	6.01
Franklin Mutual Beacon – A (Ydis)	1.93%	187,345.394	48.31	39.42	33.92
Franklin Mutual Beacon – B (Acc)	3.23%	1,860,423.140	23.70	19.59	17.08
Franklin Mutual Beacon – C (Acc)	2.50%	3,312,245.946	14.37	11.80	10.21
Franklin Mutual Beacon – I (Acc)	1.05%	9,550,803.921	13.19	10.67	9.10
Franklin Mutual Beacon – I (Acc) – EUR	1.05%	1,652,859.627	9.09	8.72	6.48
Franklin Mutual Beacon – I (Acc) – EUR hedged (H1)	1.06%	1,249,154.023	9.14	7.45	6.32
Franklin Mutual Beacon – N (Acc)	2.67%	3,672,566.228	25.35	20.84	18.07
Franklin Mutual Beacon – N (Acc) – EUR	2.67%	2,798,806.778	17.45	17.01	12.86
Franklin Mutual Beacon – N (Acc) – EUR hedged (H1)	2.62%	747,946.541	17.57	14.53	12.57
Franklin Mutual Beacon – Z (Acc)	1.46%	6,679.000	11.75	9.54	–
Franklin Mutual Euroland Fund – EUR					
Franklin Mutual Euroland – A (Acc)	2.00%	573,308.705	13.03	11.72	9.92
Franklin Mutual Euroland – N (Acc)	2.75%	93,776.858	12.76	11.56	9.87
Franklin Mutual European Fund – EUR					
Franklin Mutual European – A (Acc)	1.83%	90,286,727.895	17.11	15.60	12.84
Franklin Mutual European – A (Acc) – CHF hedged (H1)	1.83%	256,297.418	11.31	10.40	–
Franklin Mutual European – A (Acc) – SEK	1.88%	3,152.973	10.14	–	–
Franklin Mutual European – A (Acc) – SGD	1.86%	9,195.032	7.07	6.20	6.07
Franklin Mutual European – A (Acc) – USD	1.82%	14,176,849.580	24.81	19.09	18.01
Franklin Mutual European – A (Ydis)	1.83%	2,256,209.759	16.06	14.77	12.31
Franklin Mutual European – A (Ydis) – GBP	1.82%	209,580.733	14.56	12.15	10.55
Franklin Mutual European – B (Acc) – USD	3.13%	1,797,820.267	21.51	16.77	16.03
Franklin Mutual European – B (Ydis)	3.15%	62,749.694	14.65	13.54	11.31
Franklin Mutual European – C (Acc)	2.39%	144,799.870	15.88	14.56	12.05
Franklin Mutual European – C (Acc) – USD	2.41%	1,094,817.640	23.03	17.82	16.91
Franklin Mutual European – I (Acc)	0.96%	57,463,911.961	15.18	13.72	11.19
Franklin Mutual European – I (Ydis)	0.96%	578,299.364	14.09	12.96	10.80
Franklin Mutual European – N (Acc)	2.58%	20,488,505.947	14.74	13.54	11.23
Franklin Mutual European – N (Acc) – USD	2.58%	1,212,433.608	21.29	16.50	15.68
Franklin Mutual European – Z (Acc)	1.35%	3,210.958	10.29	–	–
Franklin Mutual European – Z (Acc) – USD	1.33%	97,881.098	12.28	9.40	–
Franklin Mutual Global Discovery Fund – USD					
Franklin Mutual Global Discovery – A (Acc)	1.84%	22,034,945.724	14.38	11.14	11.01
Franklin Mutual Global Discovery – A (Acc) – CHF hedged (H1)	1.85%	778,036.974	11.74	9.31	–
Franklin Mutual Global Discovery – A (Acc) – EUR	1.84%	10,773,847.566	11.99	11.02	9.49
Franklin Mutual Global Discovery – A (Acc) – EUR hedged (H2)	1.84%	5,989,479.381	9.64	8.21	7.60
Franklin Mutual Global Discovery – A (Ydis) – EUR	1.84%	663,035.504	17.13	15.78	13.60
Franklin Mutual Global Discovery – A (Ydis) – GBP	1.85%	188,983.619	15.55	12.94	11.61
Franklin Mutual Global Discovery – B (Acc)	3.14%	2,171,416.351	13.37	10.49	10.51
Franklin Mutual Global Discovery – C (Acc)	2.42%	7,071,697.990	13.90	10.83	10.76
Franklin Mutual Global Discovery – I (Acc)	0.97%	10,256,796.920	15.13	11.62	11.38
Franklin Mutual Global Discovery – I (Acc) – EUR	0.97%	12,482,112.226	12.62	11.49	9.81
Franklin Mutual Global Discovery – I (Acc) – EUR hedged (H2)	0.97%	6,361,732.089	13.04	11.01	10.11
Franklin Mutual Global Discovery – N (Acc)	2.59%	3,661,324.676	13.77	10.75	10.70
Franklin Mutual Global Discovery – N (Acc) – EUR	2.59%	4,784,365.318	11.47	10.62	9.22
Franklin Mutual Global Discovery – N (Acc) – EUR hedged (H2)	2.59%	11,002,564.287	9.56	8.19	7.66
Franklin Mutual Global Discovery – Z (Acc)	1.35%	123,891.124	12.11	9.34	–
Franklin Templeton Global Equity Strategies Fund – USD					
Franklin Templeton Global Equity Strategies – A (Acc)	2.21%	1,200,859.046	10.52	8.25	7.62
Franklin Templeton Global Equity Strategies – A (Acc) – EUR	2.21%	4,342,087.538	7.26	6.75	5.43
Franklin Templeton Global Equity Strategies – A (Acc) – EUR hedged (H1)	2.20%	1,102,028.173	6.42	5.13	4.80
Franklin Templeton Global Equity Strategies – A (Ydis)	2.22%	77,470.755	10.51	8.24	7.61
Franklin Templeton Global Equity Strategies – A (Ydis) – EUR	2.21%	292,371.164	7.25	6.74	5.43

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio June 30, 2011 (see Note 17)	Shares Outstanding June 30, 2011	Net Asset Value per Share		
			June 30, 2011	June 30, 2010	June 30, 2009
Franklin Templeton Global Fundamental Strategies Fund – USD					
Franklin Templeton Global Fundamental Strategies – A (Acc)	1.88%	7,722,128.930	10.92	8.84	8.20
Franklin Templeton Global Fundamental Strategies – A (Acc) – EUR	1.88%	31,438,213.229	7.54	7.23	5.85
Franklin Templeton Global Fundamental Strategies – A (Acc) – EUR hedged (H1)	1.87%	15,600,859.245	7.48	6.10	5.69
Franklin Templeton Global Fundamental Strategies – A (Ydis)	1.88%	430,362.027	10.55	8.68	8.13
Franklin Templeton Global Fundamental Strategies – A (Ydis) – EUR	1.89%	2,531,972.515	7.30	7.11	5.81
Franklin Templeton Global Fundamental Strategies – B (Acc)	3.19%	21,338.262	10.42	8.54	8.03
Franklin Templeton Global Fundamental Strategies – C (Acc)	2.46%	20,451.766	10.69	8.70	8.12
Franklin Templeton Global Fundamental Strategies – I (Acc) – EUR	0.99%	66,008.060	7.78	7.40	5.94
Franklin Templeton Global Fundamental Strategies – N (Acc) – EUR hedged (H1)	2.63%	4,271,775.229	6.98	5.74	5.39
Franklin Templeton Global Fundamental Strategies – N (Acc) – PLN hedged (H1)	2.61%	522,181.781	11.96	9.62	–
Franklin Templeton Global Growth and Value Fund – USD					
Franklin Templeton Global Growth and Value – A (Acc)	1.87%	3,055,169.627	19.85	15.51	13.71
Franklin Templeton Global Growth and Value – B (Acc)	3.18%	88,947.576	17.72	14.03	12.56
Franklin Templeton Global Growth and Value – C (Acc)	2.45%	227,295.227	18.66	14.66	13.04
Franklin Templeton Global Growth and Value – I (Acc)	0.97%	209,237.511	21.28	16.49	14.44
Franklin Templeton Global Growth and Value – N (Acc)	2.62%	297,625.396	18.54	14.60	13.00
Franklin Templeton Global Growth And Value – X (Acc) – SGD	0.28%	4,033,851.469	10.63	–	–
Franklin Templeton Japan Fund – JPY					
Franklin Templeton Japan – A (Acc)	1.93%	6,264,437.815	477.38	459.14	498.62
Franklin Templeton Japan – A (Acc) – EUR	1.93%	1,074,789.415	4.09	4.24	3.69
Franklin Templeton Japan – A (Acc) – SGD	1.94%	327,658.915	4.97	4.96	5.12
Franklin Templeton Japan – A (Acc) – USD	1.94%	4,065,260.515	5.93	5.20	5.18
Franklin Templeton Japan – A (Ydis) – EUR	1.89%	112,970.536	4.04	4.23	3.68
Franklin Templeton Japan – A (Ydis) – GBP	1.93%	16,469.685	3.70	3.48	3.15
Franklin Templeton Japan – B (Acc) – USD	3.24%	150,894.699	5.60	4.98	5.02
Franklin Templeton Japan – C (Acc) – USD	2.52%	381,493.321	6.73	5.93	5.94
Franklin Templeton Japan – I (Acc) – EUR	1.00%	208,816.880	6.10	6.28	5.40
Franklin Templeton Japan – I (Acc) – USD	0.99%	78,823.157	7.33	6.36	6.27
Franklin Templeton Japan – N (Acc) – EUR	2.68%	2,571,828.846	3.75	3.92	3.43
Franklin Templeton Japan – N (Acc) – USD	2.68%	472,308.005	8.31	7.34	7.36
Templeton Asian Bond Fund – USD					
Templeton Asian Bond – A (Acc)	1.41%	95,199,791.726	17.63	15.58	13.55
Templeton Asian Bond – A (Acc) – CHF hedged (H1)	1.41%	2,765,386.646	10.86	9.73	–
Templeton Asian Bond – A (Acc) – EUR	1.41%	16,267,346.961	14.70	15.40	11.68
Templeton Asian Bond – A (Acc) – EUR hedged (H1)	1.41%	14,063,566.037	12.65	11.25	9.76
Templeton Asian Bond – A (Mdis)	1.41%	39,724,686.160	14.38	13.03	11.76
Templeton Asian Bond – A (Mdis) – EUR	1.41%	4,595,919.214	9.93	10.67	8.40
Templeton Asian Bond – A (Mdis) – SGD	1.40%	1,264,986.641	9.91	10.24	9.57
Templeton Asian Bond – A (Mdis) – SGD hedged (H1)	1.44%	1,039,443.980	10.40	–	–
Templeton Asian Bond – B (Mdis)	2.89%	3,095,397.183	14.35	13.00	11.74
Templeton Asian Bond – C (Mdis)	2.19%	8,694,133.085	14.35	13.00	11.74
Templeton Asian Bond – I (Acc)	0.86%	29,915,202.077	18.18	15.99	13.83
Templeton Asian Bond – I (Acc) – CHF hedged (H1)	0.86%	767,297.000	10.92	9.74	–
Templeton Asian Bond – I (Acc) – EUR	0.86%	5,442,174.664	12.53	13.06	9.86
Templeton Asian Bond – I (Acc) – EUR hedged (H1)	0.87%	12,869,233.447	11.42	10.11	8.82
Templeton Asian Bond – I (Mdis) – EUR	0.86%	131,550.000	10.33	11.10	8.73
Templeton Asian Bond – N (Acc)	2.11%	5,657,006.769	16.94	15.08	13.21
Templeton Asian Bond – N (Acc) – EUR	2.11%	2,599,276.167	14.12	14.91	11.39
Templeton Asian Bond – N (Mdis)	2.11%	2,343,800.106	14.36	13.01	11.75
Templeton Asian Bond – Z (Acc)	1.12%	2,211,839.803	11.55	10.18	–
Templeton Asian Growth Fund – USD					
Templeton Asian Growth – A (Acc)	2.22%	116,892,619.149	36.18	27.65	20.31
Templeton Asian Growth – A (Acc) – CHF hedged (H1)	2.22%	3,649,896.453	13.26	10.36	–
Templeton Asian Growth – A (Acc) – EUR	2.22%	31,361,803.465	24.90	22.56	14.45
Templeton Asian Growth – A (Acc) – EUR hedged (H1)	2.22%	12,498,335.668	24.95	19.36	14.26
Templeton Asian Growth – A (Acc) – HKD	2.29%	8,026,889.312	10.86	–	–
Templeton Asian Growth – A (Acc) – SGD	2.22%	21,471,325.994	8.44	7.35	5.59
Templeton Asian Growth – A (Ydis)	2.22%	103,087,791.068	33.65	25.75	19.16
Templeton Asian Growth – A (Ydis) – EUR	2.23%	7,793,365.739	23.25	21.10	13.69
Templeton Asian Growth – A (Ydis) – GBP	2.23%	1,524,868.540	20.98	17.25	11.66
Templeton Asian Growth – B (Acc)	3.52%	9,411,817.374	16.13	12.48	9.28
Templeton Asian Growth – C (Acc)	2.80%	6,333,590.945	31.45	24.17	17.86
Templeton Asian Growth – I (Acc)	1.21%	154,036,107.891	35.50	26.86	19.52
Templeton Asian Growth – I (Acc) – CHF hedged (H1)	1.22%	757,652.000	10.80	–	–
Templeton Asian Growth – I (Acc) – EUR	1.21%	23,717,824.091	24.47	21.95	13.91

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio June 30, 2011 (see Note 17)	Shares Outstanding June 30, 2011	Net Asset Value per Share		
			June 30, 2011	June 30, 2010	June 30, 2009
Templeton Asian Growth – I (Acc) – EUR hedged (H1)	1.22%	2,594,006.435	21.29	16.35	11.96
Templeton Asian Growth – I (Ydis) – EUR hedged (H2)	1.22%	9,452,882.956	13.09	10.91	–
Templeton Asian Growth – N (Acc)	2.73%	11,629,770.335	50.43	38.73	28.59
Templeton Asian Growth – N (Acc) – EUR	2.73%	5,671,069.143	34.78	31.67	20.39
Templeton Asian Growth – N (Acc) – EUR hedged (H1)	2.71%	3,257,991.077	34.71	27.09	20.09
Templeton Asian Growth – N (Acc) – HUF	2.76%	3,191,934.059	103.53	–	–
Templeton Asian Growth – N (Acc) – PLN hedged (H1)	2.72%	2,831,081.826	13.76	10.52	–
Templeton Asian Growth – X (Acc) – SGD	0.30%	2,957,447.373	10.26	–	–
Templeton Asian Growth – Z (Acc)	1.74%	1,886,851.851	13.73	10.44	–
Templeton Asian Growth – Z (Ydis)	1.77%	500.000	10.61	–	–
Templeton Asian Growth – Z (Ydis) – EUR hedged (H1)	1.71%	81,496.510	12.33	9.54	–
Templeton Asian Smaller Companies Fund – USD					
Templeton Asian Smaller Companies – A (Acc)	2.27%	3,309,696.049	28.86	21.82	15.36
Templeton Asian Smaller Companies – A (Acc) – EUR	2.26%	1,086,377.739	27.16	24.34	14.94
Templeton Asian Smaller Companies – A (Acc) – SGD	2.25%	160,381.208	24.24	20.87	15.21
Templeton Asian Smaller Companies – A (Ydis)	2.26%	189,271.533	28.72	21.74	15.36
Templeton Asian Smaller Companies – A (Ydis) – GBP	2.25%	17,112.834	31.19	25.35	16.26
Templeton Asian Smaller Companies – B (Acc)	3.56%	45,613.193	28.91	22.14	15.79
Templeton Asian Smaller Companies – B (Acc) – EUR	3.60%	10,225.000	25.42	23.08	14.35
Templeton Asian Smaller Companies – I (Acc)	1.23%	814,094.256	29.71	22.23	15.48
Templeton Asian Smaller Companies – I (Acc) – EUR	1.23%	807,957.329	27.95	24.79	15.06
Templeton Asian Smaller Companies – N (Acc)	2.90%	2,685.887	10.87	–	–
Templeton Asian Smaller Companies – N (Acc) – EUR	2.81%	352.771	10.62	–	–
Templeton BRIC Fund – USD					
Templeton BRIC – A (Acc)	2.48%	101,325,677.821	19.63	15.72	13.59
Templeton BRIC – A (Acc) – EUR	2.48%	12,269,941.895	16.38	15.55	11.72
Templeton BRIC – A (Acc) – EUR hedged (H1)	2.47%	3,188,741.235	13.18	10.70	9.37
Templeton BRIC – A (Acc) – HKD	2.50%	74,482.589	10.71	–	–
Templeton BRIC – A (Acc) – SGD	2.48%	364,285.390	6.63	6.04	5.41
Templeton BRIC – A (Ydis) – EUR	2.48%	191,656.744	23.78	22.58	17.14
Templeton BRIC – A (Ydis) – GBP	2.48%	405,948.074	21.53	18.51	14.63
Templeton BRIC – B (Acc)	3.77%	7,396,736.266	18.28	14.83	12.98
Templeton BRIC – C (Acc)	3.06%	5,657,930.228	18.98	15.29	13.30
Templeton BRIC – I (Acc)	1.40%	4,152,523.801	20.88	16.54	14.14
Templeton BRIC – I (Acc) – EUR	1.41%	379,042.549	14.41	13.53	10.09
Templeton BRIC – I (Acc) – EUR hedged (H1)	1.41%	109,346.544	12.42	9.97	8.74
Templeton BRIC – N (Acc)	2.98%	4,720,772.984	19.08	15.35	13.34
Templeton BRIC – N (Acc) – EUR	2.98%	7,290,694.999	15.92	15.19	11.51
Templeton BRIC – N (Acc) – PLN hedged (H1)	2.97%	709,994.736	11.05	8.85	–
Templeton BRIC – X (Acc)	0.29%	364,672.223	13.13	10.29	–
Templeton BRIC – Z (Acc)	2.00%	199,397.000	11.69	9.31	–
Templeton China Fund – USD					
Templeton China – A (Acc)	2.45%	47,156,412.424	26.70	20.97	18.29
Templeton China – A (Acc) – SGD	2.46%	2,558,029.825	8.07	7.22	6.53
Templeton China – A (Ydis) – EUR	2.45%	1,451,349.406	17.94	16.71	12.89
Templeton China – A (Ydis) – GBP	2.43%	503,389.462	16.16	13.64	10.95
Templeton China – B (Acc)	3.85%	625,224.644	12.29	9.77	–
Templeton China – C (Acc)	3.03%	1,882,955.529	19.32	15.26	13.40
Templeton China – I (Acc)	1.41%	26,117,883.363	30.84	23.96	20.68
Templeton China – I (Ydis) – GBP	1.40%	5,583,701.818	10.11	–	–
Templeton China – N (Acc)	2.96%	3,524,667.251	26.76	21.12	18.52
Templeton China – X (Acc) – HKD	0.28%	38,546,681.661	10.72	–	–
Templeton China – Z (Acc)	2.16%	6,810.000	10.69	–	–
Templeton Eastern Europe Fund – EUR					
Templeton Eastern Europe – A (Acc)	2.58%	16,235,425.619	28.25	26.32	18.57
Templeton Eastern Europe – A (Acc) – SGD	2.57%	3,089.990	6.24	5.59	4.68
Templeton Eastern Europe – A (Acc) – USD	2.59%	4,847,693.780	40.95	32.19	26.04
Templeton Eastern Europe – A (Ydis)	2.58%	64,375.690	27.94	26.03	18.37
Templeton Eastern Europe – A (Ydis) – GBP	2.59%	74,573.027	25.18	21.25	15.62
Templeton Eastern Europe – B (Acc) – USD	3.90%	4,414,215.889	9.66	7.69	6.31
Templeton Eastern Europe – B (Ydis)	3.82%	500,985.821	6.66	6.29	4.49
Templeton Eastern Europe – C (Acc)	3.16%	2,680.980	11.32	10.61	7.53
Templeton Eastern Europe – C (Acc) – USD	3.16%	532,944.073	13.58	10.73	8.73
Templeton Eastern Europe – I (Acc)	1.39%	4,530,295.171	19.60	18.05	12.58
Templeton Eastern Europe – N (Acc)	3.09%	2,282,856.947	26.57	24.88	17.64

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio June 30, 2011 (see Note 17)	Shares Outstanding June 30, 2011	Net Asset Value per Share		
			June 30, 2011	June 30, 2010	June 30, 2009
Templeton Eastern Europe – X (Acc)	0.29%	1,875,322.304	9.80	–	–
Templeton Eastern Europe – Z (Acc) – USD	2.09%	42,231.947	11.85	9.26	–
Templeton Emerging Markets Fund – USD					
Templeton Emerging Markets – A (Acc)	2.51%	14,376,361.558	40.00	30.99	25.60
Templeton Emerging Markets – A (Acc) – EUR Hedged (H1)	2.54%	81,836.663	10.13	–	–
Templeton Emerging Markets – A (Acc) – SGD	2.51%	3,340,035.947	7.64	6.75	5.77
Templeton Emerging Markets – A (Ydis)	2.51%	11,151,225.156	38.57	29.88	24.94
Templeton Emerging Markets – B (Acc)	3.81%	3,014,769.644	19.95	15.66	13.10
Templeton Emerging Markets – C (Acc)	3.09%	1,626,420.443	34.60	26.96	22.40
Templeton Emerging Markets – I (Acc)	1.40%	2,169,022.081	25.31	19.40	15.83
Templeton Emerging Markets – I (Acc) – EUR Hedged (H1)	1.40%	525,529.014	10.14	–	–
Templeton Emerging Markets – N (Acc)	3.01%	3,302,359.342	21.85	17.02	14.12
Templeton Emerging Markets – N (Acc) – EUR	3.01%	1,871,691.814	15.08	13.92	10.08
Templeton Emerging Markets Balanced Fund – USD *					
Templeton Emerging Markets Balanced – A (Acc)	2.05%	25,280.787	9.94	–	–
Templeton Emerging Markets Balanced – A (Acc) – CHF hedged (H1)	2.05%	173,070.000	9.92	–	–
Templeton Emerging Markets Balanced – A (Acc) – EUR	2.05%	674.992	10.15	–	–
Templeton Emerging Markets Balanced – A (Acc) – EUR hedged (H1)	2.05%	148,252.640	9.95	–	–
Templeton Emerging Markets Balanced – A (Qdis)	2.05%	1,000.000	9.93	–	–
Templeton Emerging Markets Balanced – A (Qdis) – GBP	2.05%	598.677	10.34	–	–
Templeton Emerging Markets Balanced – A (Qdis) – GBP hedged (H1)	2.05%	119,735.380	9.94	–	–
Templeton Emerging Markets Balanced – A (Qdis) – SGD hedged (H1)	2.05%	244,770.000	9.93	–	–
Templeton Emerging Markets Balanced – A (Ydis) – EUR	2.05%	3,902.762	10.14	–	–
Templeton Emerging Markets Balanced – A (Ydis) – EUR hedged (H1)	2.05%	137,716.870	9.94	–	–
Templeton Emerging Markets Balanced – B (Mdis)	3.56%	1,000.000	10.10	–	–
Templeton Emerging Markets Balanced – C (Acc)	2.83%	1,000.000	10.11	–	–
Templeton Emerging Markets Balanced – I (Acc)	1.29%	10,000.000	9.94	–	–
Templeton Emerging Markets Balanced – I (Acc) – EUR	1.29%	6,749.916	10.15	–	–
Templeton Emerging Markets Balanced – I (Acc) – EUR hedged (H1)	1.29%	134,998.320	9.95	–	–
Templeton Emerging Markets Balanced – I (Ydis) – EUR hedged (H1)	1.29%	134,998.320	9.95	–	–
Templeton Emerging Markets Balanced – N (Acc)	2.45%	17,706.917	9.93	–	–
Templeton Emerging Markets Balanced – N (Acc) – EUR hedged (H1)	2.45%	134,998.320	9.94	–	–
Templeton Emerging Markets Balanced – X (Acc)	0.30%	871,000.000	9.96	–	–
Templeton Emerging Markets Balanced – Z (Acc)	1.74%	1,000.000	9.93	–	–
Templeton Emerging Markets Bond Fund – USD					
Templeton Emerging Markets Bond – A (Acc)	1.91%	39,186,533.211	11.89	10.38	–
Templeton Emerging Markets Bond – A (Acc) – CHF hedged (H1)	1.88%	2,098,776.411	11.46	10.16	–
Templeton Emerging Markets Bond – A (Acc) – NOK hedged (H1)	1.92%	7,842,490.775	10.65	–	–
Templeton Emerging Markets Bond – A (Acc) – SEK hedged (H1)	1.92%	7,009,756.100	10.63	–	–
Templeton Emerging Markets Bond – A (Mdis)	1.91%	49,762,445.543	11.93	10.96	–
Templeton Emerging Markets Bond – A (Qdis)	1.90%	89,683,582.046	20.66	18.98	16.43
Templeton Emerging Markets Bond – A (Qdis) – EUR	1.90%	22,845,796.779	14.34	15.62	11.71
Templeton Emerging Markets Bond – A (Qdis) – GBP	1.92%	527,240.710	11.16	11.00	–
Templeton Emerging Markets Bond – A (Ydis) – EUR hedged (H1)	1.90%	7,914,153.299	10.98	9.80	–
Templeton Emerging Markets Bond – B (Mdis)	3.22%	20,106,109.657	11.93	10.95	–
Templeton Emerging Markets Bond – B (Qdis)	3.21%	28,739,837.269	18.67	17.15	14.85
Templeton Emerging Markets Bond – C (Acc)	2.48%	4,084,518.273	25.50	22.38	18.29
Templeton Emerging Markets Bond – I (Acc)	1.01%	73,444,788.203	21.95	18.99	15.29
Templeton Emerging Markets Bond – I (Acc) – CHF hedged (H1)	1.03%	85,275.000	10.05	–	–
Templeton Emerging Markets Bond – I (Acc) – EUR hedged (H1)	1.02%	13,566,035.985	11.25	9.83	–
Templeton Emerging Markets Bond – I (Qdis)	1.01%	8,676,366.504	16.19	14.87	12.86
Templeton Emerging Markets Bond – I (Qdis) – GBP hedged (H1)	1.02%	230,363.141	10.83	9.83	–
Templeton Emerging Markets Bond – N (Acc)	2.41%	11,028,664.764	30.80	27.01	22.05
Templeton Emerging Markets Bond – Z (Acc)	1.43%	396,429.000	11.77	10.22	–
Templeton Emerging Markets Bond – Z (Mdis)	1.42%	8,616.180	10.38	–	–
Templeton Emerging Markets Smaller Companies Fund – USD					
Templeton Emerging Markets Smaller Companies – A (Acc)	2.50%	24,808,315.154	9.10	7.17	5.38
Templeton Emerging Markets Smaller Companies – A (Acc) – EUR	2.50%	4,946,180.072	8.97	8.38	5.48
Templeton Emerging Markets Smaller Companies – A (Ydis)	2.50%	2,161,740.413	8.92	7.06	5.37
Templeton Emerging Markets Smaller Companies – A (Ydis) – GBP	2.50%	395,942.753	11.35	9.64	6.67
Templeton Emerging Markets Smaller Companies – C (Acc)	3.11%	1,961,895.024	9.90	7.85	5.92
Templeton Emerging Markets Smaller Companies – I (Acc)	1.40%	4,248,804.655	9.48	7.39	5.48
Templeton Emerging Markets Smaller Companies – I (Acc) – EUR	1.40%	2,779,012.773	9.33	8.62	5.58
Templeton Emerging Markets Smaller Companies – N (Acc)	3.00%	3,483,307.282	8.94	7.08	5.33

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio June 30, 2011 (see Note 17)	Shares Outstanding June 30, 2011	Net Asset Value per Share		
			June 30, 2011	June 30, 2010	June 30, 2009
Templeton Euro Government Bond Fund – EUR					
Templeton Euro Government Bond – A (Ydis)	1.11%	1,223,905.699	9.40	9.81	9.67
Templeton Euro Government Bond – I (Acc)	0.63%	415.973	11.75	11.99	11.39
Templeton Euro Government Bond – N (Acc)	1.66%	587,534.063	10.90	11.14	10.73
Templeton Euro High Yield Fund – EUR					
Templeton Euro High Yield – A (Acc)	1.52%	4,448,328.236	13.29	11.79	9.86
Templeton Euro High Yield – A (Mdis)	1.52%	56,322,786.261	6.00	5.65	5.06
Templeton Euro High Yield – A (Mdis) – USD	1.54%	589,092.144	11.00	8.75	–
Templeton Euro High Yield – A (Ydis)	1.52%	10,002,723.237	6.33	6.01	5.52
Templeton Euro High Yield – B (Mdis)	2.94%	1,038,992.570	11.18	10.54	–
Templeton Euro High Yield – B (Mdis) – USD	3.04%	59,134.381	11.56	9.19	–
Templeton Euro High Yield – I (Acc)	0.86%	1,722,663.559	14.00	12.34	10.25
Templeton Euro High Yield – I (Ydis)	0.86%	258,273.604	9.64	9.17	8.42
Templeton Euro High Yield – N (Acc)	2.12%	7,815,907.853	12.46	11.12	9.35
Templeton Euro Liquid Reserve Fund – EUR					
Templeton Euro Liquid Reserve – A (Acc)	0.62%	8,177,398.074	5.59	5.54	5.48
Templeton Euro Liquid Reserve – A (Ydis)	0.62%	5,234,785.742	4.44	4.42	4.51
Templeton Euro Liquid Reserve – I (Acc)	0.38%	653,601.069	10.32	10.20	10.07
Templeton Euro Liquid Reserve – N (Acc)	1.52%	2,998,951.242	10.72	10.71	10.70
Templeton Euro Money Market Fund – EUR					
Templeton Euro Money Market – A (Acc)	0.32%	6,625.014	1,007.01	1,002.23	–
Templeton Euro Money Market – I (Acc)	0.22%	34,594.237	1,008.22	1,002.43	–
Templeton Euroland Fund – EUR					
Templeton Euroland – A (Acc)	1.88%	7,396,590.697	13.15	11.58	10.17
Templeton Euroland – A (Ydis)	1.88%	33,180.293	12.32	10.97	9.87
Templeton Euroland – B (Acc) – USD	3.18%	10,951.915	8.07	6.07	6.20
Templeton Euroland – B (Ydis)	3.18%	8,345.282	5.48	4.88	4.37
Templeton Euroland – C (Acc)	2.47%	21,986.227	8.63	7.64	6.75
Templeton Euroland – I (Acc)	0.97%	2,103,674.377	11.73	10.23	8.91
Templeton Euroland – N (Acc)	2.63%	1,037,587.343	8.02	7.11	6.29
Templeton European Fund – EUR					
Templeton European – A (Acc)	1.86%	2,564,380.070	14.63	12.79	10.90
Templeton European – A (Acc) – SGD	1.86%	187,064.055	6.27	5.27	5.33
Templeton European – A (Acc) – USD	1.86%	1,550,692.004	21.18	15.62	15.27
Templeton European – A (Ydis) – USD	1.86%	4,337,673.775	18.94	14.14	14.12
Templeton European – C (Acc) – USD	2.44%	29,027.054	13.18	9.78	9.62
Templeton European – I (Acc)	0.99%	241,258.177	12.24	10.60	8.97
Templeton European – N (Acc)	2.62%	367,050.558	13.70	12.07	10.37
Templeton European Corporate Bond Fund – EUR					
Templeton European Corporate Bond – A (Acc)	1.15%	82,623.884	10.07	9.86	–
Templeton European Corporate Bond – A (Ydis)	1.15%	76,570.402	10.03	9.86	–
Templeton European Corporate Bond – I (Acc)	0.65%	492,690.000	10.13	9.87	–
Templeton European Corporate Bond – I (Ydis)	0.65%	450,000.000	10.08	9.87	–
Templeton European Corporate Bond – N (Acc)	2.07%	124,405.626	9.97	9.84	–
Templeton European Corporate Bond – N (Ydis)	2.07%	199,125.919	9.94	9.84	–
Templeton European Total Return Fund – EUR					
Templeton European Total Return – A (Acc)	1.10%	1,489,886.131	11.16	10.89	9.84
Templeton European Total Return – A (Mdis)	1.10%	1,519,130.079	8.52	8.57	8.02
Templeton European Total Return – A (Mdis) – USD	1.10%	226,884.031	12.38	10.50	11.27
Templeton European Total Return – A (Ydis)	1.10%	13,619.012	8.76	8.85	8.38
Templeton European Total Return – C (Acc)	1.90%	53,749.109	9.45	9.29	8.46
Templeton European Total Return – C (Mdis) – USD	1.90%	35,203.368	9.67	8.21	8.81
Templeton European Total Return – I (Acc)	0.84%	31,376.305	10.77	10.48	9.45
Templeton European Total Return – N (Acc)	1.80%	1,561,036.107	10.57	10.38	9.44
Templeton European Total Return – N (Mdis)	1.80%	928,074.238	9.64	9.70	9.08
Templeton Frontier Markets Fund – USD					
Templeton Frontier Markets – A (Acc)	2.62%	13,364,730.450	16.63	14.80	11.92
Templeton Frontier Markets – A (Acc) – EUR	2.62%	13,064,741.893	15.65	16.51	11.59
Templeton Frontier Markets – A (Acc) – EUR hedged (H1)	2.61%	4,940,218.062	10.19	9.15	–
Templeton Frontier Markets – A (Acc) – SGD	2.59%	84,284.053	13.98	14.15	11.80
Templeton Frontier Markets – A (Ydis)	2.62%	795,953.560	16.48	14.73	11.92
Templeton Frontier Markets – A (Ydis) – GBP	2.63%	945,283.056	17.90	17.17	12.62
Templeton Frontier Markets – B (Acc)	3.92%	15,782.944	15.19	13.69	11.17

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio June 30, 2011 (see Note 17)	Shares Outstanding June 30, 2011	Net Asset Value per Share		
			June 30, 2011	June 30, 2010	June 30, 2009
Templeton Frontier Markets – C (Acc)	3.21%	206,837.627	15.48	13.85	11.22
Templeton Frontier Markets – I (Acc)	1.55%	5,333,334.625	17.14	15.08	12.01
Templeton Frontier Markets – I (Acc) – EUR	1.55%	6,101,881.804	16.12	16.82	11.68
Templeton Frontier Markets – I (Ydis) – GBP	1.57%	1,238,498.262	18.21	17.39	12.72
Templeton Frontier Markets – N (Acc) – EUR	3.12%	973,162.538	15.44	16.36	11.55
Templeton Frontier Markets – N (Acc) – EUR hedged (H1)	3.09%	7,172,435.717	15.82	14.26	11.54
Templeton Frontier Markets – X (Acc)	0.30%	500.000	10.59	–	–
Templeton Frontier Markets – Z (Ydis) – EUR hedged (H1)	2.10%	74,516.510	10.19	9.15	–
Templeton Global Fund – USD					
Templeton Global – A (Acc)	1.85%	6,029,544.067	29.62	22.33	20.68
Templeton Global – A (Acc) – SGD	1.85%	4,350,363.537	6.84	5.87	5.63
Templeton Global – A (Ydis)	1.85%	22,479,461.184	27.38	20.74	19.39
Templeton Global – B (Acc)	3.16%	1,980,083.621	18.59	14.20	13.33
Templeton Global – C (Acc)	2.43%	932,303.205	17.33	13.14	12.24
Templeton Global – I (Acc)	0.97%	12,891,745.189	16.43	12.28	11.27
Templeton Global – N (Acc)	2.60%	1,607,718.614	19.75	15.00	14.00
Templeton Global (Euro) Fund – EUR					
Templeton Global (Euro) – A (Acc)	1.86%	2,592,254.363	12.39	11.45	9.66
Templeton Global (Euro) – A (Ydis)	1.86%	44,003,345.394	11.57	10.73	9.13
Templeton Global (Euro) – B (Acc) – USD	3.17%	249,252	8.59	6.78	6.65
Templeton Global (Euro) – I (Acc)	0.96%	777,947.185	11.62	10.65	8.90
Templeton Global (Euro) – I (Acc) – hedged (H2)	0.96%	292,882.894	12.32	10.39	9.30
Templeton Global (Euro) – N (Acc)	2.61%	364,244.917	10.55	9.82	8.35
Templeton Global Aggregate Bond Fund – USD*					
Templeton Global Aggregate Bond – A (Acc)	1.25%	3,658.092	10.14	–	–
Templeton Global Aggregate Bond – A (Acc) – EUR	1.25%	2,591.653	9.74	–	–
Templeton Global Aggregate Bond – A (Acc) – EUR hedged (H1)	1.23%	73,932.171	10.12	–	–
Templeton Global Aggregate Bond – A (Mdis)	1.25%	1,407.429	10.06	–	–
Templeton Global Aggregate Bond – A (Mdis) – EUR	1.19%	796.732	9.65	–	–
Templeton Global Aggregate Bond – A (Qdis) – GBP hedged (H1)	1.23%	64,387.293	10.10	–	–
Templeton Global Aggregate Bond – A (Ydis) – EUR hedged (H1)	1.23%	71,844.240	10.13	–	–
Templeton Global Aggregate Bond – I (Acc)	0.59%	335,020.748	10.19	–	–
Templeton Global Aggregate Bond – I (Acc) – CHF hedged (H1)	0.59%	98,415.000	10.10	–	–
Templeton Global Aggregate Bond – I (Acc) – EUR	0.60%	718.442	9.78	–	–
Templeton Global Aggregate Bond – I (Acc) – EUR hedged (H1)	0.60%	457,997.342	10.16	–	–
Templeton Global Aggregate Bond – I (Qdis) – EUR hedged (H1)	0.59%	71,844.240	10.10	–	–
Templeton Global Aggregate Bond – I (Qdis) – GBP hedged (H1)	0.59%	62,410.290	10.12	–	–
Templeton Global Aggregate Bond – N (Acc)	1.95%	1,987.167	10.10	–	–
Templeton Global Aggregate Bond – N (Acc) – EUR	1.95%	718.442	9.69	–	–
Templeton Global Aggregate Bond – N (Acc) – EUR hedged (H1)	1.92%	78,926.798	10.08	–	–
Templeton Global Balanced Fund – USD					
Templeton Global Balanced – A (Acc)	1.69%	4,919,579.615	23.22	18.43	17.26
Templeton Global Balanced – A (Acc) – EUR	1.69%	409,504.444	16.01	15.07	12.31
Templeton Global Balanced – A (Acc) – EUR hedged (H1)	1.68%	264,751.926	16.05	12.93	12.20
Templeton Global Balanced – A (Acc) – SGD	1.69%	28,361,020.282	8.11	7.33	7.11
Templeton Global Balanced – A (Qdis)	1.69%	14,448,624.581	19.99	16.10	15.31
Templeton Global Balanced – B (Acc)	3.00%	4,207,571.124	15.52	12.49	11.85
Templeton Global Balanced – C (Qdis)	2.27%	3,226,540.379	11.76	9.48	9.01
Templeton Global Balanced – N (Acc) – EUR	2.19%	1,125,918.399	11.55	10.93	8.97
Templeton Global Balanced – N (Acc) – EUR hedged (H1)	2.19%	789,170.863	8.56	6.92	6.55
Templeton Global Bond Fund – USD					
Templeton Global Bond – A (Acc)	1.41%	210,833,593.095	26.20	23.26	20.44
Templeton Global Bond – A (Acc) – CHF hedged (H1)	1.40%	14,191,189.343	11.93	10.77	–
Templeton Global Bond – A (Acc) – EUR	1.40%	81,969,673.106	18.07	19.01	14.57
Templeton Global Bond – A (Acc) – EUR hedged (H1)	1.41%	205,745,668.078	19.14	17.13	15.02
Templeton Global Bond – A (Acc) – HKD	1.42%	16,106,467.926	11.64	10.34	–
Templeton Global Bond – A (Acc) – NOK hedged (H1)	1.41%	3,326,695.179	11.71	10.32	–
Templeton Global Bond – A (Acc) – SEK hedged (H1)	1.41%	143,637,566.484	11.56	10.27	–
Templeton Global Bond – A (Mdis)	1.40%	430,358,971.385	20.49	18.80	17.27
Templeton Global Bond – A (Mdis) – AUD hedged (H1)	1.43%	506,462.674	10.57	–	–
Templeton Global Bond – A (Mdis) – EUR	1.40%	43,127,563.859	14.14	15.39	12.33
Templeton Global Bond – A (Mdis) – EUR hedged (H1)	1.41%	103,258,991.579	13.31	12.29	11.27
Templeton Global Bond – A (Mdis) – GBP	1.41%	9,440,726.256	12.80	12.61	10.51
Templeton Global Bond – A (Mdis) – GBP hedged (H1)	1.41%	33,759,602.084	10.48	9.63	8.82
Templeton Global Bond – A (Mdis) – HKD	1.41%	97,802,811.813	11.15	10.23	–

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio June 30, 2011 (see Note 17)	Shares Outstanding June 30, 2011	Net Asset Value per Share		
			June 30, 2011	June 30, 2010	June 30, 2009
Templeton Global Bond – A (Mdis) – SGD	1.38%	18,738,306.189	10.90	11.39	10.82
Templeton Global Bond – A (Mdis) – SGD hedged (H1)	1.41%	38,743,692.323	12.75	11.80	10.86
Templeton Global Bond – A (Ydis) – EUR	1.40%	14,439,777.604	14.63	16.06	12.75
Templeton Global Bond – A (Ydis) – EUR hedged (H1)	1.42%	34,961,344.679	10.82	9.76	–
Templeton Global Bond – AX (Acc)	1.60%	41,467,905.210	19.95	17.74	15.62
Templeton Global Bond – B (Mdis)	2.91%	49,627,084.455	21.35	19.59	18.08
Templeton Global Bond – C (Mdis)	2.18%	107,082,496.958	15.72	14.42	13.25
Templeton Global Bond – I (Acc)	0.86%	125,494,350.118	21.27	18.77	16.40
Templeton Global Bond – I (Acc) – CHF hedged (H1)	0.85%	6,265,348.695	11.26	10.10	–
Templeton Global Bond – I (Acc) – EUR	0.85%	32,817,553.019	14.57	15.25	11.62
Templeton Global Bond – I (Acc) – EUR hedged (H1)	0.85%	98,689,030.742	15.59	13.87	12.10
Templeton Global Bond – I (Mdis) – EUR	0.85%	1,409,462.754	11.83	12.88	10.33
Templeton Global Bond – I (Mdis) – GBP	0.86%	11,368,863.864	11.94	11.76	–
Templeton Global Bond – I (Mdis) – GBP hedged (H1)	0.85%	24,262,328.030	11.54	10.61	–
Templeton Global Bond – I (Mdis) – JPY	0.85%	2,610,159.093	994.72	–	–
Templeton Global Bond – I (Mdis) – JPY hedged (H1)	0.85%	393,430.546	1,036.39	–	–
Templeton Global Bond – I (Ydis) – EUR	0.86%	148,481.000	12.78	13.46	10.75
Templeton Global Bond – I (Ydis) – EUR hedged (H1)	0.85%	16,008,939.868	10.99	9.77	–
Templeton Global Bond – N (Acc)	2.11%	57,167,891.212	26.28	23.49	20.79
Templeton Global Bond – N (Acc) – EUR	2.11%	10,967,100.962	18.12	19.21	14.82
Templeton Global Bond – N (Acc) – EUR hedged (H1)	2.10%	99,879,389.567	19.23	17.31	15.29
Templeton Global Bond – N (Acc) – HUF	2.14%	2,733,079.213	91.67	–	–
Templeton Global Bond – N (Acc) – PLN hedged (H1)	2.10%	4,206,064.674	11.85	10.43	–
Templeton Global Bond – N (Mdis) – EUR hedged (H1)	2.11%	152,144,023.449	15.58	14.42	13.20
Templeton Global Bond – N (Ydis) – EUR hedged (H1)	2.14%	3,364,087.982	10.83	9.76	–
Templeton Global Bond – Z (Acc)	1.11%	9,990,478.789	11.44	10.13	–
Templeton Global Bond – Z (Acc) – EUR	1.17%	352.771	10.20	–	–
Templeton Global Bond – Z (Mdis)	1.12%	1,867,316.222	10.38	–	–
Templeton Global Bond – Z (Ydis) – EUR hedged (H1)	1.11%	178,433.510	10.86	9.77	–
Templeton Global Bond (Euro) Fund – EUR					
Templeton Global Bond (Euro) – A (Acc)	1.38%	16,667,118.994	13.44	13.16	11.64
Templeton Global Bond (Euro) – A (Acc) – USD	1.55%	7,965.487	11.05	–	–
Templeton Global Bond (Euro) – A (Ydis)	1.38%	8,040,646.524	10.13	10.37	9.69
Templeton Global Bond (Euro) – B (Acc) – USD	2.89%	17,387.914	12.97	10.89	11.21
Templeton Global Bond (Euro) – I (Acc)	0.85%	1,079,756.354	13.42	13.08	11.51
Templeton Global Bond (Euro) – N (Acc)	2.08%	8,512,843.201	12.72	12.55	11.18
Templeton Global Equity Income Fund – USD					
Templeton Global Equity Income – A (Acc)	1.54%	2,074,913.622	11.07	8.69	8.36
Templeton Global Equity Income – A (Acc) – EUR	1.55%	123,558.914	9.60	8.94	7.50
Templeton Global Equity Income – A (Qdis)	1.54%	5,085,127.823	9.57	7.68	7.56
Templeton Global Equity Income – A (Qdis) – SGD	1.65%	3,194,992.378	5.73	5.24	5.34
Templeton Global Equity Income – B (Qdis)	2.75%	675,284.612	9.50	7.62	7.52
Templeton Global Equity Income – C (Qdis)	2.10%	51,606.951	9.50	7.64	7.53
Templeton Global Equity Income – I (Qdis) – JPY	0.95%	1,904.713	824.89	726.64	779.81
Templeton Global High Yield Fund – USD					
Templeton Global High Yield – A (Acc)	1.66%	943,260.952	12.64	11.17	9.43
Templeton Global High Yield – A (Acc) – EUR	1.67%	1,348,760.695	8.72	9.14	6.73
Templeton Global High Yield – A (Mdis)	1.66%	606,565.692	10.13	9.44	8.47
Templeton Global High Yield – A (Mdis) – EUR	1.68%	5,326,305.651	7.00	7.74	6.04
Templeton Global High Yield – I (Acc)	0.86%	406,305.276	13.02	11.42	9.57
Templeton Global High Yield – I (Acc) – EUR	0.88%	877,063.450	8.95	9.31	6.82
Templeton Global High Yield – N (Acc) – EUR	2.17%	2,916,514.664	8.54	8.99	6.66
Templeton Global Income Fund – USD					
Templeton Global Income – A (Acc)	1.56%	7,661,179.553	15.49	12.80	11.59
Templeton Global Income – A (Acc) – EUR	1.57%	2,863,336.154	13.43	13.16	10.39
Templeton Global Income – A (Acc) – HKD	1.60%	30,221.044	11.12	9.21	–
Templeton Global Income – A (Qdis)	1.55%	6,519,004.959	12.57	10.65	10.05
Templeton Global Income – A (Qdis) – HKD	1.58%	194,174.757	10.89	9.21	–
Templeton Global Income – A (Qdis) – SGD	1.60%	685.200	9.73	9.38	–
Templeton Global Income – B (Qdis)	2.75%	1,960,945.674	12.51	10.60	10.01
Templeton Global Income – C (Qdis)	2.10%	9,519,000.233	12.52	10.61	10.02
Templeton Global Income – I (Acc)	0.90%	2,777,157.879	16.05	13.18	11.86
Templeton Global Income – N (Acc)	2.00%	4,936,718.930	15.00	12.45	11.33
Templeton Global Income – Z (Acc)	1.00%	279,160.213	11.89	9.77	–

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio June 30, 2011 (see Note 17)	Shares Outstanding June 30, 2011	Net Asset Value per Share		
			June 30, 2011	June 30, 2010	June 30, 2009
Templeton Global Smaller Companies Fund – USD					
Templeton Global Smaller Companies – A (Acc)	1.85%	2,562,823.023	36.09	27.52	21.82
Templeton Global Smaller Companies – A (Acc) – SGD	1.85%	746,841.173	7.26	6.31	5.18
Templeton Global Smaller Companies – A (Ydis)	1.85%	3,855,603.896	34.38	26.24	21.04
Templeton Global Smaller Companies – B (Acc)	3.17%	473,814.284	10.02	7.74	6.22
Templeton Global Smaller Companies – C (Acc) – EUR	2.45%	54,839.762	9.88	8.98	6.25
Templeton Global Smaller Companies – C (Ydis)	2.44%	97,058.993	14.40	11.05	8.86
Templeton Global Smaller Companies – I (Acc)	0.99%	1,726,085.126	15.85	11.98	9.42
Templeton Global Smaller Companies – N (Acc)	2.59%	334,525.813	24.71	18.98	15.17
Templeton Global Total Return Fund – USD					
Templeton Global Total Return – A (Acc)	1.40%	173,343,387.381	25.30	21.70	17.82
Templeton Global Total Return – A (Acc) – CHF hedged (H1)	1.40%	16,331,094.520	12.86	11.18	–
Templeton Global Total Return – A (Acc) – EUR	1.39%	16,268,365.520	17.43	17.73	12.70
Templeton Global Total Return – A (Acc) – EUR hedged (H1)	1.40%	87,797,251.977	18.33	15.82	12.97
Templeton Global Total Return – A (Acc) – HKD	1.40%	21,625,850.058	12.18	10.46	–
Templeton Global Total Return – A (Acc) – PLN hedged (H1)	1.40%	6,995,646.340	67.31	57.04	46.65
Templeton Global Total Return – A (Acc) – SEK hedged (H1)	1.43%	17,537,805.013	10.75	–	–
Templeton Global Total Return – A (Mdis)	1.40%	170,645,989.515	17.53	15.69	13.71
Templeton Global Total Return – A (Mdis) – AUD hedged (H1)	1.43%	1,951,342.433	10.73	–	–
Templeton Global Total Return – A (Mdis) – EUR	1.39%	19,692,180.857	12.13	12.87	9.81
Templeton Global Total Return – A (Mdis) – EUR hedged (H1)	1.41%	68,473,537.504	11.38	10.25	8.94
Templeton Global Total Return – A (Mdis) – GBP	1.40%	4,819,336.158	10.97	10.54	8.36
Templeton Global Total Return – A (Mdis) – GBP hedged (H1)	1.41%	11,652,262.100	8.66	7.75	6.87
Templeton Global Total Return – A (Mdis) – HKD	1.40%	511,606,167.291	11.51	10.31	–
Templeton Global Total Return – A (Mdis) – SGD	1.39%	13,219,925.927	10.94	11.15	10.09
Templeton Global Total Return – A (Mdis) – SGD hedged (H1)	1.41%	46,905,802.519	11.60	10.47	–
Templeton Global Total Return – A (Ydis) – EUR	1.40%	4,992,894.896	12.64	13.54	10.31
Templeton Global Total Return – A (Ydis) – EUR hedged (H1)	1.42%	7,175,351.505	11.29	9.76	–
Templeton Global Total Return – B (Acc)	2.89%	5,230,949.424	22.58	19.66	16.38
Templeton Global Total Return – B (Mdis)	2.89%	11,527,630.088	17.47	15.66	13.68
Templeton Global Total Return – C (Mdis)	2.12%	47,410,689.887	15.60	13.96	12.20
Templeton Global Total Return – I (Acc)	0.86%	58,754,589.636	23.44	20.00	16.34
Templeton Global Total Return – I (Acc) – CHF hedged (H1)	0.86%	957,226.403	11.19	–	–
Templeton Global Total Return – I (Acc) – EUR	0.85%	5,760,360.911	16.18	16.36	11.66
Templeton Global Total Return – I (Acc) – EUR hedged (H1)	0.86%	37,078,616.164	16.45	14.13	11.53
Templeton Global Total Return – I (Mdis) – CHF	0.87%	8,580.815	14.46	16.60	14.62
Templeton Global Total Return – I (Mdis) – EUR	0.85%	701,855.416	11.88	12.65	9.63
Templeton Global Total Return – I (Mdis) – GBP	0.86%	1,240,566.340	12.76	12.26	–
Templeton Global Total Return – I (Mdis) – GBP hedged (H1)	0.86%	7,265,998.108	12.31	11.03	–
Templeton Global Total Return – I (Mdis) – JPY	0.85%	401.700	1,006.52	–	–
Templeton Global Total Return – I (Mdis) – JPY hedged (H1)	0.85%	80,340.000	1,003.90	–	–
Templeton Global Total Return – I (Ydis) – EUR	0.86%	610,649.595	12.68	13.51	10.21
Templeton Global Total Return – I (Ydis) – EUR hedged (H1)	0.86%	669,985.716	11.36	9.77	–
Templeton Global Total Return – N (Acc)	2.10%	42,175,101.903	23.95	20.68	17.11
Templeton Global Total Return – N (Acc) – EUR	2.09%	12,949,667.778	16.50	16.89	12.18
Templeton Global Total Return – N (Acc) – EUR hedged (H1)	2.10%	62,378,315.749	17.30	15.02	12.39
Templeton Global Total Return – N (Acc) – HUF	2.15%	2,876,861.001	94.08	–	–
Templeton Global Total Return – N (Mdis) – EUR hedged (H1)	2.10%	95,518,428.014	13.50	12.17	10.61
Templeton Global Total Return – N (Ydis) – EUR hedged (H1)	2.13%	1,911,478.181	11.23	9.76	–
Templeton Global Total Return – Z (Acc)	1.12%	4,397,641.262	11.94	10.22	–
Templeton Global Total Return – Z (Mdis)	1.13%	658,486.954	10.52	–	–
Templeton Global Total Return – Z (Ydis) – EUR hedged (H1)	1.10%	172,846.275	11.21	9.76	–
Templeton Growth (Euro) Fund – EUR					
Templeton Growth (Euro) – A (Acc)	1.85%	446,799,593.868	9.67	8.72	7.08
Templeton Growth (Euro) – A (Acc) – hedged (H2)	1.85%	237,345.718	11.89	9.87	–
Templeton Growth (Euro) – A (Acc) – USD	1.85%	17,404,841.258	14.04	10.67	9.94
Templeton Growth (Euro) – A (Ydis)	1.85%	19,490,350.513	10.19	9.23	7.57
Templeton Growth (Euro) – A (Ydis) – USD	1.85%	2,105,239.039	14.74	11.26	10.59
Templeton Growth (Euro) – B (Ydis)	3.14%	25,292.092	7.09	6.47	5.33
Templeton Growth (Euro) – C (Acc)	2.43%	2,626.263	8.03	7.28	5.95
Templeton Growth (Euro) – I (Acc)	0.96%	2,400,480.385	10.50	9.38	7.55
Templeton Growth (Euro) – I (Ydis)	0.96%	147,734.609	9.63	8.73	7.16
Templeton Growth (Euro) – I (Ydis) – USD	0.96%	630,812.971	14.02	10.71	10.08
Templeton Growth (Euro) – N (Acc)	2.60%	2,547,636.725	8.87	8.05	6.59
Templeton Korea Fund – USD					
Templeton Korea – A (Acc)	2.55%	12,946,386.761	6.65	4.55	4.25
Templeton Korea – A (Acc) – SGD	2.55%	5,360,748.949	7.03	5.47	5.29

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio June 30, 2011 (see Note 17)	Shares Outstanding June 30, 2011	Net Asset Value per Share		
			June 30, 2011	June 30, 2010	June 30, 2009
Templeton Korea – C (Acc)	3.14%	36,042.863	11.53	7.93	7.45
Templeton Korea – I (Acc)	1.43%	719,424.350	12.57	8.50	7.83
Templeton Korea – N (Acc)	3.05%	847,465.144	18.17	12.49	11.71
Templeton Latin America Fund – USD					
Templeton Latin America – A (Acc)	2.28%	6,465,181.565	93.95	76.18	59.40
Templeton Latin America – A (Acc) – EUR	2.36%	22,556.851	10.10	–	–
Templeton Latin America – A (Acc) – SGD	2.29%	6,639,460.164	9.41	8.70	7.02
Templeton Latin America – A (Ydis)	2.28%	21,835,901.010	87.33	71.11	55.88
Templeton Latin America – A (Ydis) – EUR	2.28%	550,919.374	60.23	58.14	39.85
Templeton Latin America – A (Ydis) – GBP	2.29%	226,769.673	54.70	47.84	34.16
Templeton Latin America – B (Acc)	3.60%	7,211,283.105	18.07	14.85	11.73
Templeton Latin America – C (Acc)	2.87%	1,672,687.849	18.69	15.24	11.95
Templeton Latin America – I (Acc)	1.31%	31,005,472.067	28.70	23.05	17.79
Templeton Latin America – I (Ydis) – EUR hedged (H2)	1.31%	7,472,532.991	11.18	10.36	–
Templeton Latin America – N (Acc)	2.79%	4,069,834.626	49.55	40.38	31.64
Templeton Latin America – N (Acc) – EUR	2.85%	918.235	10.07	–	–
Templeton Latin America – N (Acc) – PLN hedged (H1)	2.77%	1,260,862.341	11.53	9.33	–
Templeton Latin America – Z (Acc)	1.80%	61,558.284	11.75	9.48	–
Templeton Thailand Fund – USD					
Templeton Thailand – A (Acc)	2.49%	9,360,927.980	15.86	11.30	8.45
Templeton Thailand – A (Acc) – SGD	2.50%	992,328.206	10.95	8.89	6.88
Templeton Thailand – B (Acc)	3.80%	488,958.785	16.09	11.62	8.81
Templeton Thailand – I (Acc)	1.41%	271,085.132	14.49	10.22	7.55
Templeton Thailand – N (Acc)	3.00%	582,607.206	20.21	14.48	10.88
Templeton U.S. Value Fund – USD					
Templeton U.S. Value – A (Acc)	1.91%	766,739.440	12.13	9.69	8.44
Templeton U.S. Value – A (Acc) – EUR hedged (H1)	1.90%	89,955.039	8.42	6.77	5.92
Templeton U.S. Value – B (Acc)	3.21%	49,701.772	10.97	8.88	7.83
Templeton U.S. Value – I (Acc)	1.00%	886,855.474	12.13	9.61	8.29
Templeton U.S. Value – N (Acc)	2.68%	385,542.169	11.43	9.20	8.08

* This Fund was launched during the current year.

NOTES TO THE FINANCIAL STATEMENTS

AT JUNE 30, 2011

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 on undertakings for collective investment, as amended, until June 30, 2011 and under Part 1 of the Luxembourg law of December 17, 2010 on undertakings for collective investment since July 1, 2011, 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 69 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 transferable securities and other 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 minimize 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.

Changes to the Investment Manager structure of the Company

With effect from April 25, 2011, Templeton Global Advisors Limited has been appointed Co-Investment Manager of Templeton Global Income Fund together with Franklin Advisers, Inc. in replacement of the previous Co-Investment Manager Templeton Asset Management Ltd.

Fund launches

The following Fund was launched on October 29, 2010:

- Templeton Global Aggregate Bond Fund

The following Fund was launched on April 29, 2011:

- Templeton Emerging Markets Balanced Fund

Fund mergers

On August 27, 2010 Franklin Global Real Estate (Euro) Fund was merged into Franklin Global Real Estate Fund. The conversions of Shares were based on the following ratios:

- For 1 Share of Franklin Global Real Estate (Euro) Fund Class A (Acc), the Shareholder received 0.655294986 Shares of Franklin Global Real Estate Fund Class A (Acc) EUR-H1;
- For 1 Share of Franklin Global Real Estate (Euro) Fund Class A (Ydis), the Shareholder received 0.864980917 Shares of Franklin Global Real Estate Fund Class A (Ydis) EUR-H1;
- For 1 Share of Franklin Global Real Estate (Euro) Fund Class N (Acc), the Shareholder received 0.632609753 Shares of Franklin Global Real Estate Fund Class N (Acc) EUR-H1.

Share class launches

The following share classes were launched on July 28, 2010:

- Templeton Asian Growth Fund Class N (Acc) HUF
- Templeton Global Bond Fund Class N (Acc) HUF
- Templeton Global Total Return Fund Class N (Acc) HUF
- Templeton Global Total Return Fund Class I (Acc) CHF hedged (H1)

The following share classes were launched on August 20, 2010:

- Franklin Global Real Estate Fund Class A (Acc) EUR hedged (H1)
- Franklin Global Real Estate Fund Class A (Ydis) EUR hedged (H1)
- Franklin Global Real Estate Fund Class A (Ydis) EUR hedged (H2)
- Franklin Global Real Estate Fund Class N (Acc) EUR hedged (H1)

The following share classes were launched on September 30, 2010:

- Franklin Gold and Precious Metals Fund Class A (Acc) CHF hedged (H1)
- Franklin India Fund Class A (Acc) SGD
- Franklin U.S. Government Fund Class A (Acc)
- Franklin U.S. Opportunities Fund Class A (Acc) CHF hedged (H1)
- Franklin Templeton Global Growth and Value Fund Class X (Acc) SGD
- Templeton Asian Growth Fund Class A (Acc) HKD
- Templeton Asian Growth Fund Class I (Acc) CHF hedged (H1)
- Templeton Asian Growth Fund Class X (Acc) SGD
- Templeton BRIC Fund Class A (Acc) HKD
- Templeton Eastern Europe Fund Class X (Acc)
- Templeton Frontier Markets Fund Class X (Acc)
- Templeton Global Bond Fund Class A (Mdis) AUD hedged (H1)
- Templeton Global Total Return Fund Class A (Mdis) AUD hedged (H1)

The following share class was launched on October 22, 2010:

- Templeton China Fund Class I (Ydis) GBP

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2011 (CONTINUED)

Note 1 — The Company (continued)

The following share class was launched on November 19, 2010:

- Franklin Strategic Income Fund Class N (Acc)

The following share classes were launched on December 8, 2010:

- Franklin Gold and Precious Metals Fund Class A (Acc) SEK hedged (H1)
- Franklin High Yield Fund Class Z (Mdis)
- Franklin Income Fund Class Z (Mdis)
- Franklin U.S. Government Fund Class Z (Mdis)
- Franklin U.S. Opportunities Fund Class A (Acc) SEK hedged (H1)
- Franklin U.S. Ultra Short Bond Fund Class A (Acc)
- Templeton Asian Bond Fund Class A (Mdis) SGD hedged (H1)
- Templeton Emerging Markets Bond Fund Class A (Acc) NOK hedged (H1)
- Templeton Emerging Markets Bond Fund Class A (Acc) SEK hedged (H1)
- Templeton Emerging Markets Bond Fund Class Z (Mdis)
- Templeton Global Bond (Euro) Fund Class A (Acc) USD
- Templeton Global Bond Fund Class I (Mdis) JPY
- Templeton Global Bond Fund Class I (Mdis) JPY hedged (H1)
- Templeton Global Bond Fund Class Z (Mdis)
- Templeton Global Total Return Fund Class Z (Mdis)
- Templeton Global Total Return Fund Class A (Acc) SEK hedged (H1)

The following share classes were launched on March 18, 2011:

- Franklin Global Growth Fund Class Z (Acc)
- Franklin India Fund Class Z (Acc)
- Franklin MENA Fund Class X (Acc)
- Franklin Mutual European Fund Class Z (Acc)
- Franklin Natural Resources Fund Class A (Acc) CHF hedged (H1)
- Franklin Real Return Fund Class N (Acc)
- Franklin Strategic Income Fund Class A (Acc) EUR hedged (H1)
- Franklin Strategic Income Fund Class N (Acc) EUR hedged (H1)
- Franklin Technology Fund Class Z (Acc)
- Franklin U.S. Opportunities Fund Class N (Acc) EUR hedged (H1)
- Templeton Asian Growth Fund Class Z (Ydis)
- Templeton Asian Smaller Companies Fund Class N (Acc) EUR
- Templeton Asian Smaller Companies Fund Class N (Acc)
- Templeton China Fund Class X (Acc) HKD
- Templeton China Fund Class Z (Acc)
- Templeton Global Bond Fund Class Z (Acc) EUR
- Templeton Latin America Fund Class A (Acc) EUR
- Templeton Latin America Fund Class N (Acc) EUR

The following share class was launched on April 4, 2011:

- Franklin Global Growth Fund Class I (Acc) GBP

The following share classes were launched on May 27, 2011:

- Franklin India Fund Class A (Acc) SEK
- Franklin Mutual European Fund Class A (Acc) SEK
- Franklin Natural Resources Fund Class A (Ydis) EUR hedged (H1)
- Franklin Technology Fund Class I (Acc)
- Templeton Emerging Markets Bond Fund Class I (Acc) CHF hedged (H1)
- Templeton Emerging Markets Fund Class A (Acc) EUR hedged (H1)
- Templeton Emerging Markets Fund Class I (Acc) EUR hedged (H1)

The following share classes were launched on June 10, 2011:

- Templeton Emerging Markets Balanced Fund Class B (Mdis)
- Templeton Emerging Markets Balanced Fund Class C (Acc)
- Templeton Global Total Return Fund Class I (Mdis) JPY
- Templeton Global Total Return Fund Class I (Mdis) JPY hedged (H1)

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2011 (CONTINUED)

Note 1 — The Company (continued)

Share class closures

The following share classes were closed on August 27, 2010:

- Franklin Global Real Estate (Euro) Fund Class I (Acc)
- Franklin Global Real Estate (Euro) Fund Class I (Ydis)

The following share class was closed on October 25, 2010:

- Franklin India Fund Class I (Ydis) EUR hedged (H2)

The following share classes were closed on April 18, 2011:

- Franklin Mutual Beacon Fund Class B (Ydis) EUR
- Franklin Mutual Euroland Fund Class I (Acc) USD
- Franklin World Perspectives Fund Class I (Ydis) GBP
- Templeton BRIC Fund Class I (Ydis) EUR
- Templeton Euro High Yield Fund Class I (Mdis)
- Templeton Euroland Fund Class I (Ydis)
- Templeton European Total Return Fund Class I (Ydis)
- Templeton U.S. Value Fund Class I (Ydis) GBP

The following share classes were closed on May 27, 2011:

- Franklin Asian Flex Cap Fund Class A (Ydis) GBP
- Franklin Global Real Estate Fund Class I (Qdis)
- Franklin MENA Fund Class A (Ydis) EUR
- Franklin Mutual Euroland Fund Class A (Acc) USD
- Franklin Mutual Global Discovery Fund Class I (Ydis) EUR
- Franklin U.S. Focus Fund Class N (Acc)
- Franklin Templeton Global Growth and Value Fund Class I (Acc) EUR
- Templeton Asian Smaller Companies Fund Class I (Ydis) GBP
- Templeton European Fund Class A (Ydis)
- Templeton European Fund Class N (Acc) USD
- Templeton European Total Return Fund Class I (Mdis)
- Templeton Global Equity Income Fund Class N (Acc)
- Templeton Global High Yield Fund Class A (Mdis) GBP

The following share class was closed on May 30, 2011:

- Templeton U.S. Value Fund Class I (Acc) EUR hedged (H1)

The following share classes were closed on June 3, 2011:

- Franklin Asia Flex Cap Fund Class I (Ydis)
- Franklin Mutual Euroland Fund Class I (Acc)
- Templeton Euroland Fund Class C (Acc) USD
- Templeton European Fund Class C (Acc)
- Templeton Frontier Markets Fund Class B (Acc) EUR
- Templeton Global Balanced Fund Class I (Acc)
- Templeton Global Balanced Fund Class I (Acc) EUR hedged (H1)
- Templeton Global Equity Income Fund Class I (Acc)
- Templeton U.S. Value Fund Class A (Acc) EUR
- Templeton U.S. Value Fund Class A (Ydis) EUR
- Templeton U.S. Value Fund Class A (Ydis) GBP
- Templeton U.S. Value Fund Class C (Acc)
- Templeton U.S. Value Fund Class I (Acc) EUR

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2011 (CONTINUED)

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 Company 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, the Franklin U.S. Government Fund, the Templeton Asian Bond Fund and the Templeton BRIC 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”.

Money market instruments are valued at amortised cost, which approximates market value. For the Templeton Euro Money Market Fund, all securities are valued at amortised cost. Under this method, the cost of investments is adjusted to income for the amortisation of premiums and discounts over the life of the investments. Where the amortised cost basis does not reflect a prudent approach to the valuation of the security, the latest available price prevailing on the valuation day is used.

(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.

The reference currency of the Company as reflected in the consolidated statements is USD. The principal exchange rates applied as at June 30, 2011 are as follows:

1 USD = 0.6896 EUR

1 USD = 80.5050 JPY

(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”.

(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

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2011 (CONTINUED)

Note 2 — Significant accounting policies (continued)

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 Swap contracts

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 contract agreements is accrued daily as interest income/expense. Interest rate swap contracts 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 swap contracts include changes in market conditions and the possible inability of the counterparty to fulfill its obligations under the agreement.

(j) Credit Default Swap contracts

A Credit Default Swap contract 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 swap contracts 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 swap contracts 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 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 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, 2011 (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 accounting year. The following percentages apply in respect of the different Funds as at June 30, 2011.

No management fees will be payable by an investor on the acquisition of Class X Shares, instead a fee will be paid to the Investment Manager or affiliates under an agreement.

	All classes except Class I and Class X	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 Fund	1.00%	0.70%
Franklin Global Real Estate (Euro) Fund*	1.00%	0.70%
Franklin Global Small-Mid Cap Growth Fund	1.00%	0.70%
Franklin Gold and Precious Metals Fund	1.00%	0.70%
Franklin High Yield 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 Real Return Fund	0.75%	N/A
Franklin Strategic Income Fund	0.75%	0.55%
Franklin Technology Fund	1.00%	0.70%
Franklin U.S. Dollar Liquid Reserve Fund	0.30%	0.20%
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. 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%	N/A
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 Balanced Fund	1.30%	0.90%
Templeton Emerging Markets Bond Fund	1.00%	0.70%
Templeton Emerging Markets Smaller Companies Fund	1.60%	1.10%
Templeton Euro Government Bond Fund	0.50%	0.35%
Templeton Euro High Yield Fund	0.80%	0.60%
Templeton Euro Liquid Reserve Fund	0.30%	0.20%
Templeton Euro Money Market Fund	0.25%	0.20%
Templeton Euroland Fund	1.00%	0.70%
Templeton European Fund	1.00%	0.70%
Templeton European Corporate Bond Fund	0.65%	0.40%
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 Aggregate Bond Fund	0.65%	0.40%
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 Korea Fund	1.60%	1.10%
Templeton Latin America Fund	1.40%	1.00%
Templeton Thailand Fund	1.60%	1.10%
Templeton U.S. Value Fund	1.00%	0.70%

*This Fund was merged into Franklin Global Real Estate Fund on August 27, 2010.

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2011 (CONTINUED)

Note 4 — Forward foreign exchange contracts

As at June 30, 2011 the Company had entered into the following outstanding contracts:

Franklin Global Growth Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
19	EUR 5,854,748	USD 8,413,868	72,815
5	USD 583,875	EUR 408,011	(7,553)
			65,262

Franklin Global Real Estate Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
28	EUR 19,188,024	USD 27,094,020	715,626
2	EUR 237,008	JPY 27,087,300	6,946
2	EUR 354,251	HKD 3,908,400	11,021
1	EUR 207,891	AUD 281,900	(61)
1	EUR 158,174	GBP 140,300	4,118
			737,650

Franklin Gold and Precious Metals Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
18	EUR 5,030,528	USD 7,110,936	179,988
10	SEK 9,509,501	USD 1,463,412	38,142
10	CHF 5,222,138	USD 6,166,284	45,326
4	USD 379,516	EUR 266,000	(6,007)
3	USD 130,937	SEK 844,000	(2,331)
2	USD 219,001	CHF 184,000	138
			255,256

Franklin High Yield Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
10	SGD 73,859,261	USD 59,973,893	157,755
1	USD 18,413,782	EUR 13,616,841	(1,203,699)
			(1,045,944)

Franklin Income Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
9	SGD 35,685,081	USD 28,755,011	297,719
1	USD 593,972	SGD 737,000	(6,051)
			291,668

Franklin India Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
9	PLN 30,062,208	USD 11,090,004	(142,691)
1	USD 233,613	PLN 659,000	(6,377)
			(149,068)

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2011 (CONTINUED)

Note 4 — Forward foreign exchange contracts (continued)

As at June 30, 2011 the Company had entered into the following outstanding contracts:

Franklin MENA Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
25	EUR 8,715,794	USD 12,529,708	104,178
2	USD 751,468	EUR 523,000	(6,641)
			97,537

Franklin Natural Resources Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
6	CHF 963,994	USD 1,133,869	12,780
2	EUR 817,249	USD 1,153,952	30,517
			43,297

Franklin Real Return Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
7	EUR 3,147,322	USD 4,444,464	117,064
3	USD 840,472	EUR 605,000	(30,475)
3	CLP 74,742,500	USD 150,000	6,029
1	INR 1,895,600	USD 40,000	584
			93,202

Franklin Strategic Income Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
77	USD 33,892,199	EUR 24,700,039	(1,672,405)
59	USD 14,528,264	JPY 1,196,657,300	(364,540)
31	INR 243,880,000	USD 5,116,542	149,159
23	PHP 147,963,000	USD 3,377,432	(15,818)
22	CLP 2,474,982,900	USD 5,031,917	117,614
11	SGD 6,540,240	USD 5,244,463	86,830
7	USD 2,756,580	GBP 1,708,618	23,655
5	EUR 4,081,571	USD 5,764,692	150,930
1	IDR 1,445,400,000	USD 157,057	4,455
1	ILS 752,800	USD 209,344	9,211
			(1,510,909)

Franklin U.S. Equity Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
19	EUR 34,015,404	USD 48,078,105	1,221,638
2	USD 13,482,365	EUR 9,522,000	(318,211)
			903,427

Franklin U.S. Focus Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
28	EUR 11,443,185	USD 16,444,789	142,557
5	USD 755,064	EUR 526,000	(7,393)
			135,164

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2011 (CONTINUED)

Note 4 — Forward foreign exchange contracts (continued)

As at June 30, 2011 the Company had entered into the following outstanding contracts:

Franklin U.S. Government Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
7	SGD 5,725,071	USD 4,644,539	16,461

Franklin U.S. Opportunities Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
30	EUR 206,909,174	USD 292,702,077	7,178,806
11	PLN 11,191,946	USD 3,969,329	102,543
10	CHF 21,423,765	USD 25,239,030	244,035
9	SEK 65,878,971	USD 10,138,541	263,783
4	USD 16,561,172	EUR 11,694,636	(388,285)
1	USD 497,545	SEK 3,227,000	(12,000)
			7,388,882

Franklin U.S. Total Return Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
21	INR 25,792,350	USD 549,113	10,102
20	USD 3,243,064	EUR 2,408,102	(230,921)
16	PHP 20,528,000	USD 450,108	19,953
6	SGD 692,902	USD 551,160	13,643
6	CLP 225,077,000	USD 453,403	15,315
5	USD 457,997	GBP 293,000	(5,645)
5	MYR 361,527	USD 113,818	5,201
2	GBP 52,750	USD 83,518	980
1	USD 269,877	IDR 2,410,000,000	(1,040)
1	IDR 7,000,000,000	USD 728,635	58,260
			(114,152)

Franklin Mutual Beacon Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
39	EUR 82,029,344	USD 117,685,999	1,208,413
15	USD 104,866,104	EUR 74,198,509	(2,610,724)
13	JPY 166,710,626	USD 2,060,005	12,382
12	USD 5,415,996	JPY 445,610,798	(123,419)
12	NOK 20,151,327	USD 3,704,150	19,637
6	USD 82,415,908	GBP 50,688,380	1,114,899
5	GBP 4,656,843	USD 7,575,080	(105,632)
5	USD 3,425,050	AUD 3,277,097	(64,293)
5	CHF 2,222,094	USD 2,633,295	10,188
1	USD 16,400,328	CHF 14,333,886	(651,777)
1	USD 8,679,591	NOK 48,341,327	(253,461)
			(1,443,787)

Franklin Mutual European Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) EUR
8	CHF 2,829,791	EUR 2,358,836	(36,413)
1	EUR 55,810	CHF 67,000	823
			(35,590)

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2011 (CONTINUED)

Note 4 — Forward foreign exchange contracts (continued)

As at June 30, 2011 the Company had entered into the following outstanding contracts:

Franklin Mutual Global Discovery Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
9	CHF 8,607,504	USD 10,248,598	(10,691)
7	USD 21,025,900	EUR 14,700,767	(277,459)
6	EUR 118,424,001	USD 167,987,401	3,624,661
5	CHF 2,063,200	EUR 1,732,941	(57,064)
4	EUR 14,821,561	CHF 17,693,200	432,171
4	EUR 31,427,891	GBP 27,919,200	749,845
2	GBP 2,437,600	EUR 2,726,135	(39,666)
			<u>4,421,797</u>

Franklin Templeton Global Equity Strategies Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
10	EUR 6,882,356	USD 10,053,499	(76,133)
1	USD 249,864	EUR 174,000	(2,384)
			<u>(78,517)</u>

Franklin Templeton Global Fundamental Strategies Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
77	USD 37,365,550	JPY 3,103,497,567	(1,229,376)
59	USD 47,657,398	EUR 35,233,415	(3,085,569)
40	CLP 6,076,002,000	USD 12,328,231	289,628
38	PHP 426,216,000	USD 9,600,117	127,566
28	INR 456,851,050	USD 9,687,196	186,005
22	EUR 139,026,743	USD 196,402,893	5,093,549
18	SGD 11,052,999	USD 8,656,259	350,793
17	GBP 5,389,097	USD 8,537,176	88,044
17	NOK 87,344,150	EUR 10,774,182	475,994
13	MYR 19,502,333	USD 6,070,074	363,271
9	PLN 5,917,993	USD 2,095,703	57,391
8	PLN 14,177,000	EUR 3,499,876	30,274
5	SEK 58,924,245	EUR 6,272,616	173,063
4	MYR 3,116,000	EUR 746,140	(51,205)
3	AUD 921,000	JPY 73,074,596	50,250
3	AUD 5,689,442	USD 5,510,443	417,568
1	SEK 33,492,452	USD 5,157,446	24,323
1	KRW 1,136,628,900	USD 1,017,391	45,111
1	ILS 10,833,900	USD 3,038,110	113,621
			<u>3,520,301</u>

Templeton Asian Bond Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
64	USD 360,300,872	JPY 29,822,709,719	(10,631,824)
41	PHP 15,396,496,700	USD 350,604,259	(834,031)
22	EUR 334,534,371	USD 473,213,633	11,639,028
21	CHF 36,901,347	USD 43,496,643	396,641
17	SGD 430,194,565	USD 348,393,103	2,353,032
15	INR 13,883,058,459	USD 294,823,562	4,730,437
5	MYR 143,915,000	USD 46,535,573	165,302
2	USD 31,726,057	EUR 22,471,093	(842,104)
2	JPY 3,256,500,000	USD 40,178,902	272,203
1	AUD 38,342,843	USD 36,223,251	3,542,605
1	KRW 58,200,000,000	USD 50,000,000	4,080,703
			<u>14,871,992</u>

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2011 (CONTINUED)

Note 4 — Forward foreign exchange contracts (continued)

As at June 30, 2011 the Company had entered into the following outstanding contracts:

Templeton Asian Growth Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
42	EUR 474,700,136	USD 682,090,652	6,002,160
19	CHF 54,832,927	USD 65,499,335	(278,683)
8	USD 23,167,114	EUR 16,121,000	(200,910)
8	PLN 38,340,208	USD 14,007,403	(50,919)
3	EUR 21,268,987	INR 1,378,003,400	89,586
2	USD 1,518,707	CHF 1,283,000	(7,349)
2	USD 615,386	PLN 1,700,000	(3,442)
2	EUR 12,734,215	IDR 158,104,691,400	90,295
2	EUR 36,401,889	HKD 401,571,300	1,138,351
1	EUR 10,663,012	KRW 16,517,005,600	(2,392)
1	KRW 432,913,800	EUR 279,624	(147)
1	EUR 22,547,594	THB 987,471,900	609,771
			7,386,321

Templeton BRIC Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
21	EUR 42,268,046	USD 61,551,310	(275,233)
9	PLN 7,889,746	USD 2,909,748	(36,513)
4	USD 2,401,814	EUR 1,687,000	(43,833)
3	USD 199,809	PLN 559,000	(3,764)
			(359,343)

Templeton Emerging Markets Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
7	EUR 5,819,032	USD 8,340,973	93,943

Templeton Emerging Markets Balanced Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
12	EUR 6,666,259	USD 9,414,005	247,644
6	USD 921,233	EUR 635,000	7,896
2	PHP 15,963,600	USD 370,000	(10,105)
2	GBP 1,155,874	USD 1,861,185	(6,593)
2	CLP 178,842,500	USD 367,906	967
2	INR 17,888,300	USD 370,000	11,132
2	SGD 2,362,503	USD 1,903,038	20,375
2	CHF 1,667,901	USD 1,962,691	21,238
1	USD 47,209	CHF 40,000	(370)
1	USD 46,953	SGD 58,000	(267)
1	USD 45,266	GBP 28,000	340
			292,257

NOTES TO THE FINANCIAL STATEMENTS

AT JUNE 30, 2011 (CONTINUED)

Note 4 — Forward foreign exchange contracts (continued)

As at June 30, 2011 the Company had entered into the following outstanding contracts:

Templeton Emerging Markets Bond Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
55	CLP 91,938,076,207	USD 186,649,845	4,575,082
34	INR 7,830,233,250	USD 164,554,839	4,992,234
32	USD 707,833,242	EUR 525,414,745	(49,838,345)
32	PHP 9,765,520,000	USD 221,500,512	582,389
20	EUR 241,809,009	USD 347,683,350	2,832,903
14	SEK 71,872,740	USD 11,316,236	35,893
12	USD 462,255,241	JPY 38,497,457,333	(16,999,505)
12	NOK 82,836,038	USD 15,095,345	248,092
9	CHF 23,993,827	USD 28,668,434	(129,139)
8	GBP 2,389,240	USD 3,896,980	(63,218)
6	PLN 188,285,000	EUR 46,376,199	126,795
6	MYR 307,967,724	USD 97,232,996	3,324,520
4	KRW 187,257,020,300	USD 163,517,800	10,850,801
1	USD 402,851	NOK 2,204,000	(5,388)
			(39,466,886)

Templeton Euro High Yield Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) EUR
5	EUR 96,192,474	GBP 84,830,000	2,282,527
2	USD 4,000,000	EUR 2,810,479	(22,623)
1	EUR 7,106,504	CHF 9,160,000	(410,894)
1	EUR 58,485,866	USD 81,000,000	2,031,784
			3,880,794

Templeton European Corporate Bond Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) EUR
2	EUR 215,300	GBP 188,000	7,053
1	PLN 800,000	EUR 203,324	(3,002)
1	GBP 93,000	EUR 105,829	(2,813)
			1,238

Templeton European Total Return Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) EUR
1	PLN 3,000,000	EUR 762,273	(11,062)
1	NOK 25,000,000	EUR 3,190,851	(792)
			(11,854)

Templeton Frontier Markets Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
23	EUR 162,881,125	USD 234,123,452	1,979,142
3	USD 5,457,064	EUR 3,802,000	(54,084)
			1,925,058

Templeton Global (Euro) Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) EUR
3	EUR 316,036	JPY 36,139,200	6,222
2	EUR 514,388	GBP 457,000	8,426
1	USD 37,900	EUR 26,647	(493)
1	GBP 9,800	EUR 11,003	(153)
1	EUR 1,285,284	USD 1,822,700	27,497
			41,499

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2011 (CONTINUED)

Note 4 — Forward foreign exchange contracts (continued)

As at June 30, 2011 the Company had entered into the following outstanding contracts:

Templeton Global Aggregate Bond Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
21	EUR 8,289,130	USD 11,715,469	298,304
7	GBP 1,395,743	USD 2,251,648	(12,186)
4	USD 1,747,886	EUR 1,215,000	(13,105)
3	USD 855,445	AUD 820,000	(21,739)
3	CAD 450,000	USD 464,264	2,237
3	CHF 953,954	USD 1,122,999	11,707
3	MXN 15,000,000	USD 1,257,852	21,133
3	KRW 1,100,000,000	USD 1,008,032	21,611
2	PLN 950,000	EUR 237,946	794
2	MYR 3,000,000	USD 989,218	2,857
2	SGD 1,000,000	USD 804,086	10,056
1	USD 588,015	MXN 7,000,000	(8,845)
1	USD 361,310	CAD 350,000	(1,525)
			311,299

Templeton Global Balanced fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
34	USD 28,996,976	JPY 2,447,165,000	(1,412,864)
25	INR 633,581,000	USD 13,402,444	166,491
25	CLP 8,052,618,000	USD 16,301,267	404,640
21	EUR 10,811,404	USD 15,541,101	130,454
5	USD 1,558,506	EUR 1,137,890	(84,947)
4	JPY 503,731,000	USD 6,032,179	228,262
1	MYR 10,640,000	USD 3,433,476	2,029
			(565,935)

Templeton Global Bond Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
124	USD 10,419,757,342	EUR 7,596,062,392	(517,287,720)
110	EUR 11,352,730,187	USD 16,562,250,475	(104,114,814)
93	USD 6,375,365,442	JPY 525,179,292,776	(159,062,768)
64	CLP 747,577,678,590	USD 1,511,191,073	47,136,120
58	PHP 87,941,602,068	USD 1,963,101,132	40,483,825
58	INR 79,054,780,715	USD 1,663,550,608	47,188,013
38	SGD 3,519,804,657	USD 2,794,645,324	73,633,403
24	SEK 14,552,161,542	EUR 1,566,771,849	13,556,188
24	NOK 12,003,944,791	EUR 1,496,240,592	38,269,971
19	GBP 605,762,730	USD 990,923,867	(18,870,800)
15	CHF 229,602,209	USD 274,292,082	(1,199,398)
14	MYR 1,655,830,137	USD 529,811,544	10,137,501
13	SEK 1,598,411,327	USD 257,045,323	(4,519,833)
13	AUD 324,053,695	USD 308,165,179	32,120,084
11	PLN 49,985,053	USD 18,396,228	(193,844)
9	NOK 37,787,832	USD 7,000,845	227
9	JPY 19,215,772,639	USD 237,158,111	1,533,752
6	IDR 2,739,375,000,000	USD 307,354,721	(5,290,045)
6	PLN 1,022,944,500	EUR 252,272,411	2,179,619
3	AUD 97,962,000	JPY 7,772,566,312	5,344,820
2	USD 242,700,776	PHP 10,570,332,600	(1,169,478)
2	EUR 169,748,536	SEK 1,561,443,896	(669,520)
2	USD 722,579	PLN 1,996,000	(4,311)
2	EUR 168,991,735	NOK 1,318,012,808	720,107
1	USD 101,414,036	INR 4,557,546,780	(685,263)
1	USD 5,081,468	SEK 32,949,000	(123,990)
1	USD 284,049	AUD 271,000	(6,153)
			(500,894,307)

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2011 (CONTINUED)

Note 4 — Forward foreign exchange contracts (continued)

As at June 30, 2011 the Company had entered into the following outstanding contracts:

Templeton Global Bond (Euro) Fund

Number of contracts	Purchases		Sales		Unrealised Profit/(Loss) EUR
17	EUR	49,093,252	USD	66,053,999	3,299,475
13	EUR	33,943,702	MXN	583,281,811	(213,933)
8	EUR	14,436,571	PLN	58,860,728	(282,494)
6	EUR	18,283,213	IDR	220,714,018,136	714,515
4	EUR	10,969,029	BRL	26,351,765	(577,386)
4	EUR	40,652,486	KRW	61,962,684,920	751,604
2	EUR	708,458	AUD	1,033,977	(50,929)
1	EUR	17,097,322	HUF	4,898,211,740	(1,095,952)
1	MYR	4,100,000	EUR	953,948	(23,450)
1	EUR	289,591	NZD	540,000	(18,115)
1	CLP	575,000,000	EUR	833,032	(3,602)
1	SEK	24,284,109	EUR	2,613,161	8,063
1	NZD	540,000	EUR	294,663	13,042
1	EUR	44,916,994	MYR	189,033,170	2,052,371
					4,573,209

Templeton Global High Yield Fund

Number of contracts	Purchases		Sales		Unrealised Profit/(Loss) USD
70	USD	6,424,661	JPY	529,679,170	(164,660)
40	USD	12,779,528	EUR	9,233,991	(516,286)
7	USD	2,048,428	GBP	1,267,998	20,705
5	PHP	126,522,540	USD	2,757,125	126,997
3	AUD	141,000	JPY	11,187,316	7,693
3	EUR	420,000	USD	593,211	15,832
3	MYR	10,186,180	USD	3,206,681	126,715
2	USD	1,312,754	PHP	57,174,300	(6,326)
1	USD	1,556,221	MYR	4,733,090	(11,165)
1	INR	155,000,000	USD	3,209,176	227,393
					(173,102)

Templeton Global Income Fund

Number of contracts	Purchases		Sales		Unrealised Profit/(Loss) USD
56	USD	25,584,854	JPY	2,093,809,750	(485,972)
29	PHP	186,657,000	USD	4,200,110	60,039
28	INR	342,948,500	USD	7,268,351	19,645
22	CLP	1,782,579,000	USD	3,603,031	102,003
13	MYR	24,923,572	USD	8,047,200	34,537
9	USD	42,028,601	EUR	29,897,341	(903,554)
6	AUD	3,005,512	USD	2,854,162	292,109
4	SEK	47,723,709	EUR	5,268,748	(158,816)
4	KRW	9,144,418,900	USD	8,118,986	423,670
3	USD	491,235	GBP	306,783	296
3	NOK	8,667,900	EUR	1,090,836	10,880
1	USD	66,505	NZD	88,354	(6,447)
1	NZD	88,354	USD	69,746	3,206
1	NOK	2,555,000	USD	430,671	35,275
					(573,129)

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2011 (CONTINUED)

Note 4 — Forward foreign exchange contracts (continued)

As at June 30, 2011 the Company had entered into the following outstanding contracts:

Templeton Global Total Return Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
118	USD 4,477,684,771	EUR 3,257,182,575	(211,422,520)
97	EUR 5,210,799,432	USD 7,362,411,853	189,786,592
92	USD 2,323,384,502	JPY 190,839,399,373	(51,472,434)
65	CLP 247,723,147,200	USD 499,996,711	17,254,308
56	INR 22,016,788,813	USD 463,634,651	11,350,860
48	PHP 29,087,602,176	USD 653,485,168	9,806,815
40	GBP 805,643,610	USD 1,282,266,556	7,734,812
39	SGD 1,972,377,575	USD 1,572,023,347	35,098,300
28	SEK 7,998,515,049	EUR 865,684,517	1,286,265
28	NOK 5,128,660,786	EUR 633,445,102	25,505,805
27	PLN 2,683,138,297	EUR 656,963,026	10,482,912
26	AUD 967,339,698	USD 911,935,123	98,825,790
16	CHF 213,405,399	USD 251,285,000	2,555,700
16	MYR 2,810,773,394	USD 908,389,830	5,131,578
11	SEK 180,264,165	USD 27,751,937	711,871
11	PLN 453,378,072	USD 160,757,789	4,190,938
9	KRW 726,457,070,000	USD 636,600,297	39,624,791
7	USD 36,783,998	GBP 23,164,845	(298,849)
6	IDR 1,280,200,000,000	USD 143,657,213	(2,498,041)
3	JPY 7,668,727,860	USD 94,619,685	638,666
3	AUD 28,074,000	JPY 2,227,466,024	1,531,721
1	USD 4,717,514	CHF 4,008,000	(49,908)
1	NOK 30,855,000	USD 5,200,924	425,993
1	ILS 85,257,000	USD 22,406,570	2,572,737
			198,774,702

Templeton Growth (Euro) Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) EUR
2	EUR 171,523	CHF 204,000	4,071
2	EUR 360,081	GBP 319,500	6,349
2	EUR 1,198,105	USD 1,697,200	26,922
1	CHF 4,900	EUR 4,116	(94)
			37,248

Templeton Latin America Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
10	PLN 14,294,773	USD 5,219,551	(16,841)
1	EUR 34,639,962	BRL 79,990,600	(705,845)
1	USD 157,902	PLN 445,000	(4,085)
1	EUR 33,463,850	USD 47,381,800	1,111,751
			384,980

Templeton U.S. Value Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
9	EUR 751,740	USD 1,061,858	27,666
1	USD 50,531	EUR 35,841	(1,414)
			26,252

CURRENCY ABBREVIATIONS

AUD Australian Dollar	GBP British Pound	JPY Japanese Yen	PHP Philippine Peso
BRL Brazilian Real	HKD Hong Kong Dollar	KRW Korean Won	PLN Polish Zloty
CAD Canadian Dollar	HUF Hungarian Forint	MXN Mexican Peso	SEK Swedish Krona
CHF Swiss Franc	IDR Indonesian Rupiah	MYR Malaysian Ringgit	SGD Singapore Dollar
CLP Chilean Peso	ILS Israeli Shekel	NOK Norwegian Krone	THB Thai Baht
EUR Euro	INR Indian Rupee	NZD New-Zealand Dollar	USD U.S. Dollar

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2011 (CONTINUED)

Note 5 — Open positions on credit default swap contracts

As at June 30, 2011, the Company had entered into the following outstanding contracts:

Franklin Real Return Fund

Nominal	Description	Counterparty	Buy/Sell protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
800,000	LCDX.NA.16, Jun. 2016	Barclays Bank	Sell	USD	(18,800)	(19,289)

Franklin Strategic Income Fund

Nominal	Description	Counterparty	Buy/Sell protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
5,000,000	CDX.NA.HY.16, Jun. 2016	Credit Suisse International	Sell	USD	78,500	47,250
6,000,000	LCDX.NA.16, Jun. 2016	Barclays Bank	Sell	USD	(141,000)	(147,410)
29,750,000	LCDX.NA.16, Jun. 2016	Credit Suisse International	Sell	USD	(699,125)	(730,907)
7,250,000	LCDX.NA.16, Jun. 2016	Goldman Sachs International	Sell	USD	(170,375)	(178,120)
						(1,009,187)

Franklin U.S. Total Return Fund

Nominal	Description	Counterparty	Buy/Sell protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
200,000	Government of Indonesia, Mar. 2016	Credit Suisse International	Sell	USD	(2,466)	2,560
500,000	Government of Indonesia, Mar. 2016	Deutsche Bank	Sell	USD	(6,165)	6,398
200,000	Government of Indonesia, Mar. 2016	UBS AG	Sell	USD	(2,466)	2,560
3,600,000	LCDX.NA.16, Jun. 2016	Credit Suisse International	Sell	USD	(84,600)	(89,100)
						(77,582)

Templeton Euro High Yield Fund

Nominal	Description	Counterparty	Buy/Sell protection	Trading currency	Market value EUR	Unrealised profit/(loss) EUR
5,000,000	ITRX.EUR.XOVER.15, Jun. 2016	UBS AG	Sell	EUR	213,197	(17,012)

Templeton Global High Yield Fund

Nominal	Description	Counterparty	Buy/Sell protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
3,500,000	LCDX.NA.16, Jun. 2016	Barclays Bank	Sell	USD	(82,250)	(85,750)
4,500,000	LCDX.NA.16, Jun. 2016	Credit Suisse International	Sell	USD	(105,750)	(110,250)
2,000,000	LCDX.NA.16, Jun. 2016	Goldman Sachs International	Sell	USD	(47,000)	(49,000)
						(245,000)

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2011 (CONTINUED)

Note 6 — Open positions on interest rate swap contracts

As at June 30, 2011, the Company had entered into the following outstanding contracts:

Franklin Templeton Global Fundamental Strategies Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
1,010,000	Receiving floating rate USD-LIBOR Paying fixed rate 4.34675%	Citigroup	25-Feb-41	USD	(47,605)
600,000	Receiving floating rate USD-LIBOR Paying fixed rate 3.523%	Deutsche Bank	28-Mar-21	USD	(14,611)
1,280,000	Receiving floating rate EUR- IBOR Paying fixed rate 2.701%	HSBC Bank	14-Jun-16	EUR	9,225
330,000	Receiving floating rate USD-LIBOR Paying fixed rate 3.5575%	JPMorgan Chase Bank	04-Mar-21	USD	(9,258)
830,000	Receiving floating rate USD-LIBOR Paying fixed rate 4.215%	JPMorgan Chase Bank	11-Jan-41	USD	(19,962)
1,010,000	Receiving floating rate USD-LIBOR Paying fixed rate 4.3494%	JPMorgan Chase Bank	25-Feb-41	USD	(48,077)
760,000	Receiving floating rate USD-LIBOR Paying fixed rate 4.3201%	JPMorgan Chase Bank	28-Feb-41	USD	(33,418)
250,000	Receiving floating rate USD-LIBOR Paying fixed rate 4.299%	JPMorgan Chase Bank	01-Mar-41	USD	(9,703)
					(173,409)

Templeton Asian Bond Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
151,580,000	Receiving floating rate USD-LIBOR Paying fixed rate 3.391%	JPMorgan Chase Bank	04-May-21	USD	(1,759,435)

Templeton Emerging Markets Bond Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
62,460,000	Receiving floating rate USD-LIBOR Paying fixed rate 3.44%	Citigroup	21-Apr-21	USD	(1,020,081)
76,860,000	Receiving floating rate EUR- IBOR Paying fixed rate 2.701%	HSBC Bank	14-Jun-16	EUR	553,934
9,230,000	Receiving floating rate EUR- IBOR Paying fixed rate 3.276%	HSBC Bank	09-May-18	EUR	(147,904)
53,310,000	Receiving floating rate USD-LIBOR Paying fixed rate 3.391%	JPMorgan Chase Bank	04-May-21	USD	(618,785)
					(1,232,836)

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2011 (CONTINUED)

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

As at June 30, 2011, the Company had entered into the following outstanding contracts:

Templeton Global Bond Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
34,400,000	Receiving floating rate USD-LIBOR Paying fixed rate 4.3675%	Citigroup	20-Dec-40	USD	(1,753,559)
186,490,000	Receiving floating rate USD-LIBOR Paying fixed rate 4.34675%	Citigroup	25-Feb-41	USD	(8,789,923)
365,200,000	Receiving floating rate USD-LIBOR Paying fixed rate 3.523%	Deutsche Bank	28-Mar-21	USD	(8,892,988)
264,590,000	Receiving floating rate EUR- IBOR Paying fixed rate 2.701%	HSBC Bank	14-Jun-16	EUR	1,906,914
94,430,000	Receiving floating rate USD-LIBOR Paying fixed rate 3.5575%	JPMorgan Chase Bank	04-Mar-21	USD	(2,649,287)
263,000,000	Receiving floating rate USD-LIBOR Paying fixed rate 3.9625%	JPMorgan Chase Bank	23-Nov-40	USD	5,333,464
31,200,000	Receiving floating rate USD-LIBOR Paying fixed rate 4.153%	JPMorgan Chase Bank	10-Dec-40	USD	(411,639)
194,540,000	Receiving floating rate USD-LIBOR Paying fixed rate 4.215%	JPMorgan Chase Bank	11-Jan-41	USD	(4,678,883)
186,490,000	Receiving floating rate USD-LIBOR Paying fixed rate 4.3494%	JPMorgan Chase Bank	25-Feb-41	USD	(8,877,190)
139,860,000	Receiving floating rate USD-LIBOR Paying fixed rate 4.3201%	JPMorgan Chase Bank	28-Feb-41	USD	(6,149,760)
46,620,000	Receiving floating rate USD-LIBOR Paying fixed rate 4.299%	JPMorgan Chase Bank	01-Mar-41	USD	(1,809,354)
					(36,772,205)

Templeton Global High Yield Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
1,330,000	Receiving floating rate USD-LIBOR Paying fixed rate 3.44%	Citigroup	21-Apr-21	USD	(21,721)

Templeton Global Total Return Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
225,640,000	Receiving floating rate USD-LIBOR Paying fixed rate 3.44%	Citigroup	21-Apr-21	USD	(3,685,096)
45,640,000	Receiving floating rate USD-LIBOR Paying fixed rate 4.34675%	Citigroup	25-Feb-41	USD	(2,151,172)
88,240,000	Receiving floating rate USD-LIBOR Paying fixed rate 3.523%	Deutsche Bank	28-Mar-21	USD	(2,148,733)
249,610,000	Receiving floating rate EUR- IBOR Paying fixed rate 2.701%	HSBC Bank	14-Jun-16	EUR	1,798,953
84,580,000	Receiving floating rate EUR- IBOR Paying fixed rate 3.276%	HSBC Bank	09-May-18	EUR	(1,355,331)
403,420,000	Receiving floating rate USD-LIBOR Paying fixed rate 1.8115%	JPMorgan Chase Bank	14-Jun-16	USD	3,890,906
156,000,000	Receiving floating rate USD-LIBOR Paying fixed rate 3.391%	JPMorgan Chase Bank	04-May-21	USD	(1,810,740)
83,070,000	Receiving floating rate USD-LIBOR Paying fixed rate 3.0755%	JPMorgan Chase Bank	14-Jun-21	USD	1,450,241
45,640,000	Receiving floating rate USD-LIBOR Paying fixed rate 4.3494%	JPMorgan Chase Bank	25-Feb-41	USD	(2,172,529)
34,230,000	Receiving floating rate USD-LIBOR Paying fixed rate 4.3201%	JPMorgan Chase Bank	28-Feb-41	USD	(1,505,122)
11,410,000	Receiving floating rate USD-LIBOR Paying fixed rate 4.299%	JPMorgan Chase Bank	01-Mar-41	USD	(442,830)
					(8,131,453)

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2011 (CONTINUED)

Note 7 — Open positions on futures contracts

As at June 30, 2011, the Company had entered into the following outstanding contracts:

Franklin U.S. Total Return Fund

Number of contracts purchased/(sold)	Description	Trading currency	Market value USD	Unrealised profit/(loss) USD
35	U.S. Treasury Note 2 years, Sep. 2011	USD	7,677,031	17,500
4	U.S. Treasury Note 30 years, Sep. 2011	USD	492,125	(4,523)
				<u>12,977</u>

Templeton European Corporate Bond Fund

Number of contracts purchased/(sold)	Description	Trading currency	Market value EUR	Unrealised profit/(loss) EUR
(15)	Euro-Bund, Sep. 2011	EUR	(1,882,200)	(12,750)

Note 8 — Open positions on options contracts

As at June 30, 2011, the Company had no open positions on options contracts.

Note 9 – Securities lending

The total market value of the securities lent on June 30, 2011 is USD 85,880,766 and the corresponding value of the collateral is USD 87,360,410.

The market value per Fund is as follows:

	Market value of loaned securities in USD
Franklin Euroland Core Fund	267,676
Franklin Mutual Beacon Fund	4,831,061
Franklin Mutual European Fund	54,052,693
Franklin Mutual Global Discovery Fund	18,725,279
Templeton Euroland Fund	5,140,840
Templeton Global Balanced Fund	2,863,217
	<u>85,880,766</u>

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, the Templeton Euro Money Market Fund and the Franklin 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 and Class X shares may benefit from a reduced rate of 0.01% per annum if all shareholders of these share classes 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 has obtained UK Reporting Fund status for certain share classes of the Funds. Details of all share classes holding Reporting Fund status can be found on our website: www.franklintempleton.co.uk.

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.

Note 13 — Share Classes

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.

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2011 (CONTINUED)

Note 13 — Classes of shares (continued)

Class A(dis) Shares: are offered at the applicable net asset value, plus an initial 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 up to 1%, retained by the Principal Distributor, 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 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 up to 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 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 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 seven years after their purchase as more fully disclosed in the Prospectus. Shares purchased by January 31, 2004 have been 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 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 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 charge of up to 3% of the total amount invested. In addition, a maintenance 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.

Class X(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 X(dis) shares.

Class X(dis) Shares: are not subject to an initial charge and no management fees will be payable by an investor on the acquisition of Class X Shares (instead a fee will be paid to the Investment Manager or affiliates under an agreement between the Investment Manager and the investor). Class X Shares are offered to institutional investors in certain limited circumstances as more fully described in the current prospectus and addendum of the Company.

Class Z(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 Z(dis) shares.

Class Z(dis) Shares: are not subject to an initial charge, contingent deferred sales charge nor any maintenance or servicing charge. Class Z(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 share classes: 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.

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

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.

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2011 (CONTINUED)

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, 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 financial year ended June 30, 2011.

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, 2011:

- Administration and Transfer Agency Fees USD 257,869,891

The Company paid the following fees to Templeton Global Advisors Limited as the Principal Distributor of the Funds for the year ended June 30, 2011:

- Maintenance and Distribution charge USD 485,835,707

The Company paid the following fees to SG Constellation One, Inc. as the Commission Payer to the Funds for the year ended June 30, 2011:

- Servicing charge USD 59,626,850

Note 16 — Expenses reimbursement

For the year ended June 30, 2011, 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	22,564	Franklin Biotechnology Discovery Fund	I (Acc)	USD	55
Franklin Global Real Estate Fund	USD	2,077	Franklin Euroland Core Fund	I (Acc)	EUR	2,208
Franklin Global Real Estate (Euro) Fund	EUR	103	Franklin Euroland Core Fund	I (Acc) USD	EUR	2,208
Franklin India Fund	USD	76,732	Franklin European Growth Fund	I (Acc)	EUR	635
Franklin MENA Fund	USD	134	Franklin European Small-Mid Cap Growth Fund	I (Acc)	EUR	1,190
Franklin Real Return Fund	USD	30,941	Franklin European Small-Mid Cap Growth Fund	I (Acc) USD	EUR	522
Franklin Strategic Income Fund	USD	562,134	Franklin Global Growth Fund	I (Acc)	USD	66
Franklin Technology Fund	USD	970	Franklin Global Small-Mid Cap Growth Fund	I (Acc)	USD	812
Franklin U.S. Dollar Liquid Reserve Fund	USD	159,896	Franklin Gold and Precious Metals Fund	I (Acc)	USD	13
Franklin U.S. Focus Fund	USD	449	Franklin High Yield Fund	I (Acc)	USD	50,669
Franklin U.S. Total Return Fund	USD	109,294	Franklin High Yield Fund	I (Mdis)	USD	31,576
Franklin U.S. Ultra Short Bond Fund	USD	262,280	Franklin Income Fund	I (Acc)	USD	204
Franklin World Perspectives Fund	USD	5,795	Franklin U.S. Government Fund	I (Acc)	USD	19,875
Franklin Mutual Beacon Fund	USD	5,799	Franklin U.S. Government Fund	I (Mdis)	USD	387,539
Franklin Mutual Global Discovery Fund	USD	55	Franklin U.S. Small-Mid Cap Growth Fund	I (Acc)	USD	21
Franklin Templeton Japan Fund	JPY	15,051	Franklin Mutual Euroland Fund	I (Acc)	EUR	491
Templeton Asian Bond Fund	USD	42,123	Franklin Mutual Euroland Fund	I (Acc) USD	EUR	480
Templeton Asian Growth Fund	USD	487,858	Franklin Mutual European Fund	I (Acc)	EUR	1,846
Templeton Asian Smaller Companies Fund	USD	17	Franklin Mutual European Fund	I (Ydis)	EUR	53
Templeton BRIC Fund	USD	38,890	Franklin Templeton Global Growth and Value Fund	I (Acc)	USD	63
Templeton Eastern Europe Fund	EUR	143,841	Franklin Templeton Global Growth and Value Fund	I (Acc) EUR	USD	48
Templeton Emerging Markets Balanced Fund	USD	20,723	Templeton China Fund	I (Acc)	USD	416
Templeton Emerging Markets Bond Fund	USD	53,149	Templeton China Fund	I (Ydis) GBP	USD	682
Templeton Emerging Markets Smaller Companies Fund	USD	72,527	Templeton China Fund	X (Acc) HKD	USD	159
Templeton Euro Money Market Fund	EUR	51,076	Templeton Emerging Markets Fund	I (Acc)	USD	14,905
Templeton European Corporate Bond Fund	EUR	8,999	Templeton Emerging Markets Fund	I (Acc) EUR-H1	USD	16
Templeton European Total Return Fund	EUR	203,171	Templeton Euro Government Bond Fund	I (Acc)	EUR	13
Templeton Frontier Markets Fund	USD	41,947	Templeton Euro High Yield Fund	I (Acc)	EUR	75
Templeton Global Aggregate Bond Fund	USD	22,116	Templeton Euro High Yield Fund	I (Ydis)	EUR	107
Templeton Global Bond Fund	USD	75,763	Templeton Global (Euro) Fund	I (Acc)	EUR	21
Templeton Global Bond (Euro) Fund	EUR	43,128	Templeton Global Balanced Fund	I (Acc)	USD	187
Templeton Global Equity Income Fund	USD	318,501	Templeton Global Balanced Fund	I (Acc) EUR-H1	USD	38
Templeton Global Income Fund	USD	496,726	Templeton Korea Fund	I (Acc)	USD	366
Templeton Global Total Return Fund	USD	1,631,800	Templeton Latin America Fund	I (Acc)	USD	11,072
			Templeton Thailand Fund	I (Acc)	USD	272
			Templeton U.S. Value Fund	I (Acc)	USD	22

*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, 2011. 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, 2011 (CONTINUED)

Note 18 — Annual and interim dividends distributed for the year ended June 30, 2011

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

Share class name	01-Jul-10	08-Jul-10	09-Aug-10	08-Sep-10	08-Oct-10	08-Nov-10	08-Dec-10	10-Jan-11	08-Feb-11	08-Mar-11	08-Apr-11	09-May-11	09-Jun-11
Franklin Asian Flex Cap Fund													
A (Ydis)	-	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) GBP	0.003	-	-	-	-	-	-	-	-	-	-	-	-
I (Ydis)	0.115	-	-	-	-	-	-	-	-	-	-	-	-
Franklin European Growth Fund													
A (Ydis) GBP	0.044	-	-	-	-	-	-	-	-	-	-	-	-
Franklin European Small-Mid Cap Growth Fund													
A (Ydis) GBP	0.037	-	-	-	-	-	-	-	-	-	-	-	-
Franklin Global Real Estate Fund													
A (Qdis)	-	0.024	-	-	0.012	-	-	0.020	-	-	0.011	-	-
A (Qdis) SGD	-	0.020	-	-	0.009	-	-	0.015	-	-	0.009	-	-
B (Qdis)	-	0.003	-	-	-	-	-	-	-	-	-	-	-
C (Qdis)	-	0.015	-	-	0.001	-	-	0.009	-	-	-	-	-
I (Qdis)	-	0.039	-	-	0.028	-	-	0.037	-	-	0.027	-	-
N (Qdis)	-	0.012	-	-	-	-	-	0.005	-	-	-	-	-
Franklin Global Real Estate (Euro) Fund													
A (Ydis)	0.138	-	-	-	-	-	-	-	-	-	-	-	-
I (Ydis)	0.150	-	-	-	-	-	-	-	-	-	-	-	-
Franklin Gold and Precious Metals Fund													
A (Ydis) EUR	-	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) EUR-H1	-	-	-	-	-	-	-	-	-	-	-	-	-
I (Ydis)	-	-	-	-	-	-	-	-	-	-	-	-	-
Franklin High Yield Fund													
A (Mdis)	-	0.038	0.038	0.038	0.035	0.037	0.040	0.038	0.036	0.038	0.035	0.036	0.036
A (Mdis) SGD-H1	-	0.050	0.047	0.049	0.043	0.046	0.052	0.047	0.046	0.048	0.043	0.045	0.045
B (Mdis)	-	0.031	0.030	0.030	0.028	0.028	0.033	0.030	0.028	0.031	0.026	0.029	0.027
I (Mdis)	-	0.067	0.066	0.067	0.080	0.065	0.069	0.066	0.065	0.065	0.060	0.064	0.062
Z (Mdis)	-	-	-	-	-	-	-	0.048	0.057	0.060	0.054	0.056	0.057
Franklin Income Fund													
A (Mdis)	-	0.040	0.040	0.040	0.040	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
A (Mdis) SGD-H1	-	0.025	0.030	0.030	0.030	0.035	0.035	0.035	0.030	0.030	0.030	0.030	0.030
B (Mdis)	-	0.019	0.025	0.025	0.025	0.035	0.035	0.035	0.030	0.030	0.035	0.035	0.035
C (Mdis)	-	0.035	0.040	0.040	0.040	0.055	0.055	0.055	0.055	0.055	0.060	0.060	0.060
Z (Mdis)	-	-	-	-	-	-	-	0.030	0.030	0.030	0.035	0.035	0.035
Franklin India Fund													
A (Ydis) EUR	-	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) GBP	-	-	-	-	-	-	-	-	-	-	-	-	-
I (Ydis) EUR	0.048	-	-	-	-	-	-	-	-	-	-	-	-
I (Ydis) EUR-H2	0.019	-	-	-	-	-	-	-	-	-	-	-	-
Franklin MENA Fund													
A (Ydis)	0.002	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) EUR	0.034	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) GBP	0.065	-	-	-	-	-	-	-	-	-	-	-	-
I (Ydis)	0.072	-	-	-	-	-	-	-	-	-	-	-	-
Franklin Natural Resources Fund													
A (Ydis)	-	-	-	-	-	-	-	-	-	-	-	-	-
Franklin Real Return Fund													
A (Ydis) EUR-H1	0.028	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

AT JUNE 30, 2011 (CONTINUED)

Note 18 — Annual and interim dividends distributed for the year ended June 30, 2011 (continued)

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

Share class name	01-Jul-10	08-Jul-10	09-Aug-10	08-Sep-10	08-Oct-10	08-Nov-10	08-Dec-10	10-Jan-11	08-Feb-11	08-Mar-11	08-Apr-11	09-May-11	09-Jun-11
Franklin Strategic Income Fund													
A (Mdis)	-	0.038	0.041	0.040	0.036	0.037	0.038	0.039	0.039	0.037	0.037	0.036	0.036
A (Mdis) EUR	-	0.045	0.020	0.032	0.024	0.026	0.030	0.028	0.029	0.027	0.026	0.024	0.026
B (Mdis)	-	0.027	0.030	0.029	0.025	0.026	0.027	0.027	0.028	0.026	0.027	0.024	0.024
C (Mdis)	-	0.033	0.035	0.035	0.031	0.031	0.033	0.033	0.034	0.032	0.032	0.030	0.030
Franklin U.S. Dollar Liquid Reserve Fund													
A (Mdis)	-	-	-	-	-	-	-	-	-	-	-	-	-
B (Mdis)	-	-	-	-	-	-	-	-	-	-	-	-	-
Franklin U.S. Government Fund													
A (Mdis)	-	0.027	0.027	0.027	0.087	0.028	0.028	0.027	0.027	0.027	0.027	0.027	0.027
A (Mdis) HKD	-	0.025	0.025	0.025	0.047	0.030	0.030	0.030	0.030	0.030	0.030	0.028	0.028
A (Mdis) SGD-H1	-	0.020	0.004	0.004	0.290	0.028	0.028	0.028	0.028	0.028	0.028	0.028	0.028
B (Mdis)	-	0.020	0.015	0.014	0.068	0.018	0.017	0.017	0.017	0.017	0.017	0.017	0.017
I (Mdis)	-	0.036	0.035	0.035	0.056	0.035	0.034	0.034	0.034	0.034	0.034	0.034	0.034
N (Mdis)	-	0.028	0.024	0.024	0.054	0.022	0.022	0.022	0.022	0.022	0.022	0.022	0.022
Z (Mdis)	-	-	-	-	-	-	-	0.023	0.023	0.023	0.023	0.023	0.023
Franklin U.S. Opportunities Fund													
A (Ydis) EUR	-	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) GBP	-	-	-	-	-	-	-	-	-	-	-	-	-
Franklin U.S. Total Return Fund													
A (Mdis)	-	0.025	0.025	0.026	0.024	0.025	0.026	0.022	0.022	0.025	0.021	0.023	0.021
B (Mdis)	-	0.013	0.012	0.013	0.012	0.013	0.012	0.010	0.009	0.014	0.008	0.010	0.008
C (Mdis)	-	0.017	0.016	0.017	0.016	0.016	0.016	0.014	0.013	0.017	0.012	0.014	0.012
I (Mdis)	-	0.031	0.030	0.030	0.028	0.031	0.029	0.028	0.027	0.029	0.025	0.028	0.025
N (Mdis)	-	0.020	0.019	0.019	0.020	0.019	0.019	0.016	0.016	0.019	0.015	0.017	0.014
Franklin U.S. Ultra Short Bond Fund													
A (Mdis)	-	0.013	0.013	0.013	0.015	0.013	0.013	0.012	0.007	0.009	0.006	0.008	0.007
B (Mdis)	-	0.003	0.003	0.003	0.006	0.004	0.003	0.002	-	-	-	-	-
C (Mdis)	-	0.006	0.005	0.006	0.007	0.006	0.007	0.003	-	0.003	-	-	-
N (Mdis)	-	0.007	0.007	0.007	0.009	0.008	0.008	0.005	0.002	0.003	0.002	0.002	0.001
Franklin World Perspectives Fund													
A (Ydis) GBP	-	-	-	-	-	-	-	-	-	-	-	-	-
I (Ydis) GBP	0.093	-	-	-	-	-	-	-	-	-	-	-	-
Franklin Mutual Beacon Fund													
A (Ydis)	-	-	-	-	-	-	-	-	-	-	-	-	-
B (Ydis) EUR	-	-	-	-	-	-	-	-	-	-	-	-	-
Franklin Mutual European Fund													
A (Ydis)	0.116	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) GBP	0.122	-	-	-	-	-	-	-	-	-	-	-	-
B (Ydis)	-	-	-	-	-	-	-	-	-	-	-	-	-
I (Ydis)	0.211	-	-	-	-	-	-	-	-	-	-	-	-
Franklin Mutual Global Discovery Fund													
A (Ydis) EUR	0.039	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) GBP	-	-	-	-	-	-	-	-	-	-	-	-	-
I (Ydis) EUR	0.246	-	-	-	-	-	-	-	-	-	-	-	-
Franklin Templeton Global Equity Strategies Fund													
A (Ydis)	-	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) EUR	-	-	-	-	-	-	-	-	-	-	-	-	-
Franklin Templeton Global Fundamental Strategies Fund													
A (Ydis)	0.141	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) EUR	0.115	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

AT JUNE 30, 2011 (CONTINUED)

Note 18 — Annual and interim dividends distributed for the year ended June 30, 2011 (continued)

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

Share class name	01-Jul-10	08-Jul-10	09-Aug-10	08-Sep-10	08-Oct-10	08-Nov-10	08-Dec-10	10-Jan-11	08-Feb-11	08-Mar-11	08-Apr-11	09-May-11	09-Jun-11
Franklin Templeton Japan Fund													
A (Ydis) EUR	-	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) GBP	-	-	-	-	-	-	-	-	-	-	-	-	-
Templeton Asian Bond Fund													
A (Mdis)	-	0.028	0.025	0.028	0.025	0.022	0.024	0.034	0.025	0.028	0.033	0.035	0.036
A (Mdis) EUR	-	0.023	0.020	0.021	0.017	0.016	0.018	0.025	0.020	0.020	0.023	0.024	0.026
A (Mdis) SGD	-	0.022	0.020	0.021	0.017	0.016	0.018	0.024	0.019	0.020	0.023	0.024	0.026
A (Mdis) SGD-H1	-	-	-	-	-	-	-	0.020	0.018	0.020	0.024	0.024	0.026
B (Mdis)	-	0.012	0.009	0.011	0.009	0.005	0.007	0.016	0.007	0.012	0.016	0.017	0.018
C (Mdis)	-	0.019	0.016	0.019	0.017	0.013	0.016	0.024	0.016	0.020	0.024	0.025	0.027
I (Mdis) EUR	-	0.029	0.025	0.027	0.022	0.022	0.024	0.030	0.026	0.025	0.029	0.029	0.032
N (Mdis)	-	0.020	0.018	0.019	0.017	0.014	0.016	0.025	0.017	0.021	0.025	0.027	0.027
Templeton Asian Growth Fund													
A (Ydis)	0.038	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) EUR	0.032	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) GBP	0.030	-	-	-	-	-	-	-	-	-	-	-	-
I (Ydis) EUR-H2	0.080	-	-	-	-	-	-	-	-	-	-	-	-
Z (Ydis) EUR-H1	0.047	-	-	-	-	-	-	-	-	-	-	-	-
Templeton Asian Smaller Companies Fund													
A (Ydis)	0.034	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) GBP	0.040	-	-	-	-	-	-	-	-	-	-	-	-
I (Ydis) GBP	0.286	-	-	-	-	-	-	-	-	-	-	-	-
Templeton BRIC Fund													
A (Ydis) EUR	-	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) GBP	-	-	-	-	-	-	-	-	-	-	-	-	-
I (Ydis) EUR	0.097	-	-	-	-	-	-	-	-	-	-	-	-
Templeton China Fund													
A (Ydis) EUR	-	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) GBP	0.001	-	-	-	-	-	-	-	-	-	-	-	-
Templeton Eastern Europe Fund													
A (Ydis)	-	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) GBP	-	-	-	-	-	-	-	-	-	-	-	-	-
B (Ydis)	-	-	-	-	-	-	-	-	-	-	-	-	-
Templeton Emerging Markets Fund													
A (Ydis)	-	-	-	-	-	-	-	-	-	-	-	-	-
Templeton Emerging Markets Bond Fund													
A (Mdis)	-	0.048	0.050	0.051	0.056	0.054	0.048	0.046	0.044	0.048	0.050	0.046	0.049
A (Qdis)	-	0.250	-	-	0.268	-	-	0.257	-	-	0.246	-	-
A (Qdis) EUR	-	0.207	-	-	0.194	-	-	0.189	-	-	0.181	-	-
A (Qdis) GBP	-	0.145	-	-	0.147	-	-	0.141	-	-	0.132	-	-
A (Ydis) EUR-H1	0.141	-	-	-	-	-	-	-	-	-	-	-	-
B (Mdis)	-	0.036	0.037	0.039	0.043	0.041	0.036	0.033	0.031	0.037	0.037	0.033	0.036
B (Qdis)	-	0.168	-	-	0.182	-	-	0.172	-	-	0.164	-	-
I (Qdis)	-	0.188	-	-	0.290	-	-	0.237	-	-	0.226	-	-
I (Qdis) GBP-H1	-	0.014	-	-	0.161	-	-	0.159	-	-	0.150	-	-
Z (Mdis)	-	-	-	-	-	-	-	0.035	0.042	0.046	0.047	0.044	0.047
Templeton Emerging Markets Smaller Companies Fund													
A (Ydis)	0.025	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) GBP	0.032	-	-	-	-	-	-	-	-	-	-	-	-
Templeton Euro Government Bond Fund													
A (Ydis)	0.248	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

AT JUNE 30, 2011 (CONTINUED)

Note 18 — Annual and interim dividends distributed for the year ended June 30, 2011 (continued)

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

Share class name	01-Jul-10	08-Jul-10	09-Aug-10	08-Sep-10	08-Oct-10	08-Nov-10	08-Dec-10	10-Jan-11	08-Feb-11	08-Mar-11	08-Apr-11	09-May-11	09-Jun-11
Templeton Euro High Yield Fund													
A (Mdis)	-	0.032	0.034	0.032	0.029	0.029	0.028	0.032	0.029	0.028	0.029	0.029	0.029
A (Mdis) USD	-	0.049	0.058	0.053	0.053	0.051	0.047	0.054	0.049	0.048	0.053	0.054	0.052
A (Ydis)	0.392	-	-	-	-	-	-	-	-	-	-	-	-
B (Mdis)	-	0.049	0.054	0.045	0.043	0.039	0.041	0.045	0.041	0.040	0.041	0.041	0.040
B (Mdis) USD	-	0.041	0.048	0.043	0.044	0.041	0.038	0.044	0.040	0.038	0.042	0.043	0.040
I (Mdis)	-	0.054	0.057	0.066	0.051	0.049	0.048	0.053	0.050	0.047	0.050	-	-
I (Ydis)	0.652	-	-	-	-	-	-	-	-	-	-	-	-
Templeton Euro Liquid Reserve Fund													
A (Ydis)	0.017	-	-	-	-	-	-	-	-	-	-	-	-
Templeton Euroland Fund													
A (Ydis)	0.122	-	-	-	-	-	-	-	-	-	-	-	-
B (Ydis)	0.001	-	-	-	-	-	-	-	-	-	-	-	-
I (Ydis)	0.162	-	-	-	-	-	-	-	-	-	-	-	-
Templeton European Fund													
A (Ydis)	0.095	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) USD	0.170	-	-	-	-	-	-	-	-	-	-	-	-
Templeton European Corporate Bond Fund													
A (Ydis)	0.041	-	-	-	-	-	-	-	-	-	-	-	-
I (Ydis)	0.049	-	-	-	-	-	-	-	-	-	-	-	-
N (Ydis)	0.027	-	-	-	-	-	-	-	-	-	-	-	-
Templeton European Total Return Fund													
A (Mdis)	-	0.025	0.024	0.025	0.023	0.022	0.022	0.023	0.023	0.020	0.022	0.021	0.021
A (Mdis) USD	-	0.031	0.016	0.034	0.043	0.032	0.029	0.031	0.031	0.027	0.031	0.033	0.029
A (Ydis)	0.303	-	-	-	-	-	-	-	-	-	-	-	-
C (Mdis) USD	-	0.019	0.019	0.019	0.019	0.017	0.017	0.018	0.018	0.016	0.018	0.018	0.017
I (Mdis)	-	0.029	0.028	0.028	0.024	0.025	0.025	0.026	0.026	0.023	0.025	0.024	-
I (Ydis)	0.343	-	-	-	-	-	-	-	-	-	-	-	-
N (Mdis)	-	0.023	0.022	0.022	0.019	0.018	0.020	0.020	0.020	0.018	0.019	0.018	0.019
Templeton Frontier Markets Fund													
A (Ydis)	0.075	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) GBP	0.080	-	-	-	-	-	-	-	-	-	-	-	-
I (Ydis) GBP	0.176	-	-	-	-	-	-	-	-	-	-	-	-
Z (Ydis) EUR-H1	0.071	-	-	-	-	-	-	-	-	-	-	-	-
Templeton Global Fund													
A (Ydis)	0.099	-	-	-	-	-	-	-	-	-	-	-	-
Templeton Global (Euro) Fund													
A (Ydis)	0.043	-	-	-	-	-	-	-	-	-	-	-	-
Templeton Global Aggregate Bond Fund													
A (Mdis)	-	-	-	-	-	-	0.006	0.010	0.010	0.011	0.011	0.011	0.031
A (Mdis) EUR	-	-	-	-	-	-	0.006	0.010	0.012	0.012	0.014	0.010	0.031
A (Qdis) GBP-H1	-	-	-	-	-	-	-	0.017	-	-	0.032	-	-
I (Qdis) EUR-H1	-	-	-	-	-	-	-	0.027	-	-	0.047	-	-
I (Qdis) GBP-H1	-	-	-	-	-	-	-	0.028	-	-	0.047	-	-
Templeton Global Balanced Fund													
A (Qdis)	-	0.124	-	-	0.037	-	-	0.044	-	-	0.042	-	-
C (Qdis)	-	0.058	-	-	0.015	-	-	0.010	-	-	0.008	-	-

NOTES TO THE FINANCIAL STATEMENTS

AT JUNE 30, 2011 (CONTINUED)

Note 18 — Annual and interim dividends distributed for the year ended June 30, 2011 (continued)

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

Share class name	01-Jul-10	08-Jul-10	09-Aug-10	08-Sep-10	08-Oct-10	08-Nov-10	08-Dec-10	10-Jan-11	08-Feb-11	08-Mar-11	08-Apr-11	09-May-11	09-Jun-11
Templeton Global Bond Fund													
A (Mdis)	–	0.052	0.058	0.052	0.054	0.054	0.051	0.063	0.058	0.052	0.057	0.052	0.059
A (Mdis) AUD-H1	–	–	–	–	–	0.027	0.026	0.030	0.031	0.025	0.029	0.025	0.030
A (Mdis) EUR	–	0.044	0.045	0.040	0.039	0.038	0.040	0.046	0.044	0.037	0.040	0.035	0.042
A (Mdis) EUR-H1	–	0.036	0.037	0.034	0.032	0.033	0.036	0.040	0.037	0.033	0.036	0.032	0.039
A (Mdis) GBP	–	0.035	0.037	0.033	0.034	0.033	0.033	0.040	0.037	0.031	0.036	0.031	0.036
A (Mdis) GBP-H1	–	0.026	0.028	0.027	0.027	0.027	0.027	0.032	0.029	0.025	0.030	0.025	0.031
A (Mdis) HKD	–	0.028	0.032	0.029	0.028	0.029	0.028	0.034	0.032	0.028	0.031	0.028	0.032
A (Mdis) SGD	–	0.032	0.035	0.031	0.031	0.030	0.030	0.034	0.033	0.028	0.031	0.028	0.031
A (Mdis) SGD-H1	–	0.033	0.036	0.032	0.032	0.033	0.033	0.038	0.036	0.031	0.036	0.031	0.037
A (Ydis) EUR	0.668	–	–	–	–	–	–	–	–	–	–	–	–
A (Ydis) EUR-H1	0.089	–	–	–	–	–	–	–	–	–	–	–	–
B (Mdis)	–	0.030	0.035	0.028	0.031	0.030	0.028	0.039	0.034	0.029	0.033	0.028	0.034
C (Mdis)	–	0.030	0.035	0.030	0.032	0.031	0.030	0.038	0.035	0.030	0.033	0.031	0.034
I (Mdis) EUR	–	0.042	0.045	0.039	0.041	0.037	0.039	0.044	0.043	0.036	0.039	0.035	0.040
I (Mdis) GBP	–	0.038	0.040	0.037	0.036	0.037	0.036	0.042	0.040	0.034	0.039	0.033	0.040
I (Mdis) GBP-H1	–	0.034	0.036	0.034	0.034	0.035	0.035	0.041	0.037	0.032	0.038	0.033	0.039
I (Mdis) JPY	–	–	–	–	–	–	–	2.604	3.398	2.950	3.359	3.117	3.324
I (Mdis) JPY-H1	–	–	–	–	–	–	–	2.728	3.419	3.008	3.407	3.117	3.411
I (Ydis) EUR	0.090	–	–	–	–	–	–	–	–	–	–	–	–
I (Ydis) EUR-H1	0.009	–	–	–	–	–	–	–	–	–	–	–	–
N (Mdis) EUR-H1	–	0.034	0.034	0.032	0.029	0.030	0.033	0.038	0.035	0.030	0.034	0.029	0.036
N (Ydis) EUR-H1	0.006	–	–	–	–	–	–	–	–	–	–	–	–
Z (Mdis)	–	–	–	–	–	–	–	0.026	0.031	0.029	0.031	0.029	0.032
Z (Ydis) EUR-H1	0.097	–	–	–	–	–	–	–	–	–	–	–	–
Templeton Global Bond (Euro) Fund													
A (Ydis)	0.436	–	–	–	–	–	–	–	–	–	–	–	–
Templeton Global Equity Income Fund													
A (Qdis)	–	0.088	–	–	0.043	–	–	0.052	–	–	–	–	–
A (Qdis) SGD	–	0.061	–	–	0.028	–	–	0.032	–	–	–	–	–
B (Qdis)	–	0.039	–	–	0.010	–	–	0.023	–	–	–	–	–
C (Qdis)	–	0.079	–	–	0.034	–	–	0.037	–	–	–	–	–
I (Qdis) JPY	–	9.675	–	–	4.928	–	–	5.363	–	–	1.180	–	–
Templeton Global High Yield Fund													
A (Mdis)	–	0.040	0.047	0.046	0.041	0.048	0.050	0.043	0.042	0.045	0.041	0.042	0.045
A (Mdis) EUR	–	0.033	0.037	0.036	0.031	0.034	0.038	0.031	0.032	0.033	0.029	0.027	0.032
A (Mdis) GBP	–	0.027	0.031	0.029	0.028	0.030	0.032	0.027	0.026	0.028	0.026	0.024	–
Templeton Global Income Fund													
A (Qdis)	–	0.099	–	–	0.071	–	–	0.067	–	–	0.053	–	–
A (Qdis) HKD	–	0.064	–	–	0.058	–	–	0.053	–	–	0.046	–	–
A (Qdis) SGD	–	0.065	–	–	0.054	–	–	0.051	–	–	0.040	–	–
B (Qdis)	–	0.064	–	–	0.036	–	–	0.029	–	–	0.016	–	–
C (Qdis)	–	0.085	–	–	0.055	–	–	0.048	–	–	0.036	–	–
Templeton Global Smaller Companies Fund													
A (Ydis)	0.028	–	–	–	–	–	–	–	–	–	–	–	–
C (Ydis)	–	–	–	–	–	–	–	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

AT JUNE 30, 2011 (CONTINUED)

Note 18 — Annual and interim dividends distributed for the year ended June 30, 2011 (continued)

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

Share class name	01-Jul-10	08-Jul-10	09-Aug-10	08-Sep-10	08-Oct-10	08-Nov-10	08-Dec-10	10-Jan-11	08-Feb-11	08-Mar-11	08-Apr-11	09-May-11	09-Jun-11
Templeton Global Total Return Fund													
A (Mdis)	-	0.070	0.057	0.056	0.054	0.060	0.063	0.068	0.064	0.059	0.059	0.056	0.058
A (Mdis) AUD-H1	-	-	-	-	-	0.038	0.037	0.039	0.039	0.034	0.035	0.031	0.036
A (Mdis) EUR	-	0.046	0.044	0.043	0.042	0.046	0.048	0.049	0.049	0.043	0.041	0.038	0.042
A (Mdis) EUR-H1	-	0.038	0.036	0.036	0.034	0.039	0.043	0.043	0.042	0.038	0.037	0.034	0.038
A (Mdis) GBP	-	0.037	0.037	0.036	0.037	0.040	0.040	0.043	0.040	0.036	0.038	0.033	0.036
A (Mdis) GBP-H1	-	0.026	0.027	0.027	0.029	0.030	0.032	0.033	0.031	0.028	0.030	0.026	0.029
A (Mdis) HKD	-	0.036	0.039	0.037	0.037	0.042	0.041	0.044	0.043	0.038	0.039	0.037	0.037
A (Mdis) SGD	-	0.039	0.040	0.039	0.038	0.042	0.042	0.043	0.042	0.038	0.038	0.035	0.037
A (Mdis) SGD-H1	-	0.037	0.037	0.036	0.037	0.041	0.042	0.044	0.042	0.038	0.039	0.036	0.038
A (Ydis) EUR	0.690	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) EUR-H1	0.010	-	-	-	-	-	-	-	-	-	-	-	-
B (Mdis)	-	0.078	0.039	0.035	0.031	0.034	0.041	0.046	0.042	0.039	0.037	0.035	0.035
C (Mdis)	-	0.042	0.044	0.044	0.045	0.050	0.046	0.050	0.047	0.043	0.043	0.040	0.041
I (Mdis) CHF	-	0.070	0.065	0.063	0.056	0.069	0.067	0.068	0.069	0.060	0.060	0.054	0.055
I (Mdis) EUR	-	0.099	0.049	0.047	0.043	0.047	0.051	0.055	0.053	0.047	0.046	0.043	0.046
I (Mdis) GBP	-	0.048	0.047	0.048	0.047	0.052	0.053	0.055	0.053	0.047	0.049	0.045	0.047
I (Mdis) GBP-H1	-	0.043	0.043	0.044	0.045	0.049	0.050	0.052	0.050	0.046	0.047	0.043	0.047
I (Ydis) EUR	0.684	-	-	-	-	-	-	-	-	-	-	-	-
I (Ydis) EUR-H1	0.012	-	-	-	-	-	-	-	-	-	-	-	-
N (Mdis) EUR-H1	-	0.037	0.035	0.035	0.035	0.039	0.043	0.044	0.042	0.037	0.037	0.033	0.037
N (Ydis) EUR-H1	0.009	-	-	-	-	-	-	-	-	-	-	-	-
Z (Mdis)	-	-	-	-	-	-	-	0.035	0.041	0.038	0.038	0.036	0.037
Z (Ydis) EUR-H1	0.115	-	-	-	-	-	-	-	-	-	-	-	-
Templeton Growth (Euro) Fund													
A (Ydis)	0.040	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) USD	0.048	-	-	-	-	-	-	-	-	-	-	-	-
B (Ydis)	-	-	-	-	-	-	-	-	-	-	-	-	-
I (Ydis)	0.113	-	-	-	-	-	-	-	-	-	-	-	-
I (Ydis) USD	0.141	-	-	-	-	-	-	-	-	-	-	-	-
Templeton Latin America Fund													
A (Ydis)	0.297	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) EUR	0.243	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) GBP	0.204	-	-	-	-	-	-	-	-	-	-	-	-
I (Ydis) EUR-H2	0.141	-	-	-	-	-	-	-	-	-	-	-	-
Templeton U.S. Value Fund													
A (Ydis) EUR	-	-	-	-	-	-	-	-	-	-	-	-	-
A (Ydis) GBP	-	-	-	-	-	-	-	-	-	-	-	-	-
I (Ydis) GBP	0.017	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2011 (CONTINUED)

Note 19 — Time deposits and cash repurchase agreements

As at June 30, 2011, the Company had the following cash on time deposit and repos held with highly rated financial institutions:

TIME DEPOSITS					
Fund	Currency	Amount	Fund	Currency	Amount
Franklin Asian Flex Cap Fund	USD	1,200,000	Templeton Euro Government Bond Fund	EUR	500,000
Franklin Euroland Core Fund	EUR	300,000	Templeton Euro High Yield Fund	EUR	56,600,000
Franklin European Growth Fund	EUR	16,800,000	Templeton Euro Liquid Reserve Fund	EUR	15,000,000
Franklin European Small-Mid Cap Growth Fund	EUR	18,000,000	Templeton Euro Money Market Fund	EUR	3,000,000
Franklin Global Growth Fund	USD	1,900,000	Templeton Euroland Fund	EUR	7,400,000
Franklin Global Real Estate Fund	USD	4,200,000	Templeton European Fund	EUR	4,800,000
Franklin Global Small-Mid Cap Growth Fund	USD	3,200,000	Templeton European Corporate Bond Fund	EUR	400,000
Franklin India Fund	USD	142,600,000	Templeton European Total Return Fund	EUR	3,200,000
Franklin World Perspectives Fund	USD	1,400,000	Templeton Global Fund	USD	36,300,000
Franklin Mutual Beacon Fund	USD	16,073,836	Templeton Global (Euro) Fund	EUR	7,000,000
Franklin Mutual European Fund	EUR	118,056,130	Templeton Global Aggregate Bond Fund	USD	1,300,000
Franklin Mutual Global Discovery Fund	USD	48,485,299	Templeton Global Balanced Fund	USD	9,100,000
Franklin Templeton Global Equity Strategies Fund	USD	2,300,000	Templeton Global Bond Fund	USD	1,643,800,000
Franklin Templeton Global Growth And Value Fund	USD	4,900,000	Templeton Global Bond (Euro) Fund	EUR	33,900,000
Templeton Asian Bond Fund	USD	602,600,000	Templeton Global Income Fund	USD	53,100,000
Templeton Asian Growth Fund	USD	873,700,000	Templeton Global Smaller Companies Fund	USD	16,900,000
Templeton BRIC Fund	USD	23,000,000	Templeton Growth (Euro) Fund	EUR	125,792,838
Templeton China Fund	USD	123,600,000	Templeton Korea Fund	USD	8,600,000
Templeton Eastern Europe Fund	EUR	8,600,000	Templeton Latin America Fund	USD	64,800,000
Templeton Emerging Markets Fund	USD	53,900,000	Templeton Thailand Fund	USD	2,800,000
Templeton Emerging Markets Bond Fund	USD	657,400,000			

As at June 30, 2011, the Company had no outstanding cash repos.

Note 20 — Audited and unaudited semi-annual reports

The audited annual reports and unaudited semi-annual reports will be available on the following Franklin Templeton Investments website, www.franklintempleton.lu, or may be obtained, free of charge, on request at the registered office of the Company. They are only distributed to registered Shareholders in those countries where local regulation so requires.

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 — 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 USD750 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 financial year ended June 30, 2011, the Company did not utilize the Global Credit Facility.

Note 23 — Subsequent events

On July 1, 2011 FTIF Templeton Euro Money Market Fund was renamed FTIF Templeton Euro Short Term Money Market Fund.

On July 29, 2011 the following Funds were launched:

- Franklin European Core Fund
- Franklin European Dividend Fund
- Franklin Templeton Global Allocation Fund.

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*Master agent appointed in Taiwan for FTIF to be offered and sold to the public in Taiwan.

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



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